

Far Eastone
Telecommunications Co., Ltd
2022 Annual Report

Corporate Website : <https://corporate.fetnet.net>
Disclosed information can be found at : <http://mops.twse.com.tw>



遠傳五大核心價值



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Letter to Shareholders

Letter to Shareholders

Dear shareholders,

Looking back at 2022, the world has been going through post-pandemic lifestyle changes, the Russia-Ukraine war, escalating inflation, raising interest rate by the US Federal Reserve and the US-China tensions...etc. Those critical events, along with multiple and complex factors, hit the global economy, while also drove Taiwan's progression towards the new normal. Amid uncertainties and challenges in the year, Far EasTone Telecommunications (FET) strived to grow steadily. Thanks to the joint efforts of all FET staffs and supports from all shareholders, FET demonstrated favorable results with positive growth trends across all financial and operating metrics.

FET reported a record high revenue in 5 years with a double-digit YoY growth on net profit, marked the highest in the industry.

FET delivered outstanding financial and operational performance in 2022. The consolidated revenue, Consolidated EBITDA (earnings before interest, taxes, depreciation, and amortization) and net income for 2022 came to NT\$89.15 billion, NT\$30.79 billion and NT\$9.61 billion, representing 4.5%, 9.3% and 22.1% year-on-year growths, respectively. All being record highs in recent 5 years! The after tax earnings per share (EPS) for 2022 closed at NT\$2.95. All lines of 2022 company guidance were all surpassed, with achievement rates for total revenue, EBITDA and EPS being 100.4%, 101.1% and 104.2%, respectively.

FET's mobile service revenue consistently ranked number two among Taiwan telecom operators

FET's mobile business has maintained steady growth. The number of postpaid subscribers increased for five years in a row and the churn rate decreased to an all-time low. With the users steadily upgraded to 5G and the needs to replace their old handsets, the penetration for 5G postpaid subscribers increased to more than 32% by the end of December, which was surpassed the industry average. As a result, FET's Average Revenue Per User (ARPU) has growing year-on-year positive for 22 months in a row. Meanwhile, FET's postpaid ARPU stands firmly for number 1 in the industry. In 2022, the annual growth rate of the revenue for mobile services was 2.9%, reaching NT\$49.824 billion, a new high in the past three years. The result has outperformed peers for 38 consecutive months, and ranked number two among Taiwan telecom operators.

FET is committed to a stable dividend policy

A stable dividend policy has always been the long-term priority of FET's commitment to shareholders for earnings distribution. FET's cash dividends being distributed remained at NT\$3.25 per share in 2021. With the mature development of Taiwan telecom industry and improving market competition, FET will continue to pursue sustainable operation and stable developments with a sound financial structure, sustainable innovation growths and stable profitability, along with FET's long-term financial planning.

Dedicating R&D resources to emergency medical services and utilizing green energy technology to fulfill corporate social responsibility

FET 5G telemedicine and remote diagnosis break the limits of time and space and improve quality of rescue

FET has dedicated efforts in smart medical care and in-house developed a 5G remote diagnosis platform. The efforts were widely recognized by renowned institutes globally. Besides being conferred the National Medical Quality Award and 2022 National Innovation Award, the 5G remote diagnosis platform was also the first to obtain compliance certification under the US Health Insurance Portability and Accountability Act. Along with this, the platform also clinched two major accolades, namely, Outstanding Operations Transformation Model Award and ESG Special Award during the Harvard Business Review-Digital Transformation Leader Award. The Company also gave Shin Kong Memorial Wu Ho-Su Hospital a leg up in their venture beyond local shores to be the pride of Taiwan. Over and above bringing medical resources to rural areas, FET expanded the application to emergency rescue. Tapping on Big Data, Artificial Intelligence and Internet of Things technologies, FET created Taiwan's first 5G-Connected Ambulance, conveying emergency rescue information to emergency responders in hospitals at first time and bridging medical specialist resources with fire rescue over the air. The use of technologies has enabled the overcoming of space-time constraints, the creation of efficient and more convenient innovative medical applications, elevating the quality of rescue, fulfilling corporate social responsibilities, and the achievement of the vision to seal the gap between public and medical care.

FET's home-grown EMS solutions enabling low-carbon smart campuses

Addressing the pressure of reducing carbon as a consequence to climate change, FET in-house developed an Energy Management System (EMS). The solution was successfully deployed on the Air-conditioning in Every Classroom initiative under the Executive Yuan and clinched projects with thousands of elementary and high schools in nine major counties. The solution is equipped with a system that automatically adjusts the power consumption to avoid excessive use over and above remote intelligent control functions, granting managers comprehensive data on power consumption and creating maximum energy efficiency for building low-carbon smart campuses. With an eye toward achieving the goal of network access in every classroom and every child with a tablet, FET participated in initiatives by the Ministry of Education to promote the improvement of digital learning in elementary and high schools, joining forces with the ministry to promote digital education and close the gap for distance learning.

FET collaborated with Tamkang University to promote Agile Communication Smart Campus industry-academia collaboration and signed a memorandum of understanding on "5G Metaverse Net Zero Carbon Emission Campus" along with the launch of 5G Cloud Switch Communication System. Moving forward, FET will engage more academic partners to jointly drive the smart transformation of campuses, incorporating technology with green economy to plan ahead for environmental sustainability. Digital technology teaching will be jointly developed to grow talent pool in information security and national security, so as to achieve the goals of talent nurturing, industrial innovation and sustainable campus, and fulfill social responsibilities.

Developing innovative digital services to fulfill all customers' needs

FET endeavors to improve user experience and was the first to provide free VoLTE services for 4G and 5G subscribers for free. This triggered a surge in applications as well as the welcomed follow suit of peers, leading

Taiwan into the VoLTE era! In terms of digital services, FET's friDay Video and friDay Music unceasingly expanded the range of high-quality video and music services. An original IP investment strategy was launched, which saw impressive viewership for the first original IP multi-perspective reality show, Extreme Wonderland. A joint production with Public Television Service for drama, On Marriage, also showcased the creative power of Taiwan's production team to greater audience. FET also established a joint venture, IDEAWORKS Entertainment Co., Ltd., with three major international heavyweight film and television teams, which in turn formed Mission Entertainment to accelerate investment in Taiwan's film and television content production with the goal of building a film and television trend center for Asian youth, stars and music. Aside from that, FET rolled out a network information security service together with Israeli information security powerhouse, ALLOT, to create the FET Safe Surf. FET 'Mobile Circle' app creates a one-stop mobile social circle, and parking payment collection services were also comprehensively upgraded to benefit FET users holistically. The app has since been downloaded more than four million times. FET friDay Shopping continued to post record-breaking revenue. Powered by AI and innovative business models, two key online shopping services, 'Spin Again' and 'Influencer Shopping', were launched, successfully increasing traffic and performance. New business models which can be expected to accelerate growth in the future are hence developed. FET partnered with CTBC Bank to apply for the establishment of a 'Neo Insurance Company' with the hope of providing fast and secure services and addressing customers' needs comprehensively.

Utilizing green energy technology to enhance communication at rural areas, to realize energy saving and sustainability

FET's high-quality network was recognized as world's number one in 2021, and become the benchmark for peers since then. In 2022, FET continued optimizing networks focusing on user experience and dense coverage. FET joined forces with Intel to establish a 5G lab, spearheading forward-looking network development and accelerating Taiwan's industrial innovation and upgrading. Notably, FET has been dedicating resources to the quality of communication in rural areas and strengthening emergency rescue capabilities in mountainous areas. FET initiated the 'Mountain Enhancement Program' in 2015, progressively collaborating with the eight key Forest District Offices and relevant government agencies. More than 10,000 engineers were mobilized to go to remote mountainous areas of Taiwan. More than 950 communicative signs were erected, as FET ceaselessly takes action to enhance the quality of communication in rural and mountainous areas, fortifying the safety of members of the public. FET's engineering personnel on standby throughout Taiwan often arrive at the disaster scene with the rescuers as soon as possible, bringing positive impact and fulfilling social responsibilities. FET led the design of the first base station in Taiwan which utilizes wind and solar generation. This drastically improves the stability of the power supply and ensures uninterrupted communication. This also acts as a showcase for construction of base stations on offshore islands and areas which are not on the grid as yet. Furthermore, when complemented with microwave frequency conversion technology, the efficiency can be boosted and reduce the power consumption of the base station by 66! While proactively committing resources to development of rural areas, green energy technologies are also integrated to realize energy conservation, carbon reduction, and ESG impact.

Corporate Startup Engagement drives transformation

In terms of supporting startups to create win-win situations, FET puts words into actions by partnering with startup accelerators in various fields and participating actively in startup conferences and events. FET connected extensively with startups, explored new technologies and new service applications, and commingled external innovations to catalyze the digital transformation for the Company. FET provided startups with real-case resources to proof their concepts, services, and business, development tools, technical and capital resources, links to international partners, and the creation of a 5G ecosystem among other comprehensive support to

accelerate the commercialization of innovative concepts. The Company hoped to help startup participants to scale up their business models and introduce innovations for FET at the same time through co-creating solutions.

Since establishment of the first batch of FET Startup Accelerator in early 2022, more than 2,500 FET employees across different ranks from President Office, cross departments and cross business functions have been mobilized, and more than 250 in-depth mentoring sessions were arranged. The Accelerator Demo Day in September 2022 was a resounding success with more than 400 attendees hailing from the government, investment institutions and large enterprises, and has facilitated more than 150 matchmaking opportunities for fundraising and business cooperation. As a result, 12 enterprise digital transformation co-creation cases have been executed (across metaverse, smart healthcare, smart factory, smart retail, smart finance, consumer applications and other fields) with more than 53 additional cooperation projects under negotiation, which has already created more than NT\$100 million business opportunities. Furthermore, 73 venture capital one-on-one matchmaking arranged, and 10 companies have been conducted strategic investment evaluation and corporate governance examination by FET internally. At the same time, the second batch of FET Accelerator program has been opened for application, and the scope is expanded to cover issues of global concern, including ESG, long-term health care, and low-carbon cities, etc.

FET shall unceasingly play a key role in Taiwan's startup entrepreneurial ecosystem, driving multi-faceted application services on both consumer and enterprise sides, and team-up with startups to jointly seize new business opportunities and create new economy growth.

FET provides warm services to take care of customers' needs in every aspect

FET adheres to the principle of putting oneself in someone else's shoes and regards customers as family, understanding customer needs, placing strong emphasis on customer experience, while creating differentiated services. The Company has repeatedly been conferred external awards and certifications. In 2022, FET won the Gold Award and Best Service Leader in the Telecommunications Industry conferred by Commercial Times for the 11th consecutive year, passed the SGS Qualicert service certification for the 16th time, and once again received the Innovation Business Award conferred by BusinessNext on top of winning the Silver Award of the Best Management Innovation Award. Additionally, the Company also clinched 19 awards in the 2022 Customer Service Excellence Award, including "Best Service Innovation Team", "Best Customer Service Telemarketing Team", "Best Customer Service System Technical Team", "Best Intelligent System Technical Team", and "Best Customer Service Training Team". Since 2018, FET has continuously obtained the first ISO 18295 Customer Contact Centers certification in Asia and is the only telecommunications company in Taiwan to have both ISO 18295 and ISO 10002 (Quality Management — Customer Satisfaction) certifications. FET also leads the pack by walking away with the top prize in the first Taiwan Customer Service Center Evaluation and being conferred the Gold Award for Telecommunications Channel Chains! With full understanding of customers and flawless service design, the judging panel unanimously voted for FET as the best performer among many enterprises. This affirmation goes beyond the realm of telecommunication channel chain, but also nationwide!

Building alliances with ecological chain to promote sustainability and committed to social responsibility

FET's effort in promotion of ESG continuously gained domestic and foreign recognition. In 2022, the Company was the only local telecommunications operator to pass the ISO 20400 Sustainable Procurement certification, made it to the Commonwealth Magazine Sustainable Citizenship top 100 list, won the 2022 Taiwan Corporate Sustainability Award (TCSA) Taiwan Top 100 Sustainable Model Award, was selected as a constituent of the "FTSE4Good TIP Taiwan ESG Index" for the fifth consecutive year. Also, FET ranked top 5% of Corporate Governance Evaluation by Taiwan Stock Exchange for eight years in a row. In terms of international key

sustainability evaluation, FET was listed as a constituent component of the esteemed Dow Jones Sustainability World Index (DJSI World) for four consecutive years and was listed as a constituent stock in the Dow Jones Sustainable Emerging Market Index for seven consecutive years. Performance for the three environment, society and corporate governance (ESG) aspects had been impressive receiving full scores for eight out of the 24 evaluation areas, namely, materiality, business integrity, innovation management, network reliability, policy impact, environmental report, social report, and human rights. This is a reflection of how FET's long-term commitment to sustainable development is being recognized on an international level.

In 2022, FET was also the first among peers to issue two social bonds to finance ESG investment, enhancing social benefits and implement sustainable development. Other than being the first to join Ericsson's Telecom Equipment Recycling Program, FET also continuously installed its own solar-related power sources through subsidiary, Prime EcoPower Co., Ltd. Reducing the Company's carbon footprint, FET also roped in suppliers, formed alliance with ecological chain to achieve innovative carbon reduction. FET was the first telecommunications operator in Taiwan to pass the ISO 20400 Sustainable Procurement - Guidance and was awarded the 2022 Sustainable Resilience Excellence Award by the British Standards Institute (BSI). Notably, the Company was the only telecommunications company to win the award in 2022. CDP, the world's authoritative carbon disclosure organization, affirmed that FET's management performance in climate change negotiations with suppliers ranks among the top 8% of global enterprises. It was also the second consecutive year to be ranked in the CDP Supplier Negotiation Leading Enterprise Ranking.

FET aims to achieve a 16.2% reduction in supply chain carbon emissions by 2030 compared with 2021, and it is expected that 100% of all FET's IDCs, offices and retail stores will use renewable energy by 2030. Moving forward, FET will continue to leverage on core capabilities, promote sustainable strategies, strive for corporate influence, realize corporate social responsibility, and continue to drive the industry towards net zero and sustainable development.

FET's remarkable performance gains recognition by investors, and domestic and foreign organizations

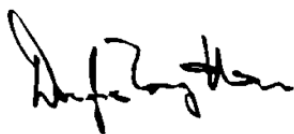
The remarkable performance and excellent governance of FET have also been recognized by investors. In 2022, FET had the highest percentage and the incremental growth rate in terms of foreign investors' shareholding, ranked the highest in the industry in 2022. "Institutional Investor" magazine, known as the "Oscars in the Foreign Investment Community", announced the list of "Asia's Best Management Team in 2022". Dr. Chee Ching, FET's President, was awarded as Best CEO for two consecutive years, while the investor relations team also won the first place in the Best Investor Relations Professional category. Besides that, FET was also awarded Taiwan's Most Outstanding Telecommunications Service Company in Asiamoney 2022's Asia Outstanding Companies Poll. The capital market also recognized FET's achievements with a record high share price in July 2022, closing at NT\$87.6, marking a market value of NT\$285.4 billion. The share price performance for the whole year was far higher than Taiwan Stock Exchange index and peers.

Future outlook

We would like to express our appreciation to the competent authority, National Communications Commission (NCC), for the approval of merger between Far EasTone and Asia Pacific Telecom. Upon approval by the other related authorities, FET will accelerate the merger and generate synergies to maximize the spectrum efficiencies through emerging with the largest spectrum bandwidth across 4G and 5G in Taiwan to provide superior network experience and smart ICT applications and services to both consumer and enterprise customers. Through merger, FET will be able to gain economies of scale, drive synergies, and improve environmental sustainability, and the optima goal is to create value to all stakeholders of the company.

In the coming year, FET will continue to provide the best 5G network experience, accelerate 5G adoption and mobile service revenue growth, expand the growth scale of new economy business, to create growth in overall value. In terms of individual users, the Company endeavors to develop innovative digital services, among others, FET HeartLife, FET friDay shopping, etc. As for corporate users, the Company will accelerate the development of business opportunities for digital transformation of enterprise customers, and master the solutions for energy transformation through integration of inhouse capabilities and resources.

FET has long been committed to implement ESG concepts with the highest standards, unceasingly adhering to the core values and beliefs of friendly environment, giving back to society and sustainable development. In addition to the low-carbon operations, such as enabling artificial intelligence (AI) and big data analysis for the best location for 5G base station, maintaining biodiversity, and constructing smart building architecture, FET also puts its New Economy Growth Strategy focusing on ESG solutions, through smart city and 5G telemedicine solutions to establish a sustainable environment. FET will persistently reinforce corporate governance to create maximum value for shareholders, customers, and employees, and grow together.

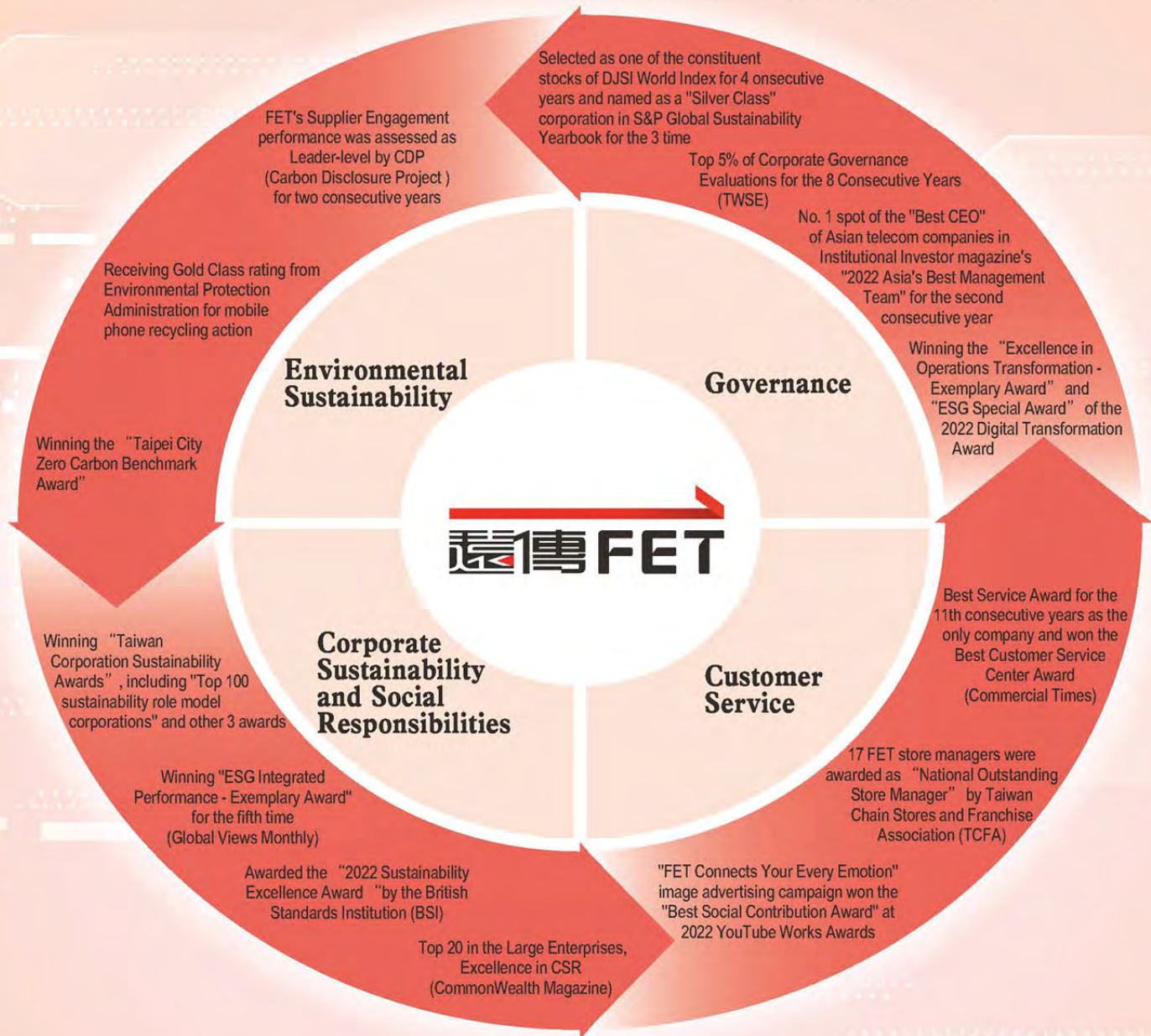


Douglas Hsu
Chairman



Chee Ching
President

2022 Major Honors and Awards



FET Garnered over 40 Recognitions in 2022

FET Connects You and Your World, Enriches Your Life and Protects Our Earth.



1. Date of Incorporation
2. Company History

1. Date of Incorporation

Far EasTone Telecommunications Co., Ltd. (the "Company") was incorporated on April 11, 1997.

2. Company History

2-1. Milestones:

2023/03	FET announced approval of near-term 1.5°C aligned science based targets and commitment to net-zero by 2048.
2023/03	FET officially joined RE100, committing to 100% use of renewable energy by 2040.
2023/02	FET launched 5G telemedicine 2.0 to enhance community services for chronic diseases and long-term care in rural areas.
2022/12	FET 5G telemedicine technology won the "2022 National Innovation Award - Enterprise Innovation Award"
2022/11	FET Chairman Douglas Hsu is awarded the "Lifetime Achievement Award for Corporate Sustainability" in the Taiwan Corporate Sustainability Awards.
2022/11	FET won the National Talent Development Award from the Ministry of Labor for its efforts in talent sustainability and creating a happy workplace.
2022/10	First in the telecommunications industry! FET obtains the certification of ISO 20400 Sustainable Procurement - Guidance from British Standards Institution (BSI)
2022/09	FET initiated supply chain carbon inventory, aiming to reduce emissions by 16.2% by 2030.
2022/08	FET held a circular economy workshop to collaborate with suppliers and create opportunities and models for a circular economy.
2022/07	FET won the Gold Award of the Best Service in Taiwan for a record-breaking eleventh consecutive awards.
2022/06	FET was the first company in Taiwan to join Ericsson's "Global Product Take-Back Program" for environmental protection.
2022/05	FET's 5G telemedicine platform is now HIPAA certified, leading the telecommunications industry.
2022/05	FET collaborated with Chung Yi Social Welfare Foundation to raise medical funds for underprivileged children.
2022/04	Ranked top 5% of the "Corporate Governance Evaluation" result hosted by Taiwan Stock Exchange Corporation for the 8th consecutive year
2022/04	FET, together with Star Ritz, Pili International Multimedia, and Taipei Di Cinema, launched a joint venture, IDEAWORKS Entertainment Co., Ltd.
2022/03	FET issued the first Social Bond in the telecommunications industry.
2022/02	FET merged with Asia Pacific Telecom (APT) to maximize the integration of power spectrum and economic scale, thereby benefiting users and shareholders and promoting environmental sustainability and resulting in a win for all parties.
2022/01	FET's 5G telemedicine platform won the National Healthcare Quality Award from the Joint Commission of Taiwan.
2021/12	FET established the first 5G Metaverse Accelerator in Taiwan
2021/10	FET and Ericsson Completed the World's First 5G End-to-End Multiple Network Slicing
2021/09	FET Was Ranked at the Top in the World for Its 5G Service and According to Opensignal, was Ranked First in the Globe for Its 5G Download Speed, Upload Speed, and 5G User Experience
2021/07	FET expands partnership with Ericsson to provide dual-mode 5G Core (SA and NSA) and VoLTE services
2021/06	FFT and Ericsson co-signed a memorandum of understanding (MOU) to foster cooperation on the development of a 5G communication network.
2021/05	FFT introduced to Far Eastern Memorial Hospital a remote medical care platform offering one-stop medical care services from self-service registration, waiting for video calling to video appointments.
2021/05	FFT signed with E.SUN Commercial Bank, Ltd. Taiwan's first three-year fixed rate commercial paper (FRCP) linked to the sustainability index
2021/03	FET, Delta Electronics, Inc. and Microsoft jointly built the first 5G intelligent factory in Taiwan

2021/01	FET launched the "FET Life" app, an innovative and advanced service for telecom users, to create a one-stop mobile life sphere for its users
2021/01	FET has been ranked first among Taiwan operators in terms of 5G speed in the Taiwan 5G user experience surveys conducted by international mobile network performance testing authorities, Speedtest and Opensignal
2020/12	FET's "friDay Finance+" APP and FET International Bank were approved to initiate the second stage of open banking services, becoming the first TSP approved by FSC to provide such service
2020/11	FET, New Taipei City Government, National Health Research Institutes, and Far Eastern Memorial Hospital jointly announced the launch of the first 5G diabetes continuous remote medical care service in Taiwan
2020/10	FET launched a brand-new business model, "FET Pay," the first and largest Online-Merge-Offline (OMO) cross-industry platform
2020/09	FET and Asia Pacific Telecom formally formed a spectrum sharing strategic alliance to break into the 5G market with the principles of integrity, reciprocity, and win-win
2020/07	"FET 5G" was officially launched for the coming 5G new generation
2020/03	FET rapidly obtained internet resources required for the operation of the mask online purchase system 2.0, contributing to the country during the critical moment of the epidemic prevention
2020/02	Acquired an advantage edge by successfully securing the 80MHz and 400MHz and in the 3.5GHz and 28GHz band during the bid for 5G bands. Start rolling out the 5G business plan
2019/09	Launched the Taoyuan City Street Light Replacement Project in cooperation with the Taoyuan City Government
2019/03	Acquired shares of Nextlink Technology Co., Ltd., entered the cloud service market
2018/08	Established Prime EcoPower as a stepping stone to the solar energy industry
2018/07	Published Taiwan's first Total Impact Measurement and Management (TIMM) report, adopting digital management for sustainability performance
2018/01	Continued to be recognized as the fastest mobile network provider in Taiwan for the second half of 2017 by the Speedtest website
2017/11	Established the FET "IoT Ecosystem" in cooperation with 46 partners and became the first Taiwanese telecommunication enterprise to officially provide NB-IoT services
2017/07	Recognized as the fastest mobile network provider in Taiwan for the second half of 2017 by the Speedtest website
2017/07	Published the world's first Social Return on Investment (SROI) Forecast Report in Traditional Chinese
2016/09	Established the first 5G laboratory in Taiwan
2016/08	Launched the first telecom shop robot assistant in Taiwan
2016/03	Commenced operation of 2,600MHz bands, officially entered the 4.5G era, becoming the first enterprise in the industry to provide 700MHz, 1800 MHz and 2600MHz tri-band services in the Asia telecommunication market
2015/04	The first telecommunication enterprise in Asia to obtain the SGS BS 8477 Code of Practice for Customer Service Certification
2014/06	Officially launched 4G mobile services with 75% coverage, which is significantly larger than its peers. In August, the 1800MHz band was officially launched and became the first 4G service provider with 700MHz and 1800 MHz dual band in the world
2013/10	FET ranked first in the network speed test report published by NCC. Among the 22 counties in Taiwan, FET's download and upload speeds ranked first in 12 and 14 counties, respectively. In addition, FET has three 4G bands, which is the only carrier in telecom industry offering the 20 MHz contiguous spectrum in the telecom industry
2012/01	Published the online edition of the first CSR report, heading towards corporate sustainable development with the concept of "Eco-Fashion and Creative - Responsibility"
2006/10	Launched the first 3.6 Mbps HSPA technology with the highest speed in Taiwan, opening up the new era of 3.5G mobile communication
2005/08	Officially listed on the Taiwan Stock Exchange as an electronics stock company
2005/07	Launched the 3G multimedia services, becoming the first 3G/WCDMA provider in Taiwan
2004/01	The merger and acquisition with KGT was approved by the Executive Yuan's Fair Trade Commission. FET officially merged with KGT, becoming Taiwan's largest mobile operator in the private sector
2003/04	Made Taiwan's first live 3G video call

1999/03	Ranked as the fastest telecommunication provider to reached one million users by the Global Mobile Magazine
1997/01	Officially operating
1997/01	Obtained 2G licenses (GSM1800-whole region & GSM900-Northern region) from the Ministry of Transportation and Communication

2-2. Status of the Affiliated Company from Last Year up to the Annual Report being Published :

Please refer to the Annual Reprt-III Corporate Governance -9. Comprehensive Shareholding Information Relating to Company, Directors, Managers, and Companies Affiliated through Direct and Indirect Investment.

2-3. Status of the Reorganization of the Company from Last Year up to the Annual Report being Published: None.

2-4. Changes in Directors, Shareholders with Greater than 10% Shareholding or Their Selling of a Large Number of Shares from Last Year up to the Annual Report being Published: None.

2-5. Material Impact Event on the Shareholders' Equity and Company from Change of Ownership, Business Operating, Business Content and Others from last year up to the Annual Report being Published: Please refer to the Annual Report-IV Fund Raising Status-7. Share Issued for Mergers or Acquisitions-7-2Information from Shares Issued for Acquisition or due to Acquisition of shares of other companies from last year up to the Annual Report being published.

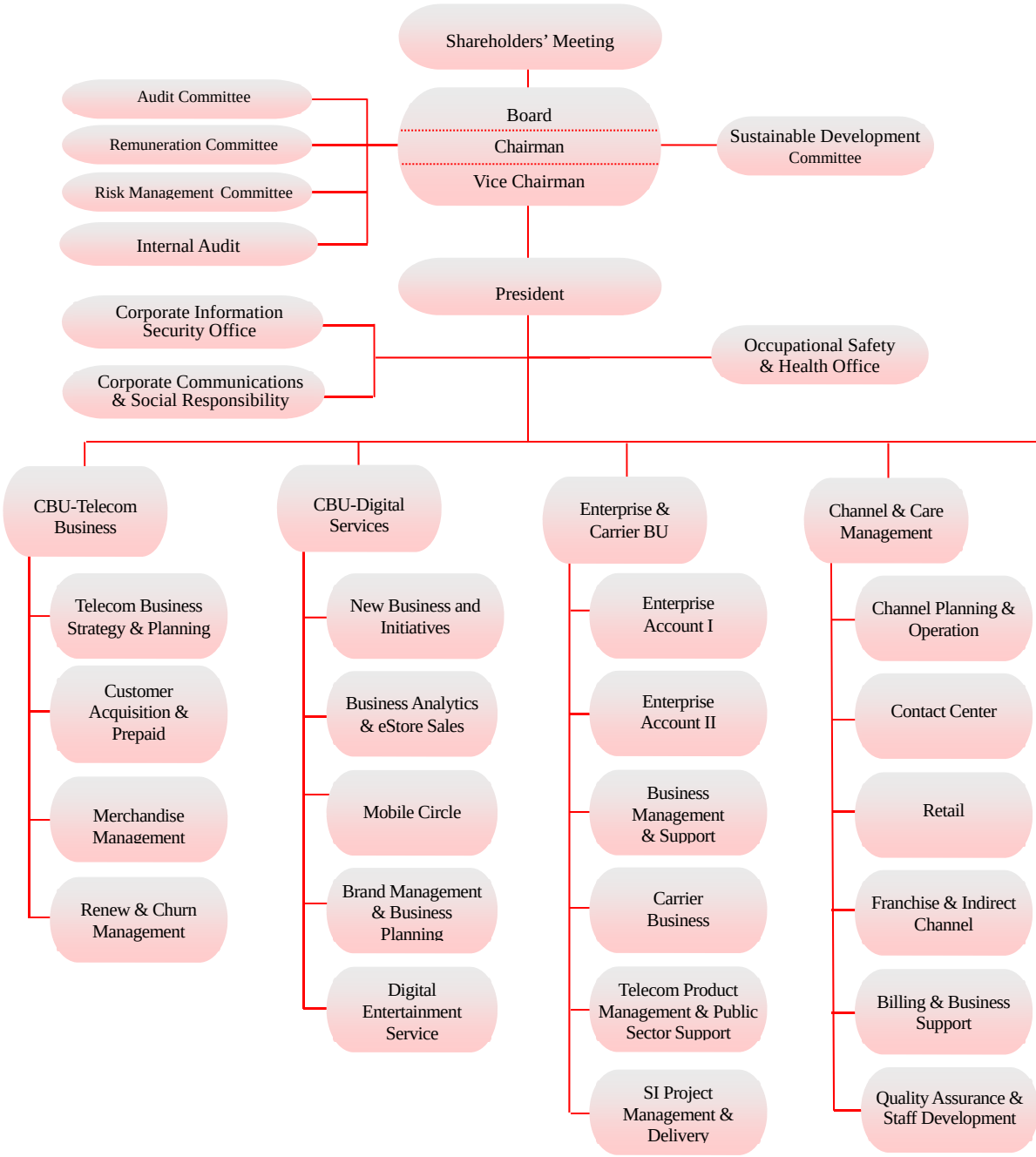


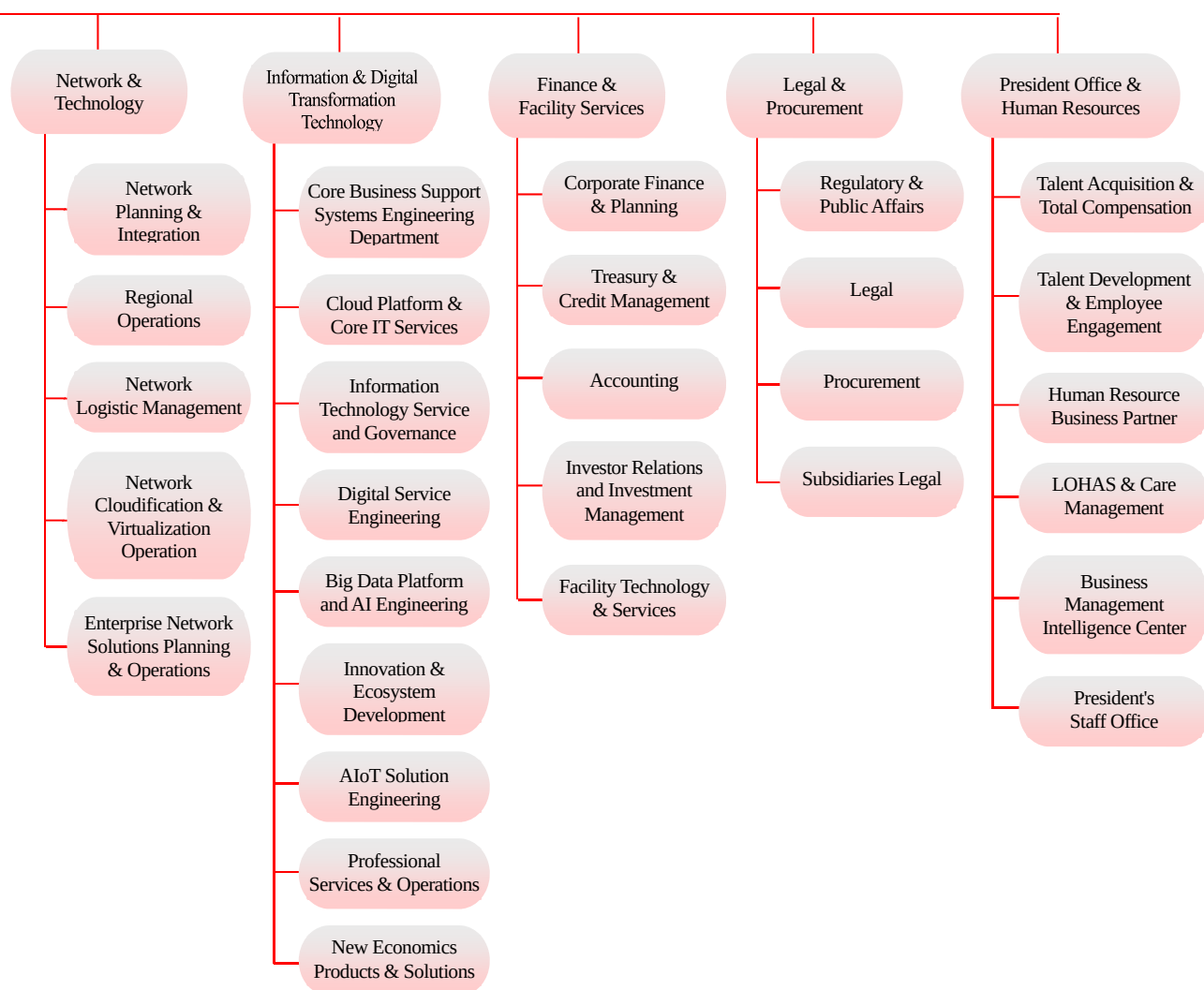
Corporate Governance

- 1. Organization Structure**
- 2. Directors, President, Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, Senior Directors and Department Heads**
- 3. Operation of Corporate Governance**
- 4. Certified Public Accountant (CPA) Professional Fee Information**
- 5. Change of Certified Public Accountant (CPA)**
- 6. The Company's Chairman, President and Managers Responsible for Finance or Accounting Who Have Held a Post in Company's Audit Firm or its Affiliations in the Last Year**
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- 9. Comprehensive Shareholding Information Relating to Company, Directors, Managers, and Companies Affiliated through Direct and Indirect Investment**

1. Organization Structure

1-1. Organization Chart





1-2. Roles and Responsibilities

Department		Job Description
President Office		Responsible for implementing the Board's decisions, developing material strategies and directions for the company, and supervising overall operation and organization.
	Consumer BU-Telecom Business	Responsible for exploring business opportunities in the individual and family telecommunications market to increase the number of telecommunications subscribers and maximize the value of telecommunications users; planning strategies for integrating goods and services to enhance overall profitability; developing channel strategies and commission systems to improve channel operational efficiency and competitiveness in the telecommunications market.
	Consumer BU-Digital Services	Responsible for the digital transformation of Consumer Business Unit, accelerating the growth momentum of Far EasTone's digital services, managing the Far EasTone Mobile Circle platform, utilizing data analysis to optimize customer digital service experience and enhance customer overall value, while forming alliance partnerships to develop new business growth curves.
	Enterprise & Carrier BU	Responsible for the business planning and sales of Enterprise BU.
	Channel & Care Management	Responsible for the operational planning of physical channel sales and services, providing customers with excellent service experience and product promotion, implementing digital transformation in operations to enhance the overall efficiency of telecommunications and digital services provided by the storefront customer service.
	Network & Technology	Responsible for Mobile/ Broadband/ ISP Network planning, development and operation, technology strategy, planning and development.
	Information & Digital Transformation Technology	Responsible for the strategic planning, research and development, application system construction, and operation management of the company's overall information services and digital transformation.
	Finance & Facility Services	Responsible for comprehensive services, including financial planning, fund management, accounting, tax operations, investor relations, and collection management, as well as sustainable management and intelligent facility administration services.
	Legal & Procurement	Responsible for legal litigation, intellectual property rights, regulatory, contract management, corporate security, the public affairs and procurement.
	President Office & Human Resources	Responsible for formulating human resource policies, talent development and recruitment, salary and benefits system design, employee safety and health, organizational management, providing business intelligence, assisting the general manager in managing the Board of Directors and internal and external affairs.
	Internal Audit	Responsible for assisting the Board and management team to identify the deficiency of the internal control system, to assess the effectiveness and efficiency of the operation, and to providing appropriate improvement suggestions to ensure the effectiveness of internal control system as well as for continuous improvement.

2. Directors, President, Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, Senior Directors and Department Heads

2-1. Directors

Title	Nationality	Name	Gender Age	Election Date	Tenure (year)	First Election Date	Shareholding When Elected		Current Shareholding		
							Shares	%	Shares	%	
Chairman	R.O.C.	Douglas Hsu, Representative of Yuan Ding Investment Co., Ltd.	Male (81~90 years old)	2021/07/22	3	1997/04/11 *1997/04/11	1,066,657,614 *0	32.73 *0	1,066,657,614 *0	32.73 *0	
Vice Chairman	R.O.C.	Peter Hsu, Representative of Yuan Ding Investment Co., Ltd.	Male (71~80 years old)	2021/07/22	3	1997/04/11 *1997/04/11	1,066,657,614 *0	32.73 *0	1,066,657,614 *0	32.73 *0	
Director	Sweden	Jan Nilsson, Representative of Yuan Ding Investment Co., Ltd.	Male (71~80 years old)	2021/07/22	3	1997/04/11 *2003/05/26	1,066,657,614 *0	32.73 *0	1,066,657,614 *0	32.73 *0	
Independent Director	Hong Kong (China)	Lawrence Juen-Yee LAU	Male (71~80 years old)	2021/07/22	3	2005/05/20	0	0	0	0	
Independent Director	R.O.C.	Jyuo-Min Shyu	Male (61~70 years old)	2021/07/22	3	2021/07/22	0	0	0	0	

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	Spouse & Minor Shareholding		Shareholding in the Name of Others		Major Education & Experience	Current Position with Other Company	Officer or Directors is a Spouse or Consanguinity within 2 Degrees to Each Other			Note (Note 2)
	Shares	%	Shares	%			Title	Name	Relation	
	0 *0	0 *0	0 *0	0 *0	0 M.S., University of Notre Dame, U.S.A.; *0 M.S., Economics, Columbia University, U.S.A.; Honor Ph. D., Management, National Chiao Tung University; President of Far Eastern New Century Corporation	Chairman of Far Eastern New Century Corporation; Chairman of Asia Cement Co., Ltd.; Chairman of Far Eastern Department Stores Ltd.; Chairman of Oriental Union Chemical Corp.; Chairman of U-Ming Marine Transport Corp.; Chairman of New Century InfoComm Tech Co., Ltd.; Vice Chairman of Far Eastern International Bank	Vice Chairman Director	Peter Hsu Jeff Hsu	Brother Father and Son	None
	0 *0	0 *0	0 *0	0 *0	0 M.S., Operations Research, Stanford University, U.S.A.; *0 Vice President of Ding & Ding Management Consultants Co. Ltd.	Vice Chairman of Far Eastern New Century Corporation; Director of Asia Cement Co., Ltd.; Director of U-Ming Marine Transport Corp.	Chairman	Douglas Hsu	Brother	None
	0 *0	0 *0	0 *0	0 *0	0 M.S., Industrial and Management Engineering, Linköping University, Sweden; *0 Vice Chairman of Far EasTone Telecommunications Co., Ltd.; President of Far EasTone Telecommunications Co., Ltd.; Sr. Executive VP of Satelindo Telecom Indonesia	None	None	None	None	None
	0	0	0	0	0 B.S. in Physics, Stanford University, U.S.A.; *0 M.A. and Ph.D. in Economics, University of California at Berkeley, U.S.A.; Academician, Academia Sinica, 1982; Kwoh-Ting Li Professor in Economic Development, Stanford University, U.S.A.; Vice-Chancellor (President) of The Chinese University of Hong Kong; Chairman of CIC International (Hong Kong) Co., Limited.	Ralph and Claire Landau Professor of Economics, The Chinese University of Hong Kong; Independent Non-executive Director, CNOOC Limited in Hong Kong; Independent Non-executive Director, AIA Group Limited in Hong Kong; Independent Non-executive Director, Semiconductor Manufacturing International Corporation in Hong Kong; Member of the Currency Board Sub-Committee of the Hong Kong Special Administrative Region Exchange Fund Advisory Committee	None	None	None	None
	0	0	0	0	0 Ph.D. in Electrical Engineering and Computer Science, University of California, Berkeley, U.S.A.; *0 Emeritus Professor, National Tsing Hua University; Deputy Convener, National Information & Communication Security Taskforce, Executive Yuan; Minister, Ministry of Science and Technology; President, Industrial Technology Research Institute.	Independent Director, United Microelectronics Corp.; Independent Director, Qisda Corporation; Director, Iridium Medical Technology Co., Ltd.; Director, GeoThings Inc.; Director, Alpha Ring Asia Inc.	None	None	None	None

Title	Nationality	Name	Gender Age	Election Date	Tenure (year)	First Election Date	Shareholding When Elected		Current Shareholding		
							Shares	%	Shares	%	
Independent Director	R.O.C.	Ta-Sung Lee	Male (61~70 Years old)	2021/07/22	3	2021/07/22	0	0	0	0	
Director	R.O.C.	Champion Lee, Representative of Yuan Ding Co., Ltd.	Male (71~80 Years old)	2021/07/22	3	2003/05/23 *1997/04/11	4,163,500 *0	0.13 *0	4,163,500 *0	0.13 *0	
Director	U.S.A.	Jeff Hsu, Representative of Yuan Ding Co., Ltd.	Male (41~50 Years old)	2021/07/22	3	2003/05/23 *2015/06/18	4,163,500 *0	0.13 *0	4,163,500 *0	0.13 *0	
Director	R.O.C.	Jiann-Chyuan Wang, Representative of U-Ming Marine Transport Corp.	Male (61~70 years old)	2021/07/22	3	2012/06/13 *2022/02/15	331,000 *0	0.01 *0	331,000 *0	0.01 *0	
Director	R.O.C.	Bonnie Peng, Representative of Asia Investment Corp.	Female (61~70 years old)	2021/07/22	3	2000/12/28 *2015/06/18	1,426,303 *0	0.04 *0	1,426,303 *0	0.04 *0	
Director	Singapore	Toon Lim, Representative of Ding Yuan International Investment Co., Ltd.	Male (71~80 years old)	2021/07/22	3	2012/06/13 *2008/01/10	919,653 *0	0.03 *0	919,653 *0	0.03 *0	

*Number of shares and percentage of shares currently held and first election date by the individual.

Note 1: For all directors and shareholders are corporate entities, the company registry is R.O.C.

Note 2: Where the Company's chairman and the president or an officer of equivalent position (the most senior manager) are the same person, or spouses or consanguinity within the first degree to each other, the reason, rationality, necessity and countermeasures (e.g. to increase the number of independent directors and have the majority of directors not serving concurrently as an employee or a manager) shall be disclosed.

2023/3/31

	Spouse & Minor Shareholding		Shareholding in the Name of Others		Major Education & Experience	Current Position with Other Company	Officer or Directors is a Spouse or Consanguinity within 2 Degrees to Each Other			Note (Note 2)
	Shares	%	Shares	%			Title	Name	Relation	
	0	0	0	0	0 Ph. D., School of Electrical Engineering, Purdue University, U.S.A.; Provost, NYCU; Vice President for Research and Development, NCTU; Chairman of Telecom Technology Center; Vice President for Student Affairs, NCTU; IEEE Signal Processing Society Regional Director-at-Large; Commissioner of National Communications Commission (NCC).; Chairman of Department of Communication Engineering, NCTU.	Distinguished Professor of Department of Electrical and Computer Engineering and Vice President (University System of Taiwan), NYCU; Director of IoT Intelligent Systems Research Center, NYCU	None	None	None	None
	0	0	0	0	0 MBA, Texas A&I University, U.S.A.; *0 President of Yuan Ding Co., Ltd.; Sr. EVP of Far Eastern New Century Corporation	Director of Far Eastern New Century Corporation; Director of Asia Cement Co., Ltd.; Director of U-Ming Marine Transport Corp.	None	None	None	None
	0	0	0	0	0 Master's degree in Design and Innovation Methods, Institute of Design, Illinois Institute of Technology, U.S.A.; MBA, University of Notre Dame, U.S.A.; Worked as a Strategy and Design Consultant in the United States with clients ranging from hi-tech startups to Nestle, Denso Automotive, Kia Motors, and Target; Captain's commission in the United States Marine Corps	Director of Far Eastern New Century Corporation; Chief Innovation Officer of Far Eastern Group; Director and Executive Vice President of U-Ming Marine Transport Corp.	Chairman	Douglas Hsu	Father and Son	None
	0	0	0	0	0 Ph.D. in Economics, Purdue University, U.S.A.; *0 U.S.A.; Advisor of the Ministry of Economic Affairs; Member of the Industry Advisory Committee of the Ministry of Economic Affairs; The 9th Chairman of the Taiwan Asia-Pacific Industrial Analysis Professional Association.	Vice President of the Chung-Hua Institution for Economic Research and Director of the Third Research Institute; Independent Director, YEM CHIO CO., LTD.; Director of the Asia Pacific Emerging Industry Management Co., Ltd.; Supervisor of ECSY Network Co., Ltd.; Chairman of Smart Mobility Association Taiwan, SMAT.	None	None	None	None
	0	0	0	0	0 Doctor of Journalism, Southern Illinois University, Carbondale, U.S.A.; *0 Chairperson of the 2 nd term of National Communication Commission; Professor, Department of Journalism (Graduate program), National Chengchi University, Taiwan	Adjunct Professor, College of Communication, National Chengchi University; Adjunct Professor, School of Communication, Ming Chuang University.	None	None	None	None
	0	0	0	0	0 Postgraduate Diploma in Business Administration University of Singapore; *0 BE(Hons), University of Canterbury, New Zealand; Chief Operating Officer, SingTel Group	Advisor, SingTel Group; Board Director, APT Satellite, HK	None	None	None	None

2-2. Information of Directors

Directors' Professional Qualifications and Independent Directors' Independence Status :

2023/3/31

Name	Condition	Experience and professional qualifications (Note)	Independent Directors' Independence Status	No. of Public companies in which he/she serves as Independent Director
Chairman: Douglas Hsu		Commerce experience, Chairman of the 6 listed Companies.	Not Applicable	None
Vice Chairman: Peter Hsu		Commerce experience.		None
Director: Jan Nilsson		Telecom experience, Former President of Far Eastone Telecommunications Co., Ltd..		None
Director: Champion Lee		Commerce experience, Finance and accounting experience.		None
Director: Jeff Hsu		Commerce and Innovation experience, Chief Innovation Officer of Far Eastern Group.		None
Director: Jiann-Chyuan Wang		Economic and Commerce experience, Vice President of the Chung-Hua Institution for Economic Research and Director of the Third Research Institute.		1
Director: Bonnie Peng		Telecom and Journalism Communication experience, Chairperson of the 2nd term of National Communication Commission; Adjunct Professor, College of Communication, National Chengchi University.		None
Director: Toon Lim		Telecom experience, Former Chief Operating Officer, SingTel Group.		None
Independent Director: Lawrence Juen-Yee LAU		Ralph and Clarie Landau Professor of Economics, The Chinese University of Hong Kong; Academician, Academia Sinica, 1982. Specialties: Economic Development, Economic Growth, Commerce experience.	All of the following situations apply to each and every of the Independent Directors: ✓ Satisfy the requirements of Article 14-2 of "Securities and Exchange Act" and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by Taiwan's Securities and Futures Bureau. ✓ Independent Director (or nominee arrangement) as well as his/her spouse ,and relative within the second degree of kinship are not directors, supervisors or employees in the Company or any of its affiliates ✓ Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any the Company's shares ✓ Received no compensation or benefits for providing commercial, legal, financial,accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service".	None
Independent Director: Jyuo-Min Shyu		Emeritus Professor, National Tsing Hua University; Deputy Convener, National Information & Communication Security Taskforce, Executive Yuan; Science experience, Former Minister, Ministry of Science and Technology.		2
Independent Director: Ta-Sung Lee		Telecom experience, Former Commissioner of National Communications Commission (NCC); Distinguished Professor of Department of Electrical and Computer Engineering.		None

Note: None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Law.

Board Diversity and Independence:

(I) **Board Diversity:** The Company has established "FET Corporate Governance Best Practices Principles" in which "Enhancing the Function of Board of Directors" has been included and properly executed.

The professional qualifications: Please refer to above table: Directors' Professional Qualifications and Independent Directors' Independence Status.

Gender: The Company has established "FET Corporate Governance Best Practices Principles" and stipulated in Article 20 that focus on gender equality and practical application, so the current board of directors includes a woman director.

Age: The age of 6 directors is over 70 years old. The age of 4 directors is between 60 to 69 years old. The age of 1 director is under 60 years old.

Nationality: The Company would like to explore every opportunity from a global perspective. Therefore, the nationalities of our directors cover the United States, Singapore, Sweden, Mainland China (Hong Kong), and the Taiwan.

Industry experience: In telecommunication industry, members of the Board with varied professional fields play an important part in market competition. The members of the FET Board, being experts from Accounting, Telecommunication, Finance, Economics and Technology, assist to facilitate the Company's decision making and strategic planning with their proficiency and proactive views. Please refer to above table: Professional qualifications and independence of Directors. Performance evaluation of Board of Directors is conducted every year on a regular basis to verify the diversity and competency of the Board.

The specific goals and status of achievement: At least three directors should possess telecommunications expertise. Currently there are 4 directors are expertise in telecom industry.

Diversity of Board Members

Name	Basic requirements and values			Professional knowledge and skills			Necessary knowledge, skill, and experience (Note 1)								The Independence of Directors (Note 2)
	Gender	Age	Nationality	Background	Skills	Industry experience	Ability to make operational judgment	Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis management	International market perspective	Ability to lead	Ability to make decisions	Information skills	
Douglas Hsu	Male	81~90 years old	R.O.C.	Business		V	V	V	V	V	V	V	V	*	
Peter Hsu	Male	71~80 years old	R.O.C.	Business		V	V	*	V	V	V	V	V	V	
Jan Nilsson	Male	71~80 years old	Sweden	Telecom		V	V	V	V	V	V	V	V	*	V
Lawrence Juen-Yee LAU	Male	71~80 years old	Hong Kong (China)	Economic	Professor of Economics	V	V	V	V	V	V	V	V	*	V
Jyuo-Min Shyu	Male	61~70 years old	R.O.C.	Technology	Professor of Electrical Engineering and Computer Science	V	V	*	V	V	V	V	V	V	V
Ta-Sung Lee	Male	61~70 years old	R.O.C.	Electrical Engineering /Telecom	Professor of Electrical and Computer Engineering	V	V	*	V	V	V	V	V	V	V
Champion Lee	Male	71~80 years old	R.O.C.	Finance		V	V	V	V	V	V	V	V	*	V
Jeff Hsu	Male	41~50 years old	U.S.A.	Business		*	V	*	V	V	V	V	V	*	
Jiann-Chyuan Wang	Male	61~70 years old	R.O.C.	Economic		*	V	*	V	V	V	V	V	*	V
Bonnie Peng	Female	61~70 years old	R.O.C.	Telecom/ Journalism Communication	Professor of Journalism	V	V	*	V	V	V	V	V	*	V
Toon Lim	Male	71~80 years old	Singapore	Telecom		V	V	*	V	V	V	V	V	*	V

*is referred to possessing partial ability.

Note 1: (1) The directors account for 0% of employees.

(2) The independent directors account for 27% of the Board.

(3) The female director accounts for 9% of the Board.

(4) One independent director has been served on the board for over 9 years. There are two independent directors has been served on the board under 3 years.

(5) Currently there are 4 directors are expertise in telecom industry, Min. requirement is 3 board members should be expertise in telecom industry.

(6) The non-ROC nationality are 4 directors, for 36% of the Board.

Note 2: The independence of directors is defined as per SEC Rule 4200 Definitions below. To be considered independence, directors have to meet at least four of the following nine criteria and two of the first three criteria.

(1) The director must not have been employed by the company in an executive capacity within the last year.

(2) The director must not accept or have a "Family Member who accepts any payments from the company or any parent or subsidiary of the company in excess of \$60,000 during the current fiscal year other than those permitted by SEC Rule 4200 Definitions.

(3) The director must not be a "Family Member of an individual who is employed by the company or by any parent or subsidiary of the company as an executive officer.

(4) The director must not be (and must not be affiliated with a company that is) an adviser or consultant to the company or a member of the company's senior management.

(5) The director must not be affiliated with a significant customer or supplier of the company.

- (6) The director must have no personal services contract(s) with the company or a member of the company's senior management.
- (7) The director must not be affiliated with a not-for-profit entity that receives significant contributions from the company.
- (8) The director must not have been a partner or employee of the company's outside auditor during the past year.
- (9) The director must not have any other conflict of interest that the board itself determines to mean they cannot be considered independent.

(II) Board independence:

According with the Article 15 of Article of Incorporation of the Company:

The Company shall have 9 to 11 Directors, to be elected who are competent persons at Shareholders' meeting. The tenure of office of Directors will be 3 years and they will be eligible for re-election.

Among the aforesaid number of members of the Board of Directors shall have 3 Independent Directors. Election of Directors shall adopt candidate nomination system according to Article 192-1 of the Company Act. There is 11 directors in the 9th term of Board of Directors. 3 of them are independent directors, 27% of all the directors. 8 of the directors are not Second-degree relatives. All of independent directors are not Second-degree relatives with other directors. Any information for second-degree relative, please refer to Directors information.

2-3. Major shareholders of FET's Board Directors those are institutional shareholders

2022/12/31

Institutional Shareholders	Major Shareholders of the Institutional Shareholders
Yuan Ding Investment Co., Ltd.	Far Eastern New Century Corporation (99.40%), Ta Juh Chemical Fibers Co., Ltd. (0.3%), An Ho Garment Co., Ltd. (0.3%)
Yuan Ding Co., Ltd.	Far Eastern New Century Corporation (37.13%), Asia Cement Co., Ltd. (35.50%), Der Ching Investment Corp. (14.50%), Yuan Ding Investment Co., Ltd. (12.86%), Yue Ming Trading Company Limited (0.002%), Far Eastern Department Store Co., Ltd. (0.001%), Douglas Hsu (0.001%)
U-Ming Marine Transport Corp.	Asia Cement Co., Ltd. (39.25%), Investment account of JP Morgan Stanley Investment Fund managed by HSBC (Taiwan) (1.67%), Yuan Ding Investment Co., Ltd. (1.05%), Yu Yuan Investment Co., Ltd. (0.94%), Asia Investment Corp. (0.92%), Standard Chartered Standard Chartered International Commercial Bank Business Department is entrusted with custody of ABS Direct Equity Fund Co., Ltd. – External Manager Asia Series 3 Investment Account (0.76%), Ya Li Transportation Corporation (0.75%), Ding Shen Investment Co., Ltd. (0.75%), HSBC GIF Asia ex Japan Equity Smaller Companies (0.72%), Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds (0.72%)
Asia Investment Corporation	Asia Cement Co., Ltd. (100%)
Din Yuang Investment Co., Ltd.	Far Eastern New Century Corporation (100%)

Information Sources: Department of Commerce, Ministry of Economic Affairs, R.O.C., public announcements on each company's websites and Ex-rights/Ex-dividend information disclosed by each company.

Note: Where the corporate shareholder is not an organizer of the company. The names of the aforementioned shareholders and their shareholding ratios should be disclosed, that is, the names of the contributors or donors and their contribution or donation percentages.

2-4. Major Shareholders of Institutional Shareholders mentioned in 2-3 section

2022/12/31

Institutional Shareholders	Major Shareholders of the Institutional Shareholders
Far Eastern New Century Corporation	Asia Cement Co., Ltd. (23.77%), Oriental Institute of Technology (4.81%), Far Eastern Medical Foundation (3.61%), Far Eastern Memorial Foundation (3.42%), Yuan-Ze University (2.74%), Nan Shan Life Insurance Co., Ltd. (2.36%), Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF account in the custody of Taishin International Bank Co., Ltd. (1.91%), Douglas Hsu (1.71%), Der Ching Investment Corporation (1.55%), Chunghwa Post Co., Ltd. (1.54%)
Ta Chu Chemical Fiber Co., Ltd.	Yuan Ding Investment Co., Ltd. (41.86%), Yu Ding Industry Co., Ltd. (38.76%), Yu Li Investment Corp. (19.38%)
An Ho Garment Co., Ltd.	Far Eastern New Century Corporation (100%)
Asia Cement Co., Ltd.	Far Eastern New Century Corporation (21.17%), Far Eastern Medical Foundation (5.12%), Yuanta Taiwan Dividend Plus ETF account in the custody of Cathay United Bank (3.27%), China Life Insurance Co., Ltd. (2.16%), Financial Department of Mega International Commercial Bank Co., Ltd. (1.68%), Labor Pension Fund Committee of Far Eastern New Century Corporation (1.63%), Yuan Ding Investment Co., Ltd. (1.53%), Far Eastern Department Stores Co., Ltd. (1.41%), Yuan-Ze University (1.34%), Far Eastern Memorial Foundation (1.24%)
Der Ching Investment Corporation	Asia Cement Co., Ltd. (99.99%), Asia Investment Corporation. (0.001%)
Yuan Ding Investment Co., Ltd.	Far Eastern New Century Corporation (99.40%), Ta Juh Chemical Fibers Co., Ltd. (0.3%), An Ho Garment Co., Ltd. (0.3%)
Yue Ming Trading Company Limited	Bai Ding Investment Co., Ltd. (47%), Yuan Ding Investment Co., Ltd. (45.50%), Yu Ding Industry Co., Ltd. (5%), Ding & Ding Management Consultants Co., Ltd. (1%), Yuan Ding Co., Ltd. (1%), Yuan Ding Leasing Co., Ltd. (0.5%)
Far Eastern Department Stores Co., Ltd.	Far Eastern New Century Corporation (17.06%), Yuan Ding Investment Co., Ltd. (9.87%), Asia Cement Co., Ltd. (5.65%), Yuan Tone Investment Co., Ltd. (5.59%), Jaryuan Investment Co., Ltd. (4.96%), Yuan-Ze University (4.75%), PJ Asset Management Co., Ltd. (4.52%), The committee of Employee Pension Fund of Far Eastern Department Stores Co., Ltd. (2.11%), Yu Yuan Investment Co., Ltd. (2.06%), Tranquil Enterprise Ltd. (2.03%)
Yu Yuan Investment Co., Ltd.	Asia Cement Co., Ltd. (29.92%), Yuan Ding Co., Ltd. (25.02%), Yuan Ding Investment Company (18.96%), U-Ming Marine Transport Corp. (17.66%), Ding Shen Investment Co., Ltd. (6.50%), Yue Tung Investment Co., Ltd. (1.84%), Yu Ding Industry Co., Ltd. (0.1%)
Asia Investment Corporation	Asia Cement Co., Ltd. (100%)
Ya Li Transportation Corporation	Asia Cement Co., Ltd. (51.61%), Yu Yuan Investment Co., Ltd. (48.39%)
Ding Shen Investment Co., Ltd.	Yuan Tone Investment Co., Ltd. (18%), Yue-Tung Investment Limited (18%), Asia Investment Corporation (18%), Bai Ding Investment Corporation (18%), Tong Fu Investment Co., Ltd. (18%), Yue Ding Industry Co., Ltd. (5%), Ta Chu Chemical Fiber Co., Ltd. (5%)

Information Sources: Department of Commerce, Ministry of Economic Affairs, R.O.C., public announcements on each company's websites and Ex-rights/Ex-dividend information disclosed by each company.

Note: Where the corporate shareholder is not an organizer of the company. The names of the aforementioned shareholders and their shareholding ratios should be disclosed, that is, the names of the contributors or donors and their contribution or donation percentages.

2-5. President, Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, Senior Directors and Department Heads

Title	Nationality	Name	Gender	Effective Date	Current Shareholding		Shares held by Spouse & Minor	
					Shares	%	Shares	%
President	R.O.C.	Chee Ching	Female	2019.01.07	100,000	0.00	0	0.00
Executive Vice President, Enterprise & Carrier BU	R.O.C.	Philip Tseng	Male	2017.02.21	20,000	0.00	0	0.00
Executive Vice President, Information & Digital Transformation Technology BU	R.O.C.	Peter Hu	Male	2021.08.02	20,000	0.00	0	0.00
Executive Vice President & CFO, Finance & Facility Services	R.O.C.	Sharon Lin	Female	2020.08.01	11,076	0.00	0	0.00
Acting Executive Vice President, Network & Technology	R.O.C.	Jason Kuo	Male	2021.02.01	0	0.00	0	0.00
Senior Vice President, CBU-Telecom Business	R.O.C.	Brian Chao	Male	2022.01.15	0	0.00	0	0.00
Senior Vice President, CBU-Digital Services	R.O.C.	Eric Chu	Male	2022.01.15	0	0.00	0	0.00

2023/03/31

Name of Others	Shares held in		Major Experience and Education	Current Position with Other Company	Managers are Spouse or Consanguinity within 2 Degrees to Each Other			Note (Note1)
	Shares	%			Title	Name	Relation	
	0	0.00	Vice President, Technology Development, AT&T; PhD., Management Information Systems., Purdue University	Chairwoman & President of Far Eastern Info Service (Holding) Ltd.; Chairwoman of ARCOA Communications Co., Ltd.; Chairwoman of Yuan Cing Co., Ltd.; Chairwoman of Prime EcoPower Co., Ltd.; Director & President of New Century InfoComm Tech Co., Ltd.; Director of Pacific SOGO Department Store Co., Ltd.; Chairwoman of DataExpress Infotech Co., Ltd.; Chairwoman of Yuanshi Digital Technology Co., Ltd.; Chairwoman of IDEAWORKS Entertainment Co., Ltd.; Director of Far Eastern Electronic Toll Collection Co., Ltd. Director of Ding Ding Integrated Marketing Service Co., Ltd.	None	None	None	None
	0	0.00	President of Ericsson Taiwan; Master Degree of Science from Industrial Engineering School, Lehigh University, U.S.A.	Chairman & President of KGEx.com Co., Ltd.; Director of New Century InfoComm Tech Co., Ltd.; Chairman of Information Security Service Digital United, Inc.; Chairman of Digital United (Cayman) Ltd.; Chairman of Digital United Information Technology Co., Ltd. (Shanghai); Chairman of New Diligent Co., Ltd.; Director of Sino Lead Enterprise Limited; Director of Far Eastern Electronic Toll Collection Co., Ltd. Manager of Far Eastone Telecommunications Co., Ltd. System Integration Branch Office; Chairman of Nextlink Technology Co., Ltd.; Chairman of Microfusion Technology Co., Ltd.; Director of Microfusion (HK) Technology Co., Limited	None	None	None	None
	0	0.00	General Manager, Solutions & Technical Unit, Microsoft Taiwan; M.S., Computer Science and Information Engineering, Tamkan University	Director of Nextlink Technology Co., Ltd.; Director of Microfusion Technology Co., Ltd.	None	None	None	None
	0	0.00	Manager of Vishay General Semiconductor Taiwan Ltd.; M.S, Finance, University of Wisconsin, U.S.A.	Supervisor of Yuanshi Digital Technology Co., Ltd.; Supervisor of ARCOA Communication Co., Ltd.; Director of Far Eastern Info Service (Holding) Ltd.; Supervisor of Ding Ding Integrated Marketing Service Co., Ltd.; Supervisor of New Century InfoComm Tech Co., Ltd.; Supervisor of KGEx.com Co., Ltd.; Supervisor of Yuan Cing Co., Ltd.; Director of New Diligent Hong Kong Company Ltd.; Supervisor of New Diligent Co., Ltd.; Supervisor of Information Security Service Digital United, Inc. Supervisor of Prime EcoPower Co., Ltd.; Supervisor of Digital United Information Technology Co., Ltd. (Shanghai); Supervisor of Far Eastone Property Insurance Agency Co., Ltd.; Supervisor of Nextlink Technology Co., Ltd.; Supervisor of Microfusion Technology Co., Ltd.; Supervisor of Far Eastern Electronic Toll Collection Co., Ltd.; Supervisor of IDEAWORKS Entertainment Co., Ltd.; Supervisor of Mission International Co., Ltd.; Director of Digital United (Cayman) Ltd	None	None	None	None
	0	0.00	Director, Digital United Inc, Taiwan; Master degree of Science in Electrical Engineering, University of Southern California, U.S.A.	None	None	None	None	None
	0	0.00	Sales Supervisor of Shin Kong Life Insurance Co., Ltd.; MBA, National Taiwan University	Director of ARCOA Communication Co., Ltd.; Director of Yuanshi Digital Technology Co., Ltd.; Director of DataExpress Infotech Co., Ltd.; Director of Home Master Technology Ltd.	None	None	None	None
	0	0.00	VP, Bank SinoPac; AVP, Citibank (New York); MS, EES/OR, Stanford University, U.S.A.	Director of IDEAWORKS Entertainment Co., Ltd.; Director of Mission International Co., Ltd. ; Director of Yuanshi Digital Technology Co., Ltd	None	None	None	None

Title	Nationality	Name	Gender	Effective Date	Current Shareholding		Shares held by Spouse & Minor		
					Shares	%	Shares	%	
Senior Vice President, Channel & Care Management	R.O.C.	Andy Tu	Male	2022.01.15	0	0.00	0	0.00	
Senior Vice President Legal & Procurement	R.O.C.	Vivian Lee	Female	2018.01.03	0	0.00	0	0.00	
Senior Vice President President Office & Human Resources	R.O.C.	Charlene Lin	Female	2021.08.01	0	0.00	0	0.00	
Vice President, CBU-Telecom Business	R.O.C.	Jessie Teng	Female	2018.01.01	0	0.00	0	0.00	
Vice President, CBU-Telecom Business	R.O.C.	Jessica Sung	Female	2020.04.16	0	0.00	0	0.00	
Vice President, CBU-Digital Services	R.O.C.	Belinda Chen	Female	2018.01.01	5,070	0.00	0	0.00	
Vice President, CBU-Digital Services	R.O.C.	Lopes Lu	Female	2019.04.01	155	0.00	0	0.00	
Vice President, Enterprise & Carrier BU	R.O.C	Eddie Kao	Male	2019.10.15	0	0.00	0	0.00	
Vice President, Enterprise & Carrier BU	R.O.C.	James Lee	Male	2007.07.01	676	0.00	0	0.00	
Vice President, Enterprise & Carrier BU	R.O.C.	Mark Lee	Male	2014.10.01	0	0.00	0	0.00	
Vice President, Channel & Care Management	R.O.C.	Andy Kuo	Male	2021.02.01	0	0.00	0	0.00	
Vice President, Channel & Care Management	R.O.C.	Roger Lin	Male	2018.01.01	0	0.00	0	0.00	
Vice President, Network & Technology	R.O.C.	Dave Lu	Male	2021.11.01	0	0.00	0	0.00	

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	Shares held in Name of Others		Major Experience and Education	Current Position with Other Company	Managers are Spouse or Consanguinity within 2 Degrees to Each Other			Note (Note1)
	Shares	%			Title	Name	Relation	
	0	0.00	Vice President of Samsung Electronics Taiwan & GM of IT & Mobile; MBA, Portland State University, Oregon, U.S.A.	Director of ARCOA Communication Co., Ltd.; Director of Yuan Cing Co., Ltd.; Director of Yuanshi Digital Technology Co., Ltd.; Director of DataExpress Infotech Co., Ltd.;	None	None	None	None
	0	0.00	M.S., LLM, Intellectual Property Law. John Marshall Law School, Chicago, Illinois; VP, Head of Ericsson Commercial Management, Ericsson Sweden	Director of KGEx.com Co., Ltd.; Director of Yuan Cing Co., Ltd.; Director of Far Eastone Property Insurance Agency Co., Ltd.; Director of Nextlink Technology Co., Ltd.; Director of IDEAWORKS Entertainment Co., Ltd.; Director of Mission International Co., Ltd.	None	None	None	None
	0	0.00	VP & CFO of New Century InfoComm Tech Co., Ltd.; VP of Digital United Inc.; Master of Business Administration, National Taiwan University	Director of ARCOA Communication Co., Ltd.; Director of Prime EcoPower Co., Ltd.	None	None	None	None
	0	0.00	Director of Taiwan High Speed Rail Corporation; M.S., Business Administration, Southern Methodist University, U.S.A.	Chairwoman of Far Eastone Property Insurance Agency Co., Ltd.	None	None	None	None
	0	0.00	CPA of California, U.S.A.; MIS Manager of Janssen Cilag Taiwan, Johnson & Johnson; EMBA, National Taiwan University	President of ARCOA Communications Co., Ltd.;	None	None	None	None
	0	0.00	Director of Taiwan High Speed Rail Corporation; M.S., Advertising, University of Illinois, U.S.A.	Director of LiTV (TAIWAN) INC.; Director of IDEAWORKS Entertainment Co., Ltd.; Director of Mission International Co., Ltd.	None	None	None	None
	0	0.00	Assist. Marketing Manager, Standard Chartered Bank; Major in Accounting & Statistics, Ming-Chuan College	Director of ARCOA Communications Co., Ltd.	None	None	None	None
	0	0.00	Computer Science/New Jersey State University USA; EUTOP Polymers Industries Ltd CHINA	None	None	None	None	None
	0	0.00	Director of KG Telecom; B.S., Electrical Engineering, Feng Chia University, Taiwan	Director of New Diligent Co., Ltd. Director of Digital United Information Technology Co., Ltd. (Shanghai)	None	None	None	None
	0	0.00	Director of Sales of New Century InfoComm Tech Co., Ltd.; B.S., Information Technology of Chung Yuan Christian University	None	None	None	None	None
	0	0.00	Manager of Magical Furniture Corporation; B.S., Business Management, Tamsui Oxford University College, Taiwan.	President of Yuan Cing Co., Ltd.	None	None	None	None
	0	0.00	Sales Representative of Carrier Corporation, Taiwan; Master of International Business of CYCU, Taiwan.	None	None	None	None	None
	0	0.00	LANcom Technologies, Inc; M.S., Naval architecture and Ocean engineering, National Taiwan University	None	None	None	None	None

Title	Nationality	Name	Gender	Effective Date	Current Shareholding		Shares held by Spouse & Minor		
					Shares	%	Shares	%	
Vice President, Information & Digital Transformation Technology	R.O.C.	Barry Chang	Male	2021.11.01	0	0.00	0	0.00	
Vice President, Finance & Facility Services	R.O.C.	David Tsai	Male	2005.07.01	0	0.00	0	0.00	
Senior Director, CBU-Telecom Business	R.O.C.	Maurice Tsai	Male	2022.01.15	0	0.00	0	0.00	
Senior Director, CBU-Telecom Business	R.O.C.	Kay Huang	Female	2021.05.01	0	0.00	0	0.00	
Senior Director, CBU-Digital Services	R.O.C.	Gary Tsai	Male	2022.07.01	0	0.00	0	0.00	
Senior Director, CBU-Digital Services	R.O.C.	Joyce Chen	Female	2021.10.15	0	0.00	0	0.00	
Senior Director, CBU-Digital Services	R.O.C.	Peggy Peng	Female	2020.10.01	0	0.00	0	0.00	
Senior Director Enterprise & Carrier BU	R.O.C.	Milly Lin	Female	2019.11.01	0	0.00	0	0.00	
Senior Director, Enterprise & Carrier BU	R.O.C.	Paul Yang	Male	2020.10.01	0	0.00	0	0.00	
Senior Director of Sales, Channel & Care Management	R.O.C.	Adam Wong	Male	2018.04.01	0	0.00	0	0.00	
Senior Director, Channel & Care Management	R.O.C.	TK Han	Male	2020.10.01	1,000	0.00	5,000	0.00	
Senior Director, Network & Technology	R.O.C.	James Yen	Male	2019.04.01	42,615	0.00	0	0.00	
Senior Director, Network & Technology	R.O.C.	Vivian Chiang	Female	2014.10.01	0	0.00	0	0.00	
Senior Director, Information & Digital Transformation Technology	R.O.C.	Anson Tsai	Male	2020.10.01	0	0.00	0	0.00	
Senior Director, Information & Digital Transformation Technology	R.O.C.	Kai Lin	Male	2019.04.01	11,607	0.00	0	0.00	
Senior Director, Information & Digital Transformation Technology	R.O.C.	Leon Li	Male	2013.10.01	0	0.00	0	0.00	
Senior Director, Information & Digital Transformation Technology	R.O.C.	Linda Chang	Female	2020.10.01	0	0.00	0	0.00	

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	Shares held in Name of Others		Major Experience and Education	Current Position with Other Company	Managers are Spouse or Consanguinity within 2 Degrees to Each Other			Note (Note1)
	Shares	%			Title	Name	Relation	
	0	0.00	AVP, IT Division, Genius Electronic Optics; Master, Institute of Decision and Computer Science, Tsing-hwa University, Taiwan	None	None	None	None	None
	0	0.00	Manager of U-Ming Marine Transport Corp.; EMBA of Yuan-Ze University, Taiwan	Supervisor of ARCOA Communication Co., Ltd.; Director of New Diligent Co., Ltd.	None	None	None	None
	0	0.00	Manager of New Century InfoComm Tech Co., Ltd.; Department of Physics, Chung Yuang Christian University	None	None	None	None	None
	0	0.00	Manager of CitiBank; MBA, Southampton University, UK	None	None	None	None	None
	0	0.00	MBA of University of California, Berkeley Master Degree of Department of Communications, University of Illinois at Chicago CEO of College of Management in National Taiwan University	Director of Mission International Co., Ltd.	None	None	None	None
	0	0.00	Senior consultant of BroadVision, Inc.; MBA, National Taiwan University	None	None	None	None	None
	0	0.00	Director of KGI Bank Co., Ltd. Taiwan Massachusetts Institute of Technology, U.S.A.	None	None	None	None	None
	0	0.00	Sr. Product Manager of Taiwan Telecom Network (TTN); Bachelor of English Education, ATMA JAYA University	Director of Digital United Information Technology Co., Ltd. (Shanghai)	None	None	None	None
	0	0.00	Sales Director of Gartner Inc.; Northwestern University	None	None	None	None	None
	0	0.00	Sales Assistant Manager of KG Telecom; Executive Master, Department of International Business, Soochow University	None	None	None	None	None
	0	0.00	AE of Tai E Trading Co., Ltd. Taiwan; Department of Industrial and Engineering, Chung Yuan Christian University	None	None	None	None	None
	0	0.00	Junior Engineer, Information and Communications Research Laboratories of ITRI Master of Electrical Engineering, National Taiwan University	None	None	None	None	None
	0	0.00	Marketing specialist of MiTAC; Engineer of ABS Telecom Inc.; Ph.D. of Department of Engineering Science, National Cheng Kung University	None	None	None	None	None
	0	0.00	Data analyst of eBay inc.; Information Management, Fu Jen Catholic University	None	None	None	None	None
	0	0.00	Sr. system analyst of China Times; Management Science, Tamkan University	Director of Information Security Service Digital United Inc.; Director Nextlink Technology Co., Ltd.	None	None	None	None
	0	0.00	Manager of KG Telecom; M.S., Computer Science, Monmouth University, U.S.A.	Director of KGEx.com Co., Ltd.; Director of Information Security Service Digital United Inc.	None	None	None	None
	0	0.00	Associate Director of China.COM; Information Management, Tamkan University	None	None	None	None	None

Title	Nationality	Name	Gender	Effective Date	Current Shareholding		Shares held by Spouse & Minor	
					Shares	%	Shares	%
Senior Director, Finance & Facility Services	R.O.C.	Allan Lee	Male	2020.02.10	0	0.00	0	0.00
Senior Director, Finance & Facility Services	R.O.C.	Ann Chang	Female	2013.10.01	13,352	0.00	0	0.00
Senior Director, Finance & Facility Services	R.O.C.	Gary Lai	Male	2013.10.01	0	0.00	0	0.00
Senior Director, Finance & Facility Services	R.O.C.	Stacy Chang	Female	2020.10.01	0	0.00	0	0.00
Senior Director, Legal & Procurement	R.O.C.	Jason Chen	Male	2013.10.01	0	0.00	0	0.00
Senior Director, Legal & Procurement	R.O.C.	Kevin Chang	Male	2020.10.01	0	0.00	0	0.00
Chief Auditor, Internal Audit	R.O.C.	Iris Su	Female	2015.03.16	43,246	0.00	0	0.00
Senior Director, Corporate Information Security Office	R.O.C.	Jason Chu	Male	2021.07.15	0	0.00	0	0.00
Senior Director, Corporate Communications & Social Responsibility	R.O.C.	Ada Lin	Female	2021.10.15	0	0.00	692	0.00

Note: The Company has not issued employee stock options.

Note 1: When the General Manager or equivalent executive (the top executive) is the same person as the Chairman of the Board, the spouse of the Chairman of the Board, or a relative of the Chairman of the Board within a certain degree of kinship, the reasons, rationale, necessity, and corresponding measures (such as increasing the number of independent directors, ensuring that more than half of the directors are not concurrently employees or executives, etc.) should be disclosed along with relevant information.

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	Shares held in Name of Others		Major Experience and Education	Current Position with Other Company	Managers are Spouse or Consanguinity within 2 Degrees to Each Other			Note (Note1)
	Shares	%			Title	Name	Relation	
	0	0.00	Manager of Chung-Chie Property Management; Ph.D. of Economics, Nankai University, China	Director of Prime EcoPower Co., Ltd.	None	None	None	None
	0	0.00	Assistant Officer of Deloitte & Touche; M.S., Management science, National Chiao Tung University, Taiwan	Supervisor of DataExpress Infotech Co., Ltd.	None	None	None	None
	0	0.00	Director of MrTaiwan.com; M.S. Finance, George Washington University, U.S.A.	None	None	None	None	None
	0	0.00	Assistant Manager of Audit Division, KPMG Taiwan; Bachelor of Accounting, National Cheng Chi University, Taiwan	Accounting Officer of KGEx.com Co., Ltd.; Supervisor of Nextlink Technology Co., Ltd.	None	None	None	None
	0	0.00	Manager of KG Telecom.; M.S., E.E., Polytechnic Institute of New York University, U.S.A.(NYU-Poly)	None	None	None	None	None
	0	0.00	Congressional assistant of Legislative Yuan, Republic of China (Taiwan); Bachelor of Laws, Soochow University, Taiwan	None	None	None	None	None
	0	0.00	Manager of KG Telecom.; M.S., Computer Information System, Arizona State University, U.S.A.	None	None	None	None	None
	0	0.00	Master Degree of Department of Information Management from Shih Hsin University; Head of security of 104 Job bank	Director of Information Security Service Digital United, Inc.	None	None	None	None
	0	0.00	Master Degree of Public Relations & Advertising in Shih Hsin University; Asia-Pacific Sr. Manger of Kingston Technology Company, Inc.	None	None	None	None	None

2-6. Remuneration to Directors, Independent Directors, President, Executive Vice Presidents, Senior Vice Presidents and Vice Presidents in the last year.

Remuneration to Directors and Independent Directors,

Title		Name	Remuneration to Directors								
			Compensation (A)		Pension Fund (B)		Directors' Remuneration (C) (Note 1)		Professional Fee (D) (Note 2)		
			The Company	Consolidated	The Company	Consolidated	The Company	Consolidated	The Company	Consolidated	
Director	Chairman	Douglas Hsu, Representative of Yuan Ding Investment Co., Ltd.									
	Vice Chairman	Peter Hsu, Representative of Yuan Ding Investment Co., Ltd.									
		Jan Nilsson, Representative of Yuan Ding Investment Co., Ltd.									
		Champion Lee, Representative of Yuan Ding Co., Ltd.									
		Jeff Hsu, Representative of Yuan Ding Co., Ltd.	23,896	23,896	0	0	77,340	77,340	4,358	4,358	
	Director	Nobutaka Kurata , Representative of U-Ming Marine Transport Corp.(Note 4)									
		Jiann-Chyuan Wang, Representative of U-Ming Marine Transport Corp..(Note 4)									
		Bonnie Peng, Representative of Asia Investment Corp.									
		Toon Lim, Representative of Ding Yuan International Investment Co., Ltd.									
Independent Director	Lawrence Juen-Yee LAU										
	Jyuo-Min Shyu	0	0	0	0	6,800	6,800	368	368		
	Ta-Sung Lee										

1. Please describe the independent directors' remuneration policy, system, standard and structure, and the connection between amounts paid and factors such as duties and responsibilities undertaken, risks, and time contributed: The Company pays remuneration to directors in accordance with the Articles of Incorporation. After being resolved by the Remuneration Committee and the Board of Directors, the remuneration shall be reported in the annual shareholders' meeting pursuant to laws and regulations. Business execution expense consists mainly of travel allowance in reference to the reimbursement standards of the high-tech industry. Remuneration paid to independent directors is a fixed amount with consideration to their time spend and responsibilities assumed for the position. Additional remuneration of a fixed amount is provided if the independent director serves concurrently as a committee chairman which is exclude Audit Committee. If he/she is not a chairman but takes part in three committees, he/she is entitled to half of the additional remuneration. Business execution expenses are reimbursed based on actual spending.

2. In addition to the disclosures made in the above table, remuneration received by Directors of the Company for providing services (e.g., consulting services as a non-employee to the parent company/all entities in the financial report/reinvestment business) to all entities in the financial report in the most recent year: None.

NT\$'000

	Total of (A+B+C+D) and Percentage of net income (%) (Note 3)		Remuneration to Concurrent Employment								Total of (A+B+C+D+E+F+G) and Percentage of Net Income (%) (Note 3)		Other Remuneration from Investment Business and Mother Company except subsidiary	
			Salary, bonus, special disbursement (E)		Pension Fund (F)		Remuneration to Employees (G)							
	The Company	Consolidated	The Company	Consolidated	The Company	Consolidated	The Company		Consolidated		The Company	Consolidated		
							Cash Amount	Stock Amount	Cash Amount	Stock Amount				
	105,594 1.10%	105,594 1.10%	0	0	0	0	0	0	0	0	0	105,594 1.10%	105,594 1.10%	63,463
	7,168 0.07%	7,168 0.07%	0	0	0	0	0	0	0	0	0	7,168 0.07%	7,168 0.07%	0

Note 1 : The director's remuneration for the current fiscal year (2022) was approved by the board of directors on February 15th, 2023, and will be reported in the 2023 annual shareholders' meeting. The remuneration amount for corporate representatives and individuals disclosed in the table is the proposed amount. After reporting to the annual shareholders' meeting, the remuneration will be distributed before end of 2023.

Note 2 : Including salary, position compensation, bonus, transportation allowance, special disbursement, other allowance, accommodation allowance and company car, etc.

Note 3 : The net income refers to after-tax income in the recent year; if the Company adopts International Financial Report Standards, the net income is on the stand-alone basis.

Note 4 : The tenure of director's , Nobutaka Kurata, expired on February 15, 2022. The tenure of new director's, Jiann-Chyuan Wang, effective on February 15, 2022.

Escalation for Remuneration to Directors

Escalation for remuneration paid to individual directors of the Company (NTD) (Note 1)	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated statement (H)	The Company	All Affiliated Companies (I)
Less than 1,000,000	Director- Nobutaka Kurata, Representative of U-Ming Marine Transport Corp.(Note 2)	Director- Nobutaka Kurata, Representative of U-Ming Marine Transport Corp. (Note 2)	Director- Nobutaka Kurata, Representative of U-Ming Marine Transport Corp. (Note 2)	Director- Nobutaka Kurata, Representative of U-Ming Marine Transport Corp. (Note 2)
1,000,000~2,000,000 (exclusive of 2,000,000)	Director- Jiann-Chyuan Wang, Representative of U-Ming Marine Transport Corp. (Note 2) Director- Toon Lim, Representative of Ding Yuan International Investment Co., Ltd. Director- Bonnie Peng, Representative of Asia Investment Corp;	Director- Jiann-Chyuan Wang, Representative of U-Ming Marine Transport Corp. (Note 2) Director- Toon Lim, Representative of Ding Yuan International Investment Co., Ltd. Director- Bonnie Peng, Representative of Asia Investment Corp;	Director- Jiann-Chyuan Wang, Representative of U-Ming Marine Transport Corp. (Note 2) Director- Toon Lim, Representative of Ding Yuan International Investment Co., Ltd. Director- Bonnie Peng, Representative of Asia Investment Corp;	Director- Jiann-Chyuan Wang, Representative of U-Ming Marine Transport Corp. (Note 2) Director- Toon Lim, Representative of Ding Yuan International Investment Co., Ltd. Director- Bonnie Peng, Representative of Asia Investment Corp;
2,000,000~3,500,000 (exclusive of 3,500,000)	Director-Jan Nilsson, Representative of Yuan Ding Investment Co., Ltd.; Independent Director- Ta-Sung Lee, Jyuo-Min Shyu; Director - Jeff Hsu, Representative of Yuan Ding Co., Ltd.; Independent Director -Lawrence Juen-Yee LAU	Director-Jan Nilsson, Representative of Yuan Ding Investment Co., Ltd.; Independent Director- Ta-Sung Lee, Jyuo-Min Shyu; Director - Jeff Hsu, Representative of Yuan Ding Co., Ltd.; Independent Director -Lawrence Juen-Yee LAU	Director-Jan Nilsson, Representative of Yuan Ding Investment Co., Ltd.; Independent Director- Ta-Sung Lee, Jyuo-Min Shyu; Director - Jeff Hsu, Representative of Yuan Ding Co., Ltd.; Independent Director -Lawrence Juen-Yee LAU	Director-Jan Nilsson, Representative of Yuan Ding Investment Co., Ltd.; Independent Director- Ta-Sung Lee, Jyuo-Min Shyu and Lawrence Juen-Yee LAU
3,500,000~5,000,000 (exclusive of 5,000,000)	Director-Champion Lee, Representative of Yuan Ding Co., Ltd.;	Director-Champion Lee, Representative of Yuan Ding Co., Ltd.;	Director-Champion Lee, Representative of Yuan Ding Co., Ltd.;	None
5,000,000~10,000,000 (exclusive of 10,000,000)	None	None	None	Director-Champion Lee, Representative of Yuan Ding Co., Ltd.; Director - Jeff Hsu, Representative of Yuan Ding Co., Ltd.;
10,000,000~15,000,000 (exclusive of 15,000,000)	None	None	None	None
15,000,000~30,000,000 (exclusive of 30,000,000)	Director-Peter Hsu, Representative of Yuan Ding Investment Co., Ltd.	Director-Peter Hsu, Representative of Yuan Ding Investment Co., Ltd.	Director-Peter Hsu, Representative of Yuan Ding Investment Co., Ltd.	None
30,000,000~50,000,000 (exclusive of 50,000,000)	None	None	None	Director-Peter Hsu, Representative of Yuan Ding Investment Co., Ltd.
50,000,000~100,000,000 (exclusive of 50,000,000)	Director- Douglas Hsu, Representative of Yuan Ding Investment Co., Ltd.	Director- Douglas Hsu, Representative of Yuan Ding Investment Co., Ltd.	Director- Douglas Hsu, Representative of Yuan Ding Investment Co., Ltd.	None
More than 100,000,000	None	None	None	Director- Douglas Hsu, Representative of Yuan Ding Investment Co., Ltd.
Total	12	12	12	12

Note 1 : The director's remuneration for the current fiscal year (2022) was approved by the board of directors on February 15th, 2023, and will be reported in the 2023 annual shareholders' meeting. The remuneration amount for corporate representatives and individuals disclosed in the table is the proposed amount. After reporting to the annual shareholders' meeting, the remuneration will be distributed before end of 2023.

Note 2: The tenor of director's , Nobutaka Kurata, expired on February 15, 2022. The tenor of new director, Jiann-Chyuan Wang, is effective on February 15, 2022.

Note 3: The order of each escalation is based on the stroke count of their Chinese surnames.

The percentage of remuneration paid to the Board of Directors over after tax net income in recent 2 years:

Year	The Company	All companies in the consolidated statement
2021	1.14%	1.14%
2022	1.17%	1.17%

Remuneration Paid to President, Executive Vice Presidents , Senior Vice Presidents and Vice Presidents

NT\$'000

Title	Name	Salary (A)		Pension Fund (B) (Note 1)		Bonus and special allowance (C) (Note 2)		Bonus to employees from distribution of earnings (D)				Total of (A+B+C+D) and Percentage of net income after tax (%)		Remuneration from invested companies other than the Company's subsidiary
		The Company	Consolidated	The Company	Consolidated	The Company	Consolidated	The Company		Consolidated		The Company	Consolidated	
President	Chee Ching													
Executive VP	Philip Tseng													
Executive VP	Peter Hu													
Executive VP	Sharon Lin													
Acting Executive VP	Jason Kuo													
Sr. VP	Brian Chao													
Sr. VP	Eric Chu													
Sr. VP	Andy Tu													
Sr. VP	Vivian Lee													
Sr. VP	Charlene Lin													
VP	Jessie Teng	95,898	95,898	2,160	2,160	21,283	21,283	40,754	0	40,754	0	1.67%	1.67%	120
VP	Jessica Sung													
VP	Belinda Chen													
VP	Lopes Lu													
VP	Eddie Kao													
VP	James Lee													
VP	Mark Lee													
VP	Andy Kuo													
VP	Roger Lin													
VP	Dave Lu													
VP	Barry Chang													
VP	David Tsai													

Note 1 : The figures shown in the table include actual payment for pension fund and pension fund contribution in 2022.

Note 2 : Including bonus, special allowance, transportation allowance, special disbursement, accommodation allowance, company car and etc. The total expense for company car leasing is NT\$ 6,632 thousand. In addition, the compensation paid to the driver is NT\$ 734 thousand in total, which is excluded from aboved mentioned remuneration.

Escalation for remuneration to President, Executive Vice Presidents, Senior Vice Presidents and Vice Presidents

Escalation for remuneration to President, Executive Vice Presidents, Senior Vice Presidents and Vice Presidents	Name of President, Executive Vice Presidents, Senior Vice Presidents and Vice Presidents	
	The Company	All investment business companies
Less than 1,000,000	None	None
1,000,000~2,000,000 (exclusion of 2,000,000)	None	None
2,000,000~3,500,000 (exclusion of 3,500,000)	None	None
3,500,000~5,000,000 (exclusion of 5,000,000)	Lopes Lu, Roger Lin, Barry Chang, Andy Kuo, Belinda Chen, Dave Lu	Lopes Lu, Roger Lin, Barry Chang, Andy Kuo, Belinda Chen, Dave Lu
5,000,000~10,000,000 (exclusion of 10,000,000)	Eric Chu, Jessica Sung, Vivian Lee, Mark Lee, James Lee, Andy Tu, Sharon Lin, Charlene Lin, Peter Hu, Eddie Kao, Jason Kuo, Brian Chao, David Tsai, Jessie Teng	Eric Chu, Jessica Sung, Vivian Lee, Mark Lee, James Lee, Andy Tu, Sharon Lin, Charlene Lin, Peter Hu, Eddie Kao, Jason Kuo, Brian Chao, David Tsai, Jessie Teng
10,000,000~15,000,000 (exclusion of 15,000,000)	Philip Tseng	Philip Tseng
15,000,000~30,000,000 (exclusion of 30,000,000)	Chee Ching	Chee Ching
30,000,000~50,000,000 (exclusion of 50,000,000)	None	None
50,000,000~100,000,000 (exclusion of 100,000,000)	None	None
More than 100,000,000	None	None
Total	22	22

* Names of employees with the same position are in order of Chinese last name

The percentage of remuneration paid to President, Executive Vice Presidents, Senior Vice Presidents and Vice Presidents:

Year	The Company	All companies in the consolidated statement
2021	1.72%	1.72%
2022	1.67%	1.67%

The Comparison of the percentage of remuneration paid to the company and all companies in the consolidated statement directors and President, Executive Vice Presidents, Senior Vice Presidents and Vice Presidents in last 2 years:

Item	The Company				All companies in the consolidated statement			
	2021		2022		2021		2022	
	Total	Percentage of net income after tax	Total	Percentage of net income after tax	Total	Percentage of net income after tax	Total	Percentage of net income after tax
Directors	97,414	1.07%	105,594	1.10%	97,414	1.07%	105,594	1.10%
Independent Directors	6,151	0.07%	7,168	0.07%	6,151	0.07%	7,168	0.07%
President, Executive Vice Presidents, Senior Vice Presidents and Vice Presidents	157,312	1.72%	160,095	1.67%	157,312	1.72%	160,095	1.67%
Net income after tax	9,123,795	2.86%	9,607,895	2.84%	9,123,795	2.86%	9,607,895	2.84%

The remuneration paid to directors in 2022 is higher than that in 2021, due to net income after tax increase with the fixed provision.

The remuneration paid to independent directors in 2022 is higher than that in 2021. That is because one of independent directors passed away in 2020, leading to a vacancy in the position from January to July, 2021.

The remuneration policies, standards and packages of the Company's Directors, President, Executive Vice Presidents, Senior Vice Presidents and Vice Presidents (hereinafter referred to as managers), procedures for determining remuneration, the connection between Directors' and Managers' performance evaluation and remuneration, and the correlation with future risks:

(1) Remuneration policies, standards and packages:

1. Directors:

Directors' compensation of the Company is based on the Company's Articles of Incorporation and shall be determined by the Remuneration Committee and the Board of Directors, then shall be reported to the Annual Shareholders' Meeting. The remuneration to the directors include compensation (Salary, duty allowance, bonus, pension fund etc.), Directors' Remuneration (A fixed portion from annual net income, according to the Article of the Incorporation.), and the professional fee (travel allowance, etc.). These are benchmarked against other high tech industry companies.

2. Managers:

There are three kinds of remuneration paid to the President, Executive Vice Presidents, Senior Vice Presidents and Vice Presidents (Managers): salary, bonuses and special allowances, and Employees' Compensation. As salary is compensation based on the Company Act, it is paid according to tasks performed, the general economic situation, and market standards. Travel allowances are a major component of bonuses, and special allowances are divided into three options offered: fixed amount allowance, rental cars, or allowance by mileage. Employees' compensation of the Company is based on the Company's Articles of Incorporation and shall be determined by the Remuneration Committee and the Board of Directors, then shall be reported to the Annual Shareholders' Meeting.

(2) Procedures for determining remuneration:

1. Directors:

According to the Articles 26 of Incorporation of the company, if there is profit for the current year, the Company shall set aside not more than 1% of it as compensation for Directors. The Board of Directors shall also determine the ratio of distribution of Directors' compensation and amount and shall report to the Shareholders' Meeting. The compensation of the Company's Directors is distributed in accordance with the shareholding each one represents, and the effort each has contributed to the Company's affairs, which are carefully considered for the remuneration arrangement.

2. Managers:

According to the Articles 26 of Incorporation of the company, if there is profit for the current year, the Company shall set aside 1% to 2% of it as compensation for employees, the Board of Directors shall also determine the ratio of distribution of Employees' compensation and amount and shall report to the Shareholders' Meeting. The Company's bonus regulations will determine the times, date and conditions of the compensation of employees.

(3) Linkage between remuneration and their performance evaluation:

1. Directors:

Procedures for determining remuneration are in line with the Company's "Procedures for performance evaluation of Board of Directors Meeting". The remuneration to the directors is taking into account the extent and value of the services provided for the management of the Corporation(ex: the dedication to company affairs, meeting attendance, creating ESG management performance, etc.) and the evaluation result of the Board of Directors. Furthermore, it is the responsibility of the Company's Remuneration Committee to formulate and periodically examine the performance review, remuneration policy, system, standards, and structure for Directors and managerial officers.

2. Managers:

The employees' compensation is according to company bonus regulations, which cover the achievement of company operational goal and individual annual target. Company goal includes financial (Ex: Achievement ratio of the company's revenue, new economy revenue, and income) and non-financial index (Ex: Customer Net Promoter Score). Individual annual target includes operational goal (Ex: Implement of the company's core values and Operation of the management ability) and corporate social responsibility (Ex: Participation of the sustainability). According to the result, the actual ratio of distribution of Employees' compensation and amount shall be determined at the first quarter of Remuneration Committee and the Board of Directors of next year, its amount is highly correlated with the operational performance of the Company.

(4) Correlation with future risks:**1. Directors:**

The remuneration is determined and adjusted in terms of criteria and structure, and is based not only on the historical operational performance but also on future risk factors. In addition, the Remuneration Committee of the Company will also periodically review and evaluate the salary and remuneration for Directors and submit suggestions to the Board of Directors in order to achieve a balance between immortal business and risk control.

2. Managers:

The remuneration is determined and flexibly adjusted in terms of multiple criteria; and its structure is based not only on industry standards and historical operational performance but also the actual operating situation and laws / regulations and amendments. It shall not guide the managerial officers to bring risk to the Company solely for higher remuneration.

In addition, the Remuneration Committee of the Company will evaluate the salary and remuneration for President, Executive Vice Presidents, Senior Vice Presidents and Vice Presidents periodically and submit suggestions to the Board of Directors in order to achieve the balance between immortal business and risk control.

The company adopted succession planning for board members and key executives, and disclosed the operational status of such planning.

- **Board Members**

Succession planning:

The Company starts with a clear idea about the optimal board composition: the required knowledge, skills and experience; the percentage of the board that should be composed of independent directors; and the level of diversity, such as gender diversity. Additionally, the “Advisory Board” was set up as an important unit for Board Members’ Succession plan.

Implementation status:

Through the operation of Advisory Board meetings, at which participants discuss and exchange viewpoints and provide strategic advices, the Company is able to identify potential candidates for nomination as director. Also, the Company holds events such as forums, seminars, and workshops in an attempt to connect with potential candidates. Evaluation and assessments of candidates are made. When in need of selecting director candidates for the Board this year, FET will first ask current directors and its operation team to recommend the candidates based on the demand for future operating development.

Succession Schedule:

In the newly elected 9th Board of Directors (election held in the year 2021), there are three new directors, accounting for 27% of the total board members. From the 10th Board of Directors, the number of independent directors shall not be less than one-third of the total number of directors.

- **Key management of the Company**

Succession plan:

Starting from 2015, FET has implemented Annual Succession Plan Review mechanism. We will identify and review successors of key leadership positions (including the President and Executive Vice President positions). The action plan of the successor development is determined and implemented based on the review results.

Implementation status:

Starting from 2015, Head of each Division will have an annual succession plan review on the critical leadership positions in the unit. The Division Heads will discuss in details with President on the successor status and action plans. In addition to proactively develop and train internal successors, we also look for external talents depending on the succession plan status.

Plan Schedule:

From 2022 to the Annual Report being published, several important management positions within the Company (including Executive Vice President, Vice President and Senior Assistant Vice President) have been promoted, newly appointed, succeeded or have resigned. Please refer to item 5 of Article III Corporate Governance: President, Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, Senior Directors and Department Heads for details.

The allocation of employee compensation to the managers:

Unit: NT\$'000

	Title	Name	Stock bonus	Cash bonus	Total	Percentage of Net income after tax (%)
Managers	President	Chee Ching				
	Executive VP	Philip Tseng				
	Executive VP	Peter Hu				
	Executive VP	Sharon Lin				
	Acting Executive VP	Jason Kuo				
	Sr. VP	Brian Chao				
	Sr. VP	Eric Chu				
	Sr. VP	Andy Tu				
	Sr. VP	Vivian Lee				
	Sr. VP	Charlene Lin				
	VP	Jessie Teng				
	VP	Jessica Sung				
	VP	Belinda Chen				
	VP	Lopes Lu				
	VP	Eddie Kao				
	VP	James Lee				
	VP	Mark Lee				
	VP	Andy Kuo				
	VP	Roger Lin				
	VP	Dave Lu				
	VP	Barry Chang				
	VP	David Tsai				
	Senior Director	Maurice Tsai	0	57,877	57,877	0.60%
	Senior Director	Kay Huang				
	Senior Director	Gary Tsai				
	Senior Director	Joyce Chen				
	Senior Director	Peggy Peng				
	Senior Director	Milly Lin				
	Senior Director	Paul Yang				
	Senior Director of Sales	Adam Wong				
	Senior Director	TK Han				
	Senior Director	James Yen				
	Senior Director	Vivian Chiang				
	Senior Director	Anson Tsai				
	Senior Director	Kai Lin				
	Senior Director	Leon Li				
	Senior Director	Linda Chang				
	Senior Director	Allan Lee				
	Senior Director	Ann Chang				
	Senior Director	Gary Lai				
	Senior Director	Stacy Chang				
	Senior Director	Jason Chen				
	Senior Director	Kevin Chang				
	Chief Auditor	Iris Su				
	Senior Director	Jason Chu				
	Senior Director	Ada Lin				

3. Operation of Corporate Governance

3-1. Operation of Board of Director:

(A) There were 5 times (A) of the Board Meeting held in the fiscal year 2022 and up to the Annual Report being published. The attendance status of Board of Directors listed as below :

2023/03/31

Title	Name	Times of Attendance (B)	Times of by Attendance by Proxy (C)	Actual Percentage of Attendance (%) (B / A)	Percentage of Attendance (%) (Proxy included) ((B + C) / A)	Remark
Chairman	Douglas Hsu, Representative of Yuan Ding Investment Co., Ltd.	5	0	100	100	
Vice Chairman	Peter Hsu, Representative of Yuan Ding Investment Co., Ltd.	5	0	100	100	
Director	Jan Nilsson, Representative of Yuan Ding Investment Co., Ltd.	5	0	100	100	
Independent Director	Lawrence Juen-Yee LAU	5	0	100	100	
Independent Director	Jyuo-Min Shyu	5	0	100	100	
Independent Director	Ta-Sung Lee	5	0	100	100	
Director	Champion Lee, Representative of Yuan Ding Co., Ltd.	4	1	80	100	
Director	Jeff Hsu, Representative of Yuan Ding Co., Ltd.	5	0	100	100	
Director	Jiann-Chyuan Wang, Representative of U-Ming Marine Transport Corp.	5	0	100	100	
Director	Bonnie Peng, Representative of Asia investment Corp.	5	0	100	100	
Director	Toon Lim, Representative of Ding Yuan International Investment Co., Ltd.	5	0	100	100	

Other matters of importance:

- If any of below listed-circumstances of operation of Board Meeting occurs, it's necessary to be disclosure, including dates of board meetings, sessions, the contents of motions, all independent opinions from Independent Directors and the Company's response to such Independent Directors' opinions :
 - The issues of Article 14-3 of the Securities and Exchange Act:
This company already has an audit committee in place. For more detailed information, please refer to the audit committee's activities regarding Article 14-5 of the Securities and Exchange Act.
 - In addition to the above-mentioned matters, records or written board resolutions contain Independent Directors' counter advices along with qualified opinions: None.
- Any Directors avoidance of motions due to conflict of interests, including the Directors' names, the content of the motions and the causes for avoidance and voting: None.
- TWSE/TPEx-listed companies shall disclose information concerning the frequency, period, scope, methods, and contents of the Board's self (or peer) assessment: Please refer to (B) Implementation of the Board and Each Functional Committee Assessment
- In recent years, a number of actions have been made to improve the functions of the Board of Directors, including the establishment of the Audit Committee, and the strengthening of the disclosure of information evaluating these:
 - The Audit Committee was officially established when the 7th term of the Board of Directors were elected to the office in 2015 and was made up of the entire number of the Independent Directors. The Audit Committee meeting was held 5 times in the fiscal year 2022 and up to the Annual Report being Published. Please refer to the execution status of the Audit Committee's participation in the Board Meetings for the details.
 - The Company's public disclosure of the information is quite transparent and immediate. It has set up both Chinese and English websites and appointed personnel to gather and disclose financial and business relevant information including information from the investor's conference. Furthermore, considering the convenience of information access for both foreign and domestic Shareholders, the Company disclosures information in both Chinese and English on the Market Observation Post System and the Company website.

5. The attendance status of Independent Directors in the fiscal year 2022 and up to the Annual Report is Published:

Independent Directors	The 9th Term Board of Directors				
	4 th Meeting (2022.02.25)	5 th Meeting (2022.05.04)	6 th Meeting (2022.08.03)	7 th Meeting (2022.11.11)	8 th Meeting (2023.02.15)
Lawrence Juen-Yee LAU	V	V	V	V	V
Jyuo-Min Shyu	V	V	V	V	V
Ta-Sung Lee	V	V	V	V	V

Note: "V" refers to attend the meeting in person, "*" refers to attend the meeting via proxy

(B) Assessment of the execution of the Board of Directors and Functional Committees

Assessment Object and assessment Method	Assessment Frequency	Assessment Period	Assessment Scope	Assessment Method	Contents	Implementation and Evaluation
Self-assessment of the Board and Board members	Annually	January 1, 2022 to December 31, 2022	Board members	Self-Evaluation of Performance of the Board members	1. Familiarity with the goals and missions of the company 2. Awareness of the duties of a director 3. Participation in the operation of the Company 4. Management of internal relationship and communication 5. Professional development and training 6. Internal Control	Implementation: The Company has received evaluation report on January 31, 2023, and aforementioned results of evaluations has been reported to the 8th meeting of the 9th term Board of directors on February 15, 2023. Evaluation: 1. Self-Evaluation of Performance of the Board members is the qualitative assessment. There is no figure to measure. The evaluation outcome is good. 2. The Self-Evaluation of the Board's Procedure Unit: This item is 4.90 grade. Evaluation grades : 5 – Excellent (Strongly agree) 4 – Very good (Agree) 3 – Fair (Neutral) 2 – Unsatisfactory (Disagree) 1 – Very unsatisfactory (Strongly disagree)
			Board and Board members	Self-Evaluation of the Board's Procedure Unit	1. Participation in the operation of the Company 2. Improvement of Board decision making 3. Composition and structure of the Board 4. Election and continuing education of Directors 5. Internal Control	
External-assessment of the Board and Board members:	Every 3 years	January 1, 2021 to December 31, 2021 (The next assessment will be executed in 2024)	Board members	FET commissioned the "Taiwan Corporate Governance Association(TCGA)" to evaluate Board effectiveness and performance. Evaluation Method: TCGA evaluators and specialists conduct joint document review in advance and arrange on-site/video evaluation.	Evaluation Standards: including Board Composition, Board Guidance, Board Authorization, Board Oversight, Board Communication, Internal Control and Risk Management, Board Self-Discipline, Other Matters (such as board meetings and supporting system). According to self-evaluated document and interview, the institution issued the Board Performance evaluation report. The evaluation detail has been disclosed on the Company's website. The website address is as follows: https://corporate.fetnet.net/content/corp/en/CSR/CorporateGovernance/BODMeetingInfo.html	Implementation: The most recent external evaluation of Board performance was completed on November 30, 2021. FET commissioned the "Taiwan Corporate Governance Association (TCGA)" to evaluate Board effectiveness and performance and received evaluation report on December 9, 2021. The aforementioned results of external evaluations have been reported to the 4th meeting of the 9th term Board of directors on February 25, 2022. Evaluation : (1)The Company has been ranked in the top 5% of the Corporate Governance Evaluation among listed companies for seven consecutive years, and has been continuously selected as a component of the DJSI-World. The Company has excellent performance in corporate governance. (2)The Company took the initiative to upgrade the Risk Management Committee to a functional committee at the board of directors' level in accordance with actual operational needs. This shows that the Company is committed to risk and crisis management.

Assessment Object and assessment Method	Assessment Frequency	Assessment Period	Assessment Scope	Assessment Method	Contents	Implementation and Evaluation
						(3)The Company arranged a pre-board meeting where board members were invited to communicate with the management team. The Board members have good interaction with the management team. (4)The Company has set up the "2018-2025 Sustainable Development Strategy Roadmap" and proactively implemented corporate sustainable management responsibilities. (5)The Company has been regularly reviewed the succession status of senior managers. It's able to cultivate a succession pipeline and reserve talents for sustainable development. Recommendation : (1) The Company may consider increasing the number of independent directors (currently has 3 independent directors) in the future to enhance the diversity of expertise of the independent directors and improve the independence of the board of directors. (2) The Company may consider setting up an official nomination committee to set an example for benchmark companies. Improvement Plans: (1)The company has amended articles of incorporation to increase the number of independent directors in 2022 to increase the number of independent director seats to four, starting from the 10th board of directors. (2)The company will carefully evaluate the possibility to set up nomination committee.
Self-assessments of the Audit Committee	Annually	January 1, 2022 to December 31, 2022	Audit Committee and Audit Committee members	Self-Evaluation of the Audit Committee's Procedure Unit	1. Participation in the company's operation 2. Audit committee's understanding of their duties and responsibilities 3. Improvement on the quality of the audit committee' decision making 4. Makeup and structure of the audit committee 5. Internal Control	Implementation: The Company has received evaluation report on January 31, 2023, and aforementioned results of evaluations has been reported to the 8th meeting of the 9th term Board of Directors on February 15, 2023. Evaluation: The evaluation result by assessment unit is 4.95. Evaluation grades : 5 – Excellent (Strongly agree) 4 – Very good (Agree) 3 – Fair (Neutral) 2 – Unsatisfactory (Disagree) 1 – Very unsatisfactory (Strongly disagree)
Self-assessments of the Remuneration Committee	Annually	January 1, 2022 to December 31, 2022	Remuneration Committee and Remuneration Committee members	Self-Evaluation of the Remuneration Committee's Procedure Unit	1. Participation in the company's operation 2. Remuneration committee's understanding of their duties and responsibilities 3. Improvement on the quality of the remuneration committee' decision making 4. Composition and member selection of the remuneration committee.	Implementation: The Company has received evaluation report on January 31, 2023, and aforementioned results of evaluations has been reported to the 8th meeting of the 9th term Board of directors on February 15, 2023. Evaluation: The evaluation result by assessment unit is 4.88.

Assessment Object and assessment Method	Assessment Frequency	Assessment Period	Assessment Scope	Assessment Method	Contents	Implementation and Evaluation
						Evaluation grades : 5 – Excellent (Strongly agree) 4 – Very good (Agree) 3 – Fair (Neutral) 2 – Unsatisfactory (Disagree) 1 – Very unsatisfactory (Strongly disagree)
Self-assessments of the Risk Management Committee	Annually	January 1, 2022 to December 31, 2022	Risk Management Committee and Committee members	Self-Evaluation of the Risk Management Committee's Procedure Unit	1. Participation in the company's operation 2. Risk management committee's understanding of their duties and responsibilities 3. Improvement on the quality of the risk management committee' decision making 4. Composition and member selection of the risk management committee	Implementation: The Company has completed the evaluation on January 19, 2023 and the aforementioned results of evaluations has been reported to the 8 th meeting of the 9 th term Board of Directors on February 15, 2023. Evaluation: The evaluation result by assessment unit is : 4.75 Evaluation grades: 5 – Excellent (Strongly agree) 4 – Very good (Agree) 3 – Fair (Neutral) 2 – Unsatisfactory (Disagree) 1 – Very unsatisfactory (Strongly disagree)

3-2. Annual key task and status of operations of Audit Committee:

There were 5(A) of the Audit Committee Meeting held in the fiscal year 2022 and up to the Annual Report being published. The attendance status of Independent Directors listed as below :

2023/03/31

Title	Name	Times of Attendance (B)	Proxy	Actual Percentage of Attendance (%) (B/A)	Remark
Convener	Lawrence Juen-Yee LAU	5	0	100	
Member	Jyuo-Min Shyu	5	0	100	
Member	Ta-Sung Lee	5	0	100	

Experience and professional qualifications of Audit Committee members

Title	Name	Experience and professional qualifications
Convener	Lawrence Juen-Yee LAU	Ralph and Claire Landau Professor of Economics, The Chinese University of Hong Kong; Serving as the Academician of Academia Sinica, expert in Economic Development and Economic Growth, also serves as a non-executive director of several foreign listed companies, and possesses a broad global perspective and financial background.
Member	Jyuo-Min Shyu	Served in ITRI(Industrial Technology Research Institute) for 18 years, leading the ITRI team to engage in cutting-edge technology research and development. Having profound practical experience in technology innovation and industry cooperation. Also served as the Minister of the Ministry of Science and Technology. The Ministry of Science and Technology is a specialized agency responsible for promoting the development of science and technology on behalf of the government. Its three major tasks include promoting the overall development of science and technology in the country, supporting academic research, and developing science parks.
Member	Ta-Sung Lee	Specializes in communication systems and signal processing. Served as a member of the National Communication and Communication Committee. Distinguished Professor of the Department of Electrical Engineering of NYCU and served as the director of the Internet of Things Smart System Research Center.

• **Annual key operations of Audit Committee:**

The Committee compose of three independent directors. The Audit Committee assists the Board in fulfilling its oversight of the quality and integrity of the accounting, auditing, reporting, and financial control practices of the Company.

There were 5(A) of the Audit Committee meetings held in the fiscal year 2022 and up to the Annual Report being published. Major items that the Committee reviewed are as follows:

- 1.The adoption of or amendments of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- 2.Assessment of the effectiveness of the internal control system.
- 3.The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and providing endorsements or guarantees to others.
- 4.Matters in which a director is an interested party.
- 5.Asset transactions or derivatives trading of a material nature.
- 6.Loans of funds, endorsements, or provision of guarantees of a material nature.
- 7.The offering, issuance, or private placement of equity-type securities.
- 8.The hiring or dismissal of an external certified public accountant, or their compensation.
- 9.The appointment or discharge of a financial, accounting, or internal audit officer.
10. Quarterly and Annual financial reports.
- 11.Other material matters as required by this Corporation or by the competent authority.

• **Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2022 Business Report, the Financial Statements and the Proposal for Profit Distribution. The CPAs of Deloitte & Touche, Yung-Hsiang Chao and Chih-Ming Shao have audited the Financial Statements (including the Stand-alone & the Consolidated Financial Reports) and issued the audit opinions. The Business Report, Financial Statements, and the Proposal for Profit Distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of Far EasTone Telecommunications Co., Ltd.

• **The evaluation of effectiveness of the internal control system**

The evaluation of effectiveness of the internal control system design and implementation is performed in accordance with "Regulations Governing Establishment of Internal Control Systems by Public Companies" (the Regulations). The Regulations examine the following components throughout the internal control process: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Details could be referred to the Regulations. The Company management has assessed the effectiveness of the internal control system design and implementation based on the above Regulations. The Company management declares that the internal control system (including Subsidiary Governance) has effectively assured that the following objectives have been reasonably achieved during the assessment period:

1. Effectiveness and efficiency of business operations (including earnings, operating performance and the safeguard of company assets);
2. Reliability, timeliness, transparency, and regulatory compliance of reporting;
3. Compliance with applicable laws, regulations, and bylaws.

• **The hiring of Certified Public Accountant**

To ensure the independence of the signing accounting firm, the Audit committee evaluated the independence, professionalism, and competence of the accountants based on Standard of Ethics No.10 of the Code of Professional Ethics and Audit Quality Indicators (AQIs). After review and approval at 3rd term Audit Committee and the 8th meeting of the 9th Board of Directors on February 15, 2023, it was confirmed that the accountants, Yung-Hsiang Chao and Chih-Ming Shao, from Deloitte & Touche, meet the independence standards.

Other matters to be disclosed:

1. If any of the circumstances listed below has occurred during the operation of the Audit Committee, the dates of the committee meetings, sessions, the content of motions, and objections, reservations or major recommendations of the independent directors; resolutions of the Audit Committee and actions taken by the Company concerning opinions of the Audit Committee shall be stated:

1-1 The issues of Article 14-5 of the Securities and Exchange Act

Dates & sessions of Audit Committee	Contents and motions	The content of motions, and objections, reservations or major recommendations of the independent directors	Resolution:	The Company's response to Audit Committee's opinions:
The 3 rd Meeting of the 3 rd Term (February 25, 2022)	The disposal of equipment and other assets	None	Ratified or approved by all attending Members without objection.	Ratified or approved by all attending Directors without objection.
	The amount of NT\$82.5M investment to set up the joint venture company, IDEAWORKS Entertainment Co., Ltd.			
	The 2021 annual financial statements and consolidated financial statements of the Company			
	To distribute cash dividend from retained earnings, capital surplus and legal reserve of the Year 2021.			
	The 2021 business report of the Company.			
	To merge Asia Pacific Telecom Co., Ltd.			
	The amendment of Company's issuance of new shares in exchange for the part of Asia Pacific Telecom Co., Ltd. shares held by Hon Hai Precision Industry Co., Ltd.			
	The 2022 business plan and summary consolidated financial forecast.			
	The change of auditing Certified Public Accountant as from 2022 and the independent assessment result.			
The 4 th Meeting of the 3 rd Term (May 4, 2022)	The internal audit update	None	Ratified or approved by all attending Members without objection.	Ratified or approved by all attending Directors without objection.
	The Declaration of Internal Control System of the Company			
	The disposal of equipment and other assets			
	The Q1 2022 consolidated financial statements of the Company			
	The amendments to the "Handling Procedure for Acquisition and Disposal of Assets" of the Company			
The 5 th Meeting of the 3 rd Term (August 3, 2022)	The amendments to the 2022 audit plan	None	Ratified or approved by all attending Members without objection.	Ratified or approved by all attending Directors without objection.
	The internal audit update			
	The disposal of equipment and other assets			
The 6 th Meeting of the 3 rd Term (November 11, 2022)	The Q2 2022 consolidated financial statements of the Company	None	Ratified or approved by all attending Members without objection.	Ratified or approved by all attending Directors without objection.
	The disposal of equipment and other assets			
	The internal audit update			
	The Q3 2022 consolidated financial statements of the Company			
	The major Capital Expenditure budget for Q1 2023			
	A NT\$200M investment by New Century InfoComm Tech Co., Ltd (NCIC), the Company's major subsidiary, to set up an on-line property insurance company through joint venture			
	The subscription of the capital call not more than NT\$700M of "Yuanshi Digital Technology Co., Ltd." by the Company			
	The amendments to the "Internal Control System" of the Company			
	The internal audit update			
The 7 th Meeting of the 3 rd Term (February 15, 2023)	The 2023 Audit Plan	None	Ratified or approved by all attending Members without objection.	Ratified or approved by all attending Directors without objection.
	The disposal of equipment and other assets			
	The 2022 annual financial statements and consolidated financial statements of the Company			
	The distribution cash dividend from retained earnings and legal reserve of the Year 2022			
	The 2022 business report of the Company			

Dates & sessions of Audit Committee	Contents and motions	The content of motions, and objections, reservations or major recommendations of the independent directors	Resolution:	The Company's response to Audit Committee's opinions:
	The amendments to the "Handling Procedure for Acquisition and Disposal of Assets" and other related regulations of the Company The 2023 business plan The 2023 H1 consolidated financial forecast 2023 appointment and assessment result of independence and suitability of Certified Public Accountant, and add the "Pre-approval policy for Certified Public Accountant to provide Non-Assurance Services" of the Company. The internal audit update The Declaration of Internal Control System of the Company			

1-2 Any resolutions approved by over two-thirds of the board directors but not approved by the Audit Committee : None.

2. Any Independent Director's avoidance of motions due to conflict of interest, including the Independent Directors' names, the contents of motions, the causes for avoidance and voting: None.

3. Communications among Independent Directors and the Company's Chief Auditor and CPA (including significant issues, methods, and resolutions of discussion regarding the Company's financial and business status):

A. Communications between Independent Directors and the Chief Auditor: Audit Committee meeting is held quarterly, and meeting minute is submitted to inform Directors, President, and the Company's top management of important discussions and resolutions. In 2022 and up to the annual report being published, there were 5 Audit Committee meetings in which the Chief Auditor reported and updated audit task progress and significant audit activities. Execution, reporting and tracking were based on Independent Directors' instruction. Additionally, monthly Internal Audit Update is submitted to Independent Directors from the Chief Auditor.

B. Communications between Independent Directors and CPA: A total of 5 related meetings were held during the fiscal year 2022 and up until the printing deadline of the annual report. At the Auditing Committee meetings of Q1 2022 and Q1 2023, the CPA reported the audit results to three Independent Directors via separate sessions. The CPA was present at the rest of three Auditing Committee meetings.

C. Status of communication listed as below:

Communication Outlines between Independent Directors and Chief Auditor:

Date	Communication Outlines	Suggestions and Results
2022/02/25 Audit Committee Meeting	1. Chief auditor reported the Control Self Assessment result of FET and its subsidiaries for the year of 2021. 2. Chief auditor reported the progress of internal audit for the fourth quarter of 2021. 3. Chief auditor reported the follow-up status of audit findings.	Without objection.
2022/05/04 Audit Committee Meeting	1. Chief auditor reported the progress of internal audit for the first quarter of 2022. 2. Chief auditor reported the follow-up status of audit findings. 3. In accordance with the requirements of the Securities and Futures Bureau of the Financial Supervisory Commission, it is proposed to revise the implement period for each audit item of the 2022 internal audit plan from yearly to monthly basis.	Without objection.
2022/08/03 Audit Committee Meeting	1. Chief auditor reported the progress of internal audit for the second quarter of 2022. 2. Chief auditor reported the follow-up status of audit findings.	Without objection.
2022/11/11 Audit Committee Meeting	1. Chief auditor reported the progress of internal audit for the third quarter of 2022. 2. Chief auditor reported the follow-up status of audit findings. (Chief auditor and independent director hold individually meeting)	Without objection.
2023/02/15 Audit Committee Meeting	1. Chief auditor reported the Control Self- Assessment result of FET and its subsidiaries for the year of 2022. 2. Chief auditor reported the progress of internal audit for the fourth quarter of 2022. 3. Chief auditor reported the follow-up status of audit findings.	Without objection

Communication Outlines between Independent Directors and CPA:

Date	Communication Focus	Suggestions and Results
2022/02/25 Audit Committee Meeting	1.Explained the results of the financial statement and the key audit matters for 2021. (Separated meeting between Independent Director and CPA) 2.Explained the impact on the Company from the change of investment and tax regulation.(Separated meeting between Independent Director and CPA) 3.Discuss and respond to attendee questions	Without objection.
2022/05/04 Audit Committee Meeting	1. Discuss and respond to attendee questions for the financial statement.	Without objection.
2022/08/03 Audit Committee Meeting	1.Discuss and respond to attendee questions for the financial statement.	Without objection.
2022/11/11 Audit Committee Meeting	1.Communicate the key audit matters for 2022. 2.Discuss and respond to attendee questions for the financial statement	Without objection.
2023/02/15 Audit Committee Meeting	1.Explained the results of the financial statement and the key audit matters for 2022. (Separated meeting between Independent Director and CPA) 2.Explained the impact on the Company from the change of investment and tax regulation. (Separated meeting between Independent Director and CPA) 3. Discuss and respond to attendee questions.	Without objection.

3-3. Implementation of Code of Ethical Conduct

Evaluation Criteria	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and Reasons
	Yes	No	Illustration	
1. Establishment of Corporate Governance Policy and Implementation Measures 1-1. Does the company's website or annual report disclose the integrity management policy passed by the board of directors, specifying specific measures and plans to prevent dishonest behavior and explaining their implementation status? In addition, does the company clearly state its integrity management policy and measures in its regulations and external documents, as well as the board of directors and senior management's commitment to actively implementing the management policy?	V		The Company has established "The Far EasTone Telecommunications Ethical Management Best Practice Principles" Its formulation and amendments were approved by the Board of Directors, reported to the shareholders meeting, and disclosed on the Company's website. It clearly states that the Board of Directors, executive management, employees and mandataries, shall comply with laws and regulations during execution of business operations. The Board and executive management shall commit to proactively implement it, and shall carry out the policies in internal management and external commercial activities. The "Guidelines for the Adoption of Code of Ethical Conduct" has been approved and amended by the 3rd meeting of the 7th term of Board of Directors on July 30, 2015, and has been submitted to the 2016 FET shareholders meeting. The "Ethical Corporate Management Best Practice Principles" has been approved and amended by the 11th meeting of the 8th term of Board of Directors on May 7, 2020, and has been submitted to the 2020 FET shareholder meeting. Furthermore, The Company communicates the guidance of "Ethical Corporate Management Best Practice Principles" and "Guidelines for the Adoption of Code of Ethical Conduct" to the Board of Directors and executive management at Board of Director meetings quarterly and in total 12 times a year to ensure their understanding of the guidelines. The Company also requires new suppliers to sign "Code of Ethical Conduct for Far EasTone Supplier Chain Social Responsibility" within the commercial document data sheet provided to suppliers as a way of encouraging them to comply with the Company's "Ethical Corporate Management Best Practice Principles". In 2020, In order to enhance ethical conduct for supplier chain, the Company's procurement revised the document of "Code of Ethical Conduct for Far EasTone Supplier Chain Social Responsibility" and also added in the "punitive damage" clause requiring suppliers to re-sign the agreement. There were total 521 existing vendors signed the revised document in 2020. Procurement has also intergrated above document into e-Procurement system. It is mandatory for all vendors to sign the document on line once a year to ensure continued attention and emphasis on the importance of conducting business with integrity. For newly registered suppliers in the current year, a hard-copy of the "Code of Conduct Agreement" must be signed, stamped with the company's official seal to enhance control intensity.	Compliant with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies

Evaluation Criteria	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and Reasons
	Yes	No	Illustration	
1-2 Does the Company establish assessment mechanisms for the risk of unethical conducts to periodically analyze and evaluate operating activities which have high risk of unethical conducts, and formulate preventive measures accordingly to cover conducts listed in the subparagraphs of Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" at least?	V		The "Ethical Corporate Management Best Practice Principles" and "Guidelines for the Adoption of Codes of Ethical Conduct" have been approved by the Board of Directors and submitted to the Shareholders meeting. These regulations stipulate that board members, managers, employees, and any personnel taking decisions on behalf of the Company shall not, directly or indirectly, offer, promise, demand or accept any form of dishonest benefit while conducting their work. This includes bribes, commissions and expenses; they must also not provide or accept any dishonest benefit to or from customers, agents, contractors, suppliers, government officials or other stakeholders through any means. If any dishonest behavior is discovered from business partners, we will immediately cease all commercial transactions and list them as a refused partner.	Compliant with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies.
1-3 Does the company have a scheme for preventing dishonest behavior that includes clearly defined operating procedures, behavior guidelines, penalties for violations, and a complaint system, which are implemented and regularly reviewed and revised?	V		In order to fully implement a policy of ethical management and actively prevent unethical conduct, the Company has established the "Procedures for Ethical Management and Guidelines for Conduct" and "Ethical Management Violation Reporting Policy." which clearly specifies measures to prevent unethical conduct, operating procedures, conduct guidelines, disciplinary and reporting systems for violations. The Company has implemented the measures and regularly reviews relevant policies for amendments.	
2. Implementation of Code of Business Conduct	V		In order to fully implement "Ethical Corporate Management Best Practice Principles", the Company requires that all suppliers sign "Code of Ethical Conduct for Fareastone Supplier Chain Social Responsibility". The clause of "Ethical Corporate Management Best Practice" is also added to each purchase order as an appendix. This is to encourage all suppliers to abide by it. If any dishonest behavior is found, the contract must be rescinded or terminated at any time and the party must be recorded as refused business partner. Since 2021 July, the Company has implemented the supplier evaluation methodology for all new suppliers. Suppliers' credit record, operational scale, financial information, and other related factors will be reviewed. For those suppliers graded at high risk shall not become FET's supplier.	
2-1 Does the Company evaluate counterparties' ethical records and specific "Ethical Clauses" in business contracts?				
2-2 Does the company established a dedicated unit under the Board of Directors responsible for formulating and supervising the implementation of ethical management policies and prevention measures. The company should also disclose information on the unit's operations and implementation status on its website and annual report. Additionally, it should report to the Board of Directors at least once a year	V		FarEasTone's Human Resources department serves as the dedicated unit responsible for promoting corporate integrity management, with the Chief Human Resources Officer overseeing the unit. Their main responsibilities include policy formulation, regular compliance reporting, advocacy and education, handling allegations, and other related matters. The unit reports its execution status to the Board of Directors every year. FarEasTone's adherence to Code of Ethical Conduct was reported at the 7 th board meeting of the 9th term Board of Directors on November 11, 2022. The Internal Audit will report contravening matters to the Board of Directors.	
2-3 Does the Company promulgate policies for preventing conflicts of interests and offer channels for reporting conflicts of interests?	V		To comply with the Code of Ethics and Business Conduct, the company has enacted the "Code of Business Ethics", employees receiving gifts, benefit, or discounts must initiatively submit a declaration. Additionally, Far EasTone has a disclosure form for employees to declare any potential conflicts of interest between themselves and the company. The Company also establishes and published the whistleblowing e-mail address on the corporate website and the intranet for internal and external parties to report incidents.	

Evaluation Criteria	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and Reasons
	Yes	No	Illustration	
2-4 Does the Company establish efficient accounting systems and internal control systems to thoroughly implement ethical corporate management, and have the internal audit unit formulating audit plans based on the assessment of unethical conduct risk to audit the compliance status of the preventive measures accordingly? Or does the Company appoint CPAs to perform the audits?	V		The Company has set up rigorous accounting systems and a dedicated accounting department. Financial statements are audited (or reviewed) by a CPA, and are announced and uploaded in compliance with legal requirements to ensure accuracy and transparency of financial information. FET has established the Internal Audit Division and related internal audit systems. It reviews and revises these systems periodically to ensure their effectiveness, so as to enforce the Regulations Governing Establishment of Internal Control Systems by Public Companies and the Ethical Corporate Management Best Practice Principles. In addition, the Internal Audit Division establishes and implements the annual internal audit plan based on risk assessment and reports the audit outcomes to the Chairman, Board of Directors, President, and relevant authorities so as to enforce the code of Business Conduct.	Compliant with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies.
2-5 Does the Company regularly hold internal and external training on the "Code of Business Conduct"?	V		In order to fulfill the "Ethical Corporate Management Best Practice Principles" and "Guidelines for the Adoption of Codes of Ethical Conduct", the Company undertakes educational communications of principles for employees on a regular basis. It also promotes the concept of business conduct in daily operations to all employees. Furthermore, the Company quarterly communicates the guidance of "Ethical Corporate Management Best Practice Principles" and "Guidelines for the Adoption of Code of Ethical Conduct" to the Board of Directors and company management at Board of Director meetings to ensure their understanding of the guidelines. The Company also requires new suppliers to sign "Code of Conduct for Far EasTone Supplier Chain Social Responsibility" within the commercial document data sheet provided to suppliers as a way to remind them to comply with and respect Far Eastone's integrity and ethical standards. In 2022, a total of 137 suppliers completed the training on the "Code of Conduct for Far EasTone Supplier Chain Social Responsibility" and "Ethical Corporate Management Best Practice Principles" during the supplier conference held by the procurement department. The execution status of company's Code of Ethical Conduct was reported on the 7 th board meeting of the 9th Term Board of Directors on November 11, 2022. In 2022, hosted "the ethical management and the code of business ethics" training course were hosted for all employees. There were total of 5,311 employees participated, totaling 1,770 hours.	
3. Operation of Internal/External Reporting Mechanism 3-1 Does the Company establish reporting and rewarding mechanisms, as well as convenient channels and procedures for any violation, and assign appropriate specialists to investigate any reported cases?	V		Far EasTone has established "Ethical Management Violation Reporting Policy". Anyone can use the internal communication mailboxes or publicized channels for reporting. The following reporting channels for internal and external use: 1.Internal personnel can use below reporting channels to make a report: Whistle_blower@fareastone.com.tw 2.External personnel can use below reporting channels to make a report: Ombudsman@fareastone.com.tw 3. Complaint mailbox for Far Eastern Group procurement supplier on Website ECOME: http://www.ecome.com.tw/A00BG/ABG_Connection.aspx 4.Internal Audit e-mail: ia@fareastone.com.tw The Company shall terminate the employment contracts of employees with serious violation of ethical conduct pursuant to relevant laws and regulations or the Company work rules. If any dishonest behavior is discovered from business partners, we will immediately cease all commercial transactions and list them as a refused business partner. Upon receipt of the reporting, professional personnel are assigned to immediately launch an investigation, as well as to handle and reply to cases. The name and identity of the complainant and the investigation process are kept confidential, and all matters reported in this way are verified through independent channels in order to protect the complainant.	

Evaluation Criteria	Implementation Status			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” and Reasons
	Yes	No	Illustration	
3-2 Does the Company establish standard investigation procedures, measures to be taken upon completion of the investigation, and relevant confidentiality mechanisms for the cases reported?	V		Internally, 1.The Company has established the "Ethical Management Violation Reporting Policy" which conducts active investigation, while adhering to confidentiality principles according to Company rules. 2.After case investigation, follow-up measures to be taken are below: The Company shall terminate the employment contracts of employees with serious violation of ethical conduct pursuant to relevant laws and regulations or the The Company work rules. Externally :Internal Audit Division treats all reports received from external parties with confidentiality and rigor. We assign dedicated personnel to conduct investigations and keep the name and identity of the reporter as well as the investigation process confidential. Also the the reported case would be verified through independent channels to protect the reporter.	Compliant with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies.
3-3 Does the Company take measures to protect whistleblowers from inappropriate treatment?	V		Internally, The Company has established the "Ethical Management Violation Reporting Policy" that Personnel processing the reported incident shall keep the whistleblowers' identity and incident details confidential. The Company also protect the whistleblower from improper treatment. Externally: Internal Audit Division treats all reports received from external parties with confidentiality and rigor. We assign dedicated personnel to conduct investigations and keep the name and identity of the reporter as well as the investigation process confidential. Also the the reported case would be verified through independent channels to protect the reporter.	
4. Improvements on Information Disclosure Does the Company disclose information related to the “Code of Ethics” through its website and MOPS (Market Observation Post System)?	V		Regarding of the “Ethical Corporate Management Best Practice Principles” and “Guidelines for the Adoption of Codes of Ethical Conduct”, please refer to Far EasTone’s company website for details. https://corporate.fetnet.net/content/corp/en/CSR/CorporateGovernance/RegulationRule.html The “Ethical Corporate Management Best Practice Principles” and “Guidelines for the Adoption of Codes of Ethical Conduct” are disclosed on “Market Observation Post System” as well.	
5. If the Company have established our own guidelines for the “Code of Business Conduct” according to Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, please state the discrepancies (if any) between actual operation and policy: There are no discrepancies.				
6. Other important information revealing the Company’s ethical operations:				
➢ FET has added the following procurement integrity guidelines to every order to ensure that suppliers adhere to them: Our company upholds the highest ethical standards for both internal employees and external partners. Any unlawful acts of bribery by suppliers or solicitation of bribes by employees will be prosecuted by law. Please comply with these guidelines together.. ➢ We also make the following announcement on our procurement system provided to suppliers with a clear petition channel: Suppliers with doubts about any harm to their rights and interests in the process of a procurement project may file a complaint by writing to the ECOME website of the Far Eastern Group Procurement for petition. ➢ In each order, the procurement would state that the suppliers affirm that the content of the order is neither a copy nor a counterfeit, and that it is not in violation of a third party’s intellectual property rights or other rights, in order to enhance the operation of FET’s Ethical Corporate Management.				

3-4.Implementation of Sustainable development and the Corporate Governance

Implementation of “Sustainable Development” and Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons:

Evaluation Criteria	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Illustration	
1.Does the Company establish a governance framework for the promotion of sustainable developments, and set up a full- (or part-) time unit for the promotion of sustainable developments and have the Board authorizing senior management to be in charge, and how does the Board supervise the operation?	V		In 2011, FET established the "FET CSR Committee" (renamed Sustainable Development Committee" in 2022), which serves as the highest supervising unit for sustainable governance and strategic planning. The Chairman of the Board of Directors serves as the committee chair, the president serves as the CEO, and Executive Management Team (EMT) serves as the convener of the task groups across business groups, supervising representatives from all units. Also, FET has established a dedicated unit, "PR and Corporate Sustainability Division," holding accountable for the mapping and execution of sustainable development policies, systems, and relevant management guidelines. FET also established the "Executive Sustainability Officer" to reinforce the management of sustainable development. FET CSR Committee holds quarterly meetings, reports the progress of sustainability goals and action plan results, and conducts the tracking and proposal discussion on material issues. A total of 4 meetings were held by the Committee in 2022. In addition, FET regularly reports relevant decisions and performance to the Board. On the seventh meeting of the ninth Board of Directors on November 11, 2022, FET's report included: 1. action plans on sustainability issues and 2. sustainability promotion results. Sustainability promotion results are regularly reported to the Board, and the Board supervises and asks for adjustments of the management team when necessary.	
2.Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy and have the Board supervising the promotion of sustainable developments?	V		In order to implement enterprise risk management, the Company refers to the framework of the international standard "ISO 31000 Risk Management – Principles and Guidelines" and formulates "Risk Management Policy" ("The Policy") in accordance with the P-D-C-A model. The Policy has been approved by the board of directors as the guiding principle for all divisions to follow. The Scope of risk assessment is only the Company. All divisions conduct risk assessment annually and regularly based on the materiality principle, with consideration of economic, environmental and social aspects of corporate governance issues that have significant impact on customers, investors and other stakeholders, and formulate risk management strategies and plans. In addition, the implementation results of sustainable development are presented at regular intervals to the board of directors annually. The results of 2022 has been report to the 7 th meeting of the 9 th term Board of directors on November 11, 2022. More details about risk assessment, please refers to Annex 1	
3. Environmental issues 3-1 Does the Company establish appropriate environmental management systems based on its industrial characteristics?	V		FarEastone Telecommunication (FET) is well aware of the potential risks and opportunities of our enterprise operations on the environment and energy consumption. Therefore, we have established an Energy and Environmental Management System to provide useful resources from the perspective of the telecommunication life cycle. We have collaborated with business partners, suppliers and contractors while continuing to improve energy efficiency, promote pollution prevention, decrease greenhouse gas emissions as well as continuing to improve energy performance to mitigate and adapt to climate change. FET formed the Energy Management Committee to enforce effective internal energy management. In addition, FET began to progressively introduce the ISO International Management System to support the creation of practical, effective, and easy-to-use energy management mechanisms and frameworks. FET also defined the Environment & Energy Policy accordingly as a means to encourage customers, suppliers, contractors, key business partners and Mergers and Acquisitions (M&A). These are used to govern energy management practices at all business sites, promote energy-saving action plans, to audit, and help verifying actual performances. 1. Environmental Management Policy FET had drafted the "FET Environment and Energy Policy", "Policy Statement on the Management of Greenhouse Gases", and "Net Zero Emissions Strategy". They are guidelines on the management of various environmental impacts to improve energy conservation and energy efficiency at different stages of the telecommunications industry service life cycle, thereby seeking to mitigate and adapt to climate change. (1) FET's Environment & Energy Policy FET is well aware of the potential risks and opportunities our business operations may bring upon the environment and energy consumption. Therefore, through various innovative applications and intelligent core technologies, we conduct environmental due diligence on key business partners and M&A targets. We work with multiple stakeholders such as customers, shareholders, employees, and suppliers to jointly implement the following specific environmental and energy sustainability commitments. To view FET's Environment and Energy Policy, please visit: https://corporate.fetnet.net/content/corp/tw/CSR/EnvironmentalSustainability/EcoCSR.html 1 (2) FET Net Zero Emissions Strategy FET's medium and long-term carbon reduction strategies center on three aspects: smart energy conservation, use of renewable energy, and energy storage. Coupled with FET's core competencies, the carbon reduction strategies go in line with the government policies on energy transformation and electricity industry reforms. These strategies are aimed at business opportunities arising from energy conservation technologies, energy storage, smart grid and smart meter as well as system integration. For more details, please visit FET's official website: https://corporate.fetnet.net/content/corp/tw/CSR/EnvironmentalSustainability/EcoValue.html	Compliant with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Criteria	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Illustration	
			2. Environment and Energy Management Committee FET established an Environment and Energy Management Committee chaired by the CFO. Members include the heads of different departments where quarterly meetings are convened to discuss energy- and environment-related targets and performances. FET also established the Environment and Energy Management Policy, which comprises management policies over energy and environment, GHG reductions, and responses to climate change. For more details, please visit FET's official website: https://corporate.fetnet.net/content/corp/tw/CSR/EnvironmentalSustainability/EcoCSR.html 3. Environmental Management System FET complies with relevant energy and environmental regulations(the Waste Disposal Law, Indoor Air Quality Management Law, Drinking Water Management Regulations, Drinking Water Quality Standards, Water Pollution Prevention and Control Law, Noise Control Standards and Energy Management Law, etc. For a long time.). FET has also adopted long-term implementation of ISO 14001 Environmental Management, ISO 50001 Energy Management, and ISO 14064-1 Greenhouse Gas Inventory, and undergoes external verification every year. The scope of the ISO certifications is: (1)ISO50001 (Energy Management System): FET, NCIC, & KGEx. (2)ISO14001 (Environmental Management System) : FET, NCIC, & KGEx. (3)ISO14064-1 (Greenhouse Gas): FET and all the subsidiaries.	
3-2 Does the Company devote to improving the utilization rate of various energy resources and usage of recyclable materials to minimize its impact on the environment?	V		Based on the "Green Network Construction Long-Term Plan", we have been enforcing energy saving and carbon reduction throughout our operations network on an ongoing basis that to minimize its impact on the environment. The outcomes in 2022 included: 1. There are 17,570 MWh of electricity saved, and 8,820 tons of CO2 reduced in base station, equal to the annual carbon absorption of 23 Daan Forest Park. 2. There are 16,280 MWh of electricity saved from deploying high efficiency base station and power supply equipment, removed extra radio frequency units, and dismantled or shut down old telecom equipment. 3. The energy-saving renovation of 448 existing base stations has saved approximately 1,260 MWh of electricity saved, including the installation of 243 telecommunications equipment in small cabinets. Through high-performance cooling fans to draw outside air for cooling, it significantly reduces dependence on air conditioning electricity consumption, resulting in a total savings of 7,290 MWh of electricity. 4. Office and computer room areas have introduced innovative technology and high-efficiency equipment to improve energy efficiency. The main measures include effective energy management, electricity efficiency improvement, the replacement of high-efficiency LED lighting equipment (which saves more than 50% electricity), upgrading air conditioning equipment, and precision control operation management, etc. have saved 112.1MWh, resulting in a total reduction of carbon emissions by 570.695 metric tons. 5. 225 units of high-efficiency CSPF 1-level air conditioners and 1,157 LED lights were installed at directly-operated stores, saving 1,379MWh and reducing carbon emissions by 701.776 metric tons. 6. Our commitments in environment and energy management through integration of telecom core technology won us 2 awards in 2022 which are the following: - Taipei City Zero Carbon Benchmark Award - Model Award from the Taipei City Government. - 2022 "Outstanding Award for Sustainability and Resilience" from the British Standards Institution (BSI). Major focuses for energy saving and carbon reduction in 2023: 1. Continue to deploy 53 small weather-proof shelters with high-performance cooling fans. 2. Install another 908 fan cooling system in existing shelter type base stations to reduce power consumption. 3. Install solar power capacity to 22.8 kWp. 4. To strengthen the energy management mechanism, set up energy performance goals and regularly review and adjust the set-up goals. 5. Our commitments in environment and energy management through integration with telecom core technology. 6. Expect to reach 12,000kWp capacity in the solar power installation capacity. 7. Replace 50 old air conditioners & replace 2100 old lamps to LED energy-saving lamps in directly-operated stores. 8. Replace the chillers (first-class energy efficiency with a capacity of 280 RT) in equipment rooms. 9. Replace 275 lamps from traditional to LEDs in offices and replace old chillers to a high efficiency type with a capacity of 165 RT in offices. 10. Strengthen the energy management mechanism, set up energy performance goals, and regularly review and adjust the set-up goals. 11. Commit to environment and energy management with support from FET's core technology in telecommunications.	Compliant with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Criteria	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons																					
	Yes	No	Illustration																						
			Low Carbon Operation – Strategy and Goal <table><tr><th>Item</th><th>2022 Goals</th><th>Performance</th></tr><tr><td>Annual office power consumption EUI per ping</td><td>-0.5%</td><td>Achieved -2.46%</td></tr><tr><td>IDC average power efficiency PUE</td><td>-0.33%</td><td>Achieved -3.68%</td></tr><tr><td>Average power consumption from FET directly-operated stores</td><td>-3%</td><td>Achieved -6.97%</td></tr><tr><td>Total renewable energy generated</td><td>2,500kWp</td><td>Achieved 2,736.97kWp</td></tr></table>	Item	2022 Goals	Performance	Annual office power consumption EUI per ping	-0.5%	Achieved -2.46%	IDC average power efficiency PUE	-0.33%	Achieved -3.68%	Average power consumption from FET directly-operated stores	-3%	Achieved -6.97%	Total renewable energy generated	2,500kWp	Achieved 2,736.97kWp							
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3-3 Does the Company achieve ISO 14001 and ISO50001 or other similar verification of Environment or Energy Monitoring System?	V		The Company has established an Online Environment Monitoring System, to routinely measure environmental quality, such as temperature, humidity, illumination, indoor CO₂ concentration, hydrogen concentration in battery chambers, etc. The Company obtained the ISO50001 (Energy Management System), ISO14001 (Environmental Management System), and ISO14064-1 (Greenhouse Gas Inventory) verification in February, March and April 2023. <table><tr><th></th><th>ISO50001</th><th>ISO14001</th><th>ISO14064-1</th></tr><tr><td>Organization</td><td>BSI</td><td>BSI</td><td>BSI</td></tr><tr><td>Valid period</td><td>2021/2/23 -2024/2/23</td><td>2023/5/7 - 2026/5/6</td><td>One year (Note)</td></tr><tr><td>Certified Date</td><td>2023/2</td><td>2023/3</td><td>2023/4</td></tr></table> Note: ISO14064-1 is conducted every year to inventory greenhouse gas emissions throughout the previous year. The Company obtained the ISO14064-1 verification in April 2023.		ISO50001	ISO14001	ISO14064-1	Organization	BSI	BSI	BSI	Valid period	2021/2/23 -2024/2/23	2023/5/7 - 2026/5/6	One year (Note)	Certified Date	2023/2	2023/3	2023/4						
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3-4 Does the company assess the potential risks and opportunities of climate change on its current and future operations, and taken measures to address climate-related issues? Does the company follow the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) framework to disclose information on the governance, strategy, risk management, metrics, and targets related to climate-related risks and opportunities?	V		FET continues to focus on and respond to climate change and energy-related issues proactively. Combined with the company’s core business, these involve promoting environmental and energy strategies, such as introducing science-based carbon emissions reduction targets and introducing Recommendations of Task Force on Climate-Related Financial Disclosures (TCFD). The two strategies guide and identify key climate risks and FET management with a focus on corporate governance, strategy, risk management, indicators, and targets. FET has identified potential climate change risks while also evaluating the processes and scale of financial impacts related to those risks and related countermeasures. At the same time, FET fulfills the environmental responsibility of the telecommunications industry with responsible products and quality communication infrastructures. For details, please visit FET’s official website and check out its CSR report: https://corporate.fetnet.net/content/corp/tw/CSR/EnvironmentalSustainability/climatestrategy.html https://corporate.fetnet.net/content/corp/tw/CSR/ReportDownload.html For details on the potential risks and opportunities imposed by climate change on corporations and how to adopt response measures associated with climate issues, please refer to Annex 2.	Compliant with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies																					
3-5 Does the company calculate its annual greenhouse gas emissions, water usage, and total waste in the past two years, and implemented policies to conserve energy, reduce carbon emissions, decrease water usage, or manage other types of waste? These policies should include reduction targets, action plans, and progress reports?	V		FarEasTone Telecommunication (FET) has formulated “Environment & Energy Policy” and “Net Zero Emissions Strategy”. For more details, please refer Chapter 3. Corporate Governance /3-4. Implementation of Sustainable development and the Corporate Governance /3. Environmental issues/3-1 Does the Company establish appropriate environmental management systems based on its industrial characteristics? Or visit our official website: https://corporate.fetnet.net/content/corp/en/CSR/EnvironmentalSustainability/EcoCSR.html The relevant environmental statistics are as follows: <table><tr><th>Item</th><th>Y2021</th><th>Y2022</th><th>Coverage</th></tr><tr><td>GHG emissions Scope 1 (Tons/CO2e)</td><td>10,557.143</td><td>4,667.630</td><td rowspan="2">2021:FET, NCIC, KGEx</td></tr><tr><td>GHG emissions Scope 2 (Tons/CO2e)</td><td>272,411.386</td><td>286,818.203</td></tr><tr><td>GHG emissions Scope 3 (Tons/CO2e)</td><td>108,864.046</td><td>113,632.762</td><td rowspan="3">2022: FET and all 24 subsidiaries.</td></tr><tr><td>Water consumption (Degree)</td><td>252,523</td><td>241,675</td></tr><tr><td>Total weight of general waste (Tons)</td><td>329.81</td><td>279.02</td></tr></table>	Item	Y2021	Y2022	Coverage	GHG emissions Scope 1 (Tons/CO2e)	10,557.143	4,667.630	2021:FET, NCIC, KGEx	GHG emissions Scope 2 (Tons/CO2e)	272,411.386	286,818.203	GHG emissions Scope 3 (Tons/CO2e)	108,864.046	113,632.762	2022: FET and all 24 subsidiaries.	Water consumption (Degree)	252,523	241,675	Total weight of general waste (Tons)	329.81	279.02	
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Evaluation Criteria	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons																				
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			External assurance: (1)The Company obtained the ISO14064-1 (Greenhouse Gas Inventory) verification both in April 2022 and 2023. (2)The number of water consumption and total weight of general waste for the Y2021 are both certified by SGS, while the number of water consumption and total weight of general waste for the Y2022 are both certified by United Certified Public Accountants Management Consulting Co., Ltd. Reduction Targets / Action Items / Performance <table> <tr> <th>Item</th><th>2022 Goals</th><th>Performance</th><th>Action Items</th><th>Reduction Target</th></tr> <tr> <td>GHG emissions</td><td>+4.6% or below</td><td>+3.01%</td><td> - Energy conservation activities were facilitated. - Facility operation management and temperature control management were implemented. - Digital projects such as e-bill and e-forms are continuously to be promoted. - The number of energy equipment with a control function in the stores' energy management system were increased to save electricity. </td><td>Scope 1 and Scope 2: Emission amount increase not exceed 0.75%, compare with base year 2021.</td></tr> <tr> <td>Water Consumption</td><td>-1%</td><td>-5.22%</td><td>-Water resource control and improved water efficiency were implemented (including strengthening water-saving promotions, replacing water-saving equipment, checking water leakages of water equipment, operation management and so on)</td><td>The water consumption reduces by 1% in 2023.</td></tr> <tr> <td>General Waste</td><td>-2%</td><td>-20%</td><td>- The promotion and implementation of waste sorting and recycling within the company were strongly put forward and various promotional activities (such as Green Festival) were carried out in order to raise employees' awareness on environmental protection and increase participatory willingness.</td><td>The total general waste amount in 2023 decreases by 2% compared to the previous year.</td></tr> </table>	Item	2022 Goals	Performance	Action Items	Reduction Target	GHG emissions	+4.6% or below	+3.01%	- Energy conservation activities were facilitated. - Facility operation management and temperature control management were implemented. - Digital projects such as e-bill and e-forms are continuously to be promoted. - The number of energy equipment with a control function in the stores' energy management system were increased to save electricity.	Scope 1 and Scope 2: Emission amount increase not exceed 0.75%, compare with base year 2021.	Water Consumption	-1%	-5.22%	-Water resource control and improved water efficiency were implemented (including strengthening water-saving promotions, replacing water-saving equipment, checking water leakages of water equipment, operation management and so on)	The water consumption reduces by 1% in 2023.	General Waste	-2%	-20%	- The promotion and implementation of waste sorting and recycling within the company were strongly put forward and various promotional activities (such as Green Festival) were carried out in order to raise employees' awareness on environmental protection and increase participatory willingness.	The total general waste amount in 2023 decreases by 2% compared to the previous year.	Compliant with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
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4. Social issues 4-1 Does the company formulate management policies and procedures which are in accordance with the relevant internationally-recognized principles and human rights policies based on International Bill of Human Rights and management plans at its corporate website and in the annual report?	V		The Company has complied with all relevant labor regulations with regards to employees. And has also convened labor-management meetings to ensure that any additional or changed affairs that affect employees' rights would be made only when both parties go through the sufficient and full communication. The Company has also set up dedicated channels for employees to file complaints as a way of safeguarding their rights. FET has established a "Human Rights Commitment and Policy" to uphold the basic human rights of employees, follow relevant labor laws and regulations, and support and voluntarily comply with international human rights treaties, including the Universal Declaration of Human Rights (UDHR), the United Nations Global Compact (UNGC), the United Nations Guiding Principles on Business and Human Rights and the International Labor Organization Declaration on Fundamental Principles and Rights at Work. We would stop any acts that infringe upon or violate human rights and conduct internal investigations, such as due diligence and risk assessments, in accordance with the guidelines and principles of the aforementioned laws and regulations. We aim to enhance the human rights awareness of our employees and stakeholders. In 2022, a totally of 215 human right related training courses were held, including compliance, labor safety, information and technology security, and health management topics were conducted with 51,703 participants and 46,820 hours. Please visit FET's official web site for more information. https://corporate.fetnet.net/content/corp/en/CSR/Engagement/Humanrights.html																					
4-2 Does the Company establish and adopt reasonable employee welfare measures (e.g. bonuses and salaries, leaves, and other benefits), and develop policies to have employee bonuses and salaries adequately reflect its operation performance or results?	V		The Company has established and adopted reasonable employee welfare measures (e.g. bonuses and salaries, leaves, and other benefits) and have employee bonuses and salaries adequately reflect its operation performance as follows. Superior to Mandated Benefits • Employees have multiple options for biennial health assessments. • Five days of paid sick leaves. • Maternity leave, Paternity leaves and leaves for pregnancy checkups which are superior to what is required under the Labor Standards Act. • Paid maternity leaves for miscarriage, excluded from sick leaves. • Childbirth Subsidy and Nutritional allowance for pregnant women • A day of "health leave" once the health promotional activity has met the target. • Two days of paid volunteer work leaves annually, encouraging employees to participate in company-planned public welfare activities.																					

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	Yes	No	Illustration	
			Employee Benefits - Employee group insurance scheme: Including term life insurance, accident insurance, accidental medical cover, hospital expenses, cancer, etc. - Pension: Retirement policy is formulated in compliance with the Labor Standards Act to provide post-employment benefits to employees. - Mobile phone and monthly bill subsidies. - Working from Home scheme: Depending on the work nature, employees can apply for working from home upon management approval. - Employee Stock Ownership Trust: Subsidizing employee to purchase stock of the Company for talent retention, and profit sharing of the Company with employee For details please visit FET website: https://corporate.fetnet.net/content/corp/en/CSR/Engagement/WelfareAndArchivement.html For specific details and implementation of the Company's retirement system, please refer to Chapter V. Operational Highlights/5. Labor Relations/ (2) Retirement of the annual report. Employee Compensation - The articles 26 of incorporation of the Company stipulates "if there is profit for the current year, the Company shall set aside 1%~2% of it as compensation for employees. The article is disclosed on the FET official website at: https://corporate.fetnet.net/content/corp/tw/CSR/Governance/RegulationRule.html - The employees' compensation is according to company bonus regulations. The Company distributes bonuses based on the Company's operational objective achievement status and individual performance results, including year-end bonus, goal achievement bonus, and sales bonus, and special performance bonus, etc. The Company's objectives include financial indicators (such as revenue, new economy revenue, net income achievement rate) and non-financial indicators (such as NPS). The bonus distribution is highly related to the Company's operating performance. Concurrently, it is also tied in with individual performance and high-performing employees are given higher compensations, thereby formulating a corporate culture of high performance. FET never discriminates against gender at the starting pay of each position, and all compensations are higher than the minimum wages stipulated by the government. Average pay for women and men are also equal across all positions. Development and implementation status of workplace diversity and gender equality policies FET has a "Zero Workplace Discrimination and Harassment Policy," and strives to build a diverse, inclusive, and equal working environment for men and women, and provides equal opportunities for recruitment and career development across genders, with a total of 49.0% of female employees. Also, FET achieves the goal of female supervisors not less 30% of all supervisors. Compensations, bonuses, and promotions of employees are fully determined by individual competencies and performance and are not affected by factors such as nationality, ethnicity, age, gender, marital status, sexual orientation, physical and mental conditions, beliefs, or political status. FET has also established the "Sexual Harassment Grievance Committee" and a complaint process that includes employee complaint mailboxes. In 2022, no sexual harassment complaints were made at FET. Please visit FET's official website for more information. https://corporate.fetnet.net/content/corp/tw/CSR/Engagement/Diversity.html https://corporate.fetnet.net/content/corp/tw/CSR/ReportDownload.html	Compliant with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
4-3 Does the Company provide a safe and healthy working environment for employees and implement health and safety education regularly?	V		The Company dedicate to provide its employees with a safety and health workplace, and regularly holds safety and health education and training sessions for its employees. - The Company has established a 「Labor Safety and Health Office」 (OSH) to formulate, plan, promote, and monitor occupational safety and health related affairs, - Labor Safety and Health Committee is built up and meets quarterly to deliberate, coordinate, and advocate occupational safety and health related affair - The Company is also committed to providing a hazard-free work environment to all employees and stakeholders. The company headquarter building implemented Occupational Safety and Health Management System in 2018 and obtained ISO 45001:2018 and CNS 15506: 2011 (TOSHMS) Taiwan Occupational Safety and Health Management System certification in 2019. FET also passed the evaluation again in 2022. (The current validity of our ISO45001:2018 certificate is from January 25, 2022 to January 24, 2025) - The Company also actively advocates hazard prevention awareness to employees and contractors. 164 rounds of various occupational health and safety training were held in 2022 to 12,424 participants. Meanwhile, the Company also established the "Health and Safety" website to disseminate information on hazard prevention and strengthen employees' awareness on preventive measures. There was 2 occupational injury involving 2 persons, which was a stumbling accident, accounting for the total number of employees 0.036% . Company has provided advice and guidance on safety to enhance employees' awareness.	

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4-4 Does the Company establish efficient career development and training plans for employees?	V		The Company has established a career development structure and linked it to the Company's core competency measures, using this as the basis for a management mechanism to develop all kinds of opportunities for personnel. The career hierarchy structure is dual-track, incorporating both management skills and professional tracks, and divided into six grades based on the company's short and mid-term strategic direction and operations. It simultaneously maintains consistency of rank across departments and encourages employees to develop cross-functional experience. In 2022, FET conducted the training program on topics related to compliance risks, management competencies, specific roles (such as newly-recruited, new supervisors, or internal trainers, etc.), professional competencies, and IT security training, with a total of 1,485 training courses, 185,015 trainees, and 255,313 hours of training.	Compliant with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
4-5 Regarding issues such as customer health and safety, customer privacy, marketing, and labeling related to our products and services, does the company follow relevant laws and international standards, and establish policies and complaint procedures to protect consumer or customer rights?	V		The Company engages in active, detailed disclosure and communication for all rate plans and services by varied channels such as website and stores and is in compliance with relevant telecommunication laws and regulations	
4-6 Does the Company establish supplier management policy requesting suppliers to comply with regulations associated with environmental protection, occupational safety, and health or labor rights, and please specify the implementation status?	V		FET views supplier management as one element of corporate risk management, drafting "FET Supply Chain Management Policy" as a basis for the management of suppliers. The company also introduced "Supplier Corporate Social Responsibility Guidelines," including various environmental, society and corporate governance (ESG) requirements in its supplier specifications. For details please visit FET website: https://corporate.fetnet.net/content/corp/tw/CSR/ValueSharing/SupplyPolicy.html FET has conducted risk evaluation through the supplier sustainability self-assessment survey since 2017. The evaluation covers 27 indicators within the five major aspects of sustainability governance, supplier management, environmental management, labor rights and social impact. Once the suppliers have completed the survey, FET would verify the authenticity of suppliers' data through document review. A total of 350 assessments were completed in 2022 which accounted for 93.1 % of the annual purchases. The evaluation identified 14 high-risk suppliers this year and the risks mostly concentrated on confidentiality agreements and protection of intellectual property rights and labor related issues. For those high-risk suppliers, FET has established related improvement plans and kept tracking the results. In 2023, Far EasTone will continue to visit high-risk vendors for on-site inspections and guidance to ensure that supplier partners fulfill their corporate social responsibility obligations. Far EasTone also became the first telecommunications company in Taiwan to pass the third-party certification of the ISO20400 Sustainable Procurement Guidelines in 2022.	
4-7 Does the company disclose stakeholder identities, issues concerned, communication channels and response methods?	V		FET values the importance of communication and partnership with its stakeholders. The ESG Steering Committee holds regular quarterly meetings and provides relevant decision-making and performance reports to the Board of Directors on an irregular basis each year. With the President as the moderator and senior management members as the convener of each task force, the Committee presents the action plan of the year and the result of communication with stakeholders. FET's ESG Steering Committee would apply the AA1000SES proposal principle to identify 9 categories of stakeholders' relationship map, which is based on the stakeholders' long-term dependence, influence, degree of concern, responsibility, and ability to provide a multi-dimensional perspective of assessment. At the same time, FET would also ensure the different appeals and expectations of stakeholder. FET set up stakeholders'survey, which specialized in communications channels on its official website, to obtain more feedback on improved stakeholder communications. For more details, please refer to FET Sustainable Development Report	
4-8 Does the company disclose employees' work environment and personal safety measures and please specify the implementation status?	V		The protection measures & implementation of employees' safety are as follows: To ensure the safety and health of employee as well as prevent occupational injuries, a Safety and Health section has been set up on the Intranet, providing related policy, information, training material, Employee health management is now an important component of our business strategy. For more details, please visit: https://corporate.fetnet.net/content/corp/en/CSR/Engagement/WelfareAndArchivement.html FET has set up the "Occupational Health and Safety Committee" (OHS Committee) as well as dedicated labor safety and health units to make improvements to the working environment and ensure work safety. Occupational Health and Safety Committee holds a meeting quarterly. Its responsibility is to oversee the formulation of the occupational disaster prevention plan and the self-inspection plan; discuss, examine, and analyze related occupational disasters and review OHS improvements. In 2022, 243 workplace and construction site safety inspections were completed, with a 100% improvement rate in areas of deficiency, effectively preventing occupational accidents.	

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			The frequency of checking operation in Occupational Health and Safety as follows: <table><tr><th colspan="2">Checking operation in Occupational Health and Safety</th></tr><tr><td>1. Workplace safety audits conducted by Occupational Health and Safety office</td><td>More than 16 times a month</td></tr><tr><td>2. On-site supervisor of the retail store conducting through mobile management</td><td>More than once a week</td></tr><tr><td>3. Off site safety and health inspection</td><td>More than 2 times a month</td></tr></table> The Company is committed to providing a hazard-free work environment to all employees and stakeholders. The company headquarter building implemented Occupational Safety and Health Management System in 2018 and obtained ISO 45001:2018 and CNS 15506: 2011 (TOSHMS) Taiwan Occupational Safety and Health Management System certification in 2019. FET also passed the evaluation again in 2022. (The current validity of our ISO45001:2018 certificate is from January 25, 2022 to January 24, 2025) Regarding the safety protection measures and implementation of the office workplace, the following are the details: According to government Regulations and Fire Act, all FET’s workplaces have established appropriate fire-fighting systems and executed regular equipment maintenance declarations, as well as the fire prevention management. We will also implement disaster prevention education every six month to enhance disaster resilience and personnel awareness. Some areas have multiple protective measures in each office and MSC/IDC. They are controlled through the access control system. All personnel need authorization to access and real-time records are maintained for reference. We also have the “Access Control Management Methods” which explicitly specify the movement of personnel in the work place to maintain the security of premises and personnel. According to FET physical security management protocols, all areas are set up with different clearances covered by access control, surveillance and alarm systems. Since 2014, the company has been certified with ISO 27001 annually.	Checking operation in Occupational Health and Safety		1. Workplace safety audits conducted by Occupational Health and Safety office	More than 16 times a month	2. On-site supervisor of the retail store conducting through mobile management	More than once a week	3. Off site safety and health inspection	More than 2 times a month	Compliant with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
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3. Off site safety and health inspection	More than 2 times a month											
5. Does the Company refer to international standards or guidance on report preparation when compiling its reports for the disclosure of non-financial data, such as the sustainable development report? Does the said report have assurance or assurance opinion from a third-party certification agency?	V		FET’s Sustainable Development Report is prepared based on the International IR Framework published by the International Integrated Reporting Council, the GRI Standards published by the Global Reporting Initiative (GRI) as well as the disclosure principles of core options and the SASB Framework published by Sustainability Accounting Standards Board. This Report was verified by SGS Taiwan, an independent third-party certification institution, as being in accordance with GRI Standards and AA1000 (Account Ability 1000) Type II High Level, and meeting the requirements of International IR Framework contents.									
6. If you have established your own guidelines for Sustainable Development according to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please state the discrepancies (if any) between actual operation and the guidelines: FET’s “Sustainable Development Policy” has been implemented gradually.												
7. Please state any other important information that would facilitate better understanding of your current status in fulfilling sustainable development (i.e. the Company’s system, measures or status of implementation on environmental protection, community participation, contribution to society, social services, charity, consumer rights, human rights, safety and health and so forth):												
•FET is committed to promoting low-carbon operations in response to the "Taiwan 2050 Net Zero Emissions Pathway" proposed by the National Development Council. The company has incorporated the timeline for achieving net-zero emissions into its sustainable development strategy and linked it to its core technologies to promote sustainable development of the company, environment, and society. FET has formulated a new version of the "Blueprint for ESG Strategy." Please visit: https://corporate.fetnet.net/content/corp/en/CSR/CSRManagement/SustainableDevelopment.html •FET’s most predominant 2022 sustainable development performance, which set it apart from its peers, are as follows: ➢ Highlight No. 1: FET’s “big data-AI-IoT” multiple applications help create a safe and prosperous smart city in cooperation with the government agencies FET continues to play a key role in driving digital transformation through its expertise in 5G "big data-AI-IoT" (big data, artificial intelligence, and the Internet of Things), and works with government agencies to build a smart city safe and prosperous for living and working by implementing innovative 5G applications from the aspects of urban governance, social security, and smart transportation. FET has taken notice that the trend of police governance is to enhance crime detection and security management with innovative technology. Therefore, the Company has become the partner of Kaohsiung City 5G Smart Police in early 2022, and jointly built the "3D Public Security Patrol and Early Warning System" and "5G Smart Patrol Vehicle" to utilize advanced technology to flexibly and efficiently establish crime detection and prevention mechanisms and promote innovative police work patterns. The "Kaohsiung 3D Public Security Patrol and Early Warning System" has been implemented in the high-risk areas of Kaohsiung, with 24-hour hotspot monitoring and crime early warning effect achieved through technology. In addition, of more than 330 entries in the Asia Pacific region, the system was selected by IDC analysts, the general public and an international advisory board to be awarded the IDC Smart City Asia Pacific Awards (SCAPA) in the category of "Public Safety - Data-Driven Policing", an award which is also known as the Academy Awards of smart cities. ➢ Highlight No. 2: Telemedicine for promoting health far and wide - FET visits rural areas and countries with official diplomatic relations, realizing the ideal of using information highway instead of physical highway As a response to SDG 3 Good Health and Well-being, FET launched the 5G remote diagnosis and treatment model to realize the vision of "medical care free of remote regions" by eliminating physical distance with the internet. The service started from 11 townships in Taitung County, assisting the Department of Nursing and Healthcare, Ministry of Health and Welfare to promote the deployment of telemedicine specialist services in health clinics in indigenous villages and outlying islands, including ophthalmology, otorhinolaryngology, dermatology, and emergency medicine, etc. The service is provided through 5G low latency technology to create cross-disciplinary real-time multiparty consultations, allowing medical resources to be unrestricted by time, location, and space, and providing AI analysis of Fundoscopic examination images to aid diagnosis. So far, the telemedicine service has reached 12 counties/cities and 35 townships in Taiwan, covering 261 villages and serving more than 31,000 people. FET’s remote diagnosis and treatment model employs FET’s private 5G network, which not only ensured information security as well as patients’ personal information and privacy, but also accelerated												

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	Yes	No		

doctors' treatment processes through the introduction of AI analysis and interpretation. In 2022, FET's telemedicine platform has also obtained the Health Insurance Portability and Accountability Act (HIPAA) compliance verification. It is the first telemedicine platform in Taiwan to obtain the HIPAA compliance verification, and the only telemedicine platform in the telecom industry in Taiwan to win the National Healthcare Quality Award from the Joint Commission of Taiwan (JCT). The platform also won the "Excellence in Operations Transformation - Exemplary Award" and "ESG Special Award" of the 2022 Digital Transformation Award.

In addition, in 2022, FET cooperated with Taipei City Fire Department to create the first "5G emergency medical joint defense ambulance" in Taiwan, which transmits information inside the ambulance in real time through the view of the smart device of camera onboard and bone conduction noise-cancelling headphones, and synchronizes with the remote real-time ambulance guidance of the senior emergency response squad to help the first-line response medical personnel identify advanced life support (ALS) cases and strengthen the quality of out-of-hospital emergency treatment. The 5G ambulance can thus increase the success rate of first aid as well as the survival rate of emergency cases, and has accumulated 26 trips in the first month of its launch, which has effectively enhanced the capacity of first-line response medical personnel and improving the quality of emergency care.

FET 5G telemedicine platform has also been deployed internationally in 2022. FET became the partner of Shin Kong Wu Ho-Su Memorial Hospital's telemedicine service in Palau, using "big data-AI-IoT" technology combined with cloud technology to help build a complete medical and health system in the country and to do its part for Taiwan's medical diplomacy. The Company continues to break the limitation of time and space of health care through technology.

➤ **Highlight No. 3: Becoming the supply chain leader - FET expands sustainability impact by joining forces with FET's "Sustainability Pioneers"**

Pursuant to the UN's SDG 17 Partnerships for the Goals in sustainable development, FET has called on 300 upstream and downstream suppliers to form the "Sustainability Vanguard Team." By utilizing diverse core technologies and specialties from various partners, the team took action as a whole to respond to the goals of the SDG 4 Quality and Equal Education and SDG 13 Climate Action by choosing to assist the Binmao Junior High School in Taimali Township, Taitung County in 2020 as its first project. The team adopted the practice of sustainable construction in remodeling the school's basketball courts so that students could enjoy the facility again. The second project responded to the goals of SDG 4 Quality and Equal Education and SDG 10 Reduce Inequality. In 2021, the team assisted to establish technology classrooms and computer classrooms at Wanli Elementary School in New Taipei City to eliminate the gap in digital education in remote areas. The third project responded to the goals of SDG 2 Zero Hunger and SDG 11 Sustainable Cities and Communities. In 2022, the team assisted the Hualien Food Bank to build a freezer so that children living in remote areas can also obtain adequate supplies.

FET proactively enhanced strategic partnership with suppliers and continued to promote CSR awareness to upstream and downstream suppliers, as well as carrying out communications concerning three major sustainability aspects of environmental, social, and governance (ESG). In addition to forming the "Sustainability Vanguard Team", FET also conducted ESG evaluations and on-site audits by founding the supplier ESG evaluation mechanism. In the 2022 Annual Supplier CSR Conference held by the FET, 15 suppliers were awarded for their participation in sustainable development and sustainability consultants were invited to share their knowledge about net zero emissions. The Company intended to exert its influence in raising the awareness of industry chain sustainability.

➤ **Highlight No. 4: Protecting the Earth and spreading love far and wide - FET Partners with Taiwan Youth Climate Coalition to promote climate education**

FET's in-house EMS was adopted in the "air-conditioning in every classroom" project among elementary and junior high schools with installations. A total of 1,290 elementary and junior high schools used the EMS in 42,000 classrooms, connecting over 85,000 sets of air conditioners. The system successfully improved energy efficiency and created low-carbon smart campuses. This project was the largest consumption-based EMS in Taiwan. The combination of AI with management has effectively cut down energy consumption by at least 3.5%.

In 2022, FET extended the "air-conditioning in every classroom" project as a response to the goals of SDG 4 Quality Education and SDG 13 Climate Action, and collaborated with Taiwan Youth Climate Coalition (TWYCC) to launch the "FET Climate Change and Energy Saving and Carbon Reduction Courses", with volunteers from TWYCC as instructors and designing the course structure while FET provides EMS energy-saving technology information. The collaboration has been successful in delivering the concepts of climate change and daily carbon reduction to elementary school students in a lively and interesting way.

➤ **Highlight No. 5: Turning education around and spreading love far and wide - FET joined hands with TFT to launch the Rural Pen Pal Project & Career Sharing Day**

FET is committed to improving the quality of children's education and continuously improving social inequality. In response to the goals of SDG 4 Quality Education and SDG 10 Reduced Inequalities, FET has been working with Teach For Taiwan (TFT), a non-profit organization dedicated to solving educational inequality in Taiwan, to help recruit quality teachers through charity mobile phone numbers since 2015. To date, more than 6,000 students in rural areas have benefited from the project.

In 2022, FET has expanded its cooperation with TFT and held the activities of "Pen Pal Project" and "Career Sharing Day", in which the colleagues of the Company served as volunteers to become pen pals and career sharing volunteers for elementary school students in rural areas. By sharing their experiences, FET volunteers opened the children's horizons, expanded their future possibilities, and narrowed the gap between children in high-demand areas and fair education, so that children's future is not limited by where they were born.

8. The specific plans for implementing sustainable development(ESG) and its effectiveness in 2022:

1. FET strived to bridge the digital gap by strengthening the broadband infrastructure at remote areas and carrying out urban-rural developments. It achieved a network coverage rate of 97.3%. Moreover, communication quality and location at mountainous regions are crucial for mountain rescues. To improve the rescue quality, FET cooperated with the Yushan National Park Headquarters to conduct comprehensive signal measurement and optimization. Since 2015, FET has been cooperating with eight Forest District Offices and the Shei-Pa National Park Headquarters on improving the majority of popular trails in Taiwan. Over thousands of engineering personnel were mobilized and more than 950 mobile coverage signs have been set up for climbers to orientate.
2. FET initiated the forward-looking project of 5G remote diagnosis and treatment to resolve the shortage of specialist physicians and limited access to medical services at remote areas. In 2022, the telemedicine service has reached 12 counties/cities and 35 townships in Taiwan, covering 261 villages and serving more than 31,000 people. In 2022, FET's telemedicine platform has also obtained the Health Insurance Portability and Accountability Act (HIPAA) compliance verification. It is the first telemedicine platform in Taiwan to obtain the HIPAA compliance verification, and also makes the information security of the general public more secure.
3. FET has been continuously investing in the education in rural areas, and has been working with Teach For Taiwan (TFT) to help recruit more than 100 quality teachers through charity mobile phone numbers since 2015. To date, more than 6,000 students in rural areas have benefited from the project. In 2022, FET has expanded its cooperation with TFT and held the activities of "Pen Pal Project" and "Career Sharing Day", in which the colleagues of the Company served as volunteers. Through writing letters and sharing their experience face to face, FET volunteers are able to expand the children's vision and imagination of the future.
4. FET has been caring for disadvantaged children for 16 years. It has raised over NT\$53 million and helped more than 6,000 children. In 2022, FET initiated the "Collecting Love and Spread It Far and Wide" project and helped the Chung Yi Social Welfare Foundation raise NT\$1.15 million, which benefited 1,971 people. FET also sponsored BiG Future Foundation to hold a winter camp for children from children's home. The Company also provided assistance

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	Yes	No		

for vulnerable teenagers by supporting the I-LIFE International Foundation. Through experience education, teenage dropouts and high-risk youths from the Against Wind Theater were encouraged to challenge themselves.

- FET collaborated with Taiwan Youth Climate Coalition (TWYCC) and combined the "air-conditioning in every classroom" project to launch the "FET Climate Change and Energy Saving and Carbon Reduction Courses", with volunteers from TWYCC as instructors and designing the course structure while FET provides EMS energy-saving technology information. The collaboration has been successful, as the volunteers visited elementary schools to deliver the concepts of climate change and daily carbon reduction to approximately 100 students in a lively and interesting way.
- FET closely follows the latest industry developments both at home and abroad, and actively participates in telecommunications, net zero, and CSR associations with an annual spending of nearly NT\$10 million to raise corporate competitiveness and contribute to the progress of the industry as a whole.
- FET took the lead and called on supply chain partners to form the "Sustainability Vanguard Team," aiming to help the disadvantaged groups with core specialties of FET and its suppliers. In 2020, over NT\$1 million was spent on repairing the basketball court of Binmao Junior High School in Tainan Township, Tainan County. In 2021, the team established technology classrooms and computer classrooms for Wanli Elementary School in New Taipei City to narrow the digital education gap. In 2022, the team assisted the Hualien Food Bank to build a freezer so that children living in remote areas can also obtain adequate supplies.
- FET has been selected as a component in the Dow Jones Sustainability Indices (DJSI) World for four consecutive years and a component in the DJSI Emerging Markets Index for seven consecutive years. In the 2022 DJSI assessment, FET received perfect scores of 8 in the 24 evaluation items covering the economic, environmental and social aspects. The results demonstrated FET's dedication to corporate sustainability again which received international recognition. FET has received the Silver Class distinction in the Sustainability Yearbook of S&P Global for four consecutive years.
- FET actively promotes paperless operation and leads the industry in launching "digital form mobile self-service" in physical stores to implement innovative digital services. By using digital forms instead of paper, the Company is able to save approximately 6.78 million sheets of paper annually. In 2022, in response to the Clean Up the World Weekend, FET launched the "e-Clean Planet" campaign to encourage the customers to apply for e-billing, and currently 80% of the Company's customers are using e-billing.
- FET has been fulfilling its corporate social responsibility by partnering with suppliers to hold the "Circular Economy Workshop" in 2022 to create opportunities and models for a circular economy. The Company also held the "Supplier Carbon Inventory Kick-off Meeting" to assist the supply chain in implementing the "carbon inventory, reduction and neutralization". The target is to achieve a 16.2% reduction in supply chain carbon emissions by 2030 compared to that of 2021. FET is also the first telecommunications industry player to be certified by a third-party certification body under the ISO 20400 Sustainable Procurement - Guidance, and is actively making a impact in sustainability.
- Far EasTone is actively investing in the circular economy and has participated in the "Mobile Phone Recycling Month" campaign organized by the Environmental Protection Administration (EPA) with outstanding results. FET was evaluated as a "Gold Class" corporation by the EPA in 2021. Meanwhile, FET has launched the "Give me an old phone so you can take a new one home" discount campaign to encourage the general public to recycle their unused mobile phones. FET is also the first telecommunications company in Taiwan to join the Ericsson Global Product Take-Back Program. The Company recycles up to 98% of electronic materials to facilitate the reusing of resources.
- FET named as one of the top 5% corporations in the "Corporate Governance Evaluation" from TWSE for the eighth consecutive year, and was recognized for its sustainable operation and corporate governance performance.
- FET issued the first social responsibility bond in the telecommunications industry with a total issue amount of NT\$2.7 billion, a five-year maturity, and a coupon rate of 0.88%. This is the largest amount of social responsibility bond denominated in New Taiwan dollars ever in a single offering. The proceeds from the bond will be invested in 5G construction to drive industry development and bridge the gap of digital divide, with an eye on both the Company's revenue growth and ESG (environmental, social, and governance) sustainability.
- For the first time ever, FET responded to the "Earth Hour" event initiated by the World Wildlife Fund (WWF) in 2022, and joined hands with more than 400 government agencies and enterprises across Taiwan turned off the lights for one hour on March 26 at 8:30 p.m., including seven office buildings and 290 FET stores in Taipei, Taichung, and Kaohsiung. 35,000 lights were turned off throughout the campaign.
- FET has been committed to the caring of senior citizens and joined the "Dementia-Friendly Business Education and Training Program" initiated by Far Eastern Memorial Hospital in 2022. The stores participated in the initiative are Sichuan and Fuchung stores in Banqiao and were awarded the "Dementia Care Station Seal" by the Department of Health, New Taipei City Government and the "Dementia-Friendly Business Seal" by Far Eastern Memorial Hospital.
- FET values employees' career development and physical and mental health. In addition to joining the "TALENT, In Taiwan: Talent Sustainability Initiative" alliance to provide a working environment with equal opportunities, good benefits, and diverse development, FET also holds quarterly employee communication meetings and actively promotes the corporate sports culture to create a "happy and healthy workplace". The Company was awarded the "2022 Sports Enterprise Certification" by the Sports Administration, Ministry of Education for the third time, and the Golden Award of "2022 Happiest Enterprises" by 1111 Job Bank.

The specific plans for implementing sustainable development and its effectiveness are disclosed in FET Website periodically:

<https://corporate.fetnet.net/content/corp/en/CSR/CSRManagement/SocietyManage.html>

9. Whether the company assesses the risks or opportunities to the community and takes corresponding measures, the specific measures and implementation results are as follows:

FET has invested NT\$3.73 million in social care programs in 2022, reaching approximately 2 million people which is including promoting its stores to become "community digital centers", so that the scale of stores can be expanded to provide not only mobile phones or phone numbers, but also to become the digital centers of the community. For example, FET is working with Min Sheng General Hospital to promote blood pressure measurement and basic health checkups, turning the community store into a health digital center. FET also promotes the Sustainable Store Project, operating more than 700 stores across Taiwan to care for the neighboring communities, including autonomous neighborhood activities, mobile phone instruction for the senior citizens, uniform invoice collection, blood donation, etc. The Company also visits NGOs during holidays and festivals to care for the elderly or children, and helps raise funds. FET has also promoted 5G telemedicine services, which have been introduced in 35 towns across 12 counties and cities, assisting 31,000 people with remote medical consultations.

FET also continues to work with various non-profit organizations to promote community development. For example, FET has developed an Energy Management System (EMS) to assist 1,290 primary and secondary schools in 9 counties and cities across Taiwan to implement the "Air-Conditioning in Every Classroom" project for approximately 42,000 classrooms, benefiting over 720,000 teachers and students. Additionally, FET collaborated with Taiwan Youth Climate Coalition (TWYCC) to launch the "FET Climate Change and Energy Saving and Carbon Reduction Courses", with volunteers from TWYCC as instructors and designing the course structure while FET provides EMS energy-saving technology information. The volunteers visited Zhongzheng Elementary School in Xindian District, New Taipei City and Shengkeng Elementary School in Shengkeng District, New Taipei City to deliver the concepts of

Evaluation Criteria	Implementation Status		Illustration	Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No		

climate change and daily carbon reduction to approximately 100 students in a lively and interesting way. FET also cooperates with Teach For Taiwan, and FET provides charity mobile phone numbers to help recruit quality teachers to go to high-demand areas to improve the quality of education in rural areas. In addition, FET employees served as volunteers and visited Lunshan Elementary School, located in Hualien's rural areas, to expand the imagination of local students about their future careers through "Career Sharing Day" activities. The Company also partners with the I-LIFE International Foundation. Through experience education, teenage dropouts and high-risk youths from the Against Wind Theater were encouraged to challenge themselves, and charity mobile phone numbers are continuously provided by FET to care for teenagers in need of caring.

10. Whether the Company has supported the development of domestic culture, the support methods and results are disclosed as follows :

In 2022, FET supported the art and cultural organization Duck Art Studio to promote art and cultural affirmative activities. The hearing-impaired artists co-created the project of "Dance in Silence" with the hearing ones, as well as Taiwan's first baby theater "Baby Sound Wave". FET has taken advantage of its core information and telecommunication technology to help promote its products through multiple channels such as SMS and the "FET Heart Life App", and has provided the space on the first floor of the headquarters as a performance venue to encourage FET customers and employees to participate in quality arts and culture events to revitalize the arts and culture industry in Taiwan.

In addition, friDay Vedio, a subsidiary of FET, launched its "original intellectual property investment" strategy in 2020 and invested more than NT\$7 million to complete its first original multi-viewpoint reality show, "Extreme Wonderland". During the program's premiere, it surpassed the Korean variety show "Running Man" to become the top-rated variety show and also drove a 30% growth in new registered users. In 2021, friDay Video collaborated with Public Television Service to co-produce "On Marriage," investing NT\$30 million to present the story of a "semi-happy" marriage with a combination of new technology and science fiction style. The show received a tremendous response and positive reviews after its release, with the leading segment "Wishful Syncing" attracting nearly 350,000 viewers during its debut on Public Television Service and becoming the most-watched drama on friDay Video.

With this momentum, FET has partnered with Star Ritz International Entertainment, Pili International Multimedia, and Taipei DI Cinema to establish Mission Entertainment, which is dedicated to producing and investing in high-quality Taiwanese film and television contents and promoting cultural contents such as Taiwanese film and television, literature, etc. The goal is to bring Taiwan in line with the world and make Taiwan the center of Asian film and television trends. Misson International also invested NT\$5 million to shoot "Successful Cram School," which is scheduled to be released this year.

11. Did the company invest in significant machinery and equipment for energy conservation or green energy related environmental sustainability, or invest in Taiwan's green energy industry (e.g., renewable energy plants); did it issue or invest in sustainability financial products whose funds are used for investment in green or social projects which are actually of benefit in improving the environment or society?

- In 2022, an investment of NT\$ 83 million was made in a renewable energy power plant construction project, which resulted in the acquisition of a large-scale self-use solar photovoltaic power plant with a capacity of 1.9MW. This power plant can supply 2.5 million kWh of green energy to the data center every year, resulting in a carbon reduction benefit of 1,273 tonnes of CO₂e emissions. This solar power plant is a dual-use system designed for both agricultural and electricity generation purposes. Undemeath the photovoltaic panels, crops are grown, creating a symbiotic relationship between agriculture and renewable energy that is environmentally friendly. The farmland is continuously cultivated with high-value crops such as a natural herb garden, which is cultivated by local farmers, ensuring that the space underneath the solar panels remains productive for agriculture.
- The unsecured corporate bonds issued in 2022 and 2023 have been approved for social bond qualification by Taipei Exchange. The bonds' names are 2022 Domestic 1st & 2nd Unsecured Corporate Bond(Social Bond) (Bond Code: B94654 & B94655) and 2023 Domestic 1st Unsecured Corporate Bond(Social Bond) (Bond Code: B94656 & B94657). The issuance amount is NT\$2.7 billion, NT\$1.8 billion and NT\$2.1 billion, respectively. The raised fund has been invested in 5G spectrum and radio base station, making good promise on increasing the 5G population coverage ratio.

Annex 1: Risk Assessment and Management Strategy of Major Issues

Category	Major Issues	Risk Management Strategy and Plan
Governances	Network Quality and Infrastructure	FET continues to invest in the construction and maintenance of telecommunications infrastructure. By monitoring and analyzing network performance and base station resource usage, FET identifies high traffic base stations based on factors such as time periods and number of users accessing the network. FET uses carrier aggregation technology to expand wireless radio bandwidth and distribute traffic, ensuring that network speeds are maintained at a certain level and obtaining international speed test certification.
	Information security and privacy protection	FET has established a corporate security organization and stipulated ICT security vision and policy objectives based on ISO standards. Also, FET sets up management mechanisms from perspectives such as personnel, operation, technology, and regulations, review regularly, and continues to make improvements. FET's privacy protection policies and regulations apply to FET's overall operation processes, including the collection, storage, processing, utilization of personal data and privacy information, and sharing with suppliers, etc.
Environment	Climate Strategy	Complying with climate-related financial disclosure suggestions (TCFD), FET manages climate risk comprehensively from 4 major perspectives of governance, strategy, risk management, and indicator and goal, identifies potential impacts of major risk, conducts scenario analysis on individual risk factors, and inventories each response measure.
	Electronic Waste Management and Utilization	FET has signed a memorandum of understanding (MOU) with the Environmental Protection Administration (EPA) of the Executive Yuan to establish mobile device recycling points at all FET stores throughout the country. These points allow for the free collection of discarded mobile phones, GPS devices, chargers, and other accessories. FET has also launched activities such as mobile phone trade-in programs and exchange of recycled mobile phones for shopping vouchers to encourage people to recycle their old mobile phones and devices, and promote resource recycling and utilization.

Category	Major Issues	Risk Management Strategy and Plan
Society	HR Development and Management	With the arrival of the 5G era, in response to revolutions in the telecom industry, FET is actively recruiting interdisciplinary integrative service and technical personnel skilled in telecommunications, digital media, information security, cloud-based computing, artificial intelligence (AI), and the Internet of Things (IoT), in order to continuously accumulate human resources in the field of innovation.

Annex2 : The potential risk, chance and Countermeasures toward Climate Change.

Risk Type	Risk Factor	Asset	Impact	Countermeasure	
				Technology	Policy
Transition Risk	Costs and expenses on low-carbon technology transformation		- The early replacement of equipment in response to the trend toward low carbon transformation will case an increase in operational costs. - Improving the management of greenhouse gas emissions in the telecommunications industry chain and joint research into energy saving and low carbon technologies will increase operational costs	Strengthen energy monitoring and management systems, while using equipment replacement and upgrades to improve the efficiency of energy use and reduce overall power consumption, to balance the cost of rising electricity prices	Effective control and reduction of greenhouse gas emissions created in FET operations and supply chain, proactively cultivating low carbon technology transformation talent and cooperating with upstream and downstream operations.
	Energy policy uncertainty & Increase in cost of greenhouse gas emissions	Base Station; Equipment Room; Retail Office	- Failure to achieve national greenhouse gas reduction and renewable energy use targets could lead to the imposition of fines on FET or the need to buy carbon credits from other enterprises, impacting the image of the company. - If FET adjusts its business model and is forced to forgo services with high levels of carbon emissions that will impact enterprise revenue. - If national renewable energy policy leads to an increase in electricity prices or unstable power supply, it could disrupt FET operations or services.	Roll out new renewable energy business and research renewable energy use targets and timetable, while increasing the installation capacity of renewable energy annually (including increasing the purchase of renewable energy certifications and self-certification capability) and in the future build solar energy base stations.	- Renewable energy next to newly constructed machine rooms should be included as part of evaluations - Evaluate the impact and current implementation of important related laws, while conducting quarterly reviews of possible legal changes and planning countermeasures. - FET should purchase related liability insurance and adopt other disaster prevention measures to improve business continuity management.
Physical Risk	The frequency of Strong Typhoons and extreme rainfall are increase.	Base Station	- Tower collapsed and equipment damaged by strong winds and flooding. - An increase in operating expenses due to power shortage. - An increase in compensation cost for customers due to operational interruption.	- Strengthen structure of existing station and equipment. Implement disaster-resistant construction on new base station, 24 base stations obtain certifications of structural engineers for scale 15 wind resistance in 2022. - Reserve backup power - Replace and install aire injector fans continuously.	- Minimize the financial risk with insurance transfer. - Assess an enhance level of wind resistant. - Important base station contracts are added with wind resistance warranty and structure certification are included in contract for important base stations.
		Engine Room	- Loss of asset due to gate and flooding. - The supply route is interrupted due to flooding. - Insufficient cooling water due to drought.	- Maintain water consumption for 38 hours with water tower or reservoir. - Establish emergency response of air conditioning for basic operation. - Store amount of backup fuel for more than 10 hours power generation.	- Minimize the financial risk with insurance transfer. - Review and improve risk prevention for core machine rooms. - Investigate flood potentials and improve weakness. - Update criteria of site selection of low-carbon Cloud data centers, the continuous and reliable water source is one of the main factors.

The Company's climate-related information

1. Implementation of climate-related information

Item	Implementation Status
1.Describing the oversight and governance of climate-related risks and opportunities by the board of directors and management team	1. The Risk Management Committee at the board level is the highest risk governance unit in FET. The Committee regularly discusses the management of various key corporate risks, including climate change risks and other related issues, with the board of directors. 2. The Risk Management Committee has an Environment and Energy Management Committee, which is responsible for the promotion and implementation of issues related to climate change. The highest guidance unit of the Committee is the Chief Financial Officer, and members include the supervisors of different departments. Meetings are convened regularly every quarter to discuss energy and environment-related goals and performance. FET has also established the Environment and Energy Management Measures, which covers management of energy and environment, greenhouse gas reductions and responses to climate change.
2.Please describe how the identified climate risks and opportunities affect the business, strategy, and financial performance in the short, medium, and long term	1. In 2022, the impact of the latest climate risks and opportunities on FET's business and strategy was assessed based on the Task Force on Climate-Related Financial Disclosures (TCFD) and recent market conditions and regulatory updates at home and abroad. A total of five high risks including transformation and physical risks were identified, four of which could be mitigated to moderate and one of which could be brought down to low risk after taking countermeasures. 2. After the above-mentioned mitigation, when the assessment was conducted again, operational and business opportunities such as low-carbon products and services and making green energy investments would emerge. In terms of short-, medium- and long-term business planning, the emphasis would be on providing low-carbon smart city solutions, with focus on smart meters, smart streetlights, charging piles, Internet of Things, among other products, and progressively increase the market share of services. Beyond that, the plan is to assist the six key cities to reduce carbon emissions by more than 30% per year by 2030, accelerate the electrification of transportation tools, reduce carbon emissions in the transportation sector, and increase the proportion of Internet of Things ESG-related services to 70%. 3. Short-, medium- and long-term plans for climate change-related strategies: Short term: maximize energy efficiency, supplemented by green electricity. Medium term: elevate the utilization rate of green electricity and hit near-zero standard for owned buildings. Long-term: 100% of retail stores, offices and IDC to use renewable energy by 2030. To achieve net zero emission for FET's operations by 2048.
3.Please describe how extreme climate events and transition actions can impact financial performance.	1. Replacing equipment earlier in response to the trend of low-carbon transition had led to increased operating costs. 2. The strengthening of management of greenhouse gas emissions in the telecommunications industry chain, as well as the research and development collaborations for energy-saving and low-carbon technologies had led to increased operating costs.
4.Please describe how the identification, assessment, and management process of climate risks can be integrated into the general risk management system.	The Remote Risk Management Committee realizes all-encompassing risk management for the Company through the operation of organizations and responsibilities at different levels for risks such as finance, strategy and operation, information security, environment and energy. The Risk Management Policy is formulated by reference ISO 31000, Risk management – Guidelines, provides principles, a framework and a process for managing risk, and serves as the guiding principle for the implementation of management by all business groups after being approved by the Board of Director. The risk assessment is predominantly boundaried to the Company. All business groups conduct risk assessments and formulate risk management strategies and plans every year regularly in accordance with the principle of materiality, considering economic, environmental and social aspects of corporate governance issues that have a significant impact on customers, investors and other stakeholders. Reports are submitted regularly to the Board of Directors every year to drive sustainable results and performance for the year.
5.If scenario analysis is applied to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and key financial impacts applied shall be stated.	1. Scenarios, parameters, assumptions: - Assuming a scenario of increase in low carbon greenhouse gas, and assuming that in the future, there would be an increase of 1.2 Category 4 typhoons and 1.2 Category 5 typhoons every year in the world, Taiwan would encounter about 7.96 strong typhoons between 2020 and 2030. - Assuming a scenario of maximal greenhouse gas emissions, and assuming 650 centimeters of rainfall in 24 hours, the depth of floods would be 0.5 to more than 3 meters. 2. Assessment method: draw up the risk pathway in a qualitative manner before quantifying the financial impact score of specific scenarios. 3. Analyze factors - FET's operations and procurement of upstream equipment: the Company's key assets are included in the assessment scope and taking into consideration of the life cycle of base stations, equipment and other assets, the operational and financial impact of actual risks are assessed based on the estimated number of 4G and 5G base stations in 2030. - Downstream clients: consider risks such as increased customer compensation costs caused by business interruption to fully assess the impact of climate change.

Implementation of Corporate Governance and Deviations from "Corporate Governance Best-Practice Principles for TWSE/GTSM listed Companies"

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE / GTSM Listed Companies" and Reasons
	Yes	No	Illustration	
1. Does the Company stipulate and disclose "Corporate Governance Principle" based on "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies"?	V		FET has formulated "Corporate Governance Best Practice Principles" in accordance with the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies", and the principles have been approved by Board of Directors. There have been no deviations from these principles up to now. FET discloses its "Corporate Governance Best Practice Principles" not only on its corporate website but also at Market Observation Post System (MOPS). Please visit: https://corporate.fetnet.net/content/corp/en/CSR/CorporateGovernance/RegulationRule.html http://mops.twse.com.tw/mops/web/t167sb01	Compliant with the "Corporate Governance Best-Practice Principles for TWSE / GTSM Listed Companies"
2. Ownership Structure and Shareholders' Equity	V		FET has formulated "Corporate Governance Best Practice Principles", in which includes a dedicated chapter on "Safeguarding Shareholders' Rights" that is implemented accordingly. The Company's spokesperson, deputy spokespersons and the contracted stock agency, Oriental Securities Co., Ltd., are responsible for shareholders' suggestions and inquiries. If it's legal relevant, Legal and Regulatory Department would be involved to handle.	
2-1 Does the Company establish internal operating procedure to handle suggestions, doubts, disputes and legal issues from shareholders, and act in accordance with the procedure?				
2-2 Does the Company identify major shareholders and/ or their ultimate controlling parties?	V		The Finance & Facility Services Division of the Company is responsible for collecting the updated information on major shareholders and their ultimate controlling parties. This information is disclosed /registered in according with the "TWSE Listed Companies Information Reporting Rule".	
2-3 Does the Company set up and operated risk control mechanisms and firewalls between the Company and its affiliated companies?	V		The Company and its affiliated companies are all independent entities in respect of their financial and business operations and have established "Related Party Transactions Regulation" which has been approved by the Board Meeting. Risk control mechanism and firewall between related companies have been properly established and effectively implemented as well.	
2-4 Does the Company establish internal guidelines to prohibit insider trading?	V		The Company has established "Procedures for Handling Internal Material Information" and "Guidelines for the Adoption of Codes of Ethical Conduct" to prohibit any insiders taking advantage of inside information for stock trading. Besides, the Company regularly advocates regulations to prevent "Insider Trading" on a monthly basis.	
3. Structure and Duties of the Board of Directors	V		The Company has established "FET Corporate Governance Best-Practices Principles" in which "Enhancing the Function of Board of Directors" has been included and properly executed. Gender: FET has complied with the Corporate Governance Best Practice Principles for Listed and OTC Companies established by the Stock Exchange and formulated "Corporate Governance Best Practice Principles". In Article 20, gender equality and implemented it concretely, having one female director in the current Board of Directors. Nationality: The Company would like to explore every opportunity from a global perspective. Members with nationality diversity do count for the board composition. Board members' background diversified from United States, Singapore, Sweden, and Hong Kong (China) to Taiwan in nationalities. Industry experience: The members of the FET Board, being experts from Accounting, Telecommunication, Finance, Economics, assist to facilitate the Company's decision making and strategic planning with their proficiency and proactive views. Performance evaluation of Board of Directors is conducted every year on a regular basis to verify the diversity and competency of the Board. Regarding the implementation of board diversity, please refer to the annual report, Corporate Governance Section 2. Director Qualifications - "Core Competencies for Board Members Diversity". The assessment results have also been posted on the company's website. The results of these evaluations been shown on the company's official website. Please visit https://corporate.fetnet.net/content/corp/en/CSR/CorporateGovernance/BoardMeetingInfo.html	
3-1 Does the Company establish Board diversity policy, and disclose their specific management targets and execution status on the annual report and company website?				

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE / GTSM Listed Companies" and Reasons
	Yes	No	Illustration	
3-2 Other than the Remuneration Committee and Audit Committee established pursuant to laws, does the Company voluntarily set up another functional committee where the number of members is three or above, the majority of members are independent directors, and at least one member has the expertise required by the committee? Please disclose such committee composition, duties and responsibilities, and operations.	V		The Company approved to restructure the Risk Management Committee at the third meeting of the eighth-term Board of Directors on November 5, 2018. The Committee members shall be appointed by Board of Directors. It shall have at least three members and more than half of them shall be independent directors. Currently, the independent directors, Jyuo-Min Shyu, Lawrence Juen-Yee LAU and director Bonnie Peng are the committee members. With a more comprehensive perspective and scope, including financial, strategic and operational, information security, environmental and energy risks, the Risk Management Committee implements and supervises enterprise risk management through the operation of different levels of organization and responsibilities. All members possess the professional skills required by the Committee. For details, please refer to the "Diversity of Board Members Chart" in the Corporate Governance section and Annex 1 The duties of the Committee are as follows: (1) Review risk policies and framework, risk appetite, or tolerance level. (2) Review management reports on major risk issues. (3) Periodically report to the Board of Directors. The Committee shall convene at least twice a year, and may call a meeting when necessary. Please refer to Annex 1 for the implementation status. For the Committee members, responsibilities, and implementation status, please refer to the Company's website: https://corporate.fetnet.net/content/corp/en/CSR/CorporateGovernance/Operation.html	
3-3 Does the Company establish regulations and methods for the Board's performance evaluation and conduct the evaluation annually with results reported to the Board and used as reference material for individual Directors' remuneration and reelection nomination?	V		The Company has established "Procedures for Performance Evaluation of Board of Directors", and have been approved by the Board. The procedures stipulate that the Board shall conduct a self-evaluation regarding its year-round performance at the end of each year. The evaluation covers the overall operation of the Board as well as the performances of individual Board members and three functional committees. The Company establish regulations and methods for the Board's performance evaluation and conduct the evaluation annually with results reported to the Board on February 15, 2023, and used as reference material for 2022 individual Directors' remuneration. In 2022, the overall evaluation result was rated as good, and has been reported to the Board of Directors on February 15, 2023. The evaluation result has been disclosed on the Company's website. Please refer to the Company's website: https://corporate.fetnet.net/content/corp/en/CSR/CorporateGovernance/BoardMeetingInfo.html	Compliant with the "Corporate Governance Best-Practice Principles for TWSE / GTSM Listed Companies"
3-4 Have the Company's regulations or procedures for evaluating the performance of the Board of Directors approved by the Board? Do they clearly stipulate that external evaluation will be conducted at least once every three years, as also according to the deadline stipulated in the regulations? Have assessments have been carried out on the year of the assessment or in the past two years with the status of achievement and assessment outcome disclosed on its official website or in the annual report?	V		The Company has established "Procedures for Performance Evaluation of Board of Directors", and have been approved by the Board. The board performance evaluation shall be conducted by an external professional independent institution at least once every three years. The latest external evaluation of Board performance was completed on November 30, 2021. FET commissioned the "Taiwan Corporate Governance Association(TCGA)" to evaluate Board effectiveness and performance. The aforementioned results of external evaluations has been reported to the 4th meeting of the 9th term Board of Directors on February 25, 2022. Implementation status is as follows: 1. Implementation Date: November 30, 2021. 2. Professional and Independent Institution for Evaluation: Taiwan Corporate Governance Association (TCGA). 3. Independence for Institution: Taiwan Corporate Governance Association (TCGA) is an independent and specialized institution for corporate governance evaluation/assessment and board effectiveness (performance) evaluation. Furthermore, TCGA and evaluating experts are independent of FET and have no commercial relations with FET.. 4. Evaluation Method: TCGA conducted pre-review, on-site visits, and video interviews. 5. Evaluation Standards: including Board Composition, Board Guidance, Board Authorization, Board Oversight, Board Communication, Internal Control and Risk Management, Board Self-Discipline, Other Matters (such as board meetings and supporting system). According to self-evaluated document and interview, the institution issued the Board Performance evaluation report.	

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE / GTSM Listed Companies" and Reasons
	Yes	No	Illustration	
			6.Conclusions: (1)The Company has been ranked in the top 5% of the Corporate Governance Evaluation among listed companies for seven consecutive years, and has been continuously selected as a component of the DJSI-World. The Company has excellent performance in corporate governance. (2)The Company took the initiative to upgrade the Risk Management Committee to a functional committee at the board level in accordance with actual operational needs. This shows that the Company is committed to risk and crisis management. (3)The Company arranges a pre-board meeting where board members are invited to communicate with the management team. The Board members have good interaction with the management team. (4)The Company set up the "2018-2025 Sustainable Development Strategy Roadmap " and proactively implement corporate responsibility for sustainability. (5)The Company has been regularly reviewing the succession status of senior managers. It's able to cultivate a succession pipeline and reserve talents for sustainable development. 7.Recommendations: (1)The Company may consider increasing the number of independent directors (currently has 3 independent directors) in the future to enhance the diversity of expertise of the independent directors and improve the independence of the board of directors. (2)The Company may consider setting up an official nomination committee to set an example for benchmark companies.. 8.Improvement Plans: 1) The company has amended articles of incorporation to increase the number of independent directors in 2022 to increase the number of independent director seats to four, starting from the 10th board of directors. (2)The company will carefully evaluate the possibility to set up nomination committee. The evaluation result has been disclosed on the Company's website. Please refer to the Company's website: https://corporate.fetnet.net/content/corp/en/CSR/CorporateGovernance/BO_DMeetingInfo.html	Compliant with the "Corporate Governance Best-Practice Principles for TWSE / GTSM Listed Companies"
3-5 Does the board regularly (at least once a year), refer to Audit Quality Indicators (AQIs), evaluate the independence and suitability of the Company's appointed CPA and disclose the assessment procedure clearly?	V		The Company has set up the "Guidance of Certified Public Accountant Performance Assessment". The accounting department is responsible for annual evaluating the independence and competency of the CPA appointed by the Company and submitting the results of evaluations to the Board of Directors. The results have been approved by the 4th meeting of the 9th term Board of Directors on Feb. 25, 2022, and the 8th meeting of the 9th term Board of Directors on Feb. 15, 2023, respectively and attach relevant documents. ("Confirmation of Independence" and "Audit Quality Indicators" and "Assessment Result of Expertise and Eligibility of Certified Public Accountant" from Accounting firm are included) The reviewing guidance to evaluate the independence and competency of the CPA as follows: 1. Regularly obtain a Confirmation of Independence from CPA. 2. A CPA does not assume the Company's external auditor for 7 consecutive years. 3.Audit Quality Indicators (AQIs) All currently appointed CPAs meet the requirements of independence. Annex 2: Assessment table of expertise and eligibility of CPA Annex 3: Assessment table of independence of CPA	
4. Does the Company deploy competent and adequate number of corporate governance personnel and appoint a corporate governance supervisor to handle matters associated with corporate governance (including but not limited to the provision of data required by directors to carry out their duties, legal compliance assistance to directors, preparation of Board and shareholders' meetings in	V		The Company deployed a suitable number of corporate governance personnel, there are total five people including corporate governance supervisor in corporate governance. Senior Vice president of Legal & Procurement, Vivian Lee, is FET's Corporate Governance Officer. Functional Description: 1. Handling matters relating to board of directors, audit committee, and shareholders meetings as prescribed by law and assisting the Company in compliance with laws and regulations governing such meetings. 2. Producing minutes of board of directors, audit committee, and shareholders meetings. 3. Furnishing information required for business execution by Board directors.	

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE / GTSM Listed Companies" and Reasons
	Yes	No	Illustration	
accordance with laws, and compilation of Board and shareholders meeting minutes)? Please state their scope of duties and continuing education.			4. To assist Directors to furnishing information of corporate governance courses, and take the courses. 5. To assist Directors in compliance with laws, and furnish the latest laws and regulations related to corporate governance to Directors regularly. According to "Procedures for Performance Evaluation of the Board of Directors", the outcomes of the 2022 Performance Evaluation of the Board of Directors has reported and approved at the 8 th meeting of the 9th term Board of Directors on February 15, 2023. Information concerning the operation and execution of the corporate governance unit is disclosed on the corporate website. The address is as follows: https://corporate.fetnet.net/content/corp/en/CSR/CorporateGovernance/Operation.html Training status of the Corporate Governance officer in 2022: Totally took 14 training hours which compliance with regulations. The training status of Corporate Governance officer, please refer to Three: Corporate Governance (6) the training status (2)Managers	
5. Does the Company build up communication channels with interest-conflicting parties (including but not limited to shareholders, employees, customers and suppliers), delicate a specific area on the Company website, and properly respond to important issues regarding CSR?	V		FET values its communication and engagement with various stakeholders highly. For the purpose of fully comprehending the essence of internal and external stakeholder management, we have followed the principles of AA1000 Stakeholder Engagement Standard to identify nine types of stakeholders crucial to our operations, and ensure that we have dedicated communication channels to respond to our stakeholders' requests and expectations in our daily operations. Thus, in addition to a formal spokesperson mechanism, retail stores and our customer service center which also provides an online service (Mobile Direct Line on 888 or 123) or use Mobile Circle app. We also have set up adequate connection for suggestions and feedback from stakeholders. Including there is a designated "Stakeholder" section on the Company website, and "Contact for Stakeholders" webpage provides communication details for all the stakeholders including Customer/Consumer, Investors/Shareholders, Suppliers/Contractors/Developers, Competent Authorities, Media and Community Group/NGO.	Compliant with the "Corporate Governance Best-Practice Principles for TWSE / GTSM Listed Companies"
6. Does the Company assign professional Share Transfer Agent to handle shareholders' Meeting?	V		The Company has appointed "Oriental Securities Corporation" as stock agency to assist shareholders' meeting affairs.	
7. Information Disclosure 7-1 Does the Company set up a website to disclose financial, operational and corporate governance information?	V		The Company website: http:// www.fareastone.com.tw The Company discloses real-time financial, operational and corporate governance information on company's website.	
7-2 Does the Company adopt any other disclosure channels?(e.g. English website; designated personnel in charge of company information collection and disclosure; implementation of a spokesperson policy; disclose process of institutional investors' meetings information on company website, etc.)	V		The Company has established an English website. A special personnel has been assigned to manage the gathering and disclosure of financial and business relevant information and taking the minutes of institutional investors meetings.	
7-3 Does the Company complete the announcement and filing of the annual financial report audited and attested by the CPA within two months after the end of the fiscal year, and of financial reports for the first three quarters as well as the monthly revenue before the deadline?	V		The Company filed its quarterly and annual financial reports of the year 2022 on May 10, 2022, August 11, 2022, November 17, 2022, and February 22, 2023, respectively. The annual financial report, which has been audited and certified by an accountant, was announced and filed within two months after the end of the fiscal year. In addition, each quarterly financial report was also announced and filed before the statutory deadline.	

8. Does the Company establish intellectual property management plans linked to its operational goals and disclose the implementation results at its corporate website or annual report as well as report to the Board at least once every year?

Strategy for Intellectual Property: The Company keeps enhancing the operational goals on 5G business, re-starting the telecom business, and innovating and leading in New Economy services with excellence. With the consideration of the business development, the Company has established the required method of application, management and maintenance procedure to protect its intellectual property right.

Management System for Intellectual Property: The Company has made the regulations such as “Application and Maintenance standard operating procedures for Patent” and “Application and Maintenance standard operating procedures for trademark”. Legal unit is responsible for it in order to ensure the quality of the application, increase the probability of obtaining the patent or trademark, the following maintenance, and control the relevant cost. The Company has completed annual self-evaluation of the practical and effectiveness of the two regulations mentioned above and the results show that the actual practices are consistent with the relevant regulations. The Company, in line with the digital transformation policy, completed the eIPR system for patent and trademark separately in Q1 and Q3, 2021 turning the management process from manual process into electronic process. The Company will keep optimizing these eIPR system to enhance the efficiency. The Company also signed a non-disclosure agreement with each employee to regulate that all the work completed by that employee within the scope of employment shall irrevocably transfer all the right including but not limited to copyright or related intellectual property right to the Company.

Potential risks and countermeasures: Based on the development goals and strategy, the Company still has plenty need on commercial design, advertising, and licensing the Company’s trademark to other cooperators; the need of purchasing the software programming, and hardware or software for the required system establishment; for developing new economy, the Company has also developed the home grown solutions to increase Company’s competitiveness. Thus, the Company has set up a standard clause for contracts which involve intellectual property right, and the context includes the rights and obligations of the relevant copyright, patent, trademark and other intellectual property right, and licensing to third party or obtaining third party’s licensing (if needed) and the violation effects. With this, the Company could achieve ex ante and ex post risk management.

List of Intellectual Property 2023/3/31

Intellectual Property right (Included domestic and foreign)		Number
Patent	Valid and effective	84
	Under Application	10
trademark	Valid and effective	334
	Under Application	24

Reporting to the Board: Implementation status is reported to the Board regularly (at least once a year). It was reported in the 7th meeting of the 9th-term Board on November 11, 2022.

Annex 1:

1. Members of Risk Management Committee and professional skills/background information

Role & Responsibilities	Name	Professional background and skill
Convener	Independent Director : Jyuo-Min Shyu	Possess expertise in information technology and the skills of business management, crisis and risk management, leadership and decision-making.
Committee Member	Independent Director : Lawrence Juen-Yee LAU	Possess expertise in economics, finance and accounting, and the skills of business management, crisis and risk management, leadership and decision-making.
Committee Member	Director : Bonnie Peng	Possess expertise in telecommunication and journalism communication, and the skills of business management, crisis and risk management, leadership and decision-making.

2. Operation of Risk Management Committee

Tenure of this term of Risk Management Committee: 2021.7.30~2024.7.21.

From 2022 to the publication date of the Annual Report, the Company has held 3 (A) Committee meetings, and the attendance status is as follows :

Role & Responsibilities	Name	Times of Attendance (B)	Times of Attendance by Proxy (C)	Actual Percentage of Attendance (%) (B / A)	Note
Convener	Jyuo-Min Shyu	3	0	100%	.
Committee Member	Lawrence Juen-Yee LAU	3	0	100%	
Committee Member	Bonnie Peng	3	0	100%	

Annex 2. Assessment table of expertise and eligibility of Certified Public Accountant

Expertise and Eligibility of Certified Public Accountant			
Item	Description	Yes (Normal)	No (Abnormal)
1	Whether certificated with the license of Certified Public Accountant to perform auditing.	V	
2	Whether sufficient education and training was received each year to continuously acquire professional knowledge and skills.	V	
3	Whether there are no cases where the CPA was overworked.	V	
4	Whether never reprimanded by authority and Certified Public Accountant organization nor penalized accordance with article 37-3 of Securities and Exchange Act.	V	
5	Whether equipped with industry knowledge.	V	
6	Whether perform auditing of financial statements accordance with Generally Accepted Auditing Principles and Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants.	V	
7	Whether never presume the position of Certified Public Accountant to conduct malignant commercial competition.	V	

Annex 3. Assessment table of independence of Certified Public Accountant

Independence			
Item	Description	Result	Independence Y/N
1	Whether the proportion of public expenses for non-audit services exceeds 40% of all public expenses.	Yes	Y
2	Whether the same CPA has been continuously certifying for more than 7 years.	No	Y
3	Whether Certified Public Accountant has direct or significant indirect financial interests with the Company.	No	Y
4	Whether or not Certified Public Accountant has any financing or guarantees of conduct with the Company or the directors of the Company.	No	Y
5	Whether Certified Public Accountant has a close business relationship and potential employment relationship with the Company.	No	Y
6	Whether Certified Public Accountant or members of their audit team had any positions in the Company as directors, managers or significant influence on the audit during the audit period.	No	Y
7	Whether Certified Public Accountant has any non-audit services to the Company which may directly affect the audit work.	No	Y
8	Whether Certified Public Accountant has an intermediary to issue shares or other securities of the Company.	No	Y
9	Whether Certified Public Accountant has acted as the Company's defender or on behalf of the Company to coordinate conflicts with other third parties.	No	Y
10	Whether Certified Public Accountant has a kinship with the directors, managers of the Company or persons who have a significant influence on the audit work	No	Y

Note: Calculation is based on consolidated data of the parent company (Far Eastern New Century Corporation) and Deloitte Taiwan during the period of 2021 (June 1, 2021 - May 31, 2022). The proportion of non-audit service fees of FET did not exceed 40%.

9. If there's any material information that helps to explain the implementation of corporate governance (i.e. included but not limited to employee rights and interests, employee care, investor relations, supplier relations, stakeholders' rights, Board Directors' training status, implementation status of both risk management policy and risk measurement criteria, implementation status of customer policy, the status of purchase of liability insurance for all Board of Directors and of reporting to the board of members:

9-1 Employee rights and interests:

It has been handled according to the Labor Standards Act and the Personnel Regulations of FET and FET's subsidiaries.

9-2 Employee Care:

The Company always values communication with its employees. The current communication channels include:

Communication Channel

Lantern Legend Meeting	On a quarterly basis, or more frequently where necessary, meetings are held where constructive suggestions which promote organizational harmony, demonstrate core values, and enhance corporate competitiveness, may be raised. This is a joint effort to build a better future for FET.
Employee Conference	Annual employee conference is held for Chairman to communicate previous year's performance and market competitive outlook, helping employees to prime for future challenges. Employees of seniority or outstanding performance will also be applauded at the meeting.
United Employee Welfare Committee Meeting	On a quarterly basis, or more frequently where necessary, the "United Employee Welfare Committee" holds meetings where employee activities are planned out as a way of promoting employee welfare.
Town Hall Communication Conference	The President and executive management team jointly host quarterly town hall meetings to share company's financial and business updates, as well as address topics of employee concerns. The meeting also promotes bilateral communication by allowing participants to raise questions and the President and executives to reply on a real-time basis using digital applications.
Employee Survey	Employee surveys are conducted on a regular basis in order to gain a deeper understanding of employee and workplace sentiment for the purpose of continuous organizational improvement.

Electronic Communication Channel

Intranet home page banner	Banners to highlight company's important information in turns in Intranet home page.
Latest News	Latest News in the Intranet conveys the latest company and industry news
e-Express newsletter	e-Express newsletter provides all employees with immediate information and updates.
Human Resource Announcement	Used for delivering human resource related information such as organization change for employee's immediate attentions.
FET Breaking News	It is released every Friday covering events happened during the week. The content ranges from interesting and must-know internal activities, introduction of departments, projects, to employee concerns, helping employees to better understand the Company and the brand spirit.
L&D Monthly e-Newsletter	Provide employees with Learning and Development related hot news in different themes on monthly basis such as recommendation on training courses or tips of MS Office tools.
e-Offer	Provide employees with employee promotion offerings or benefits on the internal web page to increase the exposure of important messages.
Employee Suggestions Mailbox	Welcome any creative proposals or ideas from employees through the intranet.
Complaint Mailbox	Employees may raise issues without proper response and seek assistance through Complaint Mailbox.
Intranet home page banner	Banners to highlight company's important information in turns in Intranet home page.

Internal Communication Meeting : Held regularly, or more frequently where necessary, this is also an important channel to communicate directly and build a good relationship with employees.

9-3 Investor Relations:

High quality investor relations are built on effective communications. Far EasTone has established an "Investor Relations Division" (IR) responsible for communicating with institutional investors and shareholders, resolving issues of stakeholder concern, building trusted long-term relationships and effective two-way communication with the management team. IR also serves as a bridge for providing equity market information and professional suggestions from the investors to the management team to develop long-term strategies. Additionally, to ensure information transparency, investor conferences were host by the President on quarterly basis, so that investors' questions and suggestions can be addressed on time. Far EasTone provides live audio webcasts and replays of investor conferences on its website. There is also a dedicated IR email established as a way of facilitating responsive and effective communication with institutional investors and shareholders. Far EasTone was awarded for 1st place of Best Investor Relations in Asia, along with multiple awards from *Institutional Investor Magazine* for 2 years in a row.

9-4 Supplier Relations:

We regard supplier management as an important part of corporate sustainable risk management. Therefore, in 2014 we issued the Supplier Corporate Social Responsibility Guideline. This guideline formally includes the environmental, social and governance (ESG) requirements for members of our supply chain, and is incorporated into the Company's procurement management. Suppliers are also required to sign a Declaration of Business Ethics. To maintain accuracy of the supplier information and effective trading activity, the accounts of vendors that it has not dealt with for more than three years will be freeze. When transactions resume, a credit report, proof of no bounced checks, and the Self-Declaration must be re-sent to ensure that the supplier credit and CSR information is up to date. Considering that major issues faced by local suppliers focus on environment, health and safety aspects, all contracts explicitly require suppliers to conform to environment, health and safety legislations, such as the "Air Pollution Control Act", "Noise Control Act", "Waste Disposal Act", "Occupational Health and Safety Act", and other relevant laws. Appropriate prevention and control measures must also be taken. Suppliers must sign the "Contractor Declaration on Occupational Safety, Health and Environmental Protection" and the "Contractor Statement on Environmental Hazards in the Workplace", as well as read through the "Contractor Occupational Health and Safety Management Guidelines". Under the "Regulations for Labor Health and Safety Organization Management and Inspection", contractors are expected to carry out all OSH management and disaster-prevention tasks in order to avoid damaging the health and safety of employees through improper practices. FET conducts regular supplier evaluations to ensure that they conform to the relevant rules and provide high quality telecom services that benefit environment, society and customers.

In order to enhance supply chain ESG risk management, those suppliers which participate any procurement case over NT\$15M shall be passed ESG risk evaluation starting from 2020.

In 2022, FET also completed its ESG risk evaluation for 350 suppliers, which accounted for 96.6 % of the Company's annual procurement amount. There were 14 suppliers identified as high-risk and FET has taken improvement measures. It focused on their confidentiality agreements and the IPR protection and labor related issues. For those suppliers without completing improvement will be suspended for any further transaction until improvement completed.

9-5 Rights of Interest-conflicting Parties:

In order to provide investors with transparent and timely information, financial, operational and corporate governance related information can be obtained on the Far EasTone corporate website for investors' reference. Furthermore, concerning the convenience of data accessibility for both foreign and domestic investors, information is provided in Chinese and English on company website.

9-6 Board Directors training status:

According to the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies" of the Taiwan Stock Exchange Corporation, all directors of the Company complete continuing professional education courses regularly. The training status in last year are as follow:

A. Directors:

Title	Name	Study Date	Sponsoring Organization	Course Name	Training Hours	Accumulated Training Hours
Chairman	Douglas Hsu	2022.08.17	Taiwan Academy of Banking and Finance	Corporate Governance	3	6
		2022.12.21	Taiwan Academy of Banking and Finance	Corporate Governance	3	
Vice Chairman	Peter Hsu	2022.08.17	Taiwan Academy of Banking and Finance	Corporate Governance	3	6
		2022.12.21	Taiwan Academy of Banking and Finance	Corporate Governance	3	
Director	Jan Nilsson	2022.09.23	Taiwan Corporate Governance Association	Corporate Governance-Insider Trading & 3.0 Sustainable Development Roadmap	3	6
		2022.11.18	Taiwan Corporate Governance Association	Risks and Opportunities of Sustainability	3	
Independent Director	Lawrence Juen-Yee LAU	2022.09.23	Taiwan Corporate Governance Association	Corporate Governance-Insider Trading & 3.0 Sustainable Development Roadmap	3	6
		2022.11.18	Taiwan Corporate Governance Association	Risks and Opportunities of Sustainability	3	
Independent Director	Jyuo-Min Shyu	2022.04.20	Taiwan Corporate Governance Association	Talking about the Legal Responsibilities of Enterprise Directors from the Perspective of Intellectual Property Rights Management	3	11

Title	Name	Study Date	Sponsoring Organization	Course Name	Training Hours	Accumulated Training Hours
		2022.05.12	TWSE, Alliance Advisors and Taiwan Corporate Governance Association	International Twin Summit	2	
		2022.11.18	Taiwan Corporate Governance Association	Risks and Opportunities of Sustainability	3	
		2022.12.06	Taiwan Corporate Governance Association	Strengthening digital resilience and constructing strategies for strengthening information security governance of listed companies	3	
Independent Director	Ta-Sung Lee	2022.09.23	Taiwan Corporate Governance Association	Corporate Governance-Insider Trading & 3.0 Sustainable Development Roadmap	3	6
		2022.11.18	Taiwan Corporate Governance Association	Risks and Opportunities of Sustainability	3	
Director	Champion Lee	2022.08.17	Taiwan Academy of Banking and Finance	Corporate Governance	3	6
		2022.12.21	Taiwan Academy of Banking and Finance	Corporate Governance	3	
Director	Jeff Hsu	2022.09.23	Taiwan Corporate Governance Association	Corporate Governance-Insider Trading & 3.0 Sustainable Development Roadmap	3	6
		2022.12.21	Taiwan Academy of Banking and Finance	Corporate Governance	3	
Director	Jiann-Chyuan Wang,	2022.06.13	Securities and Futures Institute	The Challenges and Opportunities of Sustainable Development Roadmap and Introduction of Greenhouse Gas Inventory	3	8
		2022.06.10	Securities and Futures Institute	Annual Insider Trading Prevention Promotion Conference in 2022	3	
		2022.09.05	Taipei Foundation Of Finance	Metaverse Development Opportunities and Financial Industry Case Sharing	2	
Director	Bonnie Peng	2022.08.17	Taiwan Academy of Banking and Finance	Corporate Governance	3	6
		2022.12.21	Taiwan Academy of Banking and Finance	Corporate Governance	3	
Director	Toon Lim	2022.08.17	Taiwan Academy of Banking and Finance	Corporate Governance	3	9
		2022.09.23	Taiwan Corporate Governance Association	Corporate Governance-Insider Trading & 3.0 Sustainable Development Roadmap	3	
		2022.11.18	Taiwan Corporate Governance Association	Risks and Opportunities of Sustainability	3	

Note: Except for the above mentioned education status, the Company would semi-annually inform all directors of updated Corporate Governance related regulations.

B. Executive Management

Title	Name	Study Date	Sponsoring Organization	Course Name	Training Hours	Accumulated Training Hours
CFO	Sharon Lin	2022.08.17	Taiwan Academy of Banking and Finance	Corporate Governance	3	6
		2022.11.21	Greater China Financial and Economic Development Association	Circular Economy and Sustainable Development of Enterprises	3	
Corporate Governance Officer	Vivian Lee	2022.07.20	Taiwan Stock Exchange and Taipei Exchange	Sustainable Development Roadmap Industry Theme Conference	2	14
		2022.08.09	Taiwan Corporate Governance Association	Deep diving the cybersecurity tactics of listed companies from the perspective of ESG development	3	
		2022.08.17	Taiwan Academy of Banking and Finance	Corporate Governance	3	

Title	Name	Study Date	Sponsoring Organization	Course Name	Training Hours	Accumulated Training Hours
		2022.09.28	Taiwan Corporate Governance Association	Fair-Dealing Principles for Financial Service Industries and Case Studies	3	
		2022.11.18	Taiwan Corporate Governance Association	Risks and Opportunities of Sustainability	3	

* Except for the above mentioned education status, the Company would monthly inform all management of updated Corporate Governance related regulations.

9-7 The composition, responsibilities, and operations of the Company's Risk Management Committee:

The company has formulated risk management policies and procedures approved by the board of directors, discloses the scope of risk management, organizational structure, risk management procedures and their operations, and reports to the board of directors at least once a year:

Risk Management Policy and Scope

In order to implement enterprise risk management, the Company refers to the framework of the international standard "ISO 31000 Risk Management – Principles and Guidelines" and follows the P-D-C-A model to formulate the "Risk Management Policy" ("The Policy"), which is approved by the Board of Directors on Nov 05, 2018 as the guiding principle for all divisions. The contents of the Policy covers management objectives, organizational structure and responsibilities, risk management procedures and related mechanisms to effectively identify, measure, monitor and control various risks, and manage the risks within an acceptable level. The Company has also reviewed in the Board of Directors on Feb 15, 2023 according to "the Corporate Risk Management Best Practice Principles for TWSE/GTSM Listed Companies" announced by Taiwan Stock Exchange, to continuously review and optimize the operation of the risk management mechanism.

To achieve the objectives of safeguard company assets, reduce impact on business, maximize business gains, and ensure the sustainability of the company, the Company implement risk management from a more comprehensive perspective that encompasses scopes including financial risk, strategic and operational risk, information security risk, and environment and energy risk. Besides, the Company also establish a multi-layer risk management structure. Through the design and operation of multi-layer organizations and management mechanisms, including: (1) all divisions; (2) the Executive Management Team (EMT); (3) the RMC; and (4) the Board of Directors and Internal Audit, featuring the flexibility of risk management, supervision, as well as risk response, to better control risks in a rapid-changing business environment while achieving the Company's strategic goals.

Risk Management Process

The risk management processes include risk identification, analysis and evaluation, risk treatment, monitoring and review

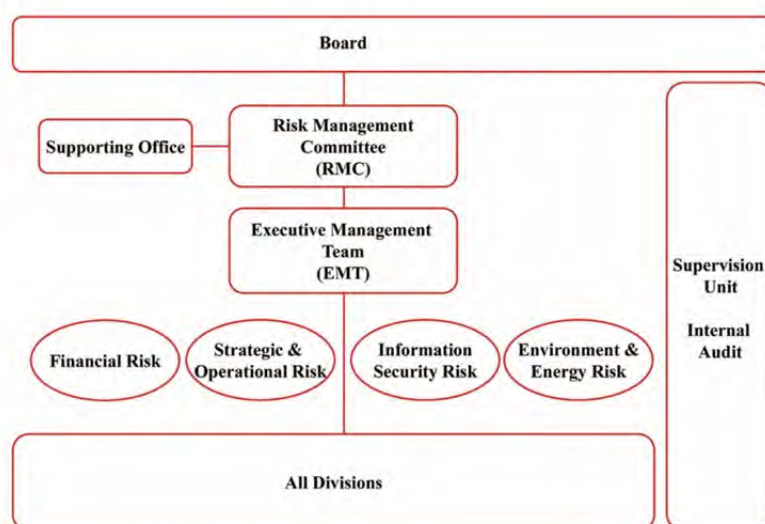
Risk Identification : The business units should continuously pay attention to internal and external environment changes and consider the impact on stakeholders to identify the risk sources and issues.

Analysis and Evaluation : The identified risks are analyzed in terms of threat, likelihood and impact. Based on the analysis results, consider the business nature, scale, complexity, opportunity cost, etc. to determine the acceptable level of risk.

Risk Treatment : The business units should determine the priority according to the risk assessment results, and take appropriate countermeasures and actions to control and eliminate the risks.

Monitoring and Review : The business unit should establish risk monitoring procedures, continuously observes and regularly submits risk monitoring reports for review and improvement.

Organization Structure and Responsibilities



Organization	Responsibility
Board of Directors and Internal Audit (Highest decision-making and supervision)	Board of Directors : • Approve risk management policies and framework. • Ensure the consistency of the operational strategy direction and the Policy. • Supervise the effective operation of the overall risk management mechanism. Internal Audit : • Perform Audit. • Report audit results to the Board of Directors.
Risk Management Committee	• Review risk policies and framework, risk appetite, or tolerance level. • Review management reports on major risk issues. • Periodically report to the Board.
Executive Management Team	• Develop risk policies and framework; set risk tolerance and goals. • Implement the Board's and the Committee's decisions. • Allocate resources and manage the overall risks. • Approve the priority of risk control and risk level. • Establish risk management culture.
Supporting Office (risk management promotion and execution unit)	• Assist the Committee operations. • Assist in the formulation, promotion and training of the Policy. • Regularly review the Company's risk category, coordinate the risk assessment results and report for approval. • Assist in supervising the implementation of business units' risk management activities and cross-unit coordination and communication. • Periodically compile and report the implementation status of the Company's risk management.
All Divisions	• Responsible for the identification, evaluation, management, and reporting of daily risks and taking necessary countermeasures. • Monitor risk situations, ensure the effective implementation of control procedures, and make timely reports of risk information to comply with relevant laws, regulations, and corporate policies. • Facilitate and promote relevant policies and regulations.

In addition to the above organizations, if there's risk event, the relevant units shall immediately set up contingency management teams to respond promptly to various risk conditions and communicate with relevant internal and external stakeholders, to ensure compliance with laws and regulations and to minimize potential losses and impacts.

Risk Management Operation Status and Board Report

All divisions of the Company regularly conduct risk assessments based on the materiality principle every year, with consideration of economic, environmental and social aspects of corporate governance issues that may have significant impact on customers, investors and other stakeholders, and develop risk management strategies and plans. For high-risk issues, in addition to regularly reporting the risk status, strengthening management and control plan to the Executive Management Team (EMT), the responsibility units also report to the Risk Management Committee (RMC) for supervision and review. The RMC reports to the Board at least once a year.

In 2022, the supporting office has consolidated all divisions' risks assessment results, reported to and get approved by the Executive Management Team (EMT). In addition, the Risk Management Committee (RMC) has held two meetings on February 22 and August 02 respectively, reporting and reviewing high-risk issues of cyberattacks, energy supply and regulatory compliance risks, including major threat analysis, risk response countermeasures and implementation status. The Company has also reported to the board of directors on November 11, 2022 about the status of risk management and supervision.

Furthermore, to strengthen the employees' information security and privacy risk awareness, the Company has conducted two training courses in 2022, including "Personal Data Protection Act (PDPA) case analysis" with totally 5,369 participants, and "Information Security Protection Fundamentals" with totally 5,279 participants. (The number includes both full-time and contract staffs.)

9-8 Implementation of Customer Policies:

FET holds to a vision that "FET Connects You and Your World, Enriches Your Life and Protects Our Earth", striving to provide ever better customer service. The FET store and customer service center have established service and quality management mechanisms, using customer satisfaction surveys that seek to understand customers' experiences and feedback. In addition, meetings and inspections are regularly held to review service quality, with the aim to ensure that customers consistently receive a high quality of service.

The FET market research team tracks satisfaction levels of various products and services via regular customer surveys, and implements projects to understand customer behavior, with the aim to provide consumers a thoughtful service and keep increasing our customer loyalty.

9-9 Purchase of liability insurance for all Board of Directors and reporting to the board:

The Company's Directors provide professional and objective opinions from their varied professional fields, facilitating the decision making in the best interest of the Company and shareholders. To protect Directors from individual liability and financial loss brought by third party lawsuits, while conducting Directors' duties, the Company purchased liability insurance for all Directors after the Board was re-elected in June 2015. The insurance coverage is US\$10 million; latest insured period from June 18, 2022 to June 18, 2023. It has been reported to the Board of directors after renewal of insurance policy in accordance with "Corporate Governance Best Practice Principles" in 2022 Q3.

9-10 For those staffs who work to create transparency in the Company's financial affairs, relevant licenses and certification obtained from professional authorities are shown:

Name of Certification	Department	Number of People
R.O.C. CPA	Finance & Facility Services, Internal Audit	3
U.S.A. CPA	Finance & Facility Services, Internal Audit	2
Certified Internal Auditor	Internal Audit	2
Certified Information System Auditor	Internal Audit	2
ISO 27001 Lead Auditor	Finance & Facility Services, Internal Audit, Corporate Information Security Office, Information & Digital Transformation Technology, Channel & Care Management, Network & Technology	107
ISO 9001 Lead Auditor	Finance & Facility Services, Internal Audit	2
BS 10012 Lead Auditor	Corporate Information Security Office, Information & Digital Transformation Technology, Channel & Care Management, CBU-Digital Services, Internal Audit	9
Debt-Collection Personnel's proficiency test held by Taiwan Academy of Banking and Finance	Finance & Facility Services	118
Stock Personnel's Proficiency Test held by Securities and Futures Institute	Finance & Facility Services	3
Bond Personnel's Proficiency Test held by Securities and Futures Institute	Finance & Facility Services	1
Corporate governance Test held by Securities and Futures Institute	Finance & Facility Services	1

10 Base on the result of "Corporate governance Evaluation" announced by TWSE (Taiwan Stock Exchange Corporation) in a recent year to illustrate the status of matters have been already improved and priority measures to reinforce matters haven't been improved:

The result of the 2021 "Corporate Governance Evaluation" conducted by Taiwan Stock Exchange Corporation, the company was ranked top 5% of listed company. The company has been ranked top 5% of the best listed companies for eight consecutive years.

The improvement status in 2022 are as follows: 1. The number of independent directors shall not be less than one-third of the number of directors from the next session (10th session) of the board of directors. 2. The company held the shareholders' meetings assisted by video conference.

11 If the Company has established the Corporate Governance Principles and the related regulations, it shall disclose the inquiry method:

"Corporate Governance Best Practice Principles" has been established and approved by Board of Directors. That has been uploaded to MOPS (Market Observation Post System) and company website with Chinese and English versions to facilitate shareholders' inquiries. For details. Please visit:

http://mops.twse.com.tw/mops/web/t100sb04_1

<https://corporate.fetnet.net/content/corp/en/CSR/CorporateGovernance/RegulationRule.html>.

12 Other information relating to corporate governance:

12-1 Execution of policies to protect consumers or customers:

Providing secured and trustworthy telecommunications services to customers is FET's responsibilities, which is also crucial to maintain customers' relationship and enhance their confidence in FET. To show the importance it attaches to and commitment to information security, FET is continually improving its information management system. Moreover, FET continuously introduce international standard certification to the key operational processes. It shows not only a high degree of self-management, but also the great commitment to information security and customer information protection.

12-2 Employees behavior and Code of Ethics:

It is necessary for each employee to sign the "Code of Ethics and Business Conduct " and "Non-disclosure Agreement" and declare his/her agreement to comply with the "Work Rules" in his/her "Employment Contract". The said documents will be kept in the employees' files and disclosed on the Company's intranet to be available to all employees. The contents of the documents are briefed as following:

- Code of Ethics and Business Conduct, including: (1) to avoid activities for personal gains; (2) the responsibility for making good use of Company resources; (3) confidentiality of the Company's information; (4) the fair transaction; (5) compliance of the rules and regulations; (6) prevent the conflicts of interests; (7) the responsibility for ensuring the Company's use of gifts and premiums complies with the commercial customs, laws and code of ethics.
- Non-disclosure Agreement, including (1) definition of confidential information; (2) assignment of rights; (3) non-disclosure obligation; (4) legal effect for breach of the agreement and obligation thereof; (5) effect upon termination of the employment relationship; (6) successors and assignment of rights; (7) governing law and jurisdiction.
- Employment Contract, including (1) date of hire; (2) salary; (3) bonus; (4) benefit; (5) special leave; (6) insurance; (7) transfer; (8) work hours; (9) health examination; (10) code of management.
- Work Rules passed by the Labor-Management Conference and sent for approval to the Taipei City Department of Labor. This includes (1) employment, severance and resignation; (2) wage and bonus; (3) work hours, rest, vacation and leave; (4) retirement; (5) performance appraisal and reward/punishment; (6) compensation and pension for occupation disaster; (7) benefit measures and health and safety.

13 The Company has established the "Internal Material Information Disclosure Procedure" and proceeded to promote as follows:

1. The "Internal Material Information Disclosure Procedure" would be provided to Directors at least once a year when holding board meetings.
2. The "Internal Material Information Disclosure Procedure" would be provided to new insiders when they signed "Manager's Declaration".
3. The Company promotes not only the "Internal Material Information Disclosure Procedure", but also the "Insider Trading" related information posted on TWSE (Taiwan Stock Exchange Corporation) website with the e-mail for the declaration of shareholding variation to remind insiders every month.
4. The Company's insiders and employees are required to sign the "Confidential Agreement" when joining the Company.
5. Dissemination of "prevention Insider Trading" course in 2022 as follows:

Date	Object	Course Name	Course content	Hours	Attendance
2022.09	All Employees	Prevention Insider Trading in Y2022	1. What is insider trading? 2. Constituent elements of insider trading 3. Internal notification process of the company 4. Highlights	2,617	5,234

3-5. The Composition, Duties, and Operation of the Remuneration Committee:

(A) Information of the Remuneration Committee Members

Roll	Name	Condition	Experience and professional qualification	Independence	No. of Public companies in which he/she serves as Remuneration Committee Member
Independent Director & Convener	Lawrence Juen-Yee LAU		Please refer to "Corporate Governance/2. Director's Relevant Qualifications Schedule "Directors' Professional Qualifications and Directors' Independence"	All the Compensation Committee members meet any of the following situations: 1. Satisfy the requirements of Article 14-6 of "Securities and Exchange Act" and the requirements of "Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" (Note) issued by Taiwan's Securities and Futures Bureau 2. Independent Director (or nominee arrangement) as well as his/her spouse, and relative within the second degree of kinship are not directors, supervisors or employees in the Company or any of its affiliates 3. Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any FET shares 4. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service"	None
Independent Director	Ta-Sung Lee				
Independent Professionals	Joann Chang				

(B) Functions and Implementation Status of the Remuneration Committee:

Functions:

1. Formulating and regularly reviewing the performance evaluation of the Board of Directors and managers in conjunction with the remuneration policies, systems, standards, and structure.
2. Regularly evaluating and determining the remunerations of the Directors and manager. Implementation Status:

Operation of the Remuneration Committee:

1. There are currently three members on the Remuneration Committee.
2. From 2022 till now The Remuneration Committee meetings have been held 3 times (A), with the attendance status listed below:

Title	Name	Times of Attendance (B)	Times of Attendance by Proxy	Actual Percentage of Attendance (%) (B/A)	Remark
Convener	Lawrence Juen-Yee LAU	3	0	100%	
Committee member	Ta-Sung Lee	3	0	100%	
Committee member	Joann Chang	3	0	100%	

Instances where discussion and results of resolution of the remuneration committee and the response to members' opinion:

Remuneration Committee	Mater to be discussed	Resolution
The 1 st meeting of the 5 th term 2022.02.22	To discuss and approve the 2021 directors' and employees' compensation of the Company	Approved by all attending members without objection.
The 2 nd meeting of the 5 th term 2022.05.03	1. To discuss and approve Employee Stock Ownership Trust of the Company 2. The Introduction of Performance Incentive Plan for Non-Sales (PIPNS) in 2022	Approved by all attending members without objection.
The 3 rd meeting of the 5 th term 2023.02.14	To discuss and approve the 2022 directors' and employees' compensation of the Company	Approved by all attending members without objection.

Other matters of importance:

1. In instances where recommendations of the Remuneration Committee faced objections by the Board of Directors, or were subject to qualified opinions, then the date(s) of meetings, sessions, and contents of motions shall be specified, as shall be the Board resolutions and actions taken concerning the Committee's opinions. (E.g., if the remuneration level resolved to in the Board meeting exceeds the one recommended by the Committee, the difference and reasons for the difference shall be specified.): None.
2. In instances where resolutions of the remuneration committee were objected to by members, or subject to qualified opinion and recorded or declared in writing (where date of meetings, sessions, contents of motions, all members' opinion and the response to members' opinion are specified): None.
3. Does the member of the Company's Remuneration Committee at least present twice a year? Does the committee regularly discuss the performance assessments of directors and managerial officers as well as the policy, system, standard and structure of compensation?

The Committee member of remuneration committee at least present twice a year, with the attendance status listed below:

Title	Name	The 1st meeting of the 5th Term (2022.02.22)	The 2nd meeting of the 5th Term (2022.05.03)	The 3rd meeting of the 5th Term (2023.02.14)	Remark
Convener	Lawrence Juen-Yee LAU	V	V	V	
Committee member	Ta-Sung Lee	V	V	V	
Committee member	Joann Chang	V	V	V	

Note : V means attendance in person , * means attendance by proxy

Members of the Remuneration Committee would regularly discuss the performance assessments of directors and managerial officers as well as the policy, system, standard and structure of compensation during the committee meetings. Please refer to the "Discussion items and resolutions of the Remuneration Committee meetings and actions taken by the Company regarding members' opinions" for details.

3-6. Implementation of Internal Control System

(1) The declaration of internal control system

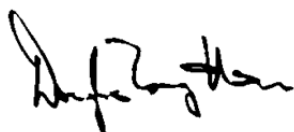
Far EasTone Telecommunications Co., Ltd.
The Declaration of Internal Control System

Date: February 15, 2023

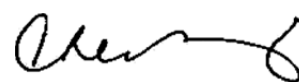
Based on the self-examination results of the internal control system for the year ended December 31, 2022, Far Eastone Telecommunications Co., Ltd. (The Company) therefore declares the following:

- I. The Company's board of directors and management understand their responsibilities of developing, implementing and maintaining the internal control system and such a system has been well established. The purpose of establishing the internal control system is to reasonably assure the following objectives:
 1. Effectiveness and efficiency of business operations (including earnings, operating performance and the safeguard of company assets);
 2. Reliability, timeliness, transparency, and regulatory compliance of reporting;
 3. Compliance with applicable laws, regulations, and bylaws.
- II. The internal control system has its inherent limitations, no matter how well designed, effective internal control system can only provide reasonable assurance on the foresaid three objectives. Moreover, the effectiveness of internal control system may vary with changes in the environment. However, the Company management develops self-monitoring mechanism to detect deficiency and take corrective actions.
- III. The evaluation of effectiveness of the internal control system design and implementation is performed in accordance with "Regulations Governing Establishment of Internal Control Systems by Public Companies" (the Regulations). The Regulations examine the following components throughout the internal control process: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Details could be referred to the Regulations.
- IV. The Company management has assessed the effectiveness of the internal control system design and implementation based on the above Regulations.
- V. The Company management declares that the internal control system (including Subsidiary Governance) has effectively assured that the following objectives have been reasonably achieved during the assessment period:
 1. Effectiveness and efficiency of business operations (including earnings, operating performance and the safeguard of company assets);
 2. Reliability, timeliness, transparency, and regulatory compliance of reporting;
 3. Compliance with applicable laws, regulations, and bylaws.
- VI. This Declaration is a significant item in the Parent Company (Far Eastern New Century Corporation) annual report and prospectus available to the general public. If it contains false information or omits any material contents, the company is in violation of Articles 20, Articles 32, Articles 171 and Articles 174 set forth in the ROC Securities and Exchange Law.
- VII. The Declaration of Internal Control System has been approved by the Company's board of directors on February 15, 2023.

Far EasTone Telecommunications Co., Ltd.



Douglas Hsu
Chairman



Chee Ching
President

(2) The special audit of the Company's internal control systems conducted by CPA retained by the company: None.

3-7. Any penalties for violations of regulations or the company's internal control systems by the personal, major defects and the status of corrections in the internal control systems from last year up to the Annual Report being published: None.

3-8. From last year up to the Annual Report being published, major resolution and execution status of Shareholder's Meetings and Board Meetings

(1) Major Resolutions and Execution status of Shareholders' Meetings

Date	Resolutions of Shareholders' Meeting	Execution
	Resolutions in the Annual Shareholders' Meeting of Year 2022	
	Matters to be reported 1. Business report of Year 2021. 2. Financial report of Year 2021. 3. The 2021 Audit Committee's review report. 4. The 2021 directors' and employees' compensation. 5. The issuance of corporate bonds. 6. To report the merger with Yuan Bao Fintech Co., Ltd. 7. Amendment to "FET Sustainable Development Best Practice Principles" and Report on the FET project for promoting sustainable development	
	Matters to be approved 1. Approval of the Year 2021 closing report (Including business report). 2. Approval of the proposal regarding Year 2021 earnings distribution.	July 20, 2022 was fixed as the record date of ex-cash dividends, and cash dividends were paid on August 17, 2022. (Cash dividend per share is NT\$2.349)
June 14, 2022	Matters to be discussed 1. Approval of the Cash distribution from capital surplus and legal reserve. 2. Approval of the amendment to "Articles of Incorporation" of the Company. 3. Approval of the amendment to "Handling Procedure for Acquisition and Disposal of Assets" of the Company. 4. Approval of the amendment to "Directors Election Guidelines" of the Company. 5. Approval of the amendment to "Regulations Governing Shareholders' Meetings" of the Company.	July 20, 2022 was fixed as the record date of ex-cash dividends, and cash dividends were paid on August 17, 2022. (Cash dividend per share is NT\$0.901) The Company has released the amended Procedure on the official website on June 14, 2022 and proceeded accordingly. The Company has released the amended Procedure on the official website on June 14, 2022 and proceeded accordingly. The Company has released the amended Procedure on the official website on June 14, 2022 and proceeded accordingly. The Company has released the amended Procedure on the official website on June 14, 2022 and proceeded accordingly.

(2) Major Resolutions of Board Meetings

Date	Resolutions of the Board Meetings
February 25, 2022	(1) Approval to merge Asia Pacific Telecom Co., Ltd. ("APTC"). (2) Approval of the amendment of Company's issuance of new shares in exchange for the part of Asia Pacific Telecom Co., Ltd. ("APTC") shares held by Hon Hai Precision Industry Co., Ltd. ("Hon Hai"). (3) Approval of the 2021 directors' and employees' compensation of the Company. (4) Approval of the 2021 annual financial statements and consolidated financial statements of the Company. (5) Approval to distribute cash dividend of 2021 from retained earnings, capital surplus and legal reserve. (6) Approval of the 2021 business report of the Company. (7) Approval of the dates and agenda of the Company's 2022 Annual Shareholders' Meeting. (8) Approval of the Year 2022 business plan and consolidated financial forecast. (9) Approval of the change of auditing Certified Public Accountant as from 2022 and the independent assessment result. (10) Approval of the Declaration of Internal Control System of the Company.
May 4, 2022	(1) Approval of Employee Stock Ownership Trust Plan of the Company. (2) Approval of the amendments to the 2022 audit plan. (3) Approval of the Q1 2022 consolidated financial statements of the Company. (4) Approval of the issuance of domestic unsecured corporate bond not exceeding NT\$10 billion. (5) Approval of the amendments to the "Articles of Incorporation" and other related regulations of the Company. (6) Approval of the additions to the agenda of the 2022 Annual Shareholders' Meeting. (7) Approval of the release of recent dual employments and competition restriction on managerial officers of the Company.
August 3, 2022	(1) Approval of the Q2 2022 consolidated financial statements of the Company. (2) Approval of loan agreements to be executed with financial institutions.
November 11, 2022	(1) Approval of the Q3 2022 consolidated financial statements of the Company. (2) Approval of the major Capital Expenditure budget for Q1 2023. (3) Approval of loan agreements to be executed with financial institutions. (4) Approval of the 2023 Audit Plan. (5) Approval of the amendments to the "Internal Control System" of the Company. (6) Approval of the amendments to the "Procedures for Handling Material Internal Information" of the Company. (7) Approval of the release of recent dual employments of managerial officers of the Company. (8) Approval of a NT\$200M investment by New Century InfoComm Tech Co., Ltd (NCIC), the Company's major subsidiary, to set up an on-line property insurance company through joint venture. (9) Approval of the subscription of the capital call not more than NT\$700M of "Yuanshi Digital Technology Co., Ltd." by the Company.
February 15, 2023	(1) Approval of the 2022 directors' and employees' compensation of the Company. (2) Approval of the 2022 annual financial statements and consolidated financial statements of the Company. (3) Approval to distribute cash dividend of 2022 from retained earnings and legal reserve. (4) Approval of the 2022 business report of the Company. (5) Approval of the amendments to the "Handling Procedure for Acquisition and Disposal of Assets" and other related regulations of the Company. (6) Approval of the dates and agenda of the Company's 2023 Annual Shareholders' Meeting. (7) Approval of the Year 2022 business plan and consolidated financial forecast. (8) Approval of the 2023 business plan. (9) Approval of the 2023 H1 consolidated financial forecast. (9) To approve 2023 appointment and assessment result of independence and suitability of Certified Public Accountant, and the "Pre-approval policy for Certified Public Accountant to provide Non-Assurance Service" of the Company. (10) Approval of the Declaration of Internal Control System of the Company.

3-9. From last year up to the Annual Report being published, dissenting comments on major Board Resolutions from Board Directors: None.

3-10. From last year up to the Annual Report being published, the resignation/dismissal situation of the Officers (Including Chairman, President, Accounting Manager, Financial Manager, Internal Auditor Manage, Corporate Governance officer and R&D Manager): None

4. Certified Public Accountant (CPA) Professional Fee Information

4-1. Information of CPA

2022/12/31; Unit: NT\$'000

Accounting Firm	Name of CPA	Audit Period	Audit Fees	Non-audit Fees	Total	Note
Deloitte & Touche	Yung-Hsiang Chao	2022.01.01~2022.12.31	9,730	1,930	11,160	Non-audit public expenses are mainly tax visas and Review Opinion Service Public Fee
	Chih-Ming Shao	2022.01.01~2022.12.31				

4-2. If the audit fees of the year in which the company changes CPA firm is lower than that of the prior year, specify the amount of audit fee before and after, and the reason: Not applicable.

4-3. If the audit fee dropped year on year by more than 10%, specify the amount, percentage, and reason for the reduction: Not applicable.

5. Change of Certified Public Accountant (CPA)

5-1. Regarding the former CPA:

2023/3/31

2023/3/3

Date of change	February 25 2022		
Cause and explanation	Due to the internal adjustments within Deloitte & Touche, the original CPA, An-Hwei Lin, was changed to CPA, Chih-Ming, Shao		
Specify whether appointer or CPA terminates or rejects the appointment	Concerned party		Appointer
	Circumstance	CPA	
	Terminate the appointment voluntarily	V	
	Reject (refuse to accept) the appointment		
The comments and causes for issue of the audit report other than unqualified opinions within the latest two years	No		
Disagreement with the publisher	Yes	Accounting principles or practices	
		Disclosure of financial statement	
		Audit scope or procedure	
		Others	
	No	V	
	Please specify it.		
Other information to be disclosed (to be disclosed according to Article 10.6.1.4 to 10.6.1.7 of the Principles)	No		

5-2 Regarding the succeeding CPA:

2023/3/31

Name of office	Deloitte & Touche
Name of CPA	CPA Chih-Ming, Shao
Date of appointment	Approved by Board meeting on February 25 2022
Consultation results and opinions that CPA might issue prior the engagement on accounting treatments or principles with respect to certain transactions and financial reports	Not applicable
Succeeding CPA's written opinion of disagreement toward the former CPA	Not applicable

5-3. The former CPA's response to the issues referred to Article 10.6.1 and Article 10.6.2.3 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: Not applicable.

6. The Company's Chairman, President and Managers Responsible for Finance or Accounting Who Have Held a Post in Company's Audit Firm or its Affiliations in the Last Year

None.

7. Shares Transferred by Directors, Managers and Major Shareholders from last year up to the Annual Report being Published

7-1. Shareholding Variation:

2023/3/31

Title	Name	2022		2023/01/01 ~ 2023/03/31	
		Shares Increased (Decreased)	Pledged Shares Increased (Decreased)	Shares Increased (Decreased)	Pledged Shares Increased (Decreased)
Chairman	Douglas Hsu, Representative of Yuan Ding Investment Co., Ltd. (Note 1)	0 *0	0 *0	0 *0	0 *0
Vice Chairman	Peter Hsu, Representative of Yuan Ding Investment Co., Ltd. (Note 1)	0 *0	0 *0	0 *0	0 *0
Director	Jan Nilsson, Representative of Yuan Ding Investment Co., Ltd. (Note 1)	0 *0	0 *0	0 *0	0 *0
Independent Director	Lawrence Juen-Yee LAU	0	0	0	0
Independent Director	Jyuo-Min Shyu	0	0	0	0
Independent Director	Ta-Sung Lee	0	0	0	0
Director	Champion Lee, Representative of Yuan Ding Co., Ltd.	0 *0	0 *0	0 *0	0 *0
Director	Jeff Hsu, Representative of Yuan Ding Co., Ltd.	0 *0	0 *0	0 *0	0 *0
Director	Jiann-Chyuan Wang, Representative of U-Ming Marine Transport Corp.	0 *0	0 *0	0 *0	0 *0
Director	Bonnie Peng, Representative of Representative of Asia investment Corp.	0 *0	0 *0	0 *0	0 *0
Director	Toon Lim, Representative of Ding Yuan International Investment Co., Ltd.	0 *0	0 *0	0 *0	0 *0
President	Chee Ching	80,000	0	20,000	0
Executive VP	Philip Tseng	20,000	20,000	0	0
Executive VP	Peter Hu	20,000	0		0
Executive VP	Sharon Lin	0	0	0	0
Acting Executive VP	Jason Kuo	0	0	0	0

Title	Name	2022		2023/01/01 ~ 2023/03/31	
		Shares Increased (Decreased)	Pledged Shares Increased (Decreased)	Shares Increased (Decreased)	Pledged Shares Increased (Decreased)
Sr. VP	Brian Chao	0	0	0	0
Sr. VP	Eric Chu	0	0	0	0
Sr. VP	Andy Tu	0	0	0	0
Sr. VP	Vivian Lee	0	0	0	0
Sr. VP	Charlene Lin	0	0	0	0
VP	Jessie Teng	0	0	0	0
VP	Jessica Sung	0	0	0	0
VP	Belinda Chen	0	0	0	0
VP	Lopes Lu	0	0	0	0
VP	Andy Kuo	0	0	0	0
VP	James Lee	0	0	0	0
VP	Mark Lee	0	0	0	0
VP	Eddie Kao	0	0	0	0
VP	Roger Lin	0	0	0	0
VP	Dave Lu	0	0	0	0
VP	Barry Chang	0	0	0	0
VP	David Tsai	0	0	0	0
Senior Director	Maurice Tsai	0	0	0	0
Senior Director	Kay Huang	0	0	0	0
Senior Director	Gary Tsai	Not Applicable	Not Applicable	0	0
Senior Director	Joyce Chen	0	0	0	0
Senior Director	Peggy Peng	0	0	0	0
Senior Director	Milly Lin	0	0	0	0
Senior Director	Paul Yang	0	0	0	0
Senior Director of Sales	Adam Wong	0	0	0	0
Senior Director	TK Han	0	0	0	0
Senior Director	James Yen	0	0	0	0
Senior Director	Vivian Chiang	0	0	0	0
Senior Director	Anson Tsai	0	0	0	0
Senior Director	Kai Lin	0	0	0	0
Senior Director	Leon Li	0	0	0	0
Senior Director	Linda Chang	0	0	0	0
Senior Director	Allan Lee	0	0	0	0
Senior Director	Ann Chang	0	0	0	0
Senior Director	Gary Lai	0	0	0	0
Senior Director	Stacy Chang	0	0	0	0
Senior Director	Jason Chen	0	0	0	0
Senior Director	Kevin Chang	0	0	0	0
Senior Director	Iris Su	0	0	0	0
Senior Director	Jason Chu	0	0	0	0
Senior Director	Ada Lin	0	0	0	0

*Number of shares held and shareholding percentage of the individual representative.

Note 1: Who are the major shareholders that hold over 10% share.

7-2.Shareholding Transferred: None. Due to the counter party is not a related party.

7-3.Shareholding Pledged: None. Due to the counter party is not a related party.

8. Relationship between Top Ten Shareholders defined as Related Parties, Spouse or a Relative within Two Degrees

2022/07/20

Name	Current Shareholding		Spouse & Minor Children's Shareholding		Shareholding in Name of Others		Name, relationship of top ten shareholders are Spouses of within 2 degrees of consanguinity to each other		Note
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Yuan Ding Investment Co., Ltd.	1,066,657,614	32.73	N/A	N/A	0	0.00	Yuan Tone Investment Co., Ltd. An Ho Garment Co., Ltd. Kai Yang Investment Corp.	Same ultimate parent company Same ultimate parent company Same ultimate parent company	None
Chairman & Representative: Douglas Hsu	0	0.00	0	0.00	0	0.00	Peter Hsu	Brother	None
Representative: Peter Hsu	0	0.00	0	0.00	0	0.00	Douglas Hsu	Brother	None
Representative: Jan Nilsson	0	0.00	0	0.00	0	0.00	None	None	None
Shin Kong Life Insurance Co., Ltd.	233,603,000	7.17	N/A	N/A	0	0.00	None	None	None
Chairman: Po-Tseng Pan	0	0.00	0	0.00	0	0.00	None	None	None
Cathay Life Insurance Co., Ltd.	217,120,230	6.66	N/A	N/A	0	0.00	None	None	None
Chairman: Tiao-Kuei Huang	0	0.00	0	0.00	0	0.00	None	None	None
NTT DOCOMO Inc. (Note)	153,543,573	4.71	N/A	N/A	0	0.00	None	None	None
Chairman: Motoyuki Ii	0	0.00	0	0.00	0	0.00	None	None	None
Yuan Tone Investment Co., Ltd.	100,237,031	3.08	N/A	N/A	0	0.00	Yuan Ding Investment Co., Ltd. An Ho Garment Co., Ltd. Kai Yang Investment Corp.	Same ultimate parent company Same ultimate parent company Same ultimate parent company	None
Chairman: David Wang	0	0.00	0	0.00	0	0.00	None	None	None
Chunghwa Post Co., Ltd.	89,874,696	2.76	N/A	N/A	0	0.00	None	None	None
Chairman: Hong-Mo Wu	0	0.00	0	0.00	0	0.00	None	None	None
An Ho Garment Co., Ltd.	40,817,592	1.25	N/A	N/A	0	0.00	Yuan Ding Investment Co., Ltd. Yuan Tone Investment Co., Ltd. Kai Yang Investment Corp.	Same ultimate parent company Same ultimate parent company Same ultimate parent company	None
Chairman: Alan Tsai	0	0.00	0	0.00	0	0.00	None	None	None
Labor Pension Fund(New Scheme)	39,480,600	1.21	N/A	N/A	0	0.00	None	None	None
Taiwan Life Insurance Co., Ltd.	36,574,000	1.12	N/A	N/A	0	0.00	None	None	None
Chairman: Jack T.K. Cheng	0	0.00	0	0.00	0	0.00	None	None	None
Kai Yang Investment Corp.	35,558,031	1.09	N/A	N/A	0	0.00	Yuan Ding Investment Co., Ltd. Yuan Tone Investment Co., Ltd. An Ho Garment Co., Ltd.	Same ultimate parent company Same ultimate parent company Same ultimate parent company	None
Chairman: Humphrey Cheng	0	0.00	0	0.00	0	0.00	None	None	None

Note: The company has sold all of its shares to Asia Cement Corporation on March 8, 2023.

Information Sources: Market Observation Post System, Commerce Industrial Services Portal and company's website.

9. Comprehensive Shareholding Information Relating to Company, Directors, Managers, and Companies Affiliated through Direct and Indirect Investment

2023/03/31; Unit: share; %

Affiliated Company (Note 1)	Investment of Far EasTone		Directors, Managements and Direct or Indirect Investment of the Affiliated company		Consolidated Investment	
	Shares	%	Shares	%	Shares	%
New Century InfoComm Tech Co., Ltd.	2,100,000,000	100.00	-	-	2,100,000,000	100.00
FarEastern Electronic Toll Collection Co., Ltd.	118,250,967	39.42	44,796,239	14.93	163,047,206	54.35
ARCOA Communication Co., Ltd.	82,762,221	61.63	9,025,890	6.72	91,788,111	68.35
Yuanshi Digital Technology Co., Ltd.	80,403,546	98.96	374,968	0.46	80,778,514	99.42
KGEx.com Co., Ltd.	68,897,234	99.99	-	-	68,897,234	99.99
IDEAWORKS Entertainment Co., Ltd.	4,125,000	50.00	-	-	4,125,000	50.00
Ding Ding Integrated Marketing Service Co., Ltd.	5,446,644	15.00	23,602,125	65.00	29,048,769	80.00
Yuan Cing Co., Ltd.	2,000,000	100.00	-	-	2,000,000	100.00
Far Eastone Property Insurance Agency Co., Ltd.	500,000	100.00	-	-	500,000	100.00
Far Eastern Info Service (Holding) Ltd.	1,200	100.00	-	-	1,200	100.00
New Diligent Co., Ltd.	-	-	54,000,000	100.00	54,000,000	100.00
DataExpress Infotech Co., Ltd.	-	-	17,043,041	70.00	17,043,041	70.00
Prime EcoPower Co., Ltd.	-	-	16,000,000	100.00	16,000,000	100.00
Information Security Service Digital United Inc.	-	-	12,029,064	100.00	12,029,064	100.00
Nextlink Technology Co., Ltd.	-	-	11,164,300	70.00	11,164,300	70.00
Digital United (Cayman) Ltd.	-	-	10,320,000	100.00	10,320,000	100.00
Mission International Co., Ltd.	-	-	8,000,000	100.00	8,000,000	100.00
Microfusion Technology Co., Ltd.	-	-	4,495,000	100.00	4,495,000	100.00
JuAn Long-Age Co.,Ltd	-	-	1,000,000	25.00	1,000,000	25.00
Sino Lead Enterprise Limited	-	-	30,000	100.00	30,000	100.00
Drive Catalyst SPC-SP Tranche Two	-	-	8,000	25.00	8,000	25.00
Drive Catalyst SPC-SP Tranche Three	-	-	8,000	25.00	8,000	25.00
Drive Catalyst SPC-SP Tranche One	-	-	4,000	25.00	4,000	25.00
New Diligent Hong Kong Company Ltd.	-	-	-	100.00*	-	100.00*
Home Master Technology Ltd.	-	-	-	100.00*	-	100.00*
Digital United Information Technology Co., Ltd. (Shanghai)	-	-	-	100.00*	-	100.00*
Nextlink (HK) Technology Co., Ltd.	-	-	-	100.00*	-	100.00*
Nextlink (Shanghai) Technology Co., Ltd.	-	-	-	100.00*	-	100.00*
Microfusion (HK) Technology Co., Ltd.	-	-	-	100.00*	-	100.00*

*The ratio is based on the proportion of investor company's contributions to the registered capital.

Note 1: Investment accounted for using equity-method.

IV Fund Raising Status

- 1. Capital and Shares**
- 2. Issuance of Corporate Bonds**
- 3. Preferred Shares**
- 4. Issuance of Overseas Depository Receipt**
- 5. Employee Stock Options**
- 6. Employee Restricted Stock Options**
- 7. Share Issued for Mergers or Acquisitions**
- 8. Fund Utilization Plans and Status**

1. Capital and Shares

1-1 History of Capitalization

2023/03/31

Year. Month	Par Value (NT\$)	Authorized Capital		Shares Outstanding		Remarks		
		Shares (‘000)	Amount (NT\$‘000)	Shares (‘000)	Amount (NT\$‘000)	Source of Capital	Non-Monetary Capital Expansion	Effective Date & Cert. No.
2008.01	10	4,200,000	42,000,000	3,258,501	32,585,008	Capital reduction of NT\$7,745,326 thousand	None	(Note 1)

Note 1: 2008.1.22 MOEA Ruling Ref.No.09701015390

Current Capital Sources :

Unit:NT\$‘000

Source of Capital	Initial capital	Capital increase through cash paid-in	Capitalization of earnings	Capitalization of additional paid-in capital	Others (Including ECB Conversion & Acquisition of the issue of new shares)	Total
Amount	9,000,000	4,112,570	12,926,063	4,331,098	2,215,277	32,585,008
Percentage of Capital (%)	27.62	12.62	39.67	13.29	6.80	100

2023/03/31; Unit:‘000 Shares

Type of Stock	Authorized Capital			Note
	Shares Outstanding	Un-issued	Total	
Common Shares	3,258,501	941,499	4,200,000	Listed stock

Note : According to Article 179 of the Company Act, a shareholder shall have one voting power in respect of each share in his/her/its possession.

1-2 Information for Shelf Registration: Not Applicable.

1-3 Shareholder Structure

2022/07/20

Shareholder Structure	Government Institutions	Financial Institutions	Other Institutional Shareholders	Individual Shareholders	Foreign Institutions and Individual Shareholders	Total
Quantity						
Numbers	6	35	235	35,404	858	36,538
Shares	117,328,411	658,453,512	1,538,761,098	126,906,049	817,051,740	3,258,500,810
Shareholding ratio (%)	3.60%	20.21%	47.22%	3.90%	25.07%	100%

Note: According to the official letter No.0990002770 of Financial Supervisory Commission (“FSC”) on January 15, 2010, the Telecommunications Enterprise was the prohibited investment industry. The individuals, juristic persons, organizations, other institutions from Mainland China can’t invest in the Company, hence the percentages of ownership of China investors is “0”.

1-4 Share Distribution-Common Stock

2022/07/20

2022/07/2

Level			Number of shareholders	Shares	%
1	-	999	8,475	1,733,812	0.05
1,000	-	5,000	22,520	44,282,764	1.36
5,001	-	10,000	2,671	21,032,879	0.65
10,001	-	15,000	770	9,871,895	0.30
15,001	-	20,000	471	8,702,371	0.27
20,001	-	30,000	388	9,860,494	0.30
30,001	-	40,000	215	7,684,526	0.24
40,001	-	50,000	123	5,685,469	0.17
50,001	-	100,000	249	17,842,413	0.55
100,001	-	200,000	179	25,788,790	0.79
200,001	-	400,000	140	38,957,895	1.20
400,001	-	600,000	66	33,131,462	1.02
600,001	-	800,000	44	30,115,057	0.92
800,001	-	1,000,000	32	29,098,180	0.89
1,000,001	and above		195	2,974,712,803	91.29
Total			36,538	3,258,500,810	100

Note: The Company has not yet issued any preferred shares until July 20, 2022.

1-5 Top 10 Major Shareholders

2022/07/20

Major Shareholders	Shares	Shares	%
Yuan Ding Investment Co., Ltd.		1,066,657,614	32.73
Shin Kong Life Insurance Co., Ltd.		233,603,000	7.17
Cathay Life Insurance Co., Ltd.		217,120,230	6.66
NTT DOCOMO INC.(Note)		153,543,573	4.71
Yuan Tone Investment Co., Ltd.		100,237,031	3.08
Chunghwa Post Co., Ltd.		89,874,696	2.76
An Ho Garment Co., Ltd.		40,817,592	1.25
Labor Pension Fund(New Scheme)		39,480,600	1.21
Taiwan Life Insurance Co., Ltd.		36,574,000	1.12
Kai Yuang Investment Corp.		35,558,031	1.09

Note: The company has sold all of its shares to Asia Cement Corporation on March 8, 2023

1-6 Share Price, Net Value, Earnings, Dividends and Related Information in Last 2 years

Unit: NT\$; shares

Item		Year	2021	2022	2023 (as of March 31)
Share price (Note 1)	High		66.80	88.60	76.00
	Low		59.80	63.30	65.60
	Average		62.90	73.30	69.40
Net Value per share	Before distribution		19.99	19.42	20.31
	After distribution		16.74	(Note 2)	(Note 2)
Earnings per share	Weighted-average outstanding shares		3,258,500,810	3,258,500,810	3,258,500,810
	Earnings per share	Before adjustment	2.80	2.95	0.85
		After adjustment (Note3)	2.80	2.95	0.85
Dividend per share	Cash dividend		3.25 (Note 7)	3.25 (Note 8)	Not Applicable
	Stock dividend	Distribution of surplus	0	0	Not Applicable
		Additional Paid-In Capital	0	0	Not Applicable
	Accumulated un-distributed dividend		0	0	Not Applicable
Return on Investment	Price/Earnings Ratio (Note 4)		22.46	24.85	Not Applicable
	Price/Dividend Ratio (Note 5)		19.35	22.55	Not Applicable
	Cash dividend yield (Note 6)		5.17%	4.43%	Not Applicable

Note 1: High/Low means the highest/lowest share price for the period and average share price is calculated based on transaction amount and volume for the period.

Note 2: Earnings distribution shall be resolved by Shareholders' Meeting in the subsequent year.

Note 3: Earnings per share after stock dividend is distributed.

Note 4: Price/Earnings Ratio = Average closing share price of the period/Earnings per share.

Note 5: Price/Dividend Ratio = Average closing share price of the period/Cash dividend per share.

Note 6: Cash dividend yield = Cash dividend per share/average closing share price of the year.

Note 7: The cash dividend of year 2021 distribution NT\$3.25 per share was based on 3,258,500,810 shares.

Note 8: The cash dividend of year 2022 has not been approved by the Shareholder's Meeting.

1-7 Dividend Policy

1-7-1 Dividend Policies under the Articles of Incorporation

The dividend payout ratio each fiscal year shall be no less than fifty percent (50%) of the final surplus, which is the sum of the after-tax profit of the fiscal year to withhold previous loss, if any, legal reserve and special reserve as required by law; while cash dividend declared by the Corporation shall be no less than fifty percent (50%) of the total dividends distributed that year; provided, however, depending on whether the Corporation has any financial structure improvement or major capital expenditure plans in the year, the earnings unallocated and accumulated in the preceding year may be distributed, and the payout ratio and percentage of cash dividend may be raised or lowered by a resolution adopted at the shareholders' meeting.

With pay-out dividends over past three years, the dividend payout ratios from 2020-2022 were 127% , 116% and 110% respectively. All dividend payout ratios are all in accordance with the Articles of Incorporation of FET that outline that the cash dividend declared by the Company shall be no less than fifty percent (50%) of the total dividends distributed that year. Please see the below table for details:

Unit: NT/share						
Year	EPS after income tax (A)	Cash Dividend from retained earnings (B)	Cash Dividend from the capital surplus and legal reserve (C)	Total of the Cash Dividend (B+C=D)	Payout Ratio(D/A)	Cash Payout Ratio(B+C)/D
2020	2.56	2.234	1.016	3.25	127%	100%
2021	2.80	2.349	0.901	3.25	116%	100%
2022	2.95	2.379	0.871	3.25	110%	100%

*FET didn't distribute any stock dividend in recent three years.

1-7-2 Dividend Allocation proposed to be approved at the Annual Shareholders' meeting

The 2022 cash dividend distribution proposal resolved by the Board of Directors on February 15, 2023 will be proposed to the 2023 Annual Shareholders' Meeting as follows: Distributes cash dividend of NT\$ 7,751,973,427 from retained earnings, NT\$2.379 per share, and distributes cash of NT\$ 2,838,154,206 from legal reserve, NT\$ 0.871 per share, totaling cash NT\$ 3.25 per share of 2022.

1-8 Impact of Stock Dividend Distribution on Business Performance, EPS and Return on Investment:

FET did not distribute any stock dividend, thus it's not applicable.

1-9 Employees and Directors' Remuneration

1-9-1 Description regarding compensation for employees and Directors in the Articles of Incorporation:

The standard is set according to Articles of Incorporation of the Company: "If there is profit for the current year, the Company shall set aside 1%~2% of it as compensation for employees and, shall set aside not more than 1% of it as compensation for Directors. If there is accumulated loss on the books of the Company, portion of the profit equaling the loss shall first be set aside to cover the latter.

1-9-2 The accounting treatment for the differences between actual and accrued amount of remuneration for employees and Directors:

Prior to the release date of annual financial reports, material differences between the accruals and the amount resolved by the Board of Directors are adjusted in the current (financial reporting) year. After the release of annual financial reports, if the actual amount differ from the amount resolved by the Board of Directors, the differences will be recorded and adjusted in the following (financial reporting) year as changes in accounting estimate.

1-9-3 Status of remuneration distribution to the Board of Directors:

- (1) The differences between employees and Directors' remuneration distributed from the 2022 earnings by cash resolved by the Board of Directors on February 15, 2023, and the accrued amount in the year the remunerations were recognized as expenses are as follows:

Unit: NT\$'000

Amount \ Item	Remuneration to Employees	Remuneration to Directors	Treatment of Discrepancy
Accrued Amount (A)	\$233,722	\$84,140	None
Proposed Distribution (B)	\$233,722	\$84,140	
Variance (B) - (A)	\$0	\$0	

- (2) Proposed employee's remuneration by shares as percentages of net income and total employee remuneration: It is resolved to be distributed by cash, hence it is not applicable.

1-9-4 Remuneration to employees and Directors of Year 2021:

The difference between cash remuneration actual distributed to employees and Directors from the 2021 earnings, which has been resolved by the Board of Directors on February 25, 2022, and the accrued remuneration amount recognized as expenses are as follows:

Unit: NT\$'000

Amount \ Item	Remuneration to Employees	Remuneration to Directors	Treatment of Discrepancy
Recognized Accrued Amount (A)	\$212,073	\$76,346	None
Actual Distribution (B)	\$212,073	\$76,346	
Variance (B) - (A)	\$0	\$0	

1-10 Shares buyback by the Company: None.

2. Issuance of Corporate Bonds

2-1 Information of unretired corporate bonds and unissued corporate bonds for which an issuance is currently under preparation and impact on shareholders' equity should be disclosed in compliance with Article 248 of the Company Act:

Until the Annual Report being published, the Company has issued corporate bonds with total outstanding amount NT\$31.9 billion, terms and impacts on shareholders' equity disclosed as below. The Company's subsidiaries currently do not issue corporate bond.

Issuance	2017 Domestic 2 nd Unsecured Corporate Bond	2017 Domestic 3 rd Unsecured Corporate Bond	2018 Domestic 1 st Unsecured Corporate Bond	2019 Domestic 1 st Unsecured Corporate Bond	2019 Domestic 2 nd Unsecured Corporate Bond
Issue Date	2017.09.04	2017.12.20	2018.05.07	2019.06.25	2019.12.20
Denomination	NT\$10,000,000	NT\$10,000,000	NT\$10,000,000	NT\$10,000,000	NT\$10,000,000
Issue Price	At par value	At par value	At par value	At par value	At par value
Total Amount	NT\$2,000,000,000	NT\$3,000,000,000 (A Issue: NT\$1,500,000,000) (B Issue: NT\$1,500,000,000)	NT\$5,000,000,000 (A Issue: NT\$1,500,000,000) (B Issue: NT\$3,500,000,000)	NT\$5,000,000,000 (A Issue: NT\$3,200,000,000) (B Issue: NT\$1,800,000,000)	NT\$3,100,000,000 (A Issue: NT\$2,600,000,000) (B Issue: NT\$500,000,000)
Coupon	1.17%	A Issue: 0.95% B Issue: 1.09%	A Issue: 0.85% B Issue: 1.01%	A Issue: 0.75% B Issue: 0.81%	A Issue: 0.80% B Issue: 0.85%
Tenor and Maturity Date	7 years Maturity: 2024.09.04	A Issue: 5.5 years Maturity: 2023.06.20 B Issue: 7 years Maturity: 2024.12.20	A Issue: 5 years Maturity: 2023.05.07 B Issue: 7 years Maturity: 2025.05.07	A Issue: 5 years Maturity: 2024.06.25 B Issue: 7 years Maturity: 2026.06.25	A Issue: 7 years Maturity: 2026.12.20 B Issue: 10 years Maturity: 2029.12.20
Guarantor	None	None	None	None	None
Trustee	Taishin International Bank	Chinatrust Commercial Bank	Chinatrust Commercial Bank	Chinatrust Commercial Bank	Chinatrust Commercial Bank
Underwriter	KGI Securities	KGI Securities	KGI Securities	KGI Securities	Capital Securities Corp.
Legal Counsel	Lee and Li Attorney Grace Wang	Lee and Li Attorney Grace Wang	Lee and Li Attorney Grace Wang	Lee and Li Attorney Grace Wang	Lee and Li Attorney Grace Wang
Auditor	Deloitte & Touche CPA, An-Hwei Lin	Deloitte & Touche CPA, An-Hwei Lin	Deloitte & Touche CPA, An-Hwei Lin	Deloitte & Touche CPA, An-Hwei Lin	Deloitte & Touche CPA, An-Hwei Lin
Credit rating agency, rating date, bond ratings	Taiwan Ratings Corp. twAA- (2017.02.17)	Taiwan Ratings Corp. twAA- (2017.02.17)	Taiwan Ratings Corp. twAA- (2018.01.09)	Taiwan Ratings Corp. twAA- (2019.01.25)	Taiwan Ratings Corp. twAA- (2019.01.25)
Repayment	Bullet repayment	Bullet repayment	Bullet repayment	Bullet repayment	A issue: Repay 50% of principal each in the 6 th & 7 th year. B Issue: Repay 50% of principal each in the 9 th & 10 th year.
Outstanding Balance	NT\$2,000,000,000	NT\$3,000,000,000	NT\$5,000,000,000	NT\$5,000,000,000	NT\$3,100,000,000
Redemption or Early Repayment Clause	None				
Covenants	None				
Other rights of Bond holders	Amount of converted or exchanged into common shares, ADRs or other securities	Not applicable			
	Rules governing issuance or conversion (Exchanged or subscription)	Not applicable			
Dilution Effect and other adverse effects on existing shareholders	No				
Custodian of exchanged securities	Not applicable				

2-2 Corporate Bonds to be due within one year upon Publication of the Annual Report:

The total amount is NT\$ 3,000,000,000.

The 2018 Domestic 1st Unsecured Corporate Bond, according to its issuance rules, will be repaid the entire outstanding principal of the A Issue NT\$1,500,000,000 on 2023/05/07.

The 2017 Domestic 3rd Unsecured Corporate Bond, according to its issuance rules, will be repaid the entire outstanding principal of the A Issue NT\$1,500,000,000 on 2023/06/20.

2-3 Convertible Bond: None.**2-4 Exchangeable Bond:** None.**2-5 Shelf Registrations for Issuing Corporate Bonds:** None.**2-6 Bond with Warrants:** None.**2-7 Issuance of Corporate Bonds through Private Placement in Recent 3 Years:** None.**3. Preferred Shares**

None.

4. Issuance of Overseas Depositary Receipt

Since 2004, part of Far EasTone's issued common stock have been trading on the Luxembourg Stock Exchange in the form of GDRs. One GDR unit represents 15 shares of Far EasTone's common stock. The holders of GDRs have the same rights and obligations as the holders of common stock. However, on May 6, 2021, the board of directors of Far EasTone resolved to cease the trading of Far EasTone's issued common stock on the Luxembourg Stock Exchange in the form of GDRs. The GDRs have been delisted on July 26, 2021. Prior to July 28, 2022, the aforementioned GDR holders may still request redemption from the depositary institution.

5. Employee Stock Options

None.

6. Employee Restricted Stock Options

None.

7. Share Issued for Mergers or Acquisitions**7-1 Information from Completed Merger or Acquisition from last year up to the Annual Report being published:**

7-1-1 The lead underwriters' evaluation on any merger, acquisition, or issuance of new shares due to the share transfer from other companies in the previous quarter: Not Applicable.

7-1-2 If the progress or effect of the implementation does not meet the goal in the previous quarter, please specify the influence on shareholders' equity and the improvement plan: Not Applicable.

7-2 Information from Shares Issued for Acquisition or due to Acquisition of shares of other companies from last year up to the Annual Report being published:

To increase the competitiveness, expand the business size and have the business synergy, the Company and APTC plan to carry out in the form of "merger by absorption". The Company is the surviving company after the merger, and APTC is the company that will be eliminated after the merger, and will be dissolved after the merger is accomplished. The Company and APTC plan to sign the merger agreement on February 25, 2022.

The merger is based on that 1 APTC common share will be exchanged for 0.0934406 FET common share in the target completion date (tentatively as September 30, 2022). As such, the Company plans to issue 356,681,122 new shares (incl. 93,440,600 private placement common share), 10 dollars per share, the estimated total amount of newly issued share is NTD 3,566,811,220. However, the actual amount of new shares to be issued will be calculated based on that the total APTC's outstanding common shares deduct the APTC's private placement common shares owned by the Company in the target completion date. Except the private placement common shares of the Company issued for exchanging the private placement common shares of the APTC, complying with the private placement regulation, the right of the common share issued by the Company as result of the merger shall be same as the right of original common shares in issue.

The target completion date for this merger is tentatively on Sept. 30, 2022. If the merger does not being accomplished on the aforesaid tentatively target completion date, both parties will continue to execute the merger. However, by Dec. 31, 2022, the approval or prohibition order from National Communication Commission and Fair Trade Commission have not been obtained, the extension to March 31, 2023 for merger can only be implemented by one party based on the certain condition in accordance with the contract. After this Proposal is approved, if the target completion date is required to be changed, the Board of Directors authorizes the Chairman, at his discretion, to handle all relevant matters of the change of target completion date and announce such change publicly.

Until December 2022, the merger between the Company and APTC was still under review by relevant authorities. Therefore, the Company signed supplementary agreement of merger with APTC on December 30, 2022.

Main content of supplementary agreement: If both parties did not obtain the approval from National Communications Commission ("NCC") and Fair Trade Commission ("FTC") before the tentatively setting base date, the merger continues in accordance with the contract. However, if the approval order from NCC and FTC have not been received by April 30, 2023, both parties shall be in good faith to negotiate for extension. Any parties can terminate the contract if the agreement cannot be reached. But if one party disobeyed the contract, the other party can terminate or notify the other for extension until June 30, 2023. Both parties shall be in good faith to negotiate the related matters if agreed to extend.

NCC has granted conditional 19 approval item for the Company to merge with APTC on January 18, 2023. Now the merger is subject to obtain the approval from FTC.

7-3 Impact on shareholders' equity from Shares Issued for Merge or Acquisitions from last year up to the Annual Report being published:

After the merger, the company expects to enhance competitiveness, grow our business, and gain synergy. It will bring benefits for the net worth per share and earnings per share.

8. Fund Utilization Plans and Status

The Company had issued domestic unsecured corporate bonds from last year up to the Annual Report being published, the utilization of these funds was fully executed as the planned schedule. Please refer to below table:

Unit: NT\$'000

Bond Name	Issue amount	Issue date	Use of Funds	Planned execution date	Actual execution status
Far EasTone 2022 Domestic 1 st Unsecured Corporate Bond (Social Bond)	2,700,000	2022.03.29	To repay bank loan by following the FarEastone Telecommunications Company 2022 Social Bond Framework.	2022 Q1	Issued and executed on 2022.03.29
Far EasTone 2022 Domestic 2 nd Unsecured Corporate Bond (Social Bond)	1,800,000	2022.09.08		2022 Q3	Issued and executed on 2022.09.08
Far EasTone 2023 Domestic 1 st Unsecured Corporate Bond (Social Bond)	2,100,000	2023.03.10		2023 Q1	Issued and executed on 2023.03.10

The yet-to-be issued securities or those made by private placement or projects completed over the past three years but yet to benefit the Company: None.



Operational Highlights

1. Business Activities
2. Markets and Sales Overview
3. Employee Information in Recent 2 Years up to the Annual Report being Published
4. Environmental Protection Expenditure
5. Employee Relations
6. Information Security Management
7. Major Contracts and Agreements

1. Business Activities

1-1 Business Scope

(1) Major Business Items of FET and its subsidiaries as follows:

- Telecommunications Enterprises;
- Sales of communications products and office equipment;
- Call center services;
- Electronic information providing services;
- Sale of communications products;
- Security and monitoring service via Internet;
- Research and design of computer system;
- Computer software, data processing and provision of network information.

(2) Operating Revenue Breakdowns

Unit: NT\$'000

Item	Year	2021		2022	
		Amount	%	Amount	%
Telecommunication Service Revenue		45,333,985	53	46,466,345	52
Others		39,986,023	47	42,685,020	48
Total		85,320,008	100	89,151,365	100

Note: The figures are on consolidated base.

(3) Existing Products and Services

A. Consumer Business

- **Wireless Telecommunication Services:**
Provide mobile services, including voice calls, data communication services. Those services are categorized into postpaid and prepaid according to payment methods.
- **Fixed Line Communication Services:**
Include domestic phone call service, long-distance call service, 007 international call service, 070 softphone, etc.
- **New Economy:**
We offer digital entertainment and life services include friDay Video, friDay Omusic and friDay Shopping. Financial services such as direct carrier billing, insurance and friDay finance products make users life become more convenient. We further have security-related services like Smart Plus and FET Network Security as well as consumer IoT product.

B. Enterprise Business

- **Professional telecommunication integrated services:** mobile service, broadband service, mobile data service, mobile voice service, fixed network voice service, data communication service, internet data center (IDC) and cloud application service.
- **Cloud services:** Integrate telecom resources with cloud platforms of international corporations (e.g., AWS, Microsoft Azure/Azure Stack, VMWare, GCP); provide one-stop services incorporating deployment, construction, transfer, and maintenance; and formulate enterprise public, private, and hybrid cloud structures.
- **Information security services:** Integrate the professional information security consulting services of subsidiary Information Security Service Digital United Inc., to offer the safest and most reliable, as well as flexible and cost-effective, solutions for information security.
- **New economy:** Upholding the spirit of solving city governance and industrial pain points with innovative technology, leveraging core skills such as big data, AI, IoT, cloud and information security, integrating innovative 5G application to drive smart cities and industrial transformation, we customize flexible ICT integration services for corporate clients and government agencies and establishes multiple smart IoT applications, including smart city, smart healthcare, smart manufacturing, smart transportation, and IoV.

(4) New Products or Services under Development

A. Consumer Business

Based on the brand spirit of FET no distance, we continue to develop diversified digital services to meet consumers' needs and satisfactions. FET launched "Mobile Circle", the first comprehensive customer loyalty program among telecom company in Taiwan in 2020. With the core value of "enhancing customer benefits and providing the best selected privilege offer for consumers, "Mobile Circle" APP is designed as an one-stop Super App that fulfill consumers' needs of life, entertainment and telecom. 2022 launch "Heart Discovery" page within FET Mobile Circle APP, and this APP page provide first-hand technology news, lifestyle information and online public charity platform.

B. Enterprise Business

Mainly focusing on ICT integration and IoT applications of New Economic: FET takes advantage of NB IoT's features such as low power consumption, low costs, wide coverage, and a large number of connections to develop smart city applications and launch services such as smart street lights/poles, smart charging, energy management. At the same time, FET also actively develops 5G applications using big data, AI, and IoT, building a comprehensive big data/AI/IoT ecosystem across industries, fields, and domains with alliances, driving multiple vertical sites smart application development, and helping industries and cities transform and upgrade.

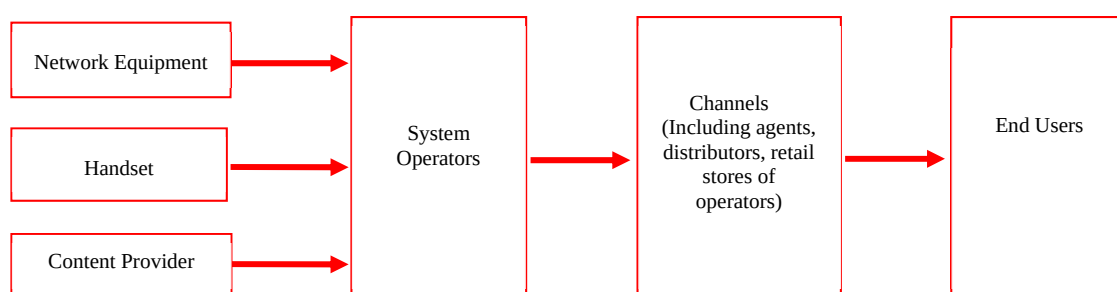
1-2 Industry Overviews

A. Consumer Business

(1) Industry Status and Development

According to the report issued by NCC (National Communications Commission), more than 50% of people only use mobile phones in their residences, and the most common way of residential Internet access is mobile broadband, accounting for 46% of total. In recent years, the proportion of mobile broadband access is higher than fixed broadband, which indicates that mobile broadband has become the primary means of communication for the public. Furthermore, according to NCC's statistics in November 2022, mobile broadband data usage continued to grow, represents a YoY growth rate of 13.5%. As people rely on mobile broadband increasingly and 5G penetration is accelerating, the vigorous development of telecom industry is highly expected.

(2) Industry Value Chain:



In alliance with domestic, international professional and top partners, FET will continue to provide consumers with more diversified mobile applications and valuable customer experience by launching exclusive flagship mobile phones and connecting with new economic services to sustain momentum for revenue growth.

(3) Products and Services Development Trends

FET spends a lot of efforts in developing 5G network after acquiring the best 5G spectrum in the auction. FET utilize "AI cell site location" to maximize 5G network population coverage and user experience, proactively plan network construction in remote villages and lead green energy cell site to conduct ESG vision. And FET will continuously enhance our network quality and security, dedicate ourselves in developing innovative services, which would work greatly with our excellent network quality. Moreover, through integrating group resources and partnership with diverse company, FET will strive to innovate in the fields of big data, artificial intelligence, and IoT, and lead the 5G revolution in Taiwan. FET establish the 5G Metaverse Accelerator at the end of 2021. The first demo day be held in the 3rd quarter of 2022. Provide all-round support for start-up team development tools, innovative technologies, verification and commercial transfer. Drive the multi-faceted application on the consumer and enterprise side.

(4) Product Competitions Landscape

The telecom market in Taiwan has maintained a competitive situation among five operators for a long time. As the two small operators have offered a low-price flat-rate plan to capture the market share, and the market is prone to price competition. Mergers and alliances among operators are expected to help the telecom market returning to rationality and value competition. In the case of high investment in 5G spectrum and base stations, operators focus on providing consumers with better network quality and applications at a reasonable price to encourage consumers to switch to 5G. By increasing the penetration of 5G to recover ARPU gradually, it will drive the growth of mobile service revenue.

B. Enterprise Business

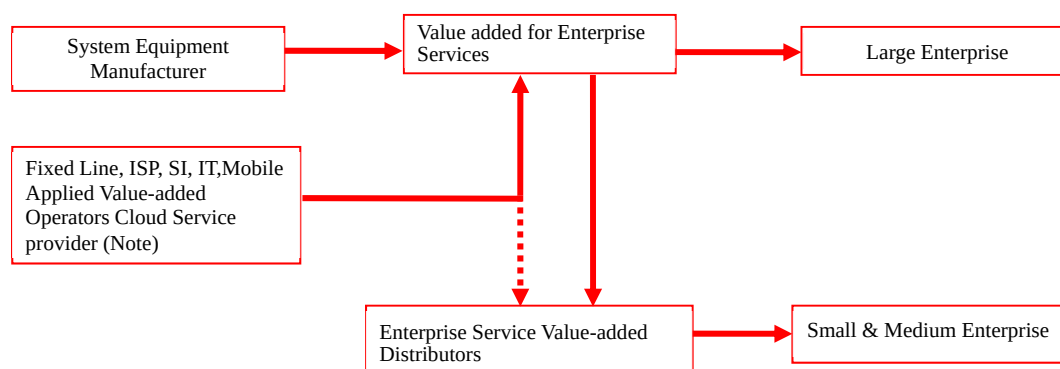
(1) Industry Status and Development

Last year, the world was subjected to the Russia-Ukraine war, inflationary pressure, and coupled with the tightening monetary policies of major economies, economic growth fell quarter by quarter. According to international forecasting agency, S&P Global, on January 17, the global economic growth rate last year was estimated to be 3.0%. Prospects for this year could see positive signs emerge for the global economy due to the progressive slowdown of

inflation. While the pace of growth dampened recently, it is expected to recover momentum quarter by quarter. Growth rate for the 2023 is anticipated to be 1.9%.

Looking forward to the future, the application of emerging technologies such as 5G, high-performance computing, and automotive electronics and the demand for digital transformation would be on the upward trend, and is expected to bolster Taiwan's manufacturing production. That said, given the global economy and trade remain affected by uncertainties such as inflation, interest rate hikes, the Russia-Ukraine war, and the US-Sino technology rivalry, coupled with the fewer working days in January this year due to the Lunar New Year, might stifle Taiwan's production performance for manufacturing industry. Subsequent developments ought to be closely monitored and managed carefully. Turnovers for retail and catering industries are expected to continue to grow due to the seasonal buying peak during Lunar New Year and the longer annual holiday which led to spikes in visitors and diners. (Data Source: Statistics Department of the Ministry of economic affairs)

(2) Industry Value Chain:



Note: Cloud service solutions of FET include cloud architecture planning, hybrid cloud platform establishment, service transfer, service data backup, service maintenance, etc. To provide customers with the most reliable and finest cloud services, the Company proactively forms strategic alliances or enters agency agreements with the leading ICT software and hardware brands and system integrators. Enterprise customers can thus enjoy one-stop shopping and services and the customer service efficiency and customer satisfaction would be enhanced.

(3) Products and Services Development Trends

FET continues to be customer-oriented and innovative. We are well-informed of the development trends in the technology market, introduce ICT integrated services such as cloud, big data and IoT, and provide customers with one-stop ICT solutions.

(4) Product Competitions Landscape

In the enterprise user market, Chunghwa Telecom, with its fixed network services and economies of scale, continues to be our primary competitor and industry leader. In addition to continuously improving the infrastructure and investing in the 5G and IoT technology research, the Enterprise and Carrier BU takes on a more aggressive approach in developing intelligence applications and solutions to fulfill the needs of various industries and government departments. Those applications and solutions cover sectors of smart city, smart transportation/Internet of Vehicle, smart medical treatment, and smart manufacturing. We aim to differentiate ourselves from competitors in the enterprise market with strong innovation skills and integration ability plus flexible services.

1-3 Technology Development Overviews

(1) Major R&D Expenditure from last year up to the Annual Report being published

2023/03/31; Unit: NT\$'000

Item	Year	2022	2023 Q1
R&D Expenditure		515,587	129,636(Note)
Total Operating Revenue		89,151,365	22,305,352
R&D Expenditure as percentage of Total Operating Revenue (%)		0.58	0.58

Note: R&D expenditure in Q1,2023 is an estimated amount.

(2) Products and Services Developed in the Recent Years and until the Annual Report being Published

Since the launch of 5G, consumers' behavior and lifestyle change drastically. In response to the movement, FET provides products and services ranging from entertainment, e-commerce, mobile finance, mobile network security and smart home services, will play the leading role in the digital convergence era. FET and the subsidiaries' products services key highlights as follows:

Year	Service	Key highlights
2022	friDay Video	friDay Video provide rich and exclusive content and invest in original high-quality Taiwanese drama "On Marriage" to meet the viewing needs of a wider user group in 2022. Moreover, friDay Video cooperate with LiTV and other system suppliers to develop new TV channels that can be edited and broadcasted by themselves. And embed the advertising into TV channels and video on demand with free viewing. Therefore, friDay Video transform to a hybrid OTT with the characteristics of both subscription system (SVOD) and advertising system AVOD).
	friDay Omusic	Consumers can have their music playlists under different scenario. friDay Omusic persistently improves its user experience and content.
	friDay Shopping	With group synergy, friDay Shopping enlist hundreds of thousands of goods from Far East Department Store, SOGO Department Store, A-Mart and FET. In 2022, friDay Shopping rolled out new service "Tum Tum", an AI-based technology, provides customer personalized product recommendation and discount by just one click.
	friDay Finance	friDay Finance consolidates various services, including bank accounts, on-line investment, data analysis, and local convenient life services to provide multi-channel user experiences to consumers.
	FET Network Security	FET launched Network Security series services in December 2022. One service is "Threat Protection" service, the other is "Parental control" service. Without need of download app, customers will be protected under FET 4G, 5G network. Threat Protection service target at those who concern their cyber security and will block the risky website automatically. Parental control service target at parents who worry about their children's cyber security, and will block inappropriate websites for children and manage the time to access Internet.
	Smart Plus	The professional team provides 24-hour service, and solves technical problems of mobile phones and 3C equipment with remote tools.
	Handset Insurance	Provide insurance services against damage from consumer mobile devices. Leading the industry to launch Telecom Fraud Financial Loss insurance to improve customers' protection in December 2022.
	Smart Kids Watch	A smart watch with personal AI assistant. This watch offers parents a device choice, which can secure and communicate with their children with positioning and voice alarm functions.
	5G smart exhibition	5G technologies powered the stitching of a performance staged at two locations, transgressing time-space constraints and enabling professional performers present at different locations to perform together. The use of 5G private network integration algorithm streaming technologies enabled the holograms of performers at two locations to be onstage together in real-time 4K virtual reality environment, spanning virtual and real environments, and the delivery of an immersive and realistic performance experience.
	5G smart warehousing logistics	The warehouse is comprehensively covered by 5G private network technologies which offer high stability and high information security. The efficiency and accuracy of purchase, shipment and goods pick up processes are enhanced though the integration of AI image recognition and AR/VR applications during the development of automated warehousing and logistics operations, as well as through the use of AR glasses and AGV to inspect handling and carry out AI identification.

Year	Service	Key highlights
	Smart Intersection	5G is used to bridge connections for car to network (C2N), car to car (C2C), car to people (C2P), and car to infrastructure (C2I) to enable real time control of signals, improve traffic flow, and elevate the safety of passers-by.
	Uninterruptible traffic signal power system	FET has inhouse developed a monitoring platform which integrates intersection signal controllers and uses smart batteries as backup power. When there are abnormalities in the operation of utility power, the batteries will be activated automatically. This not only improves road and public safety, but also prevents large amount of carbon emissions arising from traffic congestion and vehicle idling due to traffic signal issues.
	Smart street lamps	Participated in Taoyuan City's full-scale replacement of energy-saving street lamps and maintenance project, and more than 70,000 street lamps were replaced as of 2022. The real-time remote monitoring and automatic fault reporting system has enabled the city government to control the schedule of the street lamps within the city and optimize lighting and road environment for the public. The project emerged winner for two categories, Government Team Award - Excellence and Innovation Award, in the Ministry of Finance's 20th Golden Thumb Awards for PPP.
	Energy Management System	In 2022, FET gained national recognition in the 2022 Smart City Innovation Application Award having become the largest energy management system operator in Taiwan, facilitating the management of a total of 44,940 classroom air-conditioning in elementary and high schools in nine counties and cities in Taiwan (42,214 have been completed by the end of 2022). Over and above assisting Taipower in the integration of Open ADR 2.0b, FET also introduced AI applications, air-conditioning electricity consumption is estimated to be reduced by 3.5%.
	5G telemedicine	Telemedicine services have been rolled out in 12 counties and cities and 35 townships across the country and 5G telemedicine applications are being developing aggressively while 5G ambulance remote emergency rescue was deployed in among other counties, Taipei, Taichung and Tainan. Assisted multiple hospitals to implement virtual care services, and have opened up to 27 specialized outpatient clinics, served more than 24,000 patients. In 2022, certification for Health Insurance Portability and Accountability Act (HIPAA) was obtained, becoming the first virtual care platform in Taiwan to have passed this certification. Concurrently, FET won two accolades, National Medical Quality Award and Digital Transformation Award, given by the Joint Commission of Taiwan.

1-4 Long-term & Short-term Business Development Plan

A. Consumer Business

(1) Short-term plans

- Improve network quality and speed up 5G infrastructure to provide complete 5G experience for consumers.
- Form an alliance with cross-industry partners to deliver diverse new products and value-added mobile services to the market.
- Establish a digital entertainment, and leverage telecom core business and innovative new services to acquire high quality and loyal customers.
- Build a safer world for our users by initiating more network security related solutions.

(2) Long-term plans

- Strengthen human resources by enlarging talent reserves in the field of telecommunication to facilitate the expansion of operations.
- Keep up with the trends of global communication network technology and innovative service development.
- Continuously promote four major services: digital content, mobile financial services, e-commerce, and IoT.

B. Enterprise Business

(1) Short-term plans

- Continuing to optimize telecommunications infrastructure, integrate big data/AI/IoT applications with its telecommunications profession, and look into each industrial ecosystem's demand for such technologies, FET constantly develops innovative digital services to solve corporates' issues and help them transform and upgrade.

(2) Long-term plans

- FET will utilize its professional ICT capability and vast experience in customization as it remains committed to nurturing talent and developing technologies associated with innovative applications. It will promote the transformation and innovation of Taiwan industries in the IoT era, integrate innovative applications of the cloud, IoT, Big Data, and AI; and it will realize the goal of "AI industrialization and industrial AI" in order to assist domestic industries and enterprises with upgrades and speed up the practical applications of AI in the 5G era.

2. Markets and Sales Overview

2-1 Market Analysis

A. Consumer Business

(1) Main Products and Service Area

FET provides nationwide including Taiwan and the outlying islands of Penghu and Kinmen, and international roaming services. FET persistently integrate online and offline sales services. By the end of 2022, the total number of store is around 710, comprising FET and Data Express, enabled customers to enhance experience professional service and care via wide store coverage.

(2) Market Share

According to NCC statistics in November 2022, the amount of mobile phone numbers in Taiwan has exceeded 30 million, which is a highly saturated market; mobile user market share as follows: CHT: 36.6%, FET: 23.7%, TWM: 23.9%; APT and Taiwan Star together account for 15.8%. FET's 5G penetration rate reached 24.3%, is the highest among the three major telecom operators. Therefore, FET has repeatedly set new highs in mobile service revenue and has more advantages to expand overall revenue.

(3) Supply, Demand and Growth of the Future Market

After Taiwan telecom industry officially entered 5G era, consumer and enterprise applications constantly emerging, and lead to a growth in the industry. On consumer side, except for providing faster 5G speed and safer transmission network to consumers, operators also deliver innovative applications in the market and aim to bring consumers into a brand-new 5G digital world.

(4) Competitive Advantages

- Sufficient 5G spectrum bandwidth and the fastest 5G speed endorsed by international institutions:
FET not only have the best spectrum that suited for 5G services in terms of coverage and capacity, but also have an advanced and proactive 5G deployment. Furthermore, FET keep cooperating with governments and national parks to bring more network resources to remote villages so that improve network coverage.
- Excellent customer service with professional certification:
FET has won the Gold Medal for Telecommunication Service Industry in the "Best Service Evaluation" organized by the Commercial Times for 11 years in a row. Considering customers' needs as the top priority for our service, FET revamped the original client service app into "Mobile Circle" app to provide the best promotion and points reward system for our consumers.
- Place a high degree of importance on customers' personal information:
FET is committed to continually improving the quality of our services. We provide services that exceed our customers' expectations. With customer service philosophy built on the principle of empathy, we promote personal data protection concerning customers and enhance our problem solving capabilities. FET garnered the SGS ISO18295:2017 customer service center management certification and become the first and only authenticate carrier in Asia. With our ISO 10002 customer complaints management system, we have set up a special consumer complaints mechanism by using a systematized, logical procedure to manage complaints. FET also enhance existing service processes to ensure our customers with safeguarded, consistent and A+ service level. We place a high degree of importance on customers' personal information, not only upholding awareness via internal training, but also being continuously awarded the international certifications including ISO 27001(Information Security Management System), BS10012(Personal Information Management System), ISO20000 (Service Management System) and CSA STAR (Security, Trust &Assurance Registry) certifications; All these efforts are intended to demonstrate FET's determination to implement information security policy and protect customers' personal information.
- Marketing Channel:
Currently, the total number of FET retail stores – including retail sellers, franchise and Data Express stores, is around 710. FET promises to ensure that FET retail and franchise sales representatives 3 thousand are able to serve 2 million of customers monthly and expect to bring customers caring, proactive and professional services. With the vision of "FET Connects and Enriches Life", FET will continue to introduce the best services, products and pricing plans to be the leading brand amongst Taiwanese consumer.
- New Economy:
Focus on developing various and customized digital contents, and drive the growth of telecom users and revenue.

(5) Advantages and Disadvantages of Future Developments and Countermeasures

Advantages of Future Developments:

- With high-quality 5G spectrum, network speed and coverage, FET's 5G penetration rate is ahead of major competitors.
- The epidemic has changed the habits of consumers, and it has also created market opportunities for telecom operators to meet the needs of the stay-at-home economy and remote services.

Disadvantages of Future Developments:

5G still lacks killer applications, and the public generally believes that 4G services are sufficient.

Countermeasures:

- Continuously optimize 5G network and accelerate 5G penetration, combined 5G service with FET's core competency (big data, AI, IoT) and life circles, provides more innovative and valuable services for consumers.
- Actively integrate strategic partners to accelerate the development of applications such as information security, telemedicine, games, and entertainment through technical cooperation to expand market opportunities.

B. Enterprise Business**(1) Main Products and Service Areas**

FET provides enterprise customers with services ranging from domestic and international voice, data, mobility, roaming to cloud along with corporate solutions including IoT and ICT integration. Taiwan is our main market. Details on the sales are as follows:

- Cloud: The key customers are enterprise customers in Taiwan. FET can assist companies with deploying their services at cloud platforms in Taiwan or other countries.
- Cyber Security: Integrating the professional IT consulting services of its subsidiary, ISSDU, FET provides the most secure, reliable, flexible and cost-effective IT security solution.
- IoT: The key customers are enterprise customers in Taiwan. FET can not only assist customers with developing local applications, but also help the manufacturing industry with developing IoT applications for products. As the demand for IoT application increases, FET will also assist multinational enterprises to promote the IoT applications of their products in Taiwan.
- New Economic: Upholding the spirit of solving city governance and industrial pain points with innovative technology, leveraging core skills such as big data, AI, IoT, cloud and information security, integrating innovative 5G application to drive smart cities and industrial transformation, we customize flexible ICT integration services for corporate clients and government agencies and establishes multiple smart IoT applications, including smart city, smart healthcare, smart manufacturing, smart transportation, and IoV.

(2) Market Share

In 2022, sales from enterprise customers accounted for 24% of our overall revenue. We are committed to providing the best services and solution.

(3) Supply, Demand and Growth of the Future Market

Building long-term relationship with enterprise customers. Under the concept of one-stop integrated solutions customized services, we combine our core competence of IoT, big data, artificial intelligence, cloud and cyber security. Assist different users to successfully achieve comprehensive digital transformations, also provide smart city solution include smart governance, smart traffic, smart green energy to government department. Continuously develop and innovate smart services, give digital transfer momentum to industries or cities.

(4) Competitive Advantages

FET owns comprehensive and robust network infrastructure and has experiences in integrating cloud, information security, and ICT skills to introduce digital transformation services for medium and large enterprises. Also, FET has partnered with several well-known international manufacturers, which leads to more chances for it to break the limits and develop more new customers while providing better service experiences for its current customers.

New Economics: For enterprise users, the marketing philosophy centers around "customer orientation". FET provides integrated solutions customized by various industry features and develops solutions, such as mobile applications, Internet of Things, cloud computing, big data and AI, for different market types. We aim to broaden our collaboration with customers concerning 5G application development in the 5G era.

(5) Advantages and Disadvantages of Future Developments and Countermeasures**Advantages of Future Developments**

Although the world is under the influence of the pandemic, the economy and trades are steadily recovering. The market's digital transformation has also been driven in the post-pandemic era.

Disadvantages of Future Developments

The providers are also catching up on actively developing and providing corporate clients with ICT integration services. At the same time, the market is still under the threat of uncertainties such as recurring pandemics, supply chain bottlenecks, and inflationary pressure.

Countermeasures

FET will build long-term relationship with enterprise customers and utilize our vast selling experience as we aggressively develop various applications under new economy applications and solutions in mobile applications, IoT, cloud computing, Big Data, information security, and AI. These efforts will be tailored to different industrial features in order to satisfy different customer segments and groups. Furthermore, we will collaborate with international telecom carriers to offer localized professional services to international enterprises. We will move toward becoming a comprehensive “ICT service provider” and assist users to successfully achieve comprehensive digital transformations.

2-2 Main Features and Production Process of Major Products

(1) Main Features of Major Services

Major Service	Major Features
Short message service	4G communications; interconnection with other domestic operators' networks.
WiFi Service	WLAN (Wireless Local Area Network) access service at hotspots allows overseas roaming with operators.
4G Service	LTE 700/1800/2100/2600 high-speed wireless broadband service, providing 1Gbps broadband data service theoretical value.
NB- IOT Service	L700 / L1800 NB-IOT Access Service.
5G Service	n78/n28 high-speed wireless broadband service, providing over 1Gbps broadband data service theoretical value in the future.
Smart Enterprise Network Services (MVPN)	The most powerful and flexible mobile service integration program within Taiwan.
Private Network	Provide 5G private network services for the enterprise vertical applications

(2) Production Process:

FET is a mobile operator, not a manufacturer. Therefore, there is no manufacturing process engaged.

2-3 Supply of Raw Material

FET is a mobile operator not a manufacturer. Therefore, there is no raw material requirement.

2-4 Major Suppliers/Customers Accounting for above 10% (inclusive) of Purchases / Sales in each year of Recent 2 Years

2-4-1 Suppliers accounting for above 10% (inclusive) of purchases in recent 2 years

2023/03/31; Unit: NT\$'000, %

Year Item	2021				2022				2023Q1			
	Company	Amount	% of Total Operating Cost	Relations with the Company	Company	Amount	% of Total Operating Cost	Relations with the Company	Company	Amount	% of Total Operating Cost	Relations with the Company
1	Company A	18,492,872	30.88	None	Company A	16,632,533	26.79	None	Company A	4,555,688	29.68	None

Note: The figures are on consolidated basis.

2-4-2 Customers accounting for above 10% (inclusive) of sales in recent 2 years

2023/03/31; Unit: NT\$'000, %

Year Item	2021				2022				2023Q1			
	Company	Amount	% of Total Operating Cost	Relations with the Company	Company	Amount	% of Total Operating Cost	Relations with the Company	Company	Amount	% of Total Operating Cost	Relations with the Company
	None				None				None			

Note: The figures are on consolidated basis.

2-4-3 Reasons for Variation of Major Suppliers and Customers

The above table shows that there was no significant change for suppliers in the recent two years; there was no customer whose sales amounted above 10% of the consolidated revenues for recent two years.

2-5 Production Volume for the Recent 2 Years: Not applicable.

2-6 Sales Volumes for Recent 2 Years

Item	Quantity	2021		2022	
		Quantity	Revenue (NT\$'000)	Quantity	Revenue (NT\$'000)
Mobile telecom service revenue		7,057,355 Subscriber number as of the end of the year	39,555,050	7,144,954 Subscriber number as of the end of the year	41,028,032
Domestic fixed communication service revenue		433,867 Thousand minutes	869,198	337,572 Thousand minutes	789,956
International communication service revenue		133,952 Thousand minutes	949,577	58,793 Thousand minutes	591,710
Data telecommunication service revenue		232 Thousand Lines	3,960,160	254 Thousand Lines	4,056,647
Sales & other operating revenue		Not Applicable	39,986,023	Not Applicable	42,685,020
Total		Not Applicable	85,320,008	Not Applicable	89,151,365

* The figures disclosed above are on consolidated basis and there's no export sales information need to be disclosed.

3. Employee Information in Recent 2 Years up to the Annual Report being Published

2023/03/31

Year		2021	2022	2023Q1
Number of Employees	Total	5,472	5,255	5,033
Average Age		40.1	41.1	41.6
Average Years of Service		10.9	11.8	12.1
Breakdown of Educational Level (%)	Ph.D.	0.26	0.26	0.30
	Master	14.99	14.96	15.36
	College	70.39	70.87	71.01
	High School	14.31	13.85	13.25
	Below High School	0.05	0.06	0.08

4. Environmental Protection Expenditure

Any loss or penalty due to environmental pollution from last year up to the annual report being published: None.

5. Employee Relations

5-1 Implementation of Policies and Programs related to Welfare, Learning, Training and Retirement of Employees, as well as various protections of Employee Rights and Benefits

5-1-1 Welfare Policy

(1) Compensation and Benefit

The Company provides competitive salary, annual bonus, performance incentives, sales incentives and special performance bonuses. In addition to complying with labor standard laws, the Company provides additional benefits to better the health and lifestyle of its employees, such as physical check-ups, group insurance, clinic service, employee consolation services, health and safety forums, a cafeteria, employee handset subsidy, monthly airtime subsidy, and nutritional allowance for pregnant women. Moreover, an employee welfare committee was founded to promote employee social activities, subsidize employee outings and event funding.

(2) Advanced Studies and Training

According to internal diagnosis, external market trend and customer demands, the Company added current and future elements needed in learning and development journey. Following the Company's digital transformation strategy and talent development direction, B.A.I.(Big Data, Artificial Intelligence, IoT) have been set as goals since 2019 and the completeness and suitability of training courses is reviewed on annual basis to ensure the operation goal is closely tight with corporate strategy

The focus areas of 2022 ITP (Individual Training Plan) are work efficiency, industrial trend and industrial technology, reinforcing management and professional training courses based on core value and competency model. In order to retain Company's domain knowledge and consider career development of internal experts, internal lecturer training programs were conducted since 2020. Internal lecturers are invited to give lectures to promote knowledge creation and sharing since 2021. Study groups and technology salons are held to encourage knowledge sharing across teams and positive learning atmosphere. In the meantime, a new attempt was made to leverage external learning platform in manager and all-staff training due to mobile and digital learning becoming the main stream in the coming future. Employees are encouraged to do self-learning based on individual demand aside from required training courses. Furthermore, a synchronous on-line learning model was set up during COVID-19 period to ensure uninterrupted learning for employees. In addition to strengthening internal training, selective employees enrolled AI school program in 2021 to introduce the sources of external knowledge.

The Company focuses on 3E (Education, Exposure and Experience) learning and development model, guiding employees to address on-job-training in addition to course learning.

In 2022, a total of 1,485 training courses were conducted with 43.66 training hours in employee's average. Total training related expense is NT\$19,666,000 and averaged NT\$3,700 for each employee in 2022. In response to the digital transformation and the impact of the COVID-19, the learning content invested during this period is more strategic, the learning mode is more digital, and the learning resources are more diversified. These have been setting up a good foundation of digital transformation in learning and development.

(3) Two-way Communications

The Company recognizes the importance of listening to employees, and drives the concept of two-way communication channels through the following ways, as a way of showing resolve to continuously improve.

- In order to understand and reflect employees' opinions on areas for improvement, an employee engagement survey is conducted regularly.
- The annual staff meeting provides an opportunity of two-way communications between staffs and senior executives.
- The "United Employee Welfare Committee" holds regular meetings, or whenever necessary, to discuss and conduct employee activities that increase and enhance employees' welfare.
- A Town Hall meeting with employees is held quarterly to communicate company's new directions, policies and financial performance. Employees feel free to raise questions and President /senior executives will give response directly during the meeting, as a way of developing interactive communications. All employees may also join the

meeting through on-line broadcasting.

- e-News in the Intranet shares company's immediate and important information with employees. FET Breaking News e-news letter shares interesting and must-know events, news; and projects. Therefore, employees can understand more about the company dynamics and culture.
- Employees are able to raise their creative proposals/ideas through Employee Suggestions Mailbox or seek assistances through Complaint Mailbox in the Intranet.
- The departmental communication meeting is held either regularly or irregularly for employees of the same department to directly communicate important information, so as to promote mutual trust and cooperation among employees.

5-1-2 Retirements

The Company offers retirement benefits for permanent employees according to the Labor Standard Laws. Pension payment is calculated based on the years of service rendered and the average salaries of the six months prior to retirement. An equivalent of 2% of employee's monthly base salary is allotted to the employee's retirement reserve, which is managed by its own supervisory committee, and deposited into the Bank of Taiwan under the name of Far EasTone Employee Retirement Fund Committee. Furthermore, the Labor Pension Act has been enforced as of July 1, 2005. The Company will contribute 6% of the insurance amount to the Labor Insurance Bureau on a monthly basis for employees who choose to apply to the new system.

5-1-3 Labor negotiations and protection of employee benefits

The Company has always complied with related labor laws and maintained good relations with its employees. Any amendments or additions concerning employee benefits only take place after discussion and communication with employees. The Company has established the Lantern-Legend Meeting and Employee Suggestion Box and Appealing Box on the Intranet to keep efficient communication channels open, and to better protect the rights of employees.

5-1-4 Company Employee Personal Safety Provisions and Work Environment and Implementation status

To provide employees with an excellent working environment and maintain their physical and mental health, the Company adopts the following safety measures:

(1) Physical safeguard

To ensure the safety of personnel and property we have put in place relevant guidelines and procedures in compliance with NCC's directives. We have been awarded with ISO 27001 in 2012 and BS 10012 in 2013, and these two certifications have been renewed annually. We have also received awards in protection exercises both from the Office of Homeland Security and NCC in 2015, 2017 and 2020, respectively. Details of measures associated with physical safeguard are listed below:

- Operations management: The Company has established a safety control center, providing 24-hour protection to offices and MSC/IDC. Besides ensuring the stability and reliability of systems' daily operations, as incidents occur, it can alert, take preventive measures and respond effectively to manage risks.
- Access control: Some areas have multiple protective measures in each office and MSC/IDC. They are controlled through the access control system. All personnel need authorization to access and real-time records are maintained for reference. We also have the "Access Control Management Methods" which explicitly specify the movement of personnel in the work place to maintain the security of premises and personnel.
- Surveillance system: There are 24-hour surveillance systems at major entrances or exits of offices and MSC/IDC or at key premises. Video recordings are retained for a specific period of time pursuant to relevant rules for reference.
- Electronic security: The Company has entered into electronic security contracts with professional security firms to ensure 24-hour protection at key offices, MSC/IDC and retail stores. Those contracts also strengthen the responsiveness at each location.
- Security guards: In addition to access control and surveillance and electronic security systems, the Company has security guards stationed at the headquarters, key offices and MSC/IDC to strengthen control on personnel, vehicles and goods.

(2) Equipment Maintenance

- Fire Safety: The Company regularly commissions fire equipment companies to maintain and repair fire-fighting equipment (e.g. fire alarms, fire extinguishers) and has dedicated personnel conducting regular reviews and keeping records. There are periodic fire and emergency drills held at workplace annually to raise employees' awareness on preventive measures.
- Environmental Safety: To maintain the quality of drinking water and air, the Company commissions vendors to

monitor the water quality and carbon dioxide quarterly. The offices are cleaned and disinfected periodically to maintain workplace safety and comfort.

- Each office site is equipped with an automated external defibrillator and staffed with a sufficient number of first-aid personnel.

(3) Disaster Prevention and Response:

- The Company is also committed to providing a hazard-free work environment to all employees and stakeholders. The company headquarter building implemented Occupational Safety and Health Management System in 2018 and passed ISO 45001:2018 and CNS 15506: 2011 (TOSHMS) Taiwan Occupational Safety and Health Management System certification in 2019. FET also passed the review in 2021. (The current validity of our ISO45001:2018 certificate is from January 25, 2022 to January 24, 2025) Through the PDCA systematic management mode, improve the management of occupational safety and health.
- The "Safety and Health Work Rules" and "Emergency Preparedness & Disaster Management Plan" are established to specify the responsibilities and tasks of all personnel in major incidents and emergencies.
- FET has set up the "Occupational Health and Safety Committee" (OHS Committee) as well as dedicated labor safety and health units to make improvements to the working environment and ensure work safety. The OHS Committee is made up of 18 members, including the business operator or their agent, OHS personnel, department heads, supervision, controllers, OHS engineering or medical personnel, and labor representatives. The Committee has 9 labor representatives, which accounted for 50% of all seats.
- The Committee holds a meeting quarterly. Its responsibility is to oversee the formulation of the occupational disaster prevention plan and the self-inspection plan; discuss, examine, and analyze related occupational disasters and review OHS improvements as it engages in communication and management related to disaster prevention. In addition, OHS units communicate the concepts of disaster prevention to employees and contractors on an ad hoc basis, whilst various types of safety training are also often held. In 2022, a total of 12,424 people took part in a total of 164 training courses for labor health and safety. In the meantime, an inspection for 243 items of working environment and construction security were also completed; the improvement rate for irregular items reached 100% and thus guaranteed the prevention of occupational disaster and hazard.

(4) Physical and Mental Health:

Have a full-time professional medical staff and contracted doctors on site to: carry out new recruit physical checkups and arrange regular companywide medical examinations; analyze, evaluate, manage and retain employee physical and medical examination records; deal with workplace injury and illness prevention, health consultation and first-aid and emergency treatment; provide health management, disease prevention, health education, health promotion, and other activities pertaining to employee health.

- FET organized a "weight loss competition" in 2022, where 420 employees participated and lost 949 kgs. From 2018 to 2022, 2,870 employees completed the event, a total weight loss of 5,237 kgs.
- FET hold calculate step competition by App, attracted 1,157 employees to join with 287,930,646 steps, and 139,465 KM in total; almost 122 laps around the Taiwan in 2022.
- A range of specialists, such as doctors, dietitian, physiotherapist, psychiatrist, aroma therapist that helps illness prevention, muscle relaxation, mental health, mind relaxation, healthy diet, exercises, vaccination, and fitness assessment. In 2022, we completed 42 Health Promotion activities and 3,464 people attended the events.
- Since 1995, The Company has established 32 clubs, of which 23 clubs belong to sports clubs. The company subsidies each club up to NT\$80,000 per year. In 2022, a total of 446 activities with 5,109 people participated.
- During the epidemic prevention for Covid-19, In addition to advocating that employees pay attention to personal hygiene and external protection, it is also very important to maintain proper exercise and improve their immunity, FET's employees are able to obtained any health related or medical related information and resources from the Intranet. Through the Intranet, employees are educated on diseases, common health problems at workplace, healthy diet, and exercises. We also provide exercises routine designed for office workers so employees can easily access health related information and conveniently exercises at workplace. A total of 1,600 views in one year.
- FET commissioned 16 visually-impaired massage therapists to provide free massage sessions for employees to relieve their work stress and relax their skeletal muscle. A total of 11,727 sessions were given in one year.
- Neihu, Banqiao, Taichung and Kaohsiung office got the "A Badge of accredited health workplace" by Health Promotion Administration, Ministry of Health and Welfare.
- The Company provides employee assistance programs (EAP) through contracted professional consultation firms, aiming to assist employees to solve issues pertaining to family, marriage, pressure and interpersonal relationships in order to maintain their physical/mental well-being and ensure work safety, quality and productivity.

5-1-5 Precautionary measures of sexual harassment

When the Gender Equality in Employment Act was enforced, the Company communicated with its employees throughout Taiwan with respect to the prevention of sexual harassment in the workplace. Nevertheless, in order to cope with the enforcement of Prevention Act of Sexual Harassment, the Company undertook relevant publicity in its major offices throughout Taiwan and established procedures for processing sexual harassment cases pursuant to the relevant requirements to keep a healthy workplace free from harassment and discrimination.

- 5-2 **Losses of the Company and its subsidiaries caused by labor disputes, and to disclose the estimated amounts and action plans of recent and future possible labor disputes from last year up to the Annual Report being published:** None.

6. Information Security Management

- 6-1 **The Company has established an information security risk management framework, information security policies, solid management mechanisms, and resources in information security risk as described below:**

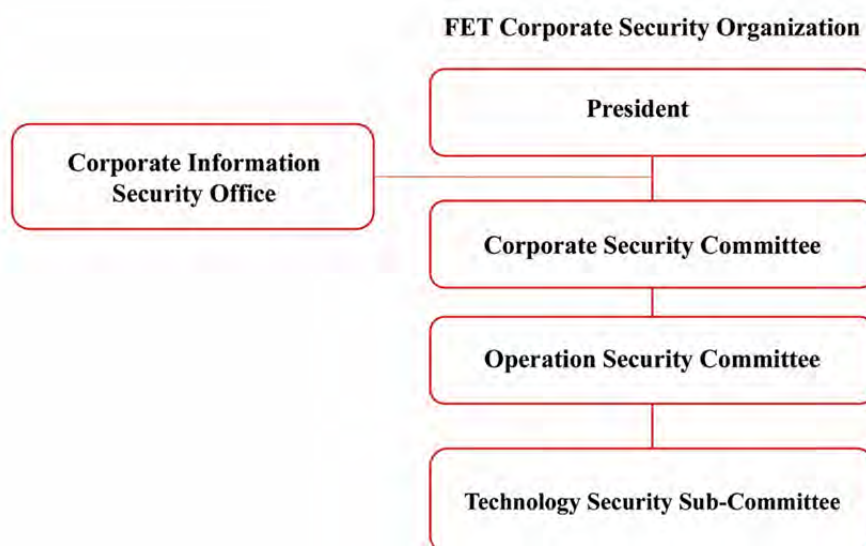
Information Security Risk Management Framework

To demonstrate its emphasis on and commitment to information security and customer privacy, FET has set forth its vision of information security: "treasuring customer trust, protecting customer information, winning the trust of customers, and maintaining sustainable services." Following these principles, FET has established corporate security organization. It has more than 30 members including the President and the representatives from all business units. Moreover, FET has set up a dedicated security department - Corporate Information Security Office and Chief Information Security Officer (CISO). The CISO, being assigned and directly report to the President, is responsible for facilitating and supervising the company's information security and personal information protection affairs as well as coordinating cross-divisional roles and responsibilities.

Information Security Policy

FET has set security policies and the objectives of "construct secured and reliable networks, ensure business continuity and resilience, comply with the laws and regulations, and guarantee the security of user's privacy information", with consideration given to government regulations, personal data protection, risk and crisis management. The relevant policies and regulations are regularly reviewed and revised according to internal and external requirements, including operational information security, technical security, physical security, and personnel security management. FET also conducts security risk assessments annually to identify high-risk issues such as cyberattacks, and incorporates the assessments result into annual plans by taking countermeasures of risk avoidance, risk reduction, and/or risk transfer to manage relevant risks.

The Corporate Security Organization and Responsibilities



The Corporate Security Organization consists of the representatives of business units, who are responsible to implement security management within the business unit based on their duties, so as to ensure the management and maintenance of company-wide information security.

Organization	Responsibility
Corporate Security Committee	Establish corporate security policies and governance framework, approve security plans and resource budgets, and oversee the Company's overall security risks; the Committee also has a Chief Information Security Officer (CISO) who is responsible for promoting and supervising the Company's information security and personal information security related matters.
Operation Security Committee	Establish corporate security objectives; manage the planning, establishment, implementation and review of security-related policies and regulations; and plan resources and response plans based on risk projects.
Corporate Information Security Office	Assist in the formulation of security policies; responsible for policy and awareness promotion and security committee operations.
Technology Security Sub-Committee	Review and evaluate information security risks in the technology domain and establish appropriate control measures to ensure the protection of information assets and a sound information security environment.

Solid Management Programs and Devoted Resources

In 2022, FET has held 4 meetings of Corporate Security Committee and 6 meetings of Operation Security Committee. The major discussion topics including security policy review and revision, global major risks, threats, and trend analysis, relevant regulation review such as the revision of Cyber Security Management Act (CSMA), high-risk issues identification, the response strategies and reinforcement plans. For high-risk issues, it is also regularly reported to the board members in the Risk Management Committee and then reported to the board of directors.

To continuously improve overall security, the relevant divisions had planned and completed a number of projects in 2022, including the enhancement of cyberattack protection, physical security management, the drills of business continuity plans, and the optimization of security monitoring and defense-in-depth protection mechanism. Through big data analysis, FET integrate internal and external joint defense organizations' security intelligences and strengthen high-risk alert mechanism to achieve 7x24 real-time detection, response and handling. On the other hand, FET also continually evaluates the necessity of cyber insurance to optimize the allocation of resources.

For shaping the security awareness and culture, FET has set up a dedicated area on intranet website to promote. In 2022, FET has conducted two security trainings for all employees, including "Personal Data Protection Act (PDPA) case analysis" with totally 5,369 participants and "Information Security Protection Fundamentals" with totally 5,279 participants. (The number includes both full-time and contract staffs). Furthermore, in order to provide customers with a secured service environment and to continuously enhance and cultivate employees' security technology capabilities, FET also conducted professional and functional trainings for dedicated cyber security and information personnel, with a view to incorporating information security control measures into all stages of the Secure Software Development Life Cycle (SSDLC) and to strengthen overall security and resilience.

To ensure the appropriateness and effectiveness of information security management and personal data protection mechanism, FET continuously pay attention to international trends and standard requirements, regularly conduct international standard verification through external third-party organizations every year, actively review and constantly enhance.

2022 Information Security and Personal Data Protection Certification	
ISO 27001 Information Security Management Certification	FET has obtained the certification for 18 consecutive years, with scope covering both mobile and fixed network services processes, including service activation, change of service, billing and payment, customer service, the development and maintenance of operations support systems, as well as the operation management of internet data centers, etc.(The latest validity period of the certification is until April 30, 2024)
ISO 20000 IT Service Management Certification	FET has obtained the certification for 14 consecutive years.
BS 10012 Personal Information Management Certification	FET has obtained the certification for 10 consecutive years, with scope covering all retail stores in Taiwan, the processes of service application, customer data collection, billing and data processing, etc.
CSA STAR Cloud Security Certification	FET has obtained the highest recognition of Level-2 CSA STAR certification for 9 consecutive years.
ISO 27017 Cloud Service Information Security Certification	FET has obtained the certification for 4 consecutive years.
ISO 27018 Cloud Personal Information Protection Certification	FET has obtained the certification for 4 consecutive years.

- 6-2 List losses, potential impact, and countermeasures as a result of material incidents that occurred in Information security risk from the most recent year up to the printing of annual report for publication, and provide an explanation for reasons where losses cannot be reasonably estimated:None

7. Major Contracts and Agreements

2023/03/31

Contract Type	Counter Party	Contract Period	Description	Restricted Clauses
Procurement (FET)	Ericsson Taiwan Ltd.	2020.06.17 ~ Present	Purchase for 4G and 5G cell site, mobile phone system and network equipment, software, installation, system construction and technical service	Confidential Clause
	Apple Asia LLC	2010.01.29 ~ Present 2010.09.30 ~ Present	Procurement contract for iPhone Wireless Service License for Apple's iPad Products	
	Taiwan International Standard Electronics LTD.	2021.05.20 ~ Present	Purchase Agreement for equipment.	
Strategic Alliance (FET)	NTT DOCOMO, Inc. Star Hub Mobile FET Group (FET and KGT) Hutchison (Hong Kong)	2006.02.13 ~ Present	Strategic alliance among Asia Pacific Telecommunication operators	Confidential Clause
	All Conexus Members	2007.03.01 ~ Present	Collaboration Agreement with Conexus Members	
		2010.06.15 ~ Present	Collaboration Agreement with Conexus Members	
		2010.06.15 ~ Present	Supplemental Agreement #4 to Conexus Mobile Alliance Agreement	
		2010.07.01 ~ Present	Amended and Restated Conexus Mobile Alliance Agreement	
Commercial Cooperation (FET)	China Mobile Limited	2013.04.18 ~ Present	It's a business cooperation framework agreement. Based on Business Cooperation Frame Agreement, the Company and China Mobile Limited will continue exploring opportunities for long-term extensive cooperation between both parties in various fields of mobile communication business, and after the Taiwan laws and regulations permit investment in Type I Telecommunications Enterprise by China investors, both parties may reconsider the possibility of equity cooperation.	Confidential Clause
	Line Financial Taiwan Limited Taipei Fubon Commercial Bank Co., Ltd. Union Bank of Taiwan CTBC Bank Co., Ltd Standard Chartered Bank (Taiwan) Ltd. Taiwan Mobile Co., Ltd.	2018.12.26 ~ present	To create a new economy for cross-border financial services, and to deploy the net banking business, the Company chose to join the group led by Line Financial Taiwan Limited to incorporate a company, the Company acquire a 5% stake to obtain the FSC's approval for incorporation of the Digital-Only Bank. The group has obtained the FSC's approval for incorporation of the Digital-Only Bank on July 30, 2019, named the incorporation LINE Financial Taiwan.	
	Asia Pacific Telecom Co., Ltd	2020.09.04~2040.12.31	After being approved by the competent authority, the Company will share its 3.5G spectrum with APTC to cooperate in co-frequency and co-network matters, which APTC will share two ninths of the cost for the right to use two ninths of the spectrum capacity.	
		2020.11.05~2030.12.31	Either company agrees to share its 700MHz spectrum with another to cooperate in co-frequency and co-network matters or spectrum swap. The competent authority approved the spectrum swap on May 31, 2022.	

Contract Type	Counter Party	Contract Period	Description	Restricted Clauses
Share trading (FET)	Hon Hai Precision Industry Co., Ltd.	2020.09.04	After being approved by the competent authority, which presume to be fulfilled on June 30, 2022, the Company will issuance of new shares to exchange the shares of Asia Pacific Telecom held by Hon Hai Precision Industry Co., Ltd.	Confidential Clause
		2022.02.25	Due to the merger agreement between FET and Asia Pacific Telecom Co., Ltd., FET and Hon Hai signed a supplementary agreement on June 30, 2022 for suspending shares exchange regulated in section 1 of article 3 in the share exchange agreement. FET and Hon Hai would take relative actions depending on the circumstances that happens.	
Inter Company Loan (Subsidiary-NCIC)	Far EasTone Telecommunications Co., Ltd.	2022.05.04 ~ Present	NCIC loans to FET	Confidential Clause
Merger (FET)	Asia Pacific Telecom Co., Ltd.	2022.02.25	FET plans to absorb and merger with Asia Pacific Telecom Co., Ltd., with FET as the surviving company and Asia Pacific Telecom Co., Ltd. as the dissolved company, the two parties signed a merger agreement.	Confidential Clause
		2022.12.30	The Parties signed a supplementary agreement to the merger agreement, agreeing how to deal with procrastination of obtaining approval from the competent authority within a certain period of time.	



Review and Analysis of the Financial Condition, Operating Performance and Risk Issues

- 1. Financial Condition**
- 2. Financial Performance**
- 3. Cash Flow**
- 4. Key Performance Indicator (KPI)**
- 5. Analysis of Major Capital Expenditure and Sources of Funding**
- 6. Investment Policies, Reasons for Profit/Loss, Plans for Improvement in the Recent Year and Future Investment Plan in the Coming Year**
- 7. Risk Issues**
- 8. Impact of the Financial Distress Occurred to the Company and Affiliates from last year up to the Annual Report being Published**
- 9. Others**

1. Financial Condition

Review and Analysis of Financial Condition

2022/12/31; Unit: NTD'000

Item	Year	December 31, 2021	December 31, 2022	Variance	
				Amount	%
Current Assets		\$26,174,565	\$26,182,722	\$8,157	0
Properties, Plants and Equipment		40,142,014	40,328,499	186,485	0
Intangible Assets		83,848,280	78,605,757	(5,242,523)	(6)
Other Assets		25,378,722	25,521,721	142,999	1
Total Assets		175,543,581	170,638,699	(4,904,882)	(3)
Current Liabilities		33,398,206	28,940,943	(4,457,263)	(13)
Non-current Liabilities		76,044,595	77,509,580	1,464,985	2
Total Liabilities		109,442,801	106,450,523	(2,992,278)	(3)
Capital Stocks		32,585,008	32,585,008	0	0
Capital Surplus		2,389,840	26,365	(2,363,475)	(99)
Retained Earnings		30,995,246	32,429,860	1,434,614	5
Other Equity		(834,378)	(1,773,776)	(939,398)	(113)
Non-controlling Interest		965,064	920,719	(44,345)	(5)
Total Shareholders' Equity		66,100,780	64,188,176	(1,912,604)	(3)

1-1 Analysis of variation of plus-minus (+/-) 20%

- (1) The decrease in capital surplus was due to the distribution of cash dividends.
- (2) The decrease in other equity was mainly due to the recognition of unrealized losses on financial assets at fair value through other comprehensive income.

1-2 Impacts of change in financial condition: No significant impacts on financial condition.

1-3 Future response plans: Not applicable.

2. Financial Performance

Analysis of Financial Performance

2022/12/31; Unit: NTD '000; %

Item	Year	2021	2022	Variance	
		Amount	Amount	Amount	(%)
Operating Revenues		\$85,320,008	\$89,151,365	\$3,831,357	4
Operating Costs and Expenses		75,177,567	77,101,277	1,923,710	3
Other Income and Expenses		218,680	583,435	364,755	167
Operating Income		10,361,121	12,633,523	2,272,402	22
Non-Operating Incomes and (Expenditures):					
Financial Costs		(677,354)	(639,597)	37,757	6
Losses on Disposal of Property, Plant, Equipment and Intangible Assets		1,120,155	(195,299)	(1,315,454)	(117)
Share of the gains (losses) of associates		88,270	(8,901)	(97,171)	(110)
Other Profits or Losses		188,593	209,355	20,762	11
Income Before Income Tax		11,080,785	11,999,081	918,296	8
Income Tax Expense		1,846,904	2,293,193	446,289	24
Net Income		9,233,881	9,705,888	472,007	5
Other Comprehensive Income (Loss)		(710,716)	(836,480)	(125,764)	(18)
Total Comprehensive Income		8,523,165	8,869,408	346,243	4
Net Income (loss) Attributable to:					
Owners of Far EasTone		9,123,795	9,607,895	484,100	
Non-controlling interests		110,086	97,993	(12,093)	
Comprehensive Income (loss) Attributable to:					
Owners of Far EasTone		8,413,094	8,764,038	350,944	
Non-controlling interests		110,071	105,370	(4,701)	

2-1 Analysis of variation

- (1) The increase in other income and expenses was due to the recognition of government subsidies.
- (2) The increase in operating income was mainly due to the increase in gross profit from operations and the recognition of government subsidies.
- (3) The decrease in disposal of properties, plants and equipment and intangible assets was due to the income from the disposal of properties, plants and equipment of New Century InfoComm Tech Co., Ltd., FET's subsidiary last year.
- (4) The decrease in share of gain/loss of associates accounted for using the equity method was primarily due to recognition

of the decrease in the investment gains from an associate, Far Eastern Electronic Toll Collection Co., Ltd and recognition of the loss of an associate, Yuan Hsin Digital Payment Co., Ltd.

- (5) The increase in income tax expense was due to the increase in net income before tax.

2-2 For the estimated sales volume and the underlying rationale for the following year, the potential impacts on the Company's future business and action plans: Please refer to the "Letter to Shareholders".

3. Cash Flow

3-1 2022 Cash Flow Analysis

Unit: NT\$ '000; %

Item	2021	2022	Variance	Variance%
Net cash flow from operating activities	35,315,268	27,079,052	(8,236,216)	(23.3)
Net cash flow from (used in) investing activities	(11,555,281)	(7,589,620)	3,965,661	34.3
Net cash flow from (used in) financing activities	(24,827,125)	(19,258,176)	5,568,949	22.4
Effect of exchange rate changes	(1,063)	9,081	10,144	954.3
Net decrease in cash	(1,068,201)	240,337	1,308,538	122.5

- Operating activities: The decrease in cash inflow was mainly due to cash inflow of the spectrum & network collaboration with Asia Pacific Telecom on 3.5GHz bandwidth in 2021.
- Investing activities: The decrease in cash outflow was mainly from the acquisition of Asia Pacific Telecom's private placement in 2021, in addition, the government subsidy for 5G network deployment in 2021 was higher than 2022.
- Financing activities: The decrease in cash outflow was mainly due to lower repayment amounts in 2022 than in 2021.

3-2 Remedy plans for insufficient liquidity: Not Applicable

3-3 Estimated Cash Flow Analysis for 2023

Unit: NT\$ '000

Cash and Cash Equivalents in the Beginning (1)	Forecast Net Cash Inflow from Operating Activities (2)	Forecast Total Cash Outflow (3)	Forecast Balance of Cash and Cash Equivalents (1) + (2) - (3)	Expected Remedy Plans for Negative Balance of Cash and Cash Equivalents	
				Investment Plan	Financing Plan
4,886,011	25,018,006	23,504,325	6,399,692	-	-

- Operating activities: 2023 projected cash inflow from operating activities is expected to remain stable.
- Investing activities: Mainly for Network deployment and other enhancement.
- Financing activities: Mainly for cash dividend distribution and payment of lease liabilities.

4. Key Performance Indicator (KPI)

Unit: NT\$ Mio

KPI	2022 Target	2022 Actual	KPI Achievement Ratio
Total Revenue	\$88,789	\$89,151	100.4%
EBITDA	\$30,449	\$30,792	101.1%
Net Income	\$9,220	\$9,608	104.2%

5. Analysis of Major Capital Expenditure and Sources of Funding

5-1 Major Capital Expenditure and Sources of Funding in 2022

Company	Plan Item	Actual or Estimated Source of Capital	Actual or Estimated Fund Utilization Schedule	Total Capital Needed (Unit: NT\$ '000)
FET and its Subsidiaries	Network Expansion: including 5G network deployment and other enhancement	Working Capital	2022	9,947,912

5-2 **Expected Benefit:** Expansion of Mobile service and new business development.

6. Investment Policies, Reasons for Profit/Loss, Plans for Improvement in the Recent Year and Future Investment Plan in the Coming Year

The Company's long-term investments are for strategic purpose or new business development. In 2022, the performance of long-term investment was stable. On the consolidated basis, the Company's investment loss from long-term investments under the equity method amounted to NT\$8,901 thousand, mainly due to the liquidation loss of the invested company Yuan Hsin Digital Payment Co., Ltd (Happy cash). In the future, the Company will continue to evaluate investment plans prudently in accordance with the long-term business strategy.

7. Risk Issues

7-1 Impact and Response to Interest Rates, Exchange Rates, and Inflation Level on the Company in the Year Preceding Publication of Annual Report

7-1-1 Interest Rate Risk Analyses and Response strategy

The Company performs its financial operations in a conservative manner. In an attempt to manage interest rate fluctuation risk, the Company's current outstanding liabilities are partially back up by long-term fixed-rate corporate bonds issuance. (At the end of 2022, 65% of the debt portfolio is fix rated, including Corp. Bond and bank loan.). Therefore, current interest expenses of the Company and its subsidiaries shall not be significantly impacted by interest rate fluctuations.

7-1-2 Exchange Rate Analyses and Response strategy

(1) Sources of Exchange Gains/Losses

The foreign currency position was mainly to pay the charges of global roaming services and revenue from value-added services. The percentage of foreign exchange gains/losses over operating revenue and operating income in 2022 and Q1-2023 are as follows:

2023/03/31; Unit: NT\$'000

Item \ Year	2022	2023 (as of March 31)
Foreign Exchange Gains (Losses) (A)	43,661	(2,436)
Operating Revenue (B)	89,151,365	22,305,352
% of Operating Revenue (A)/(B)	0.049%	(0.011%)
Operating Income (C)	12,633,523	3,398,255
% of Operating Income (A)/(C)	0.346%	(0.072%)

As shown in the above table, the foreign exchange gains/losses accounted for a small percentage of operating revenue were 0.049% in 2022 and (0.011%) in Q1, 2023 and operating income were 0.346% in 2022 and (0.072%) in Q1, 2023.

(2) Other Expected Gains or Losses Caused by Foreign Exchange Fluctuation

As of December 31, 2022, FET's subsidiary, New Century InfoComm Tech Co., Ltd. ("NCIC"), held financial assets denominated in foreign currency as short-term investments in the amount of US\$20.165 million. Investment as well as foreign exchange gains or losses from the disposal of financial assets are expected to affect the net income of FET and NCIC. NCIC has stopped hedging for the aforementioned foreign-currency assets since the end of January 2019 for the considerations of range-bound fluctuations of exchange rate and the hedging costs.

(3) Actions in Response to Exchange Rate Fluctuation

FET and its subsidiary NCIC use financial instruments, such as FX spot, forward and financial derivative products, to hedge foreign exchange risks for their foreign-currency assets (e.g. accounts receivable, overseas funds, etc.) and liabilities (e.g. accounts payable, etc.) based on exchange rate movements, market situation and hedge costs.

7-1-3 Impact of Inflation on Profit or Loss and Response Action:

In 2022, the global economy was affected by factors such as the Russia-Ukraine conflict and supply chain disruptions, resulting in persistent inflationary pressures. Major central banks around the world, including the US and Europe, all implemented interest rate hikes, and Taiwan Central Bank also adopted a tight monetary policy to curb inflation.

Looking forward, there remains considerable uncertainty regarding global inflation due to geopolitical risks, international economic conditions, and extreme weather events. FET continuously monitor interest rate in both domestic and international markets. With the aim of minimizing interest rate impact, FET issues fixed-rate corporate bonds at the appropriate time to hedge against future interest rate fluctuations. Currently, fixed-rate corporate bonds account for approximately 60%-65% of total borrowing, thus inflation shall not have a significant impact on FET's revenue.

7-2 Policies for High-risk or Highly-leveraged Investments, Financing Provided to Others, Endorsements and Guarantees, and Derivative Transactions, the Main Reasons for the Profit or Loss Thereof, and Response Measures to be Taken in the Future During the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report:

1. High-risk or highly-leveraged investments: The Company and its subsidiaries did not engage in high-risk or high-leverage investments in 2022 and up to the date of publication of the annual report.
2. Financing provided to others: Until the annual report was published, the balance of capital lent to the Company, by subsidiary NCIC was NT\$11 billion. In view of the consolidated relationship between these parties, it is considered that there was no capital lending for the Company and its subsidiaries at the date of the annual report being published.
3. Endorsements and guarantees: The Company and its subsidiaries did not engage in endorsement and guarantees in 2022 and up to the date of publication of the annual report.
4. Derivative transactions: The Company and its subsidiaries did not engage in derivative transactions in 2022 and up to the date of publication of the annual report.

7-3 R&D Plans and Estimated Expenses in Recent Years and until the Annual Report being Published

(1) R&D Plans

A. Strategic Projects

2023/03/31

Project Name	Description	Mass Production Date
Research and experiment on new functions of 5G network technology	This plan is jointly implemented with major international telecommunications companies to conduct functional verification and network construction planning for 5G NR base stations. In addition, it cooperates with domestic manufacturers to plan and introduce 5G enterprise private networks, so that domestic manufacturers can also cooperate Participate in 5G projects. In terms of pre-planning of small base stations (5G small cell), the NSA small cell test in the domestic 3.5GHz and 28GHz frequency bands has been completed, and the SA small cell test in the 3.5GHz frequency band has also been completed, making preparations for the introduction of domestic 5G small cell network construction in the future prepare.	This plan is continuing in 2023.

Project Name	Description	Mass Production Date
FET 5G laboratory	After 5G POC research, the main achievements are as follows: 1. Completed the first "5G ONF local deployment open source network end-to-end test environment (Self-managed Deployment)" in the global telecommunications industry, which can greatly increase the speed and capacity of 5G independent networking, and meet the needs of 5G vertical fields, enterprise private networks, Huge demand for smart city and metaverse applications. 2. Join hands with Intel to establish a 5G sister laboratory. Through in-depth technology exchange and resource sharing, the two companies will work together to promote the development of forward-looking technologies, with "5G ORAN", "AI Visual Computing", and "Vertical Technology Research" as the three key areas, and continue to take the lead in strategic planning, aiming to refine network performance and user experience for consumer and enterprise customers, and accelerate the innovation and upgrade of Taiwan's industry. 3. Far EasTone's 5G Lab showcased the "one-stop solution for 5G private network" to create a one-stop mobile 5G private network that can be quickly deployed. The components required for the private network are pre-integrated in a box the size of a boarding pass, making the deployment and verification of the 5G private network faster and more convenient. 4. Exhibition (1) Smart City Expo: Invited to participate in the 2022 Smart City Exhibition, showcased the tri-band AI drone developed by Far EasTone's 5G Lab, which can support 5G/4G/Wifi, remote control, AI automatic identification and other functions. Shows Far EasTone's 5G network capabilities and forward-looking applications. (2) Healthcare Expo: Invited by Far Eastern Memorial Hospital to participate in the 2022 Exhibition, exhibiting the transformation of traditional 2D computed tomography (CT) into a 3D sinus tissue model in cooperation with the Department of Otorhinolaryngology, combining pyramid holographic projection and intelligent image conversion technology to project complex in 3D The internal structure of the sinus tissue assists doctors to enhance communication between doctors and patients, and integrates the low-latency characteristics of 5G networks to transmit images to remote teaching fields, and simultaneously carry out teaching work for interns or residents, realizing the application effect of digital twins. 5. Two research themes have been granted invention patents in Taiwan and the United States (1) AI base station manager: It helps base station construction and realizes energy saving and carbon reduction. (2) Drone-related patents: it uses mobile networks to perform remote AI control of drones and support telecommunications network optimization.	This plan is continuing in 2023.

B. System Projects

Project Name	Description	Mass Production Date
4G NB IOT network software upgrade and optimization	FET continued to NB IOT network software upgrade and optimization in 2022. In addition, FET conducted access compatibility tests on network devices for enterprise users in the NW Device IoT project, in order to diminish the impact on users and networks. This significantly reduced network access time for IoT devices and improved the success rate for device access and data transmittance.	This plan is continuing in 2023.
4G/4.5G LRAN network expansion and upgrade	Expand 4G /4.5G LRAN capacities and enhance coverage in weak area, new-build community & public area	This plan is continuing in 2023
5G NR network rollout	The construction of 5G base stations will focus on the six metropolitan areas with high traffic flow across Taiwan, business	This plan is continuing in 2023.

Project Name	Description	Mass Production Date
	districts across Taiwan, highway rest areas, airports, Taiwan Railway & High Speed Rail and other important transportation facilities, as well as key scenic spots. By the end of 2022, more than 11,200 NR 3.5G base stations had been built in Taiwan, covering more than 96.5% of the population.	
ROADM Backbone Expansion	Keep enlarging and building ROADM (2nd Backbone) to enhance its bandwidth (Up to 400G per port) and efficiency of Transmission Backbone.	This plan is continuing in 2023.
Intelligent Transport Capability Deployment Wide Area Network Software - Defined Networking), (WAN SDN),	To deploy transmission intelligence capability of carrier-grade Ethernet (CEN) backbone to improve the efficiency of the transmission backbone network usage and to apply to related 5G private network application.	This plan is continuing in 2023.
5G Open RAN Trial	In 2022, FET verified multiple Taiwanese vendors' 5G RAN/O-RAN solutions and deployed in live private networks. In 2023, FET is continuing the trial and expanding its scope to cover Taiwanese vendors' Multi-access Edge Computing (MEC) systems as well as integration with dedicated core for 5G private networks.	Solutions verified have been commercialized in 2022. The trial is continuing in 2023.
VoLTE build up	Along with Mobile system evolution, VoLTE becomes new voice service system. VoLTE improves the user experience with crystal clear voice quality, completes simultaneously voice and data services without degrading data access rate. Started 3G CSFB users migration to VoLTE from 2022-July.	This plan is continuing in 2023.
5G SA core build up	In 2022, FET completed 5G SA core network implementation and integrated with network slicing and edge computing technology for the practical use case.	This plan is continuing in 2023
Core Network Virtualization	Cloud native technology was introduced in Y22 to virtualize mobile core network, it could quickly deploy application and agilely scale network capacity based on traffic needs to efficiently exploit the cloud resources. Cloud native centric architecture can further strengthen high availability and dynamically orchestrate mobile application to timely respond market demand.	This plan is continuing in 2023.

C. Digital Content, Mobile Applications, E-Commerce and Network Security Service:

Project Name	Description	Mass Production Date
friDay Video	Optimize the operation process and viewing experience for our consumers. And continue to adjust the advertising mechanism and introduce short video content.	This plan is continuing in 2023.
friDay Shopping	1. Re-construct shopping site IT framework and interface to enhance User Experience and use AI capability to assist shopping operations and improve workflow processes.	1.Completed in 2022.
	2. Use Machine Learning methodology along with shopping domain knowledge and philosophy to improve recommendation system and real-time calculation ability.	2.Completed in 2022.
	3. Leverage Google Trend and Artificial Intelligence to predict hot selling products and achieve personalized recommendation.	3.Completed in 2022.
	4. 3D Dimension Shopping Mesh leveraged by AI power: from the formal dimension - items listing by user experience, to the 2nd dimension - group sale by the intention of automatic calculated commission, and then direct to the 3rd dimension - auto-generated variable merchandizers' sale site per their goods integrated our AI item listings.	4. This plan is continuing in 2023
	5. Drive the cloud computing of AI core: due to predictable huge volume of visitors or sales in your shopping eco system, cloud computing migration will keep our AI core to be auto-scalable and auto-redundant, and high availability of our shopping services in 2023.	5.This plan is continuing in 2023.

Project Name	Description	Mass Production Date
Mobile Circle APP	Review the APP from user orientation and membership loyalty program so that plan to modify APP optimization : 1. User experience first: To optimize the Telecom services to make user easier to use. 2. Enhanced personalizes and exclusive: To revamp by phase, so as to communicate with the membership loyalty program go to market.	Will be completed in 2023.
FET Network Security	1. FET launched Network Security series services in December 2022. One service is "Threat Protection" service, the other is "Parental control" service. The services are built in the core network, enabling users to enjoy protection without downloading any app, as long as they are using Far EasTone's mobile network. 2. The sales system functions and user interaction interfaces are developed to ensure smooth and fast subscription processes both online and offline. 3. The user interaction interface is continuously optimized to provide a more seamless and protected online self-service experience for users.	1. Completed in 2022. 2. Completed in 2022. 3. This plan is continuing in 2023.

(2) The projected R&D expense is estimated at around NT\$518,542 thousand in 2023.

7-4 Company Impact and Response to Material Changes of Policies and Regulations in Taiwan and Foreign Countries in Year Preceding Publication of Annual Report:

(1) The Company decides to merge Asia-Pacific Telecom Co., Ltd.

The company announced on February 25, 2022 that it has completed the signing of the merger contract with Asia Pacific Telecom Co., Ltd. (hereinafter called "Asia Pacific Telecom") It is expected to issue 357 million new shares to merge Asia Pacific Telecom and the company is the surviving company. Both Asia Pacific Telecom and the company's spectrum are connected. After the merger, the bandwidth increases across 4G and 5G. It will maximize the spectrum synergy and provide the company with a better network experience and intelligent information communication for the consumer and enterprise ends. Such applications and services benefit users and shareholders, and make good use of resources and lean operations on the most economical scale to create a happy enterprise, promote environmental sustainability, and create a win-win situation. In March 2022, the company filed the merger application to the National Communication Commission (hereinafter called "NCC") and the Fair Trade Commission (hereinafter called "FTC") respectively. During several times of supplementary information and participation in expert and scholar symposiums, hearing, NCC committees meeting, etc., the company explained and communicated the company's plan for the merger and position. On January 18, 2023, NCC approved the merger with conditions, and the company will try to obtain the approval of the FTC for the merger as soon as possible, so as to accelerate the synergy of the merger and benefit the society, industry, users and shareholders.

(2) The Ministry of Digital Affairs (hereinafter called "moda") was inaugurated in Aug. 27 2022

The "moda" was established on August 27, 2022. It is mainly responsible for promoting the innovation and reform of my country's digital policy, integrating the five major fields of telecommunications, information, information security, internet and communication, planning digital development policies as a whole, and coordinating infrastructure construction, environmental preparation and resource utilization business to ensure national information security, promote cross-domain digital transformation, and enhance digital resilience of the whole people. Its function is mainly to guide and reward the industry, which should be positive for the digital transformation of related industries and the sustainable development of the telecommunications industry. The company will continue to pay close attention to the impact or impact of the continued coordination and roles and responsibility between the moda and the NCC.

(3) To face the challenges of emerging digital services

The moda opened the application for low-orbit satellite licenses in November 2022 to accelerate the introduction of low-orbit satellite services to Taiwan. In addition to covering air, sea and remote areas and complementing existing telecommunication services, the low-orbit satellite services can also strengthen wartime or emergency situations for network resilience. The moda will also actively open the private networks to facilitate the industry to promote special or vertical customized related applications. Whether it is low-orbit satellite service or the private network, there will be competition and cooperation with existing telecommunications services. In addition to actively expressing the opinion of "a level playing field" in the process of formulating relevant laws and regulations, the company will also strive to cooperate with low-orbit satellite service operators and the provision of the private network services to meet the needs of users.

7-5 Technology Developments (including information security risk) and Impacts on the Company from last year up to the Annual Report being published:

In terms of 5G network deployment:

Far EasTone launched its 5G service in July 2020. The construction of 5G base stations focused on the six major metropolitan areas with high traffic flow in Taiwan, the business districts in Taiwan, highway rest areas, airports and other important transportation facilities. Since 2021, 5G construction has been extended to Taiwan Railway & High Speed Rail, colleges and universities, and key scenic spots in Taiwan. After two years of continuous construction of 5G networks, by the end of 2022, a total of 11,200 NR 3.5G base stations have been built in Taiwan. The population coverage rate has reached more than 96.5%. It provides users with better high-speed network services in an all-round way, and continues to develop AR/VR, 4K/8K and other ultra-high-definition video streaming services, and continues to comprehensively promote "big data" (big data, artificial intelligence), Internet of Things) and other related innovative applications have become the main driving force for Taiwan to enter the 5G era.

In Dec. 2022, 5G SA core network implementation has been completed to provide network slicing and edge computing functionality and apply to the use case of Smart Police Vehicle in Kaohsiung. FET will continue to develop diverse 5G use cases with the core network.

In terms of 700MHz spectrum expansion:

Spectrum resources are the foundation of network development. Far EasTone has always been committed to striving for the best spectrum resources. In addition to obtaining an excellent golden spectrum combination in the 5G bidding, it also submitted an application for spectrum exchange to the competent authority; in May 2022, NCC approved Far EasTone Telecom 2.6GHz (25MHz) and Asia Pacific Telecom 700MHz (uplink and downlink total 10MHz) spectrum exchange case, Far EasTone immediately launched the 700MHz spectrum expansion project, and at the same time optimized the operation, and used the self-developed customer experience management system (Customer Experience Management, CEM) Perform data analysis. According to the analysis of the CEM system, after the optimization of the remote spread spectrum, not only the indoor network speed increased by 22% on average, but the outdoor network speed increased by 10% on average; Road experience, and received positive feedback from many users.

By expanding the 700MHz frequency band, Far EasTone gives full play to the advantages of continuous 15MHz bandwidth and low-frequency characteristics, both of which improve network coverage and upload and download speeds. The quality of roads has been upgraded; it has also greatly improved the carrying capacity of peak network usage periods such as after dinner and before going to bed. Coupled with Far EasTone's existing 1800MHz, 2.1GHz, 3.5GHz, 28GHz and other rich spectrum resources in low, medium and high frequency bands; and with the CEM system to accurately understand the user's real network usage status, such as connection time, signal strength and other information, Continuously carry out optimization projects to achieve the best experience of the Far EasTone network.

In terms of 5G new technology application:

In July 2022, Far EasTone Telecom announced that it had joined hands with Ericsson to complete the world's first commercial test of Ericsson's "Local Packet Gateway" (Local Packet Gateway), successfully conducting the world's first data call. The test was conducted in Far EasTone's "Dual-mode Full 5G Core Network Laboratory" and was completed using Customer Premise Equipment (CPE) and Android phones that support 5G independent networking. It not only improves the efficiency of spectrum utilization, but also ensures data security and reduces latency, greatly promoting the 5G process, creating more possibilities for 5G edge computing and network slicing applications, and showing the forward-looking layout of both parties in 5G networks and related services. Combined with Ericsson's world-leading technology, Far EasTone can give full play to its core advantages and fully meet customers' needs for low latency, high efficiency, security and flexibility in the network. We also look forward to continuing to explore all potentials of 5G innovative applications with customers in various fields. This cooperation is another joint demonstration of Taiwan's 5G leading global strength after the two parties completed the world's first "5G independent networking multi-slice test" in November 2021.

In terms of VoLTE:

Product and service highlight: (1) provide crystal clear voice quality and eliminate background noise. (2) faster voice connection time within 1~2sec. (3) simultaneous voice and data services without degrading data access rate. (4) enjoy domestic tariff when using VoWiFi through internet when roaming abroad. (5) support Enterprise Private Network dialing Plan (PNP) short code dialing when roaming abroad.

In terms of 5G Private Network applications:

Far EasTone actively deployed 5G enterprise private networks for applications various vertical segments, including smart medical care, smart manufacturing, smart warehousing and logistics, smart art performances and exhibition, smart transportation, smart public safety and security, etc. We helped enterprises and public sector accelerate digital transformation, building a new smart future for Taiwan as a technology island.

For smart medical care, we joined hands with Department of Emergency Medicine of National Cheng Kung University Hospital to realize "5G emergency medical care". We also worked with Taipei City Fire Department to develop "5G ambulance". Emergency medical care is largely enhanced by medical teams in hospitals giving real time guidance to ambulances through 5G.

For smart manufacturing, we collaborated with CASTEC International Corp. to realize seamless cross-field intelligent transportation and inspection by AGV/AMR with 5G enterprise private networks.

For smart warehousing and logistics, Far EasTone collaborated with MIRLE Group, a leader of industrial automation solutions, and Moxa to apply 5G on smart warehousing and logistics for e-commerce, effectively improving the efficiency and accuracy of inbound and outbound shipments.

For smart art performances and exhibitions, Far EasTone powered ICC Tainan for advanced live multi-location multimedia shows and interactions by deploying a 5G private network with MEC (Multi-Access Edge Computing) system to realize low latency enabled by data local breakout. Furthermore, Far EasTone participated in "Taiwan Culture (Pili IP) Remote Interaction 5G Innovation Project" promoted by Industry Development Bureau of MOEA. With advanced 4K streaming and holography technologies supported by Far EasTone's 5G private network, physical performance and virtual one projected from another location are combined and interact with each other seamlessly on the same stage, contributing to the promotion of Taiwanese culture with high tech.

For smart public safety and security, Far EasTone worked with Kaohsiung City Police Department to build "5G Smart Police Patrol". With the combination of 5G Standalone (SA) network slicing and AI technology, stolen cars are identified very quickly, hence police operations become more efficient and crime rates are reduced. This is the first commercial case of 5G SA network slicing in Taiwan, opening a new era of 5G network slicing powering public services.

In terms of information security risks:

The new mobile broadband 5G technology facilitates the flexible deployment of network services, but it also brings more diverse and complex threats to the security of mobile broadband networks. Therefore, risk assessment of potential threats and impacts must be carried out in advance, including the risks that threaten the confidentiality, integrity, or availability of the Company's information assets due to natural, human, or technical factors. As a result of information security risk assessment in 2022, cyberattacks is still the major threat. In response, FET adopted countermeasures including the establishment of overall defense strategies and technology, enhancing cyberattack protection mechanisms, improving the security awareness of all employees, and setting risk management indicators to continuously strengthen security risk control and to reduce potential impact on customers as well as the company's finance and business.

7-6 Changes of Corporate Image and Impacts on the Company's Crisis Management in the Recent Years:

The Company and its subsidiaries have good corporate image and there's no issue to result in the Company's crisis.

7-7 Expected Benefits and Risks from Mergers in Recent Years until the Annual Report being Published:

In order to enhance the competitiveness, expand the business scale and achieve the operating synergy, The Board of Directors approved and signed the merger agreement with Asia Pacific Telecom Co., Ltd (APTC) on February 25, 2022. Far EasTone Telecommunications will be the surviving company. The swap ratio is set that each APTC share is exchanged for 0.0934406 FET shares. The company is expected to issue 356,681 thousand shares for the merger. The record date of the merger and the related adjustments, if any, to the agreement will be decided after obtaining approval from the competent authorities. The merger was approved by the National Communications Commission (NCC) on January 18, 2023 and is yet to be approved by the Fair Trade Commission (FTC). After Far EasTone Telecommunications and APTC have completed the merger, the share swap contract signed with Hon Hai Precision Industry Co., Ltd (HHPI) on September 4, 2020 will be terminated.

7-8 Expected Benefits and Risks from Plant Expansion in Recent Years until the Annual Report being Published:

Not applicable; the Company and its subsidiaries do not have any plant expansion plan.

7-9 Risks from Concentration in Supply or Sales in the Recent Year until the Annual Report being Published:

1. The major supplier of the Company and its subsidiaries was Company A, which accounted for 26.79% of the total amount of supply in 2022. Although the purchase accounted for a relatively high percentage of the total purchases, Company A is a large foreign company with a certain level of product and availability, the Company has maintained a stable and good relationship with FarEastone Telecommunications and the subsidiaries. Thus, the risk associated with purchase concentration is not significant.
2. The major customer of the Company and its subsidiaries which accounted for less than 10% of the total amount of sales in 2022. Therefore, there was no issue of concentration in supply or sales.

7-10 Impacts and Risks from Changes in Directors and Shareholders with Greater than 10% Shareholding or Their Selling of a Large Number of Shares in the Recent Years until the Annual Report being Published:
None.**7-11 Impacts and Risks from Changes of Ownership in the Recent Year until the Annual Report being Published:**

None; the Company and its subsidiaries do not have such situation.

7-12 Material Impacts on Shareholders' Equity or Share Price from Litigations, non-Litigations or Administrative actions on the part of Company, Directors, President, Chairman, Shareholders with Greater than 10% Shareholding and Subsidiaries, in the Recent Year until the Annual Report being Published : None.**7-13 Other Major Risks:**

- A. For more information about market risk, credit risk and liquidity risk, please refer to VIII- Financial Information “ 2022 Independent Auditors' Report, Consolidated Financial Statements and Notes” enclosure in the annual report.
- B. The evaluation report of information security risk: Please refer to VI-Review and Analysis of the Financial Condition, Operating Performance and Risk Issues-7. Risk Issues-“7-5 Technology Developments (including information security risk) and Impacts on the Company from last year up to the Annual Report being published” enclosure in the annual report.

8. Impact of the Financial Distress Occurred to the Company and Affiliates from Last Year up to the Annual Report being Published

None.

9. Others

None.

VII

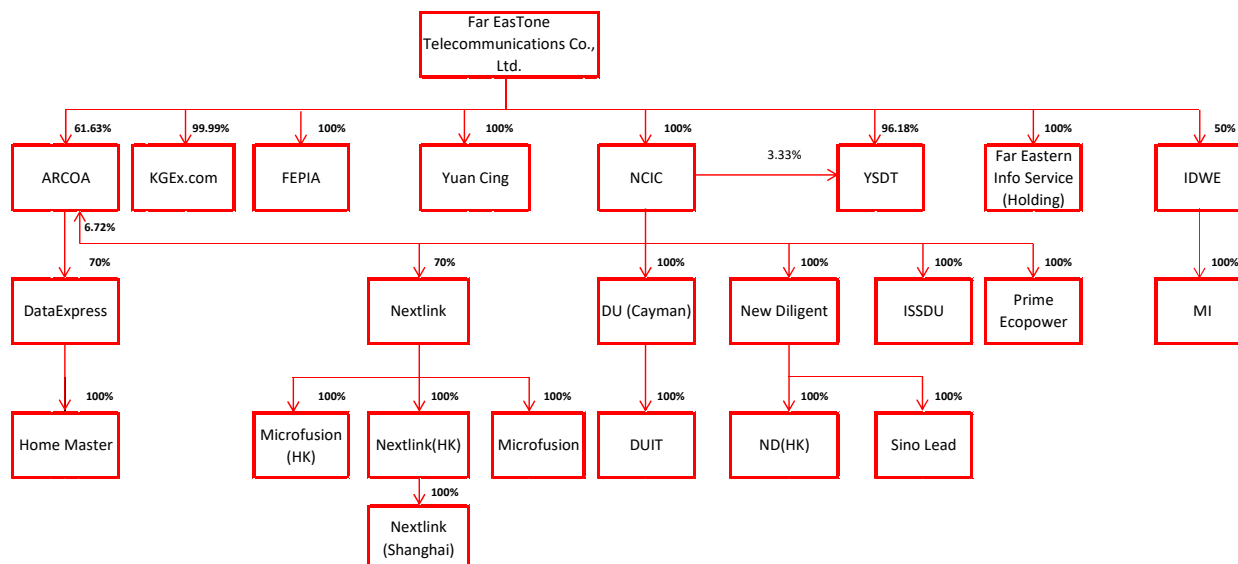
- 1. Affiliated Companies**
- 2. Private Placement Securities from last year up to the Annual Report being Published**
- 3. The Company's Shares Held or Disposed by Subsidiaries from last year up to the Annual Report being Published**
- 4. Other Supplementary Information**
- 5. Material Event Impact, pursuant to Article 36-3-2 of the Securities and Exchange Act, on Shareholders' Equity or Share Price from last year up to the Annual Report being Published**

1. Affiliated Companies

1-1 Consolidated Business Report of FET and Affiliates

(1) Organizational chart:

December 31, 2022



(2) General information of Far EasTone Telecommunications Co., Ltd. and affiliates:

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Company	Date of Incorporation	Address	Common Stock Issued	Major Business Activities
Far EasTone Telecommunications Co., Ltd.	1997/4/11	28th Floor, No. 207 Tun-Hwa S. Rd., Sec. 2, Taipei, Taiwan, R.O.C.	\$ 32,585,008	Telecommunications service
Far Eastern Info Service (Holding) Ltd. (British Bermuda Islands)	2002/7/17	Clarendon House 2, Church Street Hamilton HM 11, Bermuda	RMB 99,240 (US\$ 12,000)	Investment
KGEx.com Co., Ltd.	2000/8/9	4th Floor, No. 468, Ruei Guang Rd., Nei Hu, Taipei, Taiwan, R.O.C.	689,074	Telecommunications services
Yuan Cing Co., Ltd.	2000/8/5	28th Floor, No. 207, Tun-Hwa S. Rd., Sec. 2, Taipei, Taiwan, R.O.C.	20,000	Call center services
ARCOA Communication Co., Ltd.	1981/5/4	36th Floor, No. 207, Tun-Hwa S. Rd., Sec. 2, Taipei, Taiwan, R.O.C.	1,342,800	Sales of communications products and office equipment
DataExpress Infotech Co., Ltd.	2004/7/22	6th Floor, No. 468, Ruei Guang Rd., Nei Hu, Taipei, Taiwan, R.O.C.	243,472	Sale of communications products
Home Master Technology Ltd.	2011/8/11	6th Floor, No. 468, Ruei Guang Rd., Nei Hu, Taipei, Taiwan, R.O.C.	31,458	Sale of communications products
New Century InfoComm Tech. Co., Ltd.	2000/6/1	10th Floor, No. 220, Gangchen Rd, Nei Hu, Taipei, Taiwan, R.O.C.	21,000,000	Telecommunications services
New Diligent Co., Ltd.	2001/5/2	1st Floor, No. 207 Tun-Hwa S. Rd., Sec. 2, Taipei, Taiwan, R.O.C.	540,000	Investment

Company	Date of Incorporation	Address	Common Stock Issued	Major Business Activities
Sino Lead Enterprise Limited	2006/4/11	10/F., Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong.	125 (HK\$ 30,000)	Telecommunication services
Information Security Service Digital United Inc.	2004/12/22	6th Floor, No. 220, Gangchen Rd, Nei Hu, Taipei, Taiwan, R.O.C.	120,291	Security and monitoring service via Internet
Digital United (Cayman) Ltd.	2000/8/16	P.O.Box 2681, Zephyt House, Mary Street, George Town, Grand Cayman, British West Indies	RMB 74,630,969 (US\$ 10,320,000)	Investment
Digital United Information Technologies (shanghai) Ltd.	2000/10/8	Area A-3, 8th Floor, No. 28, Bailianjing Road,, Pudong Sin Section, Shanghai, P.R.C.	RMB 23,552,583	Design, research, installment and maintenance of computer software and system
Yuan Shi Digital Technology Co., Ltd. (Note 1)	2013/8/8	7th Floor, No. 468, Ruei Guang Rd., Nei Hu, Taipei, Taiwan, R.O.C.	112,502	Electronic information services
Prime Ecopower Co., Ltd.	2018/8/1	4F.-1&2, No. 271, Sec. 4, Ximen Rd., North Dist., Tainan City 704, Taiwan R.O.C.	160,000	Energy technology services
New Diligent Hong Kong Co. Limited	2014/12/4	10/F Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong	3,051 (US\$ 100,000)	Investment
Far EasTone Property Insurance Agency Co., Ltd.	2020/02/21	2nd Floor, No. 468, Ruei Guang Rd., Nei Hu, Taipei, Taiwan, R.O.C.	5,000	Property insurance agency
Nextlink Technology Co., Ltd.	2006/10/13	5F.-8, No. 267, Lequn 2nd Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	159,490	Electronic information services
Microfusion Technology Co., Ltd.	2007/05/07	No. 275, Lequn 2nd Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	44,950	Electronic information services
Nextlink (HK) Technology Co., Ltd.	2016/05/19	46/F LEE GARDEN ONE 33 HYSAN AVENUE CAUSEWAY BAY	973 (US\$ 30,000)	Electronic information services
Microfusion (HK) Technology Co., Ltd.	2020/09/03	K11 ATELIER VICTORIA DOCKSIDE 18 SALISBURY ROAD TSIM SHA TSUI	HKD 400,00	Electronic information services
Nextlink (Shanghai) Technologies Co., Ltd.	2018/05/24	26th floor, No. 828-838, Zhangyang Road, China (Shanghai) Pilot Free Trade Zone	RMB 499,878	Electronic information services
IDEAWORKS Entertainment Co., Ltd	2022/3/22	8th Floor, No. 468, Ruei Guang Rd., Nei Hu, Taipei, Taiwan, R.O.C.	82,500	Television and film production and distribution
Mission International Co., Ltd	2022/4/22	8th Floor, No. 468, Ruei Guang Rd., Nei Hu, Taipei, Taiwan, R.O.C.	80,000	Television and film production and distribution

Note 1: Yuanshi Digital Technology Co., Ltd. reduced \$1,000,000 thousand on December 22, 2022, and was approved by the Taipei City Government on January 10, 2023.

(3) Companies presumed to have a relationship of control and subordination with Far EasTone under Article 369-3 of the R.O.C. Company Law: None.

(4) Industries covered by the business operated by the affiliates and description of the mutual dealings and division of work among such affiliates:

Far EasTone and its subsidiaries and affiliates provide wireless telecommunications service, International Simple Resale (ISR) service, leased circuit service, internet service, mobile virtual network operator services, sale of cellular phone equipments and accessories, international and general investments, computer software, call center services, security and monitoring service via internet, design, research, installment and maintenance of computer software and system, energy technology services, property insurance agency, electronic information services and television and film distribution.

The mutual dealings and division of work among such affiliates:

- Far EasTone leases IDC from KGEx.com. ISR services are provided between KGEx.com and Far EasTone.
- Far EasTone purchases from/sells to ARCOA cellular phone equipments and accessories, and pays ARCOA handset subsidies and commissions due to its promotion of Far EasTone's SIM card numbers.
- Yuan Cing provides call center services to Far EasTone, NCIC, ARCOA, DataExpress, Far EasTone Property Insurance Agency and Yuan Shi.
- Far EasTone sells cellular phone equipments and accessories to DataExpress and Home Master, also pays DataExpress handset subsidies and commissions due to its promotion of Far EasTone's SIM card numbers. Far EasTone purchases computers and accessories products from DataExpress and DataExpress also provides cellular phone maintenance services to Far EasTone.
- Far EasTone rents backbone/access, office and telecommunication equipments from NCIC. Meanwhile, Far EasTone also leases telecommunication equipments to NCIC. Network interconnection services are provided between Far EasTone and NCIC.
- Sino Lead Enterprise Limited provides international lease circuit service to NCIC.
- Information Security Service Digital United sells security and monitoring equipments and service to Far EasTone and NCIC.
- Far EasTone sells cellular phone equipments and accessories to Yuan Shi and Yuan Shi provides electronic information services to Far EasTone.
- Nextlink and Microfusion provide electronic information services to Far EasTone and NCIC.
- Far EasTone collects business promotion fees from FEPIA.

(5) Directors, supervisors and General Managers of Far EasTone and affiliates:

Unit: Number of Shares; %

Company	Title	Name of Representative	Registered Shares Owned	
			Shares	% of Ownership
Far EasTone Telecommunications Co., Ltd.	Chairman	Yuan Ding Investment Co., Ltd. Douglas Hsu	1,066,657,614	32.73
	Vice Chairman	Yuan Ding Investment Co., Ltd. Peter Hsu	1,066,657,614	32.73
	Director	Yuan Ding Investment Co., Ltd. Jan Nilsson	1,066,657,614	32.73
	Director	U-Ming Marine Transport Corp. Jiann-Chyuan Wang	331,000	0.01
	Independence Director	Lawrence Juen-Yee LAU	-	-
	Director	Yuan Ding Co., Ltd. Champion Lee	4,163,500	0.13
	Director	Yuan Ding Co., Ltd. Jeff Hsu	4,163,500	0.13
	Independence Director	Jyuo-Min Shyu	-	-
	Independence Director	Ta-Sung Lee	-	-
	Director	Asia Investment Corporation Bonnie Peng	1,426,303	0.04
	Director	Ding Yuan International Investment Co., Ltd. Toon Lim	919,653	0.03
	General manager	Chee Ching	80,000	0.00

(Continued)

Company	Title	Name of Representative	Registered Shares Owned	
			Shares	% of Ownership
Far Eastern Info Service (Holding) Ltd. (British Bermuda Islands)	Chairman	Far EasTone Telecommunications Co., Ltd. Chee Ching	1,200	100.00
	Director	Far EasTone Telecommunications Co., Ltd. Sharon Lin	1,200	100.00
	General manager	Chee Ching	-	-
KGEx.com Co., Ltd.	Chairman	Far EasTone Telecommunications Co., Ltd. Philip Tseng	68,897,234	99.99
	Director	Far EasTone Telecommunications Co., Ltd. Vivian Lee	68,897,234	99.99
	Director	Far EasTone Telecommunications Co., Ltd. Leon Li	68,897,234	99.99
	Supervisor	Sharon Lin	-	-
	General manager	Philip Tseng	-	-
Yuan Cing Co., Ltd.	Chairman	Far EasTone Telecommunications Co., Ltd. Chee Ching	2,000,000	100.00
	Director	Far EasTone Telecommunications Co., Ltd. Vivian Lee	2,000,000	100.00
	Director	Far EasTone Telecommunications Co., Ltd. Andy Tu	2,000,000	100.00
	Supervisor	Far EasTone Telecommunications Co., Ltd. Sharon Lin	2,000,000	100.00
	General manager	Andy Kuo	-	-
ARCOA Communication Co., Ltd.	Chairman	Far EasTone Telecommunications Co., Ltd. Chee Ching	82,762,221	61.63
	Vice-chairman	Wan-Shih-Shin Co., Ltd. Gary Lin	457,325	0.34
	Director	Far EasTone Telecommunications Co., Ltd. Alan Tsai	82,762,221	61.63
	Director	Far EasTone Telecommunications Co., Ltd. Charlene Lin	82,762,221	61.63
	Director	Far EasTone Telecommunications Co., Ltd. Brian Chao	82,762,221	61.63
	Director	Far EasTone Telecommunications Co., Ltd. Lopes Lu	82,762,221	61.63
	Director	Far EasTone Telecommunications Co., Ltd. Andy Tu	82,762,221	61.63
	Supervisor	Francies Chen	-	-
	Supervisor	David Tsai	-	-
	Supervisor	Sharon Lin	-	-
	General manager	Jessica Sung	-	-

(Continued)

Company	Title	Name of Representative	Registered Shares Owned	
			Shares	% of Ownership
DataExpress Infotech Co., Ltd.	Chairman	ARCOA Communication Co., Ltd. Chee Ching	17,043,041	70.00
	Director	Jing Ho Tech Grace Chu	4,623,884	18.99
	Director	ARCOA Communication Co., Ltd. Andy Tu	17,043,041	70.00
	Director	ARCOA Communication Co., Ltd. Brian Chao	17,043,041	70.00
	Supervisor	Ann Chang	-	-
Home Master Technology Ltd.	Director	DataExpress Infotech Co., Ltd. Brian Chao	-	100.00
New Century InfoComm Tech Co., Ltd.	Chairman	Far EasTone Telecommunications Co., Ltd. Douglas Hsu	2,100,000,000	100.00
	Director	Far EasTone Telecommunications Co., Ltd. Chee Ching	2,100,000,000	100.00
	Director	Far EasTone Telecommunications Co., Ltd. Philip Tseng	2,100,000,000	100.00
	Supervisor	Far EasTone Telecommunications Co., Ltd. Sharon Lin	2,100,000,000	100.00
	General manager	Chee Ching	-	-
New Diligent Co., Ltd.	Chairman	New Century InfoComm Tech Co., Ltd. Philip Tseng	54,000,000	100.00
	Director	New Century InfoComm Tech Co., Ltd. David Tsai	54,000,000	100.00
	Director	New Century InfoComm Tech Co., Ltd. James Lee	54,000,000	100.00
	Supervisor	New Century InfoComm Tech Co., Ltd. Sharon Lin	54,000,000	100.00
Sino Lead Enterprise Limited	Director	New Diligent Co., Ltd. Philip Tseng	30,000	100.00
Information Security Service Digital United	Chairman	New Century InfoComm Tech Co., Ltd. Philip Tseng	12,029,064	100.00
	Director	New Century InfoComm Tech Co., Ltd. Jason Chu	12,029,064	100.00
	Director	New Century InfoComm Tech Co., Ltd. Kai Lin	12,029,064	100.00
	Director	New Century InfoComm Tech Co., Ltd. Leon Li	12,029,064	100.00
	Supervisor	New Century InfoComm Tech Co., Ltd. Sharon Lin	12,029,064	100.00
	General manager	Eric Lee	-	-
Digital United (Cayman) Ltd.	Chairman	New Century InfoComm Tech Co., Ltd. Philip Tseng	10,320,000	100.00
	Director	New Century InfoComm Tech Co., Ltd. Sharon Lin	10,320,000	100.00

(Continued)

Company	Title	Name of Representative	Registered Shares Owned	
			Shares	% of Ownership
Digital Unite Information Technologies (Shanghai) Ltd.	Chairman	Digital United (Cayman) Ltd. Philip Tseng	-	100.00
	Director	Digital United (Cayman) Ltd. James Lee	-	100.00
	Director	Digital United (Cayman) Ltd. Milly Lin	-	100.00
	Supervisor	Digital United (Cayman) Ltd. Sharon Lin	-	100.00
Yuanshi Digital Technology Co., Ltd. (Note 1)	Chairman	Far EasTone Telecommunications Co., Ltd.(Note 2) Chee Ching	10,820,870	96.18
	Director	Far EasTone Telecommunications Co., Ltd. (Note 2) Andy Tu	10,820,870	96.18
	Director	Far EasTone Telecommunications Co., Ltd. (Note 2) Brian Chao	10,820,870	96.18
	Director	Far EasTone Telecommunications Co., Ltd. (Note 2) Philby Lee	10,820,870	96.18
	Director	Far EasTone Telecommunications Co., Ltd. (Note 2) Eric Chu	10,820,870	96.18
	Supervisor	Vacancy(Note 3)	-	-
	General manager	Vincent Hsieh	-	-
New Diligent Hong Kong Co. Limited	Director	New Diligent Co., Ltd. Sharon Lin	-	100.00
	Director	New Diligent Co., Ltd. T. Y. Yin	-	100.00
Prime Ecopower Co., Ltd.	Chairman	New Century InfoComm Tech Co., Ltd. Chee Ching	16,000,000	100.00
	Director	New Century InfoComm Tech Co., Ltd. Charlene Lin	16,000,000	100.00
	Director	New Century InfoComm Tech Co., Ltd. Allan Lee	16,000,000	100.00
	Supervisor	New Century InfoComm Tech Co., Ltd. Sharon Lin	16,000,000	100.00
	General manager	James Chen	-	-
Nextlink Technology Co., Ltd.	Chairman	New Century InfoComm Tech Co., Ltd. Philip Tseng	11,164,300	70.00
	Director	New Century InfoComm Tech Co., Ltd. Peter Hu	11,164,300	70.00
	Director	New Century InfoComm Tech Co., Ltd. Vivian Lee	11,164,300	70.00
	Director	New Century InfoComm Tech Co., Ltd. Kai Lin	11,164,300	70.00
	Director	New Century InfoComm Tech Co., Ltd. Eric Lee	11,164,300	70.00
	Director	Avalion Enterprises Limited Kuan Sheng Ho	4,784,700	30.00
	Director	Avalion Enterprises Limited Family Chang	4,784,700	30.00
	Supervisor	Sharon Lin	-	-
	Supervisor	Stacy Chang	-	-
	General manager	Kuan Sheng Ho	-	-

(Continued)

Company	Title	Name of Representative	Registered Shares Owned	
			Shares	% of Ownership
Microfusion Technology Co., Ltd.	Chairman	Nextlink Technology Co., Ltd. Philip Tseng	4,495,000	100.00
	Director	Nextlink Technology Co., Ltd. Peter Hu	4,495,000	100.00
	Director	Nextlink Technology Co., Ltd. Kuan Sheng Ho	4,495,000	100.00
	Supervisor	Nextlink Technology Co., Ltd. Sharon Lin	4,495,000	100.00
Nextlink (HK) Technology Co., Ltd.	Director	Nextlink Technology Co., Ltd. Kuan Sheng Ho	-	100.00
Microfusion (HK) Technology Co., Ltd.	Director	Nextlink Technology Co., Ltd. Philip Tseng	-	100.00
Nextlink (Shanghai) Technologies Co., Ltd.	Director	Nextlink (HK) Technology Co. Ltd. Family Chang	-	100.00
	Supervisor	Nextlink (HK) Technology Co. Ltd. Kuan Sheng Ho	-	100.00
	General manager	Family Chang	-	-
Far EasTone Property Insurance Agency Co., Ltd.	Chairman	Far EasTone Telecommunications Co., Ltd. Jessie Teng	500,000	100.00
	Director	Far EasTone Telecommunications Co., Ltd. Vivian Lee	500,000	100.00
	Director	Far EasTone Telecommunications Co., Ltd. Frank Su	500,000	100.00
	Supervisor	Far EasTone Telecommunications Co., Ltd. Sharon Lin	500,000	100.00
	General manager	Frank Su	-	-
IDEAWORKS Entertainment Co., Ltd.	Chairman	Far EasTone Telecommunications Co., Ltd. (Note 4) Chee Ching	4,125,000	50.00
	Director	Far EasTone Telecommunications Co., Ltd. (Note 4) Eric Chu	4,125,000	50.00
	Director	Far EasTone Telecommunications Co., Ltd. (Note 4) Vivian Lee	4,125,000	50.00
	Director	Far EasTone Telecommunications Co., Ltd. (Note 4) Belinda Chen	4,125,000	50.00
	Director	Star Ritz International Entertainment Co., Ltd. (Note 5) Angie Chai	2,145,000	26.00
	Director	Star Ritz International Entertainment Co., Ltd. (Note 5) Hungta Wei	2,145,000	26.00
	Director	Pili International Multimedia Co., Ltd. (Note 6) Liang-Hsun Huang	1,567,500	19.00
	Supervisor	Sharon Lin	-	-
	Supervisor	Alex Chen	-	-
	Supervisor	Vacancy	-	-

(Continued)

Company	Title	Name of Representative	Registered Shares Owned	
			Shares	% of Ownership
Mission International Co., Ltd.	Chairman	IDEAWORKS Entertainment Co., Ltd. Angie Chai	8,000,000	100.00
	Director	IDEAWORKS Entertainment Co., Ltd. Eric Chu	8,000,000	100.00
	Director	IDEAWORKS Entertainment Co., Ltd. Vivian Lee	8,000,000	100.00
	Director	IDEAWORKS Entertainment Co., Ltd. Belinda Chen	8,000,000	100.00
	Director	IDEAWORKS Entertainment Co., Ltd. Hungta Wei	8,000,000	100.00
	Director	IDEAWORKS Entertainment Co., Ltd. Liang-Hsun Huang	8,000,000	100.00
	Director	IDEAWORKS Entertainment Co., Ltd. Gary Tsai	8,000,000	100.00
	Supervisor	IDEAWORKS Entertainment Co., Ltd. Sharon Lin	8,000,000	100.00
	General manager	Angie Chai	-	-

Note 1: Yuanshi Digital Technology Co., Ltd. reduced \$1,000,000 thousand on December 22, 2022, and was approved by the Taipei City Government on January 10, 2023.

Note 2: Far EasTone Telecommunications Co., Ltd. invested NT\$695,826,760 and now holds a 98.96% stake in the company, as of February 16th, 2023.

Note 3: The special shareholders' meeting of the year 2023 was held on January 7th, 2023, and Sharon Lin as the representative of New Century InfoComm Tech Co., Ltd. was appointed as a supervisor through a supplementary election.

Note 4: Far EasTone Telecommunications Co., Ltd. invested NT\$41,250,000 with unchanged % of ownership as of March 31th, 2023.

Note 5: Star Ritz International Entertainment Co., Ltd. invested NT\$21,450,000 with unchanged % of ownership as of March 30th, 2023.

Note 6: Pili International Multimedia Co., Ltd invested NT\$15,675,000 with unchanged % of ownership as of March 31th, 2023.

(6) Operation overview of Far EasTone and affiliates:

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Company	Common Stock Issued	Total Assets	Total Liabilities	Total Stockholders' Equity	Total Operating Revenue	Operating Income (Loss)	Net Income (Loss)	Basic Earnings Per Share (NT\$)
Far EasTone Telecommunications Co., Ltd.	\$ 32,585,008	\$ 173,774,325	\$ 110,506,868	\$ 63,267,457	\$ 66,034,800	\$ 10,189,705	\$ 9,607,895	\$ 2.95
Far Eastern Info Service (Holding) Ltd. (British Bermuda Islands)	RMB 99,240 (US\$ 12,000)	RMB 1,232,578 967,833	- 59,744	RMB 1,232,578 908,089	- 462,322	- 146,033	RMB 108,563 137,527	RMB 90.47 2.00
KGEx.com Co., Ltd.	689,074							
Yuan Cing Co., Ltd.	20,000	76,989	30,727	46,262	148,445	23,374	18,777	9.39
ARCOA Communication Co., Ltd.	1,342,800	3,434,943	1,549,193	1,885,750	11,905,111	95,702	169,867	1.27
DataExpress Infotech Co., Ltd.	243,472	1,279,773	849,891	429,882	5,683,522	134,858	119,503	4.91
Home Master Technology Ltd.	31,458	423,265	364,794	58,471	1,778,208	21,761	15,611	*
New Century InfoComm Tech. Co., Ltd.	21,000,000	28,531,194	3,511,340	25,019,854	9,302,379	2,038,197	1,750,503	0.83
New Diligent Co., Ltd	540,000	83,999	100	83,899	-	(205)	10,896	0.20
Sino Lead Enterprise Limited	125 (HK\$ 30,000)	886	477	409	2,805	54	8	2.94
New Diligent Hong Kong Co. Limited	3,051 (US\$ 100,000)	2,391	-	2,391	-	49	285	*
Information Security Service Digital United Inc.	120,291	448,417	298,994	149,423	550,417	22,273	19,009	1.58
Digital United (Cayman) Ltd.	RMB 74,630,969 (US\$ 10,320,000)	RMB 99,931,501	RMB 15,827	RMB 99,915,674	-	(RMB 8,473,514)	(RMB 3,866,236)	(RMB 0.37)
Digital United Information Technologies (Shanghai) Ltd.	RMB 23,552,583	RMB 7,327,069	RMB 3,631,723	RMB 3,695,346	RMB 11,741,690	RMB 1,047,046	RMB 1,091,618	*
Far Eastern New Diligent Company Ltd. (Note 1)						(RMB 72,549)	RMB 138,614	*
Yuan Shi Digital Technology Co., Ltd. (Note 2)	112,502	317,298	780,645	(463,347)	3,043,006	(172,006)	(172,095)	(15.30)
Prime Ecopower Co., Ltd.	160,000	438,194	312,069	126,125	185,058	3,600	674	0.04
Nextlink Technology Co., Ltd.	159,490	622,170	393,734	228,436	1,078,947	(4,239)	60,453	3.79
Microfusion Technology Co., Ltd.	44,950	347,974	284,466	63,508	995,509	31,564	16,194	3.60
Nextlink (HK) Technology Co., Ltd.	973 (US\$ 30,000)	HK\$ 141,250,320	HK\$ 131,783,228	HK\$ 9,467,092	HK\$793,095,129	(HK\$ 278,666)	(HK\$ 775,977)	*
Microfusion (HK) Technology Co., Ltd.	1,494 (HK\$ 400,000)	HK\$ 5,200,647	HK\$ 5,129,951	HK\$ 70,969	HK\$ 22,357,116	(HK\$ 620,759)	(HK\$ 724,497)	*
Nextlink (Shanghai) Technology Co., Ltd.	RMB 499,878	RMB 843,065	RMB 282,966	RMB 560,099	RMB 732,912	RMB 59,301	RMB 104,902	*
Far EasTone Property Insurance Agency Co., Ltd.	5,000	243,537	149,240	94,297	589,435	103,971	83,335	166.67
IDEAWORKS Entertainment Co., Ltd.	82,500	75,216	133	75,083	-	(286)	(7,417)	(0.90)
Mission International Co., Ltd	80,000	75,055	2,346	72,709	5	(7,353)	(7,291)	(0.91)

*Not calculated as is a limited company that has not issued stock.

Note 1: Far Eastern New Diligent Company Ltd. was dissolved in April 2022 with the approval of the local government.

Note2: Yuanshi Digital Technology Co., Ltd. reduced \$1,000,000 thousand on December 22, 2022, and was approved by the Taipei City Government on January 10, 2023.

1-2 Declaration of Consolidation of Financial Statements of Affiliates

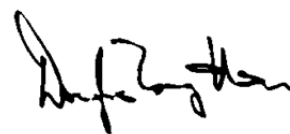
February 15, 2023

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2022 are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as of and for the years ended December 31, 2022, as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

By



DOUGLAS HSU
Chairman

1-3 Affiliation Report

(1) Independent Auditor's Report

To: Far EasTone Telecommunications Co., Ltd.

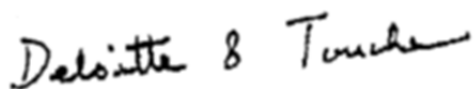
According to the declaration of Far EasTone Telecommunications Co., Ltd. (the Company), the Affiliation Report of 2022 dated February 15, 2023 had been prepared in conformity with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliates Enterprises ("the Criteria") and the information in the above report has no significant inconsistency from the notes to the financial statements as of and for the year ended December 31, 2022 ("the Notes"). The declaration is shown on the next page.

We have examined the Affiliation Report of the Company against the Criteria and the Notes. As stated in the above declaration, there was no significant inconsistency found between your 2022 Affiliation Report and the Criteria and the Notes for the year ended December 31, 2022.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 15, 2023

By



(2) Declaration for the Affiliation Report of the Company

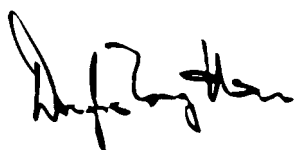
**DECLARATION FOR THE AFFILIATION REPORT OF
FAR EASTONE TELECOMMUNICATIONS CO., LTD.**

We hereby declare that the Affiliation Report of 2022 had been prepared in conformity with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliates Enterprises” and the information in the above report has no significant inconsistency from the Notes to the Financial Statements as of and for the year ended December 31, 2022.

Very truly yours,

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

By



DOUGLAS HSU
Chairman

February 15, 2023

- (3) The relationship between the subordinate company and the parent company: Schedule A.
- (4) Purchase (sale) of goods between the subordinate company and the parent company: Schedule B.
- (5) Property transactions between the subordinate company and the parent company: None.
- (6) Financing between the subordinate company and the parent company: None.
- (7) Asset leasing between the subordinate company and the parent company: Schedule C.
- (8) Endorsements and guarantees between the subordinate company and the parent company: None.

SCHEDULE A

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

THE RELATIONSHIP BETWEEN THE SUBORDINATE COMPANY AND THE PARENT COMPANY
DECEMBER 31, 2022

(Unit: Number of Shares, %)

Parent Company	For the Control Reason	Parent Company's Shareholding Information			Parent Company Appointed Directors, Supervisors or Managerial Officer	
		Shareholding	%	Share Pledged	Title	Name
Yuan Ding Investment Co., Ltd.	Indirect control over the management of the personnel, financial or business operation of Far EasTone	1,066,657,614	32.73	8,806,686	Chairman	Douglas Hsu
					Vice Chairman	Peter Hsu
					Director	Jan Nilsson
Yuan Ding Co., Ltd.	Indirect control over the management of the personnel, financial or business operation of Far EasTone	4,163,500	0.13	-	Director	Champion Lee
					Director	Jeff Hsu
Fu Kwok Knitting & Garment Corporation	Indirect control over the management of the personnel, financial or business operation of Far EasTone	520,000	0.02	-	-	-
Ding Yuan International Investment Corp.	Indirect control over the management of the personnel, financial or business operation of Far EasTone	919,653	0.03	-	Director	Toon Lim
Far Eastern New Century Corporation	Indirect control over the management of the personnel, financial or business operation of Far EasTone	-	-	-	-	-
Yuan Tone Investment Co., Ltd.	Indirect control over the management of the personnel, financial or business operation of Far EasTone	100,237,031	3.08	29,700,000	-	-
An Ho Garment Co., Ltd.	Indirect control over the management of the personnel, financial or business operation of Far EasTone	40,817,592	1.25	8,200,000	-	-
Kai Yuan International Investment Co., Ltd.	Indirect control over the management of the personnel, financial or business operation of Far EasTone	35,558,031	1.09	13,950,000	-	-

SCHEDULE B

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

PURCHASE (SALE) OF GOODS BETWEEN THE SUBORDINATE COMPANY AND THE PARENT COMPANY
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Parent Company	Transaction Details				Transactions Between the Parent Company		Normal Transactions		Difference Reason	Accounts Receivable or (Payable)		Overdue			Notes
	Purchase (Sale)	Amount	% to Total	Gross Profit	Unit Price	Payment Terms	Unit Price	Payment Terms		Ending Balance	% to Total	Amount	Action Taken	Allowance for Doubtful Accounts	
Far Eastern New Century Corporation	Sale	\$2,121	0.0032	(Note1)	The terms and conditions conformed to normal transactions		-	-	-	\$6	0.0000	-	-	-	
Yuan Ding Co., Ltd.	Sale	949	0.0014	(Note1)	The terms and conditions conformed to normal transactions		-	-	-	70	0.0009	-	-	-	

Note 1: The individual gross profit is not available as the amount of sale includes service revenue.

SCHEDULE C

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

ASSET LEASING BETWEEN THE SUBORDINATE COMPANY AND THE PARENT COMPANY
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Transaction	Target Asset		Period	Type	Rental Terms	Payment Method	Comparison with Ordinary Leasing Price Level	Rental for This Period	Other Special Stipulations
	Name	Location Lease							
Far Eastern New Century Corporation									
Leasing	Nei-Li MSC	No. 759, Yuan-Tung Section, Nei-Li District, Tao-Yuan City	2017.05.01-2022.04.30	Capital	Same as normal leasing	Bank remittance monthly	Same	\$ 973	None
Leasing	Nei-Li MSC	No. 759, Yuan-Tung Section, Nei-Li District, Tao-Yuan City	2022.05.01-2023.04.30	Operating	Same as normal leasing	Bank remittance monthly	Same	1,966	None
Leasing	BTS0000 6744	No. 180, Tu-Ti-Kung-Pu, Wen-Shan Li, Hsin-Pu Town, Hsin-Chu County	2017.07.15-2022.07.14	Capital	Same as normal leasing	Bank remittance annually	Same	141	None
Leasing	BTS0008 1882	No. 180, Tu-Ti-Kung-Pu, Wen-Shan Li, Hsin-Pu Town, Hsin-Chu County	2022.07.15-2023.07.14	Operating	Same as normal leasing	Bank remittance annually	Same	144	None
Leasing	BTS0000 7807	No. 3, King-Chen 6th Rd., Kuan-Ying, Industrial Area, Kuan-Yin District, Tao-Yuan City	2021.11.15-2022.11.14	Operating	Same as normal leasing	Bank remittance annually	Same	202	None
Leasing	BTS0008 3360	No. 3, King-Chen 6th Rd., Kuan-Ying, Industrial Area, Kuan-Yin District, Tao-Yuan City	2022.11.15-2023.11.14	Operating	Same as normal leasing	Bank remittance annually	Same	41	None
Leasing	BTS0000 7979	No. 30, Hexing Rd., Hu-Kuo Township, Hsin-Chu County	2021.11.15-2022.11.14	Operating	Same as normal leasing	Bank remittance monthly	Same	200	None
Leasing	BTS0008 3361	No. 30, Hexing Rd., Hu-Kuo Township, Hsin-Chu County	2022.11.15-2023.11.14	Operating	Same as normal leasing	Bank remittance monthly	Same	40	None

Transaction	Target Asset		Period	Type	Rental Terms	Payment Method	Comparison with Ordinary Leasing Price Level	Rental for This Period	Other Special Stipulations
	Name	Location Lease							
Leasing	BTS0005-1486	2F., No. 7, Gongye 4th Rd., Kuan-Ying, Industrial Area, Kuan-Yin District, Tao-Yuan City	2017.02.01-2022.01.31	Capital	Same as normal leasing	Bank remittance monthly	Same	21	None
Leasing	BTS0008-0714	2F., No. 7, Gongye 4th Rd., Kuan-Ying, Industrial Area, Kuan-Yin District, Tao-Yuan City	2022.02.01-2023.01.31	Operating	Same as normal leasing	Bank remittance annually	Same	236	None
Total								\$ 3,964	
Yuan Ding Co., Ltd.									
Leasing	The Mall retail store	1F., No. 209, Sec. 2, Dunhua S. Rd., Taipei City	2021.10.01-2022.09.30	Operating	Same as normal leasing	Bank remittance monthly	Same	\$4,426	None
Leasing	The Mall retail store	1F., No. 209, Sec. 2, Dunhua S. Rd., Taipei City	2022.10.01-2023.09.30	Operating	Same as normal leasing	Bank remittance monthly	Same	1,475	None
Leasing	The Mall stud	1F., No. 209, Sec. 2, Dunhua S. Rd., Taipei City	2021.10.01-2022.09.30	Operating	Same as normal leasing	Bank remittance monthly	Same	270	None
Leasing	The Mall stud	1F., No. 209, Sec. 2, Dunhua S. Rd., Taipei City	2022.10.01-2023.09.30	Operating	Same as normal leasing	Bank remittance monthly	Same	90	None
Leasing	The Mall Office	28F., No. 209, Sec. 2, Dunhua S. Rd., Taipei City	2022.01.01-2022.12.31	Operating	Same as normal leasing	Bank remittance quarterly	Same	148	None
Leasing	BT00015-950	7F., No. 89, Sec. W., Daxue Rd., East Dist., Tainan City	2018.09.15-2023.09.14	Capital	Same as normal leasing	Bank remittance monthly	Same	120	None
Leasing	BT00026-122	23F., No. 89, Sec. W., Daxue Rd., East Dist., Tainan City	2018.03.15-2023.03.14	Capital	Same as normal leasing	Bank remittance monthly	Same	120	None
Leasing	BT00015-319	B1., No. 203, Sec. 2, Dunhua S. Rd., Taipei City	2018.09.01-2023.08.31	Capital	Same as normal leasing	Bank remittance annually	Same	680	None
Leasing	BT00024-251	No. 201, Sec. 2, Dunhua S. Rd., Taipei City	2017.09.01-2022.08.31	Capital	Same as normal leasing	Bank remittance annually	Same	521	None
Leasing	BT00082-306	No. 201, Sec. 2, Dunhua S. Rd., Taipei City	2022.09.01-2023.08.31	Operating	Same as normal leasing	Bank remittance annually	Same	261	None
Leasing	BT00052-216	No. 16,18, Xinzhan Rd., Banqiao Dist., New Taipei City	2021.10.01-2022.09.30	Operating	Same as normal leasing	Bank remittance annually	Same	415	None
Leasing	BT00083-077	No. 16,18, Xinzhan Rd., Banqiao Dist., New Taipei City	2022.10.01-2023.09.30	Operating	Same as normal leasing	Bank remittance annually	Same	143	None
Leasing	BT00005-250	No. 207, Sec. 2, Dunhua S. Rd., Taipei City	2021.11.01-2022.10.31	Operating	Same as normal leasing	Bank remittance annually	Same	827	None
Leasing	BT00083-577	No. 207, Sec. 2, Dunhua S. Rd., Taipei City	2022.11.01-2023.10.31	Operating	Same as normal leasing	Bank remittance annually	Same	167	None
Total								\$ 9,663	

2. Private Placement Securities from last year up to the Annual Report being Published

None.

3. The Company's Shares Held or Disposed by Subsidiaries from last year up to the Annual Report being Published

None.

4. Other Supplementary Information

None.

5. Material Event Impact, pursuant to Article 36-3-2 of the Securities and Exchange Act, on Shareholders' Equity or Share Price from last year up to the Annual Report being Published

Please refer to the Annual Report-IV Fund Raising Status-7. Share Issued for Mergers or Acquisitions-7-2 Information from Shares Issued for Acquisition or due to Acquisition of shares of other companies from last year up to the Annual Report being published.



Financial Information

- 1. Condensed Financial Statement for Recent 5 Years**
- 2. Financial Analysis for Recent 5 Years**
- 3. 2022 Audit Committee's Review Report**
- 4. 2022 Independent Auditors' Report, Consolidated Financial Statements and Notes**
- 5. 2022 Independent Auditors' Report, Standalone Financial Statements and Notes**

1. Condensed Financial Statement for Recent 5 Years

1-1 Condensed Balance Sheet and Comprehensive Income Statement - International Financial Reporting Standards

1-1-1 Condensed Balance Sheet - by Standalone

2023/03/31; Unit: NT\$' 000

Item \ Year		Financial Information In Recent 5 years					2023/01/01 ~ 2023/03/31
		2018	2019	2020	2021	2022	
Current Assets		16,248,028	16,800,267	17,054,694	16,157,956	17,732,827	Not Applicable
Properties, Plants and Equipment		24,980,931	19,870,908	21,887,180	26,030,924	26,452,448	
Intangible assets		51,971,395	49,000,494	87,926,024	82,465,410	77,300,699	
Other Assets		36,009,814	47,027,630	48,451,557	54,546,930	52,288,351	
Total Assets		129,210,168	132,699,299	175,319,455	179,201,220	173,774,325	
Current Liabilities	Before Distribution	29,255,380	22,081,795	26,111,445	38,882,814	33,785,457	
	After Distribution	41,474,758	32,671,923	36,701,573	49,472,941	(Note 1)	
Non-current Liabilities		26,637,290	40,853,549	81,894,316	75,182,690	76,721,411	
Total Liabilities	Before Distribution	55,892,670	62,935,344	108,005,761	114,065,504	110,506,868	
	After Distribution	68,112,048	73,525,472	118,595,889	124,655,631	(Note 1)	
Capital Stocks		32,585,008	32,585,008	32,585,008	32,585,008	32,585,008	
Capital Surplus	Before Distribution	5,820,041	5,820,041	5,701,421	2,389,840	26,365	
	After Distribution	5,820,041	5,686,442	2,390,784	14,393	(Note 1)	
Retained Earnings	Before Distribution	34,881,092	31,355,697	29,127,148	30,995,246	32,429,860	
	After Distribution	22,661,714	20,899,168	21,847,657	22,780,566	(Note 1)	
Other Equity		31,357	3,209	(99,883)	(834,378)	(1,773,776)	
Total Shareholders' Equity	Before Distribution	73,317,498	69,763,955	67,313,694	65,135,716	63,267,457	
	After Distribution	61,098,120	59,173,827	56,723,566	54,545,589	(Note 1)	

Note 1: The appropriation of 2022 earning has not been approved by the Shareholders' Meeting.

1-1-2 Condensed Comprehensive Income Statement – by Standalone

2023/03/31; Unit: Except EPS is NT dollar; others are NT\$'000

Item \ Year	Financial Information for Recent 5 Years					2023/01/01 ~ 2023/03/31
	2018	2019	2020	2021	2022	
Operating Revenues	65,909,728	66,101,283	61,423,568	64,116,123	66,034,800	Not Applicable
Gross Profit	23,224,778	22,683,623	21,794,639	20,552,108	22,235,915	
Operating Income	9,977,652	10,237,396	9,072,838	7,781,555	10,189,705	
Non-Operating Income and Expenses	1,388,966	168,323	1,060,881	2,533,672	1,178,552	
Income before Tax	11,366,618	10,405,719	10,133,719	10,315,227	11,368,257	
Net Income from Operating Business	9,381,351	8,734,984	8,354,128	9,123,795	9,607,895	
Net Income (Loss)	9,381,351	8,734,984	8,354,128	9,123,795	9,607,895	
Other Comprehensive Income (Loss) (Net of income tax)	78,546	(14,395)	(135,522)	(710,701)	(843,857)	
Total Comprehensive Income	9,459,897	8,720,589	8,218,606	8,413,094	8,764,038	
Earnings Per Share	2.88	2.68	2.56	2.8	2.95	

1-1-3 Condensed Balance Sheet-by Consolidated

2023/03/31; Unit: NT\$' 000

Item	Year	Financial Information In Recent 5 years					2023/01/01 ~ 2023/03/31 (Note1)
		2018	2019	2020	2021	2022	
Current Assets		23,940,125	27,257,217	25,152,457	26,174,565	26,182,722	26,166,143
Properties, Plants and Equipment		41,843,053	36,257,748	38,205,535	40,142,014	40,328,499	39,173,514
Intangible assets		53,122,685	50,534,517	89,389,771	83,848,280	78,605,757	77,144,434
Other Assets		7,910,646	20,113,454	20,681,557	25,378,722	25,521,721	25,875,946
Total Assets		126,816,509	134,162,936	173,429,320	175,543,581	170,638,699	168,360,037
Current Liabilities	Before Distribution	25,621,259	22,132,215	22,079,547	33,398,206	28,940,943	35,113,852
	After Distribution	37,910,661	32,806,792	32,748,197	44,062,792	(Note 2)	(Note 2)
Non-current Liabilities		27,159,067	41,424,301	83,102,564	76,044,595	77,509,580	66,074,828
Total Liabilities	Before Distribution	52,780,326	63,556,516	105,182,111	109,442,801	106,450,523	101,188,680
	After Distribution	65,069,728	74,231,093	115,850,761	120,107,387	(Note 2)	(Note 2)
Equity Attributable to Owners of Far EasTone	Before Distribution	73,317,498	69,763,955	67,313,694	65,135,716	63,267,457	66,181,746
	After Distribution	61,098,120	59,173,827	56,723,566	54,545,589	(Note 2)	(Note 2)
Capital Stocks		32,585,008	32,585,008	32,585,008	32,585,008	32,585,008	32,585,008
Capital Surplus	Before Distribution	5,820,041	5,820,041	5,701,421	2,389,840	26,365	14,320
	After Distribution	5,820,041	5,686,442	2,390,784	14,393	(Note 2)	(Note 2)
Retained Earnings	Before Distribution	34,881,092	31,355,697	29,127,148	30,995,246	32,429,860	35,183,668
	After Distribution	22,661,714	20,899,168	21,847,657	22,780,566	(Note 2)	(Note 2)
Other Equity		31,357	3,209	(99,883)	(834,378)	(1,773,776)	(1,601,250)
Non-controlling Interest	Before Distribution	718,685	842,465	933,515	965,064	920,719	989,611
	After Distribution	648,661	758,016	854,993	890,605	(Note 2)	(Note 2)
Total Shareholders' Equity	Before Distribution	74,036,183	70,606,420	68,247,209	66,100,780	64,188,176	67,171,357
	After Distribution	61,746,781	59,931,843	57,578,559	55,436,194	(Note 2)	(Note 2)

Note:1 The financial statements for the first quarter of 2023 have been reviewed by CPA.

Note:2 The distribution of the 2022 earnings has not been approved by the Shareholders' Meeting

1-1-4 Condensed Comprehensive Income Statement – by Consolidated

2023/03/31; Unit: Except EPS is NT dollar; others are NT\$'000

Item	Year	Financial Information in Recent 5 Years					2023/01/01 ~ 2023/03/31 (Note1)
		2018	2019	2020	2021	2022	
Operating Revenues		86,634,971	83,865,872	79,500,965	85,320,008	89,151,365	22,305,352
Gross Profit		28,002,420	26,756,524	25,933,863	25,438,004	27,056,839	6,959,023
Operating Income		12,373,173	11,925,478	11,037,699	10,361,121	12,633,523	3,398,255
Non-Operating Income and Expenses		(503,743)	(913,959)	(845,231)	719,664	(634,442)	1,741
Income before Tax		11,869,430	11,011,519	10,192,468	11,080,785	11,999,081	3,399,996
Net Income from Operating Business		9,424,776	8,807,743	8,444,622	9,233,881	9,705,888	2,777,797
Net Income (Loss)		9,424,776	8,807,743	8,444,622	9,233,881	9,705,888	2,777,797
Other Comprehensive Income Loss (Net of income tax)		79,024	(14,847)	(135,736)	(710,716)	(836,480)	172,588
Total Comprehensive Income		9,503,800	8,792,896	8,308,886	8,523,165	8,869,408	2,950,385
Net Income Attributable to Owners of Far EasTone		9,381,351	8,734,984	8,354,128	9,123,795	9,607,895	2,753,808
Net Income Attributable to Non-Controlling Interest		43,425	72,759	90,494	110,086	97,993	23,989
Comprehensive Income Attributable to Owners of Far EasTone		9,459,897	8,720,589	8,218,606	8,413,094	8,764,038	2,926,334
Comprehensive Income Attributable to Non-Controlling Interest		43,903	72,307	90,280	110,071	105,370	24,051
Earning Per Share		2.88	2.68	2.56	2.8	2.95	0.85

Note 1: The financial statements for the first quarter of 2023 have been reviewed by CPA.

1-2 Independent Auditor's Names and Auditor's Opinions for Past 5 Years

Year	Audit Firm	Auditors' Name	Opinion
2018	Deloitte and Touche Co.	An-Hwei Lin, Cheng-Hung Kuo	Unqualified opinion
2019	Deloitte and Touche Co	An-Hwei Lin, Cheng-Hung Kuo	Unqualified opinion
2020	Deloitte and Touche Co	An-Hwei Lin, Yung-Hsiang Chao	Unqualified opinion
2021	Deloitte and Touche Co	An-Hwei Lin, Yung-Hsiang Chao	Unqualified opinion
2022	Deloitte and Touche Co	Yung-Hsiang Chao, Chih-Ming Shao	Unqualified opinion

Reason of Auditor change:

- (1) Due to internal job rotation of Deloitte & Touche, the former CPA Cheng-Hung Kuo was replaced by CPA Yung-Hsiang Chao in 2020.
- (2) Due to internal job rotation of Deloitte & Touche, the former CPA An-Hwei Lin was replaced by CPA Chih-Ming Shao in 2022.

2. Financial Analysis for Recent 5 Years

Financial Ratio Analysis -International Financial Reporting Standards

2-1. Financial Ratio Analysis- by Standalone

2023/03/31

Item	Year	Financial Ratio Analysis for Recent 5 years					2023/01/01 ~ 2023/03/31
		2018	2019	2020	2021	2022	
Financial Structure (%)	Debt to Asset Ratio	43.26	47.43	61.61	63.65	63.59	Not Applicable
	Long-term Funds to Properties, Plants and Equipment Ratio	400.12	556.68	681.71	539.05	529.21	
Liquidity Analysis (%)	Current Ratio (%)	55.54	76.08	65.32	41.56	52.49	
	Quick Ratio (%)	43.46	64.30	54.73	35.18	45.10	
	Times Interest Earned (times)	26.49	20.82	14.92	15.01	17.05	
Operating Performance	Accounts Receivable Turnover (times)	9.59	9.64	8.90	9.04	8.36	
	Average Collection Days	38.06	37.86	41.01	40.37	43.66	
	Inventory Turnover (times)	5.92	8.55	7.98	9.75	10.27	
	Accounts Payable Turnover (times)	12.46	14.63	9.87	10.03	11.14	
	Inventory Turnover Days	61.65	42.69	45.73	37.43	35.54	
	Properties, Plant and Equipment Turnover (times)	2.45	2.95	2.94	2.68	2.52	
	Total Assets Turnover (times)	0.51	0.50	0.40	0.36	0.37	
Profitability Analysis	Return on Assets (%)	7.51	6.99	5.80	5.48	5.77	
	Return on Equity (%)	13.11	12.21	12.19	13.78	14.97	
	Income before Tax to Capital ratio	34.88	31.93	31.10	31.66	34.89	
	Net Income Ratio (%)	14.23	13.21	13.60	14.23	14.55	
	Earnings per share (NT\$)	2.88	2.68	2.56	2.80	2.95	
Cash flow	Cash Flow Ratio (%)	71.07	90.48	86.36	85.45	80.14	
	Cash Flow Equivalent Ratio (%)	89.84	93.21	73.04	82.44	90.29	
	Cash Reinvestment Ratio (%)	5.68	4.66	5.75	11.15	7.99	
Leverage Ratio	Operating Leverage (times)	2.96	2.79	2.94	3.41	2.83	
	Financial Leverage (times)	1.05	1.05	1.09	1.10	1.07	

Analysis of variation plus - minus (+/-)20% in recent 2 years:

- (1) Current ratio/quick ratio: The decrease in current liabilities mainly because of the decrease in corporate bonds due within one year.
- (2) Cash reinvestment ratio: Mainly due to the decrease in net cash inflow from operating activities.

2-1-2. Financial Ratio Analysis- by Consolidated

2023/03/31

Item	Year	Financial Ratio Analysis for Recent 5 years					2023/01/01 ~ 2023/03/31 (Note)
		2018	2019	2020	2021	2022	
Financial Structure (%)	Debt to Asset Ratio	41.62	47.37	60.65	62.35	62.38	60.10
	Long-term Funds to Properties, Plants and Equipment Ratio	241.84	308.98	396.15	354.11	351.36	340.14
Liquidity Analysis (%)	Current Ratio (%)	93.44	123.16	113.92	78.37	90.47	74.52
	Quick Ratio (%)	74.87	106.01	96.07	65.51	76.69	61.30
	Times Interest Earned (times)	28.79	22.44	15.68	17.36	19.76	19.15
Operating Performance	Accounts Receivable Turnover (times)	9.74	9.58	8.97	9.08	8.49	8.42
	Average Collection Days	37.47	38.10	40.69	40.19	42.99	43.34
	Inventory Turnover (times)	6.96	8.31	7.76	9.04	9.34	9.25
	Accounts Payable Turnover (times)	10.64	12.00	9.37	9.11	9.20	9.36
	Inventory Turnover Days	52.44	43.92	47.03	40.37	39.07	39.45
	Properties, Plant and Equipment Turnover (times)	1.97	2.15	2.14	2.18	2.22	2.24
	Total Assets Turnover (times)	0.67	0.64	0.52	0.49	0.52	0.53
Profitability Analysis	Return on Assets (%)	7.53	7.06	5.85	5.60	5.90	6.91
	Return on Equity (%)	13.05	12.18	12.16	13.75	14.90	16.92
	Income before Tax to Capital ratio (%)	36.43	33.79	31.28	34.01	36.82	41.74
	Net Income Ratio (%)	10.88	10.50	10.62	10.82	10.89	12.45
	Earnings per share (NT\$)	2.88	2.68	2.56	2.80	2.95	0.85
Cash flow	Cash Flow Ratio (%)	90.02	97.02	117.96	105.74	93.57	19.35
	Cash Flow Equivalent Ratio (%)	92.38	94.17	75.33	84.18	90.90	90.46
	Cash Reinvestment Ratio (%)	6.06	4.71	6.44	10.53	6.89	2.94
Leverage Ratio	Operating Leverage	2.64	2.62	2.69	2.90	2.56	2.46
	Financial Leverage	1.04	1.05	1.07	1.07	1.05	1.06

Note: The financial statements for the first quarter of 2023 have been reviewed by CPA.

Analysis of variation plus - minus (+/-)20% in recent 2 years:

- (1) Cash Reinvestment Ratio (%):Mainly due to the decrease in net cash inflow from operating activities.

The formulas for the above table:

1. Financial Structure

(1) Debts to Assets Ratio = Total Liabilities / Total Assets

(2) Long-term Funds to Properties, Plants and Equipment Ratio = (Total Shareholders' Equity plus Noncurrent Liabilities) / Net of Properties, Plants and Equipment

2. Liquidity Analysis

(1) Current Ratio = Current Assets / Current Liabilities

(2) Quick Ratio = (Current Assets - Inventory - Prepaid Expense) / Current Liabilities

(3) Times Interest Earned Ratio = (Net Income before Income Tax and Interest Expenses) / Interest Expense

3. Operating Performance

(1) Account Receivable* Turnover = Net Sales / Average Accounts Receivable*

(* including Accounts Receivable and Notes Receivable originated from operating)

(2) Average Collection Days = 365 / Accounts Receivable Turnover

(3) Inventory Turnover = Costs of Good Sold / Average Inventory

(4) Accounts Payable** Turnover = Costs of Good Sold / Average Accounts Payable**

(** including Accounts payable and Notes Payable originated from operating)

(5) Inventory Turnover Days = 365 / Inventory Turnover

(6) Properties, Plants and Equipment Assets Turnover Ratio = Net Sales / Average of Net Properties, Plants and Equipment.

(7) Total Assets Turnover Ratio = Net Sales / Average of Total Assets

4. Profitability Analysis

(1) Return on Assets = [Net Income + Interest Expense × (1 - Tax Rate)] / Average Total Assets

(2) Return on Shareholders' Equity = Net Income / Average Shareholders' Equity

(3) Net Income Ratio = Net Income / Net Sales

(4) Earnings per Share = (Net Income Attributable to Owners of Far Eastone - Preferred Stock Dividend) / Weighted average Number of Outstanding Shares

5. Cash Flow

(1) Cash Flow Ratio = Cash Flows from Operating Activities / Current Liabilities

(2) Cash Flow Equivalent Ratio = Net Cash Flow from Operating Activities for the past 5 years / (Capital Expenditure + Increase in Inventory + Cash Dividends) for the past 5 years

(3) Cash Reinvestment Ratio = (Net Cash Flow from Operating Activities - Cash Dividends) / (Gross Properties, Plants and Equipment + Long-term Investment + Other Noncurrent Assets + Working Capital)

6. Leverage Ratio

(1) Operating Leverage = (Net Sales - Variable Operating Costs and Expenses) / Operating Income

(2) Financial Leverage = Operating Income / (Operating Income - Interest Expenses)

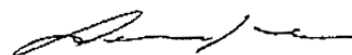
3. 2022 Audit Committee's Review Report

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 Business Report, the Financial Statements and the Proposal for Profit Distribution. The CPAs of Deloitte & Touche, Yung-Hsiang Chao and Chih-Ming Shao have audited the Financial Statements (including the Stand-alone & the Consolidated Financial Reports) and issued the audit opinions. The Business Report, Financial Statements, and the Proposal for Profit Distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of Far EasTone Telecommunications Co., Ltd. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Far EasTone Telecommunications Co., Ltd.

Chairman of the Audit Committee:



Lawrence Juen-Yee LAU

March 7, 2023

4. 2022 Independent Auditors' Report, Consolidated Financial Statements and Notes

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Far EasTone Telecommunications Co., Ltd.

Opinion

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

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

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the 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 Matters

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

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

Recognition of Mobile Telecommunications Service Revenue

Mobile telecommunications service revenue is the main source of the Group's revenue, and it accounts for 45% of the Group's total revenue for the year ended December 31, 2022. The calculation of mobile telecommunications service revenue relies heavily on automated systems and includes complicated and huge amounts of data transmission. In order to meet market demands and remain competitive, the Group often launches different combinations of products and services. The charge rates of the aforementioned products and services are set manually to systems. Since the effectiveness of the design and implementation of internal controls over systems and rate settings relevant to telecommunications service revenue directly and significantly affects the accuracy of revenue calculation, the recognition of mobile telecommunications service revenue is considered a key audit matter.

For the accounting policies related to mobile telecommunications service revenue, refer to Note 4 to the accompanying consolidated financial statements.

By conducting tests of controls, we obtained an understanding of the Group's recognition of mobile telecommunications service revenue and the design and implementation of related controls.

We also engaged internal IT specialists to understand and assess the systems and internal controls relevant to mobile telecommunications service revenue and perform the corresponding audit procedures which are listed as follows. The IT specialists:

1. Identified key systems that processed mobile telecommunications service revenue; assessed and tested the general information technology controls of the aforementioned systems, including access controls and change controls.
2. Tested the completeness and accuracy of interface controls between the switch equipment and the billing systems.
3. Tested the access controls and change controls over the input of rates to the billing systems.
4. Tested the accuracy of the billing calculation.
5. Tested the completeness and accuracy of the calculation and billing of monthly fees, airtime fees and value-added service fees.

In coordination with the internal IT specialists, we:

1. Performed dialing tests to verify the accuracy and completeness of the traffic and information in the switch equipment.
2. Sampled user contracts to confirm the accuracy of the billing system information.

For the revenue recognition of billed and unbilled amounts, we conducted the following tests:

1. For the billed amounts, we compared whether there is any difference between the reports generated from the accounting system and the billing system.
2. For the unbilled amounts, we recalculated the service revenue for services provided as of the balance sheet date based on the applied charge rates to confirm the accuracy of the amounts.

Other Matter

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The independent auditors' report on the audits resulting in this independent auditors' report are Yung-Hsiang Chao and Chih-Ming Shao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 15, 2023

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the 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 consolidated financial statements shall prevail.

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

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

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 33)	\$ 4,886,011	3	\$ 4,645,674	3
Financial assets at fair value through profit or loss - current (Notes 4, 32 and 33)	623,115	-	699,174	-
Financial assets at amortized cost - current (Notes 4, 8 and 33)	755,475	-	1,393,778	1
Contract assets - current (Notes 4 and 24)	5,160,260	3	5,268,830	3
Notes receivable, net (Notes 4 and 9)	25,446	-	24,087	-
Accounts receivable, net (Notes 4 and 9)	9,734,771	6	8,491,862	5
Accounts receivable - related parties (Notes 9 and 33)	335,830	-	386,374	-
Inventories (Notes 4 and 10)	2,907,323	2	3,072,540	2
Prepaid expenses	1,081,939	1	1,224,173	1
Other financial assets - current (Notes 4, 33 and 34)	510,111	-	788,811	-
Other current assets (Notes 4 and 33)	162,441	-	179,262	-
Total current assets	26,182,722	15	26,174,565	15
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 7 and 32)	4,008,122	2	5,059,853	3
Investments accounted for using the equity method (Notes 4 and 12)	2,219,233	1	2,060,768	1
Contract assets - noncurrent (Notes 4 and 24)	3,670,471	2	3,362,670	2
Property, plant and equipment, net (Notes 4, 13, 33 and 34)	40,328,499	24	40,142,014	23
Right-of-use assets (Notes 4, 14 and 33)	8,184,334	5	8,264,265	5
Investment properties (Notes 4 and 15)	756,225	-	624,731	-
Concessions, net (Notes 1, 4 and 16)	65,086,179	39	69,939,207	40
Goodwill (Notes 4 and 16)	11,176,831	7	11,176,831	6
Other intangible assets (Notes 4, 16 and 33)	2,342,747	1	2,732,242	2
Deferred income tax assets (Notes 4 and 26)	914,228	1	885,312	-
Incremental costs of obtaining a contract - noncurrent (Notes 4 and 24)	3,702,294	2	3,908,968	2
Other noncurrent assets (Notes 4, 9, 17, 22 and 33)	2,066,814	1	1,212,155	1
Total noncurrent assets	144,455,977	85	149,369,016	85
TOTAL	\$ 170,638,699	100	\$ 175,543,581	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 18)	\$ 436,530	-	\$ 210,000	-
Short-term bills payable (Notes 4, 18 and 34)	1,215,702	1	351,490	-
Contract liabilities - current (Notes 4 and 24)	3,230,860	2	2,981,709	2
Notes payable	6,196	-	7,362	-
Accounts payable (Note 33)	6,720,829	3	6,766,131	4
Other payables (Note 20)	7,001,278	4	6,645,446	4
Current tax liabilities (Note 4)	2,942,192	2	2,530,449	1
Provisions - current (Notes 4 and 21)	182,325	-	189,250	-
Lease liabilities - current (Notes 4, 14 and 33)	2,739,068	2	2,764,961	2
Current portion of long-term borrowings (Notes 4, 18, 19 and 34)	3,011,125	2	9,709,248	5
Other current liabilities (Note 33)	1,454,838	1	1,242,160	1
Total current liabilities	28,940,943	17	33,398,206	19
NONCURRENT LIABILITIES				
Contract liabilities - noncurrent (Notes 4 and 24)	10,373,110	6	10,619,613	6
Bonds payable (Notes 4 and 19)	26,778,746	16	25,278,622	14
Long-term borrowings (Notes 4, 18 and 34)	27,136,067	16	28,065,621	16
Provisions - noncurrent (Notes 4 and 21)	1,191,522	1	1,149,926	1
Deferred income tax liabilities (Notes 4 and 26)	2,142,235	1	2,139,556	1
Lease liabilities - noncurrent (Notes 4, 14 and 33)	4,979,074	3	4,984,281	3
Net defined benefit liabilities - noncurrent (Notes 4 and 22)	399,377	-	533,046	-
Guarantee deposits received - noncurrent	248,239	-	256,502	-
Other noncurrent liabilities (Note 20)	4,261,210	2	3,017,428	2
Total noncurrent liabilities	77,509,580	45	76,044,595	43
Total liabilities	106,450,523	62	109,442,801	62
EQUITY ATTRIBUTABLE TO OWNERS OF FAR EASTONE				
Capital stock				
Common stock	32,585,008	19	32,585,008	19
Capital surplus	26,365	-	2,389,840	1
Retained earnings				
Legal reserve	21,476,579	12	21,122,282	12
Special reserve	1,301,537	1	723,516	-
Unappropriated earnings	9,651,744	6	9,149,448	5
Total retained earnings	32,429,860	19	30,995,246	17
Other equity	(1,773,776)	(1)	(834,378)	-
Total equity attributable to owners of Far EasTone	63,267,457	37	65,135,716	37
NONCONTROLLING INTERESTS	920,719	1	965,064	1
Total equity	64,188,176	38	66,100,780	38
TOTAL	\$ 170,638,699	100	\$ 175,543,581	100

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

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

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

	2022	2021	
	Amount	Amount	%
OPERATING REVENUE (Notes 4, 24 and 33)	\$ 89,151,365	\$ 85,320,008	100
OPERATING COSTS (Notes 4, 10, 25 and 33)	62,094,526	59,882,004	70
GROSS PROFIT	27,056,839	25,438,004	30
OPERATING EXPENSES (Notes 4, 25 and 33)			
Marketing	9,951,752	10,189,588	11
General and administrative	4,789,162	4,812,695	5
Expected credit losses	265,837	293,280	-
Total operating expenses	15,006,751	15,295,563	16
OTHER INCOME AND EXPENSES (Note 4)	583,435	218,680	1
OPERATING INCOME	12,633,523	10,361,121	15
NONOPERATING INCOME AND EXPENSES (Notes 4, 13, 25, 31 and 33)			
Other income	149,544	132,279	-
Other gains and losses	59,811	56,314	-
Financial costs	(639,597)	(677,354)	(1)
Share of the gains of associates	(8,901)	88,270	-
(Losses) gains on disposal of property, plant and equipment and intangible assets	(195,299)	1,120,155	-
Total nonoperating income and expenses	(634,442)	719,664	(1)
INCOME BEFORE INCOME TAX	11,999,081	11,080,785	14
INCOME TAX (Notes 4 and 26)	2,293,193	1,846,904	3
NET INCOME	9,705,888	9,233,881	11

OTHER COMPREHENSIVE INCOME (LOSS)

(Notes 4 and 23)
Items that will not be reclassified subsequently to profit or loss:
Remeasurement of defined benefit plans
Gain on property revaluation

	97,207	(34,169)	-
	53,107	-	-

(Continued)

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

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

	2022	2021	
	Amount	Amount	%
Unrealized losses on investments in equity instruments designated as at fair value through other comprehensive income	\$ (1,056,216)	\$ (680,106)	(1)
Share of the other comprehensive income of associates accounted for using the equity method	2,951	15,075	-
	(902,951)	(699,200)	(1)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating the financial statements of foreign operations	63,027	(15,882)	-
Share of the other comprehensive income of associates accounted for using the equity method	3,444	4,366	-
	66,471	(11,516)	-
Total other comprehensive loss, net of income tax	(836,480)	(710,716)	(1)
TOTAL COMPREHENSIVE INCOME	\$ 8,869,408	\$ 8,523,165	10
NET INCOME ATTRIBUTABLE TO:			
Owners of Far EasTone	\$ 9,607,895	\$ 9,123,795	11
Noncontrolling interests	97,993	110,086	-
	\$ 9,705,888	\$ 9,233,881	11
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of Far EasTone	\$ 8,764,038	\$ 8,413,094	10
Noncontrolling interests	105,370	110,071	-
	\$ 8,869,408	\$ 8,523,165	10

EARNINGS PER SHARE, IN NEW TAIWAN DOLLARS (Note 27)

Basic	\$ 2.95	\$ 2.80
Diluted	\$ 2.94	\$ 2.80

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

(Concluded)

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of Far EastOne									
	Retained Earnings			Other Equity (Notes 4 and 23)			Noncontrolling Interests (Notes 4, 23 and 29)			Total Equity
	Capital Stock (Notes 4 and 23)	Capital Surplus (Notes 4, 23 and 29)	Legal Reserve (Note 23)	Special Reserve (Note 23)	Unappropriated Earnings (Notes 4 and 23)	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Losses on Financial Assets at Fair Value Through Other Comprehensive Income	(Losses) Gains on Hedging Instruments	Gains on Property Revaluations	
BALANCE AT JANUARY 1, 2021	\$ 32,585,008	\$ 5,701,421	\$ 20,299,484	\$ 598,988	\$ 8,228,676	\$ (20,598)	\$ (75,931)	\$ (3,354)	\$ -	\$ 67,313,694
Appropriation of the 2020 earnings	-	-	822,798	-	(822,798)	-	-	-	-	-
Legal reserve	-	-	-	124,528	(124,528)	-	-	-	-	-
Special reserve	-	-	-	-	(7,279,491)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	-	(7,279,491)
Changes in equity from investments in associates accounted for using the equity method	-	(944)	-	-	-	-	-	-	-	(944)
Cash dividends from capital surplus	-	(3,310,637)	-	-	-	-	-	-	-	(3,310,637)
Net income for the year ended December 31, 2021	-	-	-	-	-	-	-	-	-	-
Other comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	9,123,795	-	-	-	-	9,123,795
Cash dividends distributed by subsidiaries	-	-	-	-	(34,261)	(16,149)	(665,031)	4,740	-	(710,701)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2021	32,585,008	2,389,840	21,122,282	723,516	9,149,448	(36,747)	(799,017)	1,386	-	65,135,716
Appropriation of the 2021 earnings	-	-	914,759	-	(914,759)	-	-	-	-	-
Legal reserve	-	-	-	578,021	(578,021)	-	-	-	-	-
Special reserve	-	-	-	-	(7,654,218)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	-	(7,654,218)
Changes in equity from investments in associates accounted for using the equity method	-	41	-	-	(12,452)	-	-	-	-	(12,411)
Cash dividends from capital surplus	-	(2,375,447)	-	-	-	-	-	-	-	(2,375,447)
Net income for the year ended December 31, 2022	-	-	-	-	9,607,895	-	-	-	-	9,607,895
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	95,541	64,107	(1,053,265)	1,365	48,395	(836,480)
Change in ownership interest of a subsidiary	-	11,732	-	-	(41,690)	-	-	-	-	(29,958)
Shared-based payment transaction	-	199	-	-	-	-	-	-	-	199
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-
Cash dividends from legal reserve	-	-	(560,462)	-	-	-	-	-	-	(560,462)
BALANCE AT DECEMBER 31, 2022	\$ 32,585,008	\$ 26,365	\$ 21,476,579	\$ 1,301,537	\$ 9,651,744	\$ 27,360	\$ (1,852,282)	\$ 2,751	\$ 48,395	\$ 64,188,176

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

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 11,999,081	\$ 11,080,785
Adjustments for:		
Depreciation	11,896,444	11,624,589
Amortization	1,108,901	1,090,647
Amortization of concessions	5,152,658	5,093,564
Expected credit losses	265,837	293,280
Net losses (gains) on fair value changes of financial assets at fair value through profit or loss	78,824	(8,535)
Financial costs	639,597	677,354
Interest income	(65,286)	(44,480)
Dividend income	(24,280)	(29,880)
Shared-based payment	199	-
Share of the gains of associates	8,901	(88,270)
Losses (gains) on disposal of property, plant and equipment and intangible assets	195,299	(1,120,155)
Gain on disposal of subsidiaries	(6,220)	-
Write-down of inventories	13,562	-
Reversal of write-down of inventories	-	(13,463)
Losses on changes in fair value of investment properties	5,572	16,515
Gains on modifications of lease arrangements	(1,349)	(306)
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(2,765)	-
Contract assets	(196,231)	(581,490)
Notes receivable	(1,359)	(3,641)
Accounts receivable	(1,583,380)	(984,228)
Accounts receivable - related parties	50,544	(56,762)
Inventories	151,655	57,735
Prepaid expenses	142,234	(400,907)
Other current assets	26,346	72,711
Incremental costs of obtaining a contract	206,674	(418,324)
Contract liabilities	2,648	11,221,754
Notes payable	(1,166)	(5,199)
Accounts payable	(45,302)	391,659
Other payables	53,727	42,817
Provisions	(19,173)	(4,072)
Other current liabilities	184,947	205,342
Net defined benefit liabilities	(18,906)	(17,390)
Other noncurrent liabilities	(620,827)	(146,327)
Cash generated from operations	29,597,406	37,945,323
Interest received	67,742	42,410
Dividends received	24,696	29,880
Interest paid		(678,264)
Income taxes paid	(1,945,422)	(2,024,081)
Net cash generated from operating activities	27,079,052	35,315,268
		(Continued)

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FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

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

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ -	\$ (5,050,000)
Proceeds from the disposal of financial assets at fair value through other comprehensive income	-	97,300
Remittance of cash due to capital reduction of financial assets at fair value through other comprehensive income	-	21,450
Acquisition of financial assets at amortized cost	-	(537,298)
Disposal of financial assets at amortized cost	638,303	-
Acquisition of investments accounted for using the equity method	(110,680)	(286,138)
Increase in prepayments for an investment	(40,000)	-
Acquisition of property, plant and equipment	(8,528,507)	(11,456,692)
Proceeds from the disposal of property, plant and equipment and investment properties	61,641	3,266,680
Increase in refundable deposits	(308,703)	(366,837)
Decrease in refundable deposits	274,053	286,426
Acquisition of intangible assets	(1,019,036)	(666,600)
Increase in other financial assets	-	(27,327)
Decrease in other financial assets	278,700	-
Increase in prepayments for equipment	(700,000)	-
Other investing activities	1,864,609	3,163,755
Net cash used in investing activities	(7,589,620)	(11,555,281)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	226,530	-
Decrease in short-term borrowings	-	(167,764)
Increase in short-term bills payable	864,212	-
Decrease in short-term bills payable	-	(38,225)
Proceeds from the issuance of bonds payable	4,493,170	1,197,485
Repayment of bonds payable	(9,700,000)	-
Proceeds from long-term borrowings	10,369,619	10,305,586
Repayment of long-term borrowings	(11,297,427)	(21,964,392)
Increase in guarantee deposits received	70,245	68,334
Decrease in guarantee deposits received	(54,819)	(74,062)
Repayment of the principal portion of lease liabilities	(3,459,906)	(3,485,437)
Cash dividends paid	(10,664,586)	(10,568,650)
Net changes in noncontrolling interests	(105,214)	-
Net cash used in financing activities	(19,258,176)	(24,827,125)
EFFECT OF EXCHANGE RATE CHANGES	9,081	(1,063)
		(Continued)

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FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

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

	2022	2021
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 240,337	\$ (1,068,201)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>4,645,674</u>	<u>5,713,875</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 4,886,011</u>	<u>\$ 4,645,674</u>

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

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

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

1. ORGANIZATION AND OPERATIONS

Far Eastone Telecommunications Co., Ltd. ("Far Eastone") was incorporated in the Republic of China (ROC) on April 11, 1997 and began commercial operations on January 20, 1998. Far Eastone's stock was initially listed and commenced trading on the over-the-counter (OTC) securities exchange (also known as the Taipei Exchange, TPEX) of the ROC on December 10, 2001, but later ceased trading on the TPEX and transferred listing of its stock on the Taiwan Stock Exchange (TWSE) on August 24, 2005. Far Eastone's main businesses include mobile telecommunications services (including voice and internet services), international simple resale services, digital value-added services, sale of cellular phone equipment and accessories and enterprise information and communication integration services, etc. As of December 31, 2022 and 2021, Far Eastern New Century Corporation ("Far Eastern New Century") and its affiliates directly and indirectly owned 38.33% of Far Eastone's stock. Since Far Eastern New Century and its subsidiaries have the power to cast the majority of votes at the meeting of Far Eastone's board of directors, Far Eastern New Century has control over Far Eastone's finances, operations and personnel affairs. Thus, Far Eastern New Century is the ultimate parent company of Far Eastone.

For long-term business development, on October 30, 2013, Far Eastone bid for and was granted two fourth-generation (4G) wireless communications concessions, GSM 700 and GSM 1800 (GSM stands for Global System for Mobile Communications), which are valid through December 31, 2030. From 2015 to 2017, Far Eastone bid for and was granted another two fourth-generation (4G) wireless communications concessions, GSM 2600 and GSM 2100, both of which are valid through December 31, 2033. In February 2020, Far Eastone bid for and was granted two fifth-generation (5G) wireless communications concessions of 3.5GHz spectrum and 28GHz spectrum, which are valid through December 31, 2040.

On October 14, 2020, Far Eastone registered as a telecommunications enterprise with the approval of the National Communications Commission (NCC). Far Eastone registered its business items in accordance with the Telecommunications Management Act.

The consolidated financial statements of Far Eastone and its subsidiaries, collectively referred to as the Group, are presented in New Taiwan dollars, the functional currency of Far Eastone.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors of Far Eastone on February 15, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2022

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

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

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

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

Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group shall recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations will be retrospectively adjusted on January 1, 2023, and the Group shall recognize the cumulative effect of initial application in retained earnings at that date. The Group shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022. The Group shall restate its comparative information when it initially applies the aforementioned amendments.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

- 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)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Noncurrent"	January 1, 2024
Amendments to IAS 1 "Noncurrent Liabilities with Covenants"	January 1, 2024

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Preparation

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

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:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 inputs are unobservable inputs for the asset or liability.

Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of Far EasTone and the entities controlled by Far EasTone (its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by Far EasTone.

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

Total comprehensive income of subsidiaries is attributed to the owners of Far EasTone and to the noncontrolling interests even if this results in the noncontrolling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the noncontrolling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of Far EasTone.

See Note 11, Schedule F and Schedule G for the detailed information on subsidiaries, including the percentages of ownership and main businesses.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any noncontrolling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Noncontrolling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at fair value.

Foreign Currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i. e., 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.

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

Nonmonetary items denominated in a foreign currency and measured at historical cost are not retranslated.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including subsidiaries in other countries or subsidiaries that use currencies different from the ones used by Far EasTone) are translated into New Taiwan dollars using the exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year. The resulting exchange differences are recognized in other comprehensive income (attributed to the owners of Far EasTone and noncontrolling interests as appropriate).

On the disposal of the Group's entire interest in a foreign operation or a disposal involving loss of control over a subsidiary that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of Far EasTone are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the noncontrolling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Inventories

Inventories are stated at the lower of cost or net realizable value. 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 under normal conditions less estimated selling expenses. Cost is determined using the weighted-average method.

Investments in Associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

- b. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

- c. Derecognition of intangible assets

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

Incremental Costs of Obtaining a Contract

When a sales contract is obtained, commission and subsidies paid to dealers under sales agreements are recognized as assets (incremental costs of obtaining a contract) to the extent that the costs are expected to be recovered and are amortized over the life of the contract. However, the Group elects not to capitalize the incremental costs of obtaining a contract if the amortization period of such assets, which the Group would otherwise have recognized, is expected to be one year or less.

Impairment of Property, Plant and Equipment, Right-of-Use Assets, Intangible Assets (Other Than Goodwill) and Incremental Costs of Obtaining a Contract

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The 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.

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on incremental costs shall be recognized in accordance with applicable standards. The impairment loss from the assets related to the contract costs is then recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or incremental costs of obtaining a contract 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, cash-generating unit or assets related to contract costs 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 Group becomes a party to the contractual provisions of the instruments.

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

- a. Financial assets

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 FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

- a) Financial assets at FVTPL

A financial asset is classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on the financial asset. Fair value is determined in the manner described in Note 32.

- b) Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable at amortized cost and other financial assets, 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 a financial asset, except for:

- i. Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

ii. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i. Significant financial difficulty of the issuer or the borrower;
- ii. Breach of contract, such as a default;
- iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv. The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in equity instruments at FVTOCI

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

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. 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 Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2) Impairment of financial assets and contract assets

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

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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

- a) Internal or external information show that the debtor is unlikely to pay its creditors.
- b) Failure of the debtors to discharge their obligation within their credit periods, unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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 Group 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 party.

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

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

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

c. Financial liabilities

1) Subsequent measurement

Except the financial liabilities at fair value through profit or loss, 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, including any noncash assets transferred or liabilities assumed, is recognized in profit or loss.

Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

- a. Decommissioning, restoration and similar liabilities

The cost of an item of property, plant and equipment comprises:

- 1) Its purchase price;
- 2) Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- 3) The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a right-of-use asset comprises:

- 1) The initial measurement of lease liabilities;
- 2) The initial estimate of the costs of dismantling and removing the right-of-use asset and restoring the site on which it is located.

- b. Warranties

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products, at the Group's best estimate of the expenditure required to settle the Group's obligation.

- c. Levies

Levies imposed by a government are accrued as provisions when the obligating events that trigger the payment of such levies occur.

Revenue Recognition

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

Revenue from the sale of goods comes from sales of mobile telecommunication devices and accessories and internet sales of goods. Sales of mobile telecommunication devices and accessories are recognized as revenue when the goods are delivered to the customer because that is the time when the customer obtains control of the goods and bears the risks of obsolescence. Accounts receivable are recognized concurrently. For internet sales of goods, revenue is recognized when the goods are delivered to the customer's specific location. When the customer initially purchases the goods online, the transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

Telecommunications service revenue from fixed network services, cellular services and interconnection and call transfer fees from other telecommunications companies and carriers are billed in arrears and are recognized based upon minutes of traffic processed when the services are provided in accordance with contract terms. Telecommunications service revenue is recognized as follows: (a) monthly fees are accrued every month, and (b) prepaid and recharge services are recognized as income based upon actual usage by customers. As the Group provides telecommunication value-added services, the customer simultaneously receives and consumes the benefits provided by the Group's satisfaction of performance obligations. Consequently, related revenue is recognized when services are rendered.

A bundle sales contract consists of the rendering of airtime services and the sale of goods. The rendering of services and the sale of goods are accounted for as distinct performance obligations. The Group allocates the transaction price to each performance obligation identified in a bundle sales contract on a relative stand-alone selling price basis and recognizes sales and service revenue in accordance with the aforesaid principles of revenue recognition.

For project business services, the Group identifies performance obligations in accordance with the commitments stated in the related service contract and recognizes revenue when performance obligations are satisfied. Payments for project business services are made at several time points specified in the service contract. The Group recognizes the difference between the revenue recognized and the collectible amounts from the customer as contract assets after the performance obligations have been satisfied, and the contract assets are reclassified to accounts receivable when the amounts become collectible.

Under the Group's Customer Loyalty Program, the Group offers award credits when customers purchase goods or services. The award credits provide a material right to customers. The transaction price allocated to the award credits is recognized as a contract liability when collected and will be recognized as revenue when the award credits are redeemed or have expired.

Leases

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

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

- a. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

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

b. The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for an estimate of costs needed to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term resulting in a change in future lease payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government Grants

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

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire noncurrent assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services 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 gains and losses on settlements) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur or when the settlement occurs. 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 (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

c. Termination benefits

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

Share-based Payment Arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number 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.

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

Taxation

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

a. Current tax

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

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for as income tax in the year the stockholders approve to retain earnings.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities 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, unused loss carryforwards and unused tax credits for other expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the 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 liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are 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 liabilities and assets reflects the tax consequences that would follow from the manner in which the Group 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 or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

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

Frequency and Network Sharing Services

The Group provides frequency and network sharing services for a telecommunications company through a part of 5G spectrum and related cell sites. The Group provides frequency and network sharing services as a principal because it has control over the aforementioned spectrum and cell sites. The consideration received is included in contract liabilities. Revenue is recognized on a straight-line basis over the useful lives of the assets used in providing frequency and network sharing services.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed 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.

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

The provision for impairment of accounts receivable and contract assets are based on assumptions on probability of default and loss given default. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Notes 9 and 24. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Impairment of property, plant and equipment, right-of-use assets, intangible assets (other than goodwill) and incremental costs of obtaining a contract

For impairment testing of assets, the Group evaluates and decides on certain assets' independent cash flows, the useful lives of the assets, and the probable future profit or loss which is based on subjective judgment, utilized asset mode, and telecommunications industry characteristics. Any changes in national and local economic conditions or the Group's strategy may cause significant impairment loss.

c. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of the value in use requires the Group's management to estimate the future cash flows expected to arise from each cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances results in a downward revision of future cash flows or an upward revision of discount rate, a material impairment loss may arise.

As of December 31, 2022 and 2021, the carrying amounts of goodwill are disclosed in Note 16.

d. Income tax

A key source of estimation uncertainty is the determination of the realizability of deferred tax assets, which mainly depends on whether sufficient future profit or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place. In cases where the actual future profit generated is greater than expected, a further material recognition of deferred tax assets may arise, which would be recognized in the period in which further recognition takes place.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 8,774	\$ 9,732
Checking and demand deposits	3,949,187	3,620,409
Cash equivalents		
Commercial paper purchased under resale agreements	808,634	659,642
Certificates of deposits	119,416	355,891
	<u>\$ 4,886,011</u>	<u>\$ 4,645,674</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
Investments in equity instruments-noncurrent		
Stock in domestic listed company through private placement	\$ 3,050,000	\$ 4,110,000
Domestic/foreign unlisted common stock	958,122	949,853
	<u>\$ 4,008,122</u>	<u>\$ 5,059,853</u>

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

In order to maximize the efficiency of utilizing Far EasTone's network and spectrum resources, and to enhance Far EasTone's competitiveness in the 5G markets, on September 4, 2020, the board of directors of Far EasTone resolved to acquire 11.58% ownership of Asia-Pacific Telecom Co., Ltd. (APTC) through private placement by subscribing for 500,000,000 new common stock issued by APTC with the investment amount not exceeding \$5,000,000 thousand. The transaction was completed in September 2021 with a total subscription amount of \$5,000,000 thousand.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
Current		
Certificates of deposits with original maturities of more than 3 months	\$ 755,475	\$ 1,393,778

9. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31	
	2022	2021
Notes receivable		
At amortized cost		
Gross carrying amount	\$ 25,446	\$ 24,087
Less: Allowance for impairment loss	-	-
	<u>\$ 25,446</u>	<u>\$ 24,087</u>
Notes receivable - operating	\$ 25,446	\$ 24,087

Accounts receivable (including related parties and noncurrent portion)

At amortized cost		
Gross carrying amount	\$ 11,151,527	\$ 9,795,489
Less: Allowance for impairment loss	(901,779)	(815,318)
Less: Unrealized interest income	(1,755)	(4,181)
Less: Unearned finance income	(15,281)	(4,620)
	<u>\$ 10,232,712</u>	<u>\$ 8,971,370</u>

At the end of the reporting period, the Group's accounts receivable from sales and the rendering of services with payment by installments were as follows:

	December 31	
	2022	2021
Gross amount of installment accounts receivable	\$ 57,678	\$ 95,638
Allowance for impairment loss	-	(6,797)
Unrealized interest income	(1,755)	(4,181)
	<u>\$ 55,923</u>	<u>\$ 84,660</u>
Current	\$ 24,821	\$ 28,737
Noncurrent	31,102	55,923
	<u>\$ 55,923</u>	<u>\$ 84,660</u>

Accounts receivable expected to be recovered after more than one year are classified as noncurrent assets. The above-mentioned accounts receivable are expected to be recovered before 2028.

At the end of the reporting period, the Group's accounts receivable from a finance lease were as follows:

	December 31, 2022	2021
Gross amount of finance lease receivables	\$ 174,282	\$ 49,081
Unearned finance income	(15,281)	(4,620)
	<u>\$ 159,001</u>	<u>\$ 44,461</u>
<u>Undiscounted lease payments</u>		
Year 1	\$ 32,942	\$ 8,691
Year 2	32,330	8,691
Year 3	30,496	8,691
Year 4	30,138	8,691
Year 5	22,745	8,334
Year 6 onwards	25,631	5,983
	<u>174,282</u>	<u>49,081</u>
	(15,281)	(4,620)
Less: Unearned finance income		
Less: Allowance for impairment loss		
	<u>\$ 159,001</u>	<u>\$ 44,461</u>
Finance lease receivables		
Current	\$ 27,992	\$ 7,250
Noncurrent	<u>131,009</u>	<u>37,211</u>
	<u>\$ 159,001</u>	<u>\$ 44,461</u>

The Group entered into a finance lease agreement with a client to lease out its data center equipment as part of the enterprise project services provided to the client. The term of the finance lease entered into was 3-8 years. The interest rate inherent in the lease was 3.0%-4.5%, which was determined at the contract date and was fixed for the entire term of the lease.

The Group's credit period for the accounts receivable is 30 to 60 days.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of notes receivable and accounts receivable at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for all notes receivable and accounts receivable at an amount equal to lifetime expected credit losses (ECLs). The expected credit losses on notes receivable and accounts receivable are estimated using an allowance matrix prepared by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for the general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the allowance for losses based on the past due status of receivables is not further distinguished according to different segments of the Group's customer base.

The Group recognizes an allowance for impairment loss when there is information indicating that a debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivable. For notes receivable and accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The Group's expected credit loss rate ranges of receivables which were not overdue and receivables which were overdue were 0.00%-13.34% and 0.09%-100% respectively.

The Group measures the loss allowance for finance lease receivables at an amount equal to lifetime ECLs. The respective leased equipment served as collateral for the finance lease receivables. As of December 31, 2022 and 2021, no finance lease receivable was past due. The Group has not recognized a loss allowance for finance lease receivables after taking into consideration the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these finance lease receivables.

The following table details the loss allowance of notes receivable and accounts receivable based on the Group's allowance matrix:

December 31, 2022				
	Not Overdue	Overdue Up to 60 Days	Overdue 61 Days or More	Total
Gross carrying amount	\$ 9,929,142	\$ 920,112	\$ 310,683	\$ 11,159,937
Loss allowance (lifetime ECLs)	(539,391)	(144,079)	(218,309)	(901,779)
Amortized cost	\$ 9,389,751	\$ 776,033	\$ 92,374	\$ 10,258,158

December 31, 2021

	Not Overdue	Overdue Up to 60 Days or More	Overdue 61 Days or More	Total
Gross carrying amount	\$ 8,771,048	\$ 741,999	\$ 297,728	\$ 9,810,775
Loss allowance (lifetime ECLs)	(518,404)	(87,446)	(209,468)	(815,318)
Amortized cost	<u>\$ 8,252,644</u>	<u>\$ 654,553</u>	<u>\$ 88,260</u>	<u>\$ 8,995,457</u>

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

	For the Year Ended December 31, 2022	2021
Balance at January 1	\$ 815,318	\$ 725,460
Add: Amounts recovered	238,630	198,432
Add: Net remeasurement of loss allowance	268,837	280,690
Less: Amounts written off	(423,663)	(389,593)
Foreign exchange gains and losses	2,657	329
Balance at December 31	<u>\$ 901,779</u>	<u>\$ 815,318</u>

Sale of Overdue Accounts Receivable

In the years ended December 31, 2022 and 2021, the Group entered into agreements to sell its overdue accounts receivable which had been written off to asset management companies, and did not bear the risk of loss arising from uncollectible receivables.

Related information as of December 31, 2022 and 2021 was as follows:

	December 31	
	2022	2021
Amount of accounts receivable sold	<u>\$ 805,845</u>	<u>\$ 557,402</u>
Proceeds from the sale of accounts receivable (excluding value-added tax)	<u>\$ 78,247</u>	<u>\$ 39,323</u>

10. INVENTORIES

Cellular phone equipment and accessories

Others

	December 31	
	2022	2021
Cellular phone equipment and accessories	<u>\$ 2,162,260</u>	<u>\$ 2,538,589</u>
Others	<u>745,063</u>	<u>533,951</u>
	<u>\$ 2,907,323</u>	<u>\$ 3,072,540</u>

Costs of inventories sold were \$28,369,801 thousand and \$28,420,550 thousand for the years ended December 31, 2022 and 2021, respectively.

The (write-down) reversal of write-down of inventories amounting to \$(13,562) thousand and \$13,463 thousand were included in the cost of sales for the years ended December 31, 2022 and 2021, respectively.

11. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Main businesses and percentages of ownership are shown as follows:

Investor Company	Investee Company	Main Businesses and Products	Percentage of Ownership (%)		Note
			2022	2021	
Far EastTone	NCIC	Telecommunications services	100.00	100.00	
	ARCOA	Sales of communications products and office equipment	61.63	61.63	
	KGEx.com	Telecommunications services	99.99	99.99	
	YSDT	Electronic information services	96.18	96.18	
	Yuan Qing	Call center services	100.00	100.00	
	FEIS	Investment	100.00	100.00	
	Yuan Bao	Data processing services and electronic information services	-	-	Dissolved on September 15, 2021 due to the merger with Far EastTone.
FEPA IDWE	FEPA	Property insurance agent	100.00	100.00	
	IDWE	Television and film production and distribution	50.00	-	

(Continued)

Investor Company	Investee Company	Main Businesses and Products	Percentage of Ownership (%)		Note
			2022	2021	
NCIC	ISSDU	Security and monitoring service via Internet	100.00	100.00	
	DU (Cayman)	Investment	100.00	100.00	
	New Diligent	Investment	100.00	100.00	
	YSDT	Electronic information services	3.33	0.67	
	Prime Ecompower	Energy technology services	100.00	100.00	
	Nextlink Technology	Electronic information services	70.00	70.00	
	ARCOA	Sales of communications products and office equipment	6.72	-	Dissolved in April 2022 with the approval of the local government
New Diligent	FEND	Investment	-	100.00	
	Sino Lead	Telecommunications services	100.00	100.00	
DU (Cayman)	New Diligent Hong Kong	Investment	100.00	100.00	
	DUIT	Design, research, installment and maintenance of computer software and systems	100.00	100.00	
ARCOA DataExpress Nextlink Technology	DataExpress	Sale of communications products	70.00	70.00	
	Home Master	Sale of communications products	100.00	100.00	
	Microvision	Electronic information services	100.00	100.00	
	Nextlink (HK) Technology	Electronic information services	100.00	100.00	
	Microvision Technology	Electronic information services	100.00	100.00	
Nextlink (HK) Technology IDWE	Technology (HK)	Electronic information services	100.00	100.00	
	Nextlink (SH) Technology	Electronic information services	100.00	100.00	
	Mission Technology	Television and film production and distribution	100.00	-	
	International		100.00	-	

(Concluded)

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	December 31	
	2022	2021
Material associate		
Far Eastern Electronic Toll Collection Co., Ltd.	\$ 1,481,494	\$ 1,403,595
Associates that are not individually material	<u>737,739</u>	<u>657,173</u>
	<u>\$ 2,219,233</u>	<u>\$ 2,060,768</u>

All of the investments in associates listed in the table above were accounted for using the equity method.

The Group is the largest single stockholder of Far Eastern Electronic Toll Collection Co., Ltd. (FETC) with 39.42% of voting rights in 2022 and 2021. The holdings of the other stockholders of FETC are not widely dispersed. Despite having the largest holding, the Group cannot direct the relevant activities of FETC and does not have control over FETC. However, management of the Group considered the Group as exercising significant influence over FETC and, therefore, classified FETC as associates of the Group.

a. Material associates

Name of Associate	Nature of Activities	Main Place of Business	Interests and Voting Rights	
			2022	December 31 2021
Far Eastern Electronic Toll Collection Co., Ltd.	Electronic information services and electronic toll collection services	Taiwan	39.42%	39.42%

Summarized financial information in respect of the Group's material associates is set out below. The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

Far Eastern Electronic Toll Collection Co., Ltd.

	December 31	
	2022	2021
Current assets	\$ 1,218,677	\$ 1,765,193
Noncurrent assets	6,195,264	5,817,446
Current liabilities	(1,817,373)	(1,642,344)
Noncurrent liabilities	(1,838,051)	(2,379,405)
Equity	\$ 3,758,517	\$ 3,560,890
Proportion of the Group's ownership	39.42%	39.42%
Carrying amount	\$ 1,481,494	\$ 1,403,595
For the Year Ended December 31 2021		
Operating revenue	\$ 2,494,128	\$ 2,311,325
Net profit for the year	\$ 222,084	\$ 329,099
Other comprehensive income	8,357	11,543
Total comprehensive income for the year	\$ 230,441	\$ 340,642

As of June 30, 2011, the usage rate of electronic toll collection (ETC) services had not reached the requirement stated in the contract of the Electronic Toll Collection BOT Project ("ETC Project"). Thus, Far Eastern Electronic Toll Collection Co., Ltd. (FETC) filed a lawsuit against Taiwan Area National Freeway Bureau (TANFB), and the Supreme Court remanded this case to the Taipei District Civil Division in September 2015. FETC had accrued the related penalties. On October 19, 2018, the Taipei District Court pronounced the judgment in FETC's favor. The TANFB filed an appeal on November 9, 2018. The High Court overruled the TANFB's appeal on June 11, 2019, and on July 8, 2019, the TANFB filed another appeal to the Supreme Court. On January 21, 2021, the Supreme Court reversed the original judgment made by the High Court on June 11, 2019. On November 15, 2022, the High Court corrected the original judgment made by the Taipei District Court on October 19, 2018, and ordered ETC to pay the compensation of \$17,000 thousand. Both FETC and TANFB did not appeal; therefore, this judgment was finalized on December 21, 2022 and the case was concluded.

FETC failed to complete the taxpayer system infrastructure within a specified period under the ETC Project requirements. The Taipei District Court Civil Division pronounced on May 20, 2016 that FETC should pay the compensation for breach of contract to TANFB. FETC filed an appeal on May 31, 2016 and accrued related penalties. The case is currently under trial in the High Court.

b. Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2022	2021
The Group's share of:		
Net loss for the year	\$ (83,506)	\$ (41,259)
Other comprehensive income	66,218	1,208
Total comprehensive loss for the year	\$ (17,288)	\$ (40,051)

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Operating Equipment	Computer Equipment	Other Equipment	Construction-in-Progress	Total
Cost							
Balance at January 1, 2022	\$ 6,148,114	\$ 9,110,510	\$ 93,662,999	\$ 14,231,634	\$ 6,411,005	\$ 2,418,517	\$ 131,982,879
Additions	(2,741)	(25,764)	(2,890,562)	(777,793)	(263,982)	8,198,455	(5,583,597)
Disposals	-	-	-	-	-	-	-
Effects of foreign currency exchange difference	(48,115)	291,365	8,057,920	23	250,680	(3,057,573)	41
Adjustments and reclassification	-	-	-	398,632	18	-	(106,269)
Balance at December 31, 2022	\$ 6,097,258	\$ 9,395,091	\$ 98,830,467	\$ 14,869,616	\$ 6,657,290	\$ 2,417,143	\$ 136,851,085
Accumulated depreciation and impairment							
Balance at January 1, 2022	\$ (59,857)	\$ (4,237,947)	\$ (68,633,153)	\$ (13,363,744)	\$ (5,546,164)	\$ -	\$ (91,840,865)
Depreciation expense	-	(302,465)	(7,867,754)	(446,165)	(288,754)	-	(8,865,139)
Disposals	-	24,044	2,572,231	(77,742)	248,810	-	3,065,299
Effects of foreign currency exchange difference	-	(10,525)	-	(11)	34,280	-	(5)
Adjustments and reclassification	-	-	-	31	(14)	-	(23)
Balance at December 31, 2022	\$ (59,857)	\$ (4,526,193)	\$ (73,467,676)	\$ (13,034,559)	\$ (5,490,104)	\$ -	\$ (96,523,186)
Carrying amount at December 31, 2022	\$ 6,037,401	\$ 4,868,898	\$ 25,362,791	\$ 835,257	\$ 377,186	\$ 2,417,143	\$ 40,327,899
Cost							
Balance at January 1, 2021	\$ 7,191,408	\$ 9,648,717	\$ 85,563,488	\$ 13,916,994	\$ 6,679,501	\$ 2,354,932	\$ 125,555,030
Additions	(1,994,244)	(1,055,162)	(2,671,589)	(215,070)	(624,377)	11,986,455	(5,364,331)
Disposals	50,950	509,388	10,792,689	520,525	738,535	(12,120,432)	-
Adjustments and reclassification	-	-	-	-	-	-	-
Balance at December 31, 2021	\$ 6,148,114	\$ 9,110,510	\$ 93,662,999	\$ 14,231,634	\$ 6,411,005	\$ 2,418,517	\$ 131,982,879
Accumulated depreciation and impairment							
Balance at January 1, 2021	\$ (93,894)	\$ (4,399,790)	\$ (63,816,320)	\$ (13,085,501)	\$ (5,041,001)	\$ -	\$ (87,349,485)
Depreciation expense	-	(208,628)	(7,088,444)	(479,704)	(217,384)	-	(8,075,270)
Disposals	36,037	453,639	2,271,621	214,842	607,861	-	3,584,000
Adjustments and reclassification	-	(1,089)	-	(2,381)	4,370	-	-
Balance at December 31, 2021	\$ (59,857)	\$ (4,237,947)	\$ (68,633,153)	\$ (13,363,744)	\$ (5,546,164)	\$ -	\$ (91,840,865)
Carrying amount at December 31, 2021	\$ 6,097,258	\$ 4,867,563	\$ 25,029,846	\$ 897,890	\$ 864,941	\$ 2,418,517	\$ 40,427,114

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

Buildings	33-55 years
Main buildings	4-45 years
Other building equipment	3-26 years
Operating equipment	1-8 years
Computer equipment	1-20 years
Other equipment	

The board of directors of NCIC, Far EastOne's subsidiary, resolved on February 25, 2021 to sell a part of NCIC's properties and equipment located in the Neihu District of Taipei City. The aforementioned properties and equipment were sold to MediaTek Inc., a non-related party, and the transaction was completed in July 2021. The related property, plant and equipment and investment properties were derecognized, and the related expenses were deducted from the gain on disposal of 1,281,483 thousand.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amount		
Land	\$ 1,358	\$ 504
Buildings	8,015,317	8,042,861
Other equipment	167,659	220,900
	<u>\$ 8,184,334</u>	<u>\$ 8,264,265</u>
For the Year Ended December 31	2022	2021
Additions to right-of-use assets	<u>\$ 3,703,485</u>	<u>\$ 3,358,412</u>
Depreciation charge for right-of-use assets		
Land	\$ 861	\$ 864
Buildings	3,425,788	3,417,848
Other equipment	130,006	130,507
	<u>\$ 3,556,655</u>	<u>\$ 3,549,219</u>

Except for the aforementioned additions and recognized depreciation, the Group did not have any significant sublease or impairment of right-of-use assets during 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	<u>\$ 2,739,068</u>	<u>\$ 2,764,961</u>
Noncurrent	<u>\$ 4,979,074</u>	<u>\$ 4,984,281</u>

Discount rate ranges for lease liabilities were as follows:

	December 31	
	2022	2021
Land	1.38%	0.62%
Buildings	0.52%-1.99%	0.51%-1.44%
Other equipment	0.55%-1.68%	0.51%-0.99%

c. Material lease activities and terms (the Group is lessee)

The Group leased some of the land and buildings for cell sites, data centers, offices and retail stores and leased other equipment for operating uses with lease terms of 1 to 20 years. The Group does not have bargain purchase options to acquire the land, buildings and equipment at the end of the lease terms.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 15.

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	<u>\$ 99,532</u>	<u>\$ 112,815</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 32,899</u>	<u>\$ 33,181</u>
Total cash outflow for leases	<u>\$ (3,664,092)</u>	<u>\$ (3,681,842)</u>

The Group has elected to apply the recognition exemption for the lease of certain buildings and other equipment that qualify as short-term leases and thus did not recognize right-of-use assets and lease liabilities for these leases.

15. INVESTMENT PROPERTIES

	Investment Properties
Balance at January 1, 2022	\$ 624,731
Disposals	47,112
Losses on changes in fair value of investment properties	<u>84,382</u>
Balance at December 31, 2022	<u>\$ 756,225</u>
Balance at January 1, 2021	\$ 838,564
Disposals	(197,318)
Losses on changes in fair value of investment properties	<u>(16,515)</u>
Balance at December 31, 2021	<u>\$ 624,731</u>

The lease terms of investment properties range from 2-6 years. The rights of lease term extension contain clauses for market rental reviews. The lessee does not have a bargain purchase option to acquire the investment property at the expiry of the lease period.

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

	December 31	
	2022	2021
Year 1	\$ 14,249	\$ 11,352
Year 2	12,502	5,790
Year 3	11,718	4,389
Year 4	8,392	4,477
Year 5	5,190	1,125
	<u>\$ 52,051</u>	<u>\$ 27,133</u>

The fair values of investment properties measured at fair value on a recurring basis are as follows:

	December 31	
	2022	2021
Independent valuation	<u>\$ 756,225</u>	<u>\$ 624,731</u>

The fair values of the investment properties as of December 31, 2022 and 2021 were based on the valuations respectively carried out on October 26, 2022, January 12, 2023 and January 14, 2022 by an independent qualified professional valuator Mr. Tsai, Chia-Ho. The aforementioned valuator is from DTZ Cushman & Wakefield, a member of certified ROC real estate appraisers. After consultation with the appraisers, the Group determined that the fair values reported as of December 31, 2022 were still valid as of October 26, 2022.

The above fair value measurement has taken into consideration market volatility as a result of the COVID-19 pandemic.

The fair values of investment properties were measured using level 3 unobservable inputs. The unrealized gains (losses) on the fair value changes of investment properties are recognized in other gains and losses.

The fair values of investment properties were measured using the income approach. The significant assumptions used are stated below. An increase in estimated future net cash inflows or a decrease in discount rates would result in an increase in the fair value.

	December 31	
	2022	2021
Expected future cash inflows	\$ 917,065	\$ 773,981
Expected future cash outflows	<u>(29,161)</u>	<u>(21,933)</u>
Expected future cash inflows, net	<u>\$ 887,904</u>	<u>\$ 752,048</u>
Discount rate	2.22%-2.845%	1.92%-2.17%

The market rentals in the area where the investment properties are located were between \$1 thousand and \$18 thousand per ping per month (1 ping = 3.3 square meters). The market rentals for comparable properties were between \$1 thousand and \$14 thousand per ping per month.

All of the investment properties have been leased out under operating leases. The rental incomes generated for the years ended December 31, 2022 and 2021 were \$13,528 thousand and \$15,084 thousand, respectively.

The expected future cash inflows generated by investment properties referred to rental income, interest income on rental deposits, loss on vacancy rate of space and disposal value. The rental income was extrapolated using the comparative market rentals covering 10 years, excluding values that are overly high or overly low, taking into account the annual rental growth rate, loss on vacancy rate of space was extrapolated using the vacancy rates of the neighboring stores and factories, the interest income on rental deposits was extrapolated using the interest rate announced by the central bank for the one-year average deposit interest rate of five major banks, which was 1.45% and 0.77% for the years ended December 31, 2022 and 2021, respectively, and the disposal value was determined using the direct capitalization method under the income approach. The expected future cash outflows on investment properties included expenditures such as land value taxes, house taxes, insurance premium, management fee, maintenance costs, replacement allowance and depreciation. The expenditures were extrapolated on the basis of the current level of expenditures, taking into account the future adjustment to the government-announced land value and the tax rate promulgated under the House Tax Act.

The discount rate was determined by reference to the local same class product, a reasonable rental income level and the selling price of investment properties taking into consideration the liquidity, potential risk, appreciation and the complexity of management; in addition, the discount rate should not be lower than the interest rate for two-year time deposits of Chunghwa Post Co., Ltd. plus 0.75%.

Some of the fair values of investment properties are measured using a land development analysis. An increase in the estimated total sales price, an increase in the rate of return, or a decrease in the overall capital interest rate would all result in an increase in the fair value. The significant assumptions used were as follows:

	December 31, 2022
Estimated total sales price	<u>\$ 284,393</u>
Rate of return	15.00%
Overall capital interest rate	4.21%

16. INTANGIBLE ASSETS

	Cost	Concessions	Goodwill	Computer Software	Other Intangible Assets	Total
Balance at January 1, 2022	\$ 90,002,000	\$ 11,194,104	\$ 862,051	\$ 121,067,654		
Additions	2,103,320	-	702,830	16,576		
Disposals	<u>(2,180,000)</u>	<u>-</u>	<u>(6,050)</u>	<u>-</u>	<u>-</u>	<u>(2,186,050)</u>
Balance at December 31, 2022	<u>\$ 89,925,320</u>	<u>\$ 11,194,104</u>	<u>\$ 878,627</u>	<u>\$ 121,702,330</u>		
Accumulated amortization and impairment						
Balance at January 1, 2022	\$ (20,062,793)	\$ (17,273)	\$ (608,541)	\$ (37,219,374)		
Amortization	(5,152,658)	-	(1,039,248)	(69,653)		
Disposals	<u>376,310</u>	<u>-</u>	<u>8,050</u>	<u>-</u>	<u>-</u>	<u>384,360</u>
Balance at December 31, 2022	<u>\$ (24,839,141)</u>	<u>\$ (17,273)</u>	<u>\$ (17,561,965)</u>	<u>\$ (678,194)</u>	<u>\$ (43,096,573)</u>	
Carrying amount at December 31, 2022	<u>\$ 65,086,179</u>	<u>\$ 11,176,831</u>	<u>\$ 2,142,314</u>	<u>\$ 200,433</u>	<u>\$ 78,605,757</u>	<u>(Continued)</u>

the carrying amounts exceeding the recoverable amounts. The principal assumptions and the relevant measurements of the recoverable amounts of the Group are summarized as follows:

- a. Expected future growth rate of the Group's own businesses
 - 1) Mobile voice service (MVS): The anticipated MVS is measured based on the actual effective customer base and minutes of usage of previous years, taking into account the market trend.
 - 2) Mobile data service (MDS): The anticipated MDS is measured based on the proportion of MDS to the total telecommunications service revenue of previous years, taking into account the demands and changes of the market.
 - 3) Business of selling cellular phone units: The anticipated sales of cellular phones is based on the historical sales revenue and quantities of previous years, taking into account the market trend.
 - 4) Integrated network business (INB): The anticipated market growth of INB is measured based on the actual effective customer base and service revenue of previous years, taking into account the market trend.
 - 5) Cloud service business (CSB): The anticipated market growth of CSB is measured based on the actual effective customer base and service revenue of previous years, taking into account the market trend.
- b. Expected ratio of service EBITDA (earnings before interest, taxes, depreciation and amortization) to operating revenue: The expected ratio is anticipated based on the historical ratio of EBITDA to operating revenue, while the possible impacts of revenue, cost and expense are taken into account individually.

The Group's management believes that any reasonable change in the principal assumptions used in the calculation of the recoverable amounts would not result in the carrying amounts exceeding the recoverable amounts. For the years ended December 31, 2022 and 2021, there was no indication of impairment loss after comparing the recoverable amounts with the carrying amounts of the Group's operating assets and goodwill in accordance with the principal assumptions.

17. OTHER NONCURRENT ASSETS

	December 31	
	2022	2021
Refundable deposits	\$ 1,136,703	\$ 1,101,948
Others	930,111	110,207
	<u>\$ 2,066,814</u>	<u>\$ 1,212,155</u>

Cost	Concessions	Goodwill	Computer Software	Other Intangible Assets	Total
Balance at January 1, 2021	\$ 90,002,000	\$ 11,194,104	\$ 18,531,583	\$ 852,527	\$ 120,580,214
Additions	-	-	657,076	9,524	666,600
Disposals	-	-	(179,160)	-	(179,160)
Balance at December 31, 2021	<u>\$ 90,002,000</u>	<u>\$ 11,194,104</u>	<u>\$ 19,009,499</u>	<u>\$ 862,051</u>	<u>\$ 121,067,654</u>
Accumulated amortization and impairment					
Balance at January 1, 2021	\$ (14,969,229)	\$ (17,273)	\$ (15,654,384)	\$ (549,557)	\$ (31,190,443)
Amortization	(5,093,564)	-	(1,031,663)	(58,984)	(6,184,211)
Disposals	-	-	155,280	-	155,280
Balance at December 31, 2021	<u>\$ (20,062,793)</u>	<u>\$ (17,273)</u>	<u>\$ (16,530,767)</u>	<u>\$ (608,541)</u>	<u>\$ (37,219,374)</u>
Carrying amount at December 31, 2021	<u>\$ 69,939,207</u>	<u>\$ 11,176,831</u>	<u>\$ 2,478,732</u>	<u>\$ 253,510</u>	<u>\$ 83,848,280</u>
					(Concluded)

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

Concessions	9 to 21 years
Computer software	1 to 6 years
Other intangible assets	
Copyrights	Amortized over the broadcast period
Others	4 to 16 years

The exchange of Far EasTone's 2600 D6 spectrum with the 700 A3 spectrum held by APTC was approved by NCC on May 18, 2022. Far EasTone obtained the approval letter for the spectrum swap from NCC on May 30, 2022. The value of the aforementioned spectrum swap was determined in accordance with the agreement between Far EasTone and APTC. The right to use the 700 A3 spectrum is valid through December 31, 2030.

In order to enhance the Group's operating effectiveness and integrate its telecommunications resources, the Group was divided into four identifiable cash-generating units in 2022 and 2021, which are the mobile telecommunications service business, telecommunications equipment business, integrated network business and cloud service business.

As of December 31, 2022 and 2021, the carrying amount of the property, plant and equipment, right-of-use assets, intangible assets and the incremental costs of obtaining a contract used by the Group was \$130,820,884 thousand and \$136,163,527 thousand, respectively. The Group's management estimated the recoverable amounts of core assets based on their value in use and considered the expected useful lives and thus based the cash flow forecast on the following discount rates as of December 31, 2022 and 2021: Mobile telecommunications service business 6.69% and 6.87%, respectively; telecommunications equipment business 6.29% and 6.49%, respectively; integrated network business 8.63% and 7.60%, respectively; cloud service business 16.30% and 19.83%, respectively. The operating revenue forecast was based on the expected effective customer base, expected sales and the Group's operating strategies and goals, taking into account the expected future growth rate of the telecom industry along with the projected advancement of the Group's own businesses. The Group's management believes that any reasonable change in the principal assumptions used in the calculation of the recoverable amounts would not result in

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
<u>Unsecured borrowings</u>		
Credit loans	<u>\$ 436,530</u>	<u>\$ 210,000</u>
Interest rate range	1.59%-2.36%	1.05%-1.60%

b. Short-term bills payable

	December 31	
	2022	2021
<u>Unsecured borrowings</u>		
Commercial papers payable	\$ 1,205,000	\$ 340,000
Less: Unamortized discount	(692)	(606)
	<u>1,204,308</u>	<u>339,394</u>
<u>Secured borrowings</u>		
Commercial papers payable	11,400	12,100
Less: Unamortized discount	(6)	(4)
	<u>11,394</u>	<u>12,096</u>
Short-term bills payable	<u>\$ 1,215,702</u>	<u>\$ 351,490</u>

Interest rate range

Unsecured commercial papers payable
Secured commercial papers payable

1.62%-2.20%
2.55%

1.04%-1.59%
1.70%

c. Long-term borrowings

	December 31	
	2022	2021
<u>Unsecured borrowings</u>		
Credit loans	\$ 16,700,000	\$ 6,550,000
Long-term commercial papers payable	10,300,000	21,400,000
Less: Unamortized discount on commercial papers payable	(5,670)	(11,908)
	<u>26,994,330</u>	<u>27,938,092</u>
<u>Secured borrowings</u>		
Bank loans	153,215	137,261
Less: Current portion	(11,478)	(9,732)
	<u>141,737</u>	<u>127,529</u>
Long-term borrowings	<u>\$ 27,136,067</u>	<u>\$ 28,065,621</u>

(Continued)

December 31

Interest rate range	2022	2021
Credit loans	1.49%-2.12%	0.65%-0.82%
Unsecured commercial papers payable	0.60%-1.79%	0.60%-0.91%
Secured bank loans	1.50%-2.23%	1.50%-1.70%
		(Concluded)

- 1) The credit loans are payable in New Taiwan dollars. Repayment of principal will be made in full on maturity together with interest payment. Under some contracts, loans are treated as revolving credit facilities, and the maturity dates of the loans are based on the terms as specified in the contracts. The repayment dates of the loans are no later than November 2025.
- 2) The unsecured commercial papers payable are treated as revolving credit facilities under contracts. The repayment dates of the long-term commercial papers payable are no later than December 2025.
- 3) For related information on the property, plant and equipment that have been pledged as collateral for the secured bank loans and commercial papers payable, see Note 34.
- 4) As of December 31, 2022 and 2021, the perpetual long-term borrowings were \$8,999,709 thousand and \$5,498,631 thousand, respectively.

19. BONDS PAYABLE

	December 31	
	2022	2021
Unsecured domestic bonds	\$ 29,800,000	\$ 35,000,000
Unamortized costs of issuance	(21,607)	(21,862)
	<u>29,778,393</u>	<u>34,978,138</u>
Less: Current portion	<u>(2,999,647)</u>	<u>(9,699,516)</u>
	<u>\$ 26,778,746</u>	<u>\$ 25,278,622</u>

	December 31		
	2022	2021	Repayment
<u>Company</u>			
Unsecured domestic bonds			
2016 1st unsecured domestic bonds	\$ 5,200,000	\$ 5,199,982	Note A
2017 1st unsecured domestic bonds	4,500,000	4,499,534	Note A
2017 2nd unsecured domestic bonds	2,000,000	1,998,642	Note A
2017 3rd unsecured domestic bonds - type A	1,500,000	1,499,328	Note A
2017 3rd unsecured domestic bonds - type B	1,500,000	1,498,932	Note A
2018 1st unsecured domestic bonds - type A	1,500,000	1,499,861	Note A
2018 1st unsecured domestic bonds - type B	3,500,000	3,497,786	Note A

(Continued)

20. OTHER LIABILITIES

	December 31	
	2022	2021
<u>Current</u>		
Other payables		
Acquisition of properties	\$ 2,171,013	\$ 1,838,528
Salaries and bonuses	1,620,059	1,690,708
Commission	835,583	791,301
Maintenance fees	518,824	532,388
Compensation of employees and remuneration of directors	340,419	306,584
Utilities	290,659	287,397
Others	<u>1,224,721</u>	<u>1,198,540</u>
	<u>\$ 7,001,278</u>	<u>\$ 6,645,446</u>
<u>Noncurrent</u>		
Other noncurrent liabilities	<u>\$ 4,261,210</u>	<u>\$ 3,017,428</u>

Other noncurrent liabilities are comprised mainly of government grants related to assets, which are recognized as deferred revenue in accordance with the relevant accounting policy and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

21. PROVISIONS

	December 31	
	2022	2021
<u>Current</u>		
Dismantling obligation	\$ 135,730	\$ 134,340
Product warranty	<u>46,595</u>	<u>54,910</u>
	<u>\$ 182,325</u>	<u>\$ 189,250</u>
<u>Noncurrent</u>		
Dismantling obligation	<u>\$ 1,191,522</u>	<u>\$ 1,149,926</u>
	Dismantling Obligation	Product Warranty
Balance at January 1, 2022	\$ 1,284,266	\$ 54,910
Additional provisions recognized	51,587	277
Reductions arising from payments	<u>(8,601)</u>	<u>(8,592)</u>
	<u>\$ 1,327,252</u>	<u>\$ 46,595</u>
Balance at December 31, 2022		
Balance at January 1, 2021	\$ 1,182,389	\$ 51,293
Additional provisions recognized	109,566	10,960
Reductions arising from payments	<u>(7,689)</u>	<u>(7,343)</u>
	<u>\$ 1,284,266</u>	<u>\$ 54,910</u>
Balance at December 31, 2021		

	Annual Rate (%)	Issued Amount	December 31		Repayment
			2022	2021	
2019 1st unsecured domestic bonds - type A	0.75	\$ 3,200,000	\$ 3,198,758	\$ 3,197,921	Note A
2019 1st unsecured domestic bonds - type B	0.81	1,800,000	1,798,828	1,798,492	Note A
2019 2nd unsecured domestic bonds - type A	0.80	2,600,000	2,597,808	2,597,256	Note B
2019 2nd unsecured domestic bonds - type B	0.85	500,000	499,482	499,407	Note C
2020 1st unsecured domestic bonds - type A	0.67	1,500,000	1,499,137	1,498,746	Note A
2020 1st unsecured domestic bonds - type B	0.70	2,500,000	2,498,042	2,497,577	Note A
2020 1st unsecured domestic bonds - type C	0.77	1,000,000	999,061	998,931	Note A
2020 2nd unsecured domestic bonds	0.73	1,000,000	998,734	998,448	Note A
2021 1st unsecured domestic bonds	0.55	1,200,000	1,198,051	1,197,692	Note A
2022 1st unsecured domestic bonds	0.88	2,700,000	2,696,594	-	Note D
2022 2nd unsecured domestic bonds	1.70	1,800,000	<u>1,797,362</u>	-	Note A
Total balance			<u>\$ 29,778,393</u>	<u>\$ 34,978,138</u>	(Concluded)

Note A: The principal will be repaid in full on the maturity date. The simple interest of the outstanding balance is due annually.

Note B: Half of the principal amount is to be repaid on the sixth year and the other half is to be repaid on the seventh year after the issuance date. The simple interest of the outstanding balance is due annually.

Note C: Half of the principal amount is to be repaid on the ninth year and the other half is to be repaid on the tenth year after the issuance date. The simple interest of the outstanding balance is due annually.

Note D: Half of the principal amount is to be repaid on the sixth month of the fourth year and the other half is to be repaid on the fifth year after the issuance date. The simple interest of the outstanding balance is due annually.

In January 2022, Far EasTone repaid \$5,200,000 thousand, the amount due for the first unsecured domestic bonds of 2016. In April 2022, Far EasTone repaid \$4,500,000 thousand, the amount due for the first unsecured domestic bonds of 2017.

On June 4, 2021, Far EasTone issued the first unsecured domestic bonds of 2021 with an aggregate principal amount of \$1,200,000 thousand. On March 29, 2022, Far EasTone issued the first unsecured domestic bonds of 2022 with an aggregate principal amount of \$2,700,000 thousand. On September 8, 2022, Far EasTone issued the second unsecured domestic bonds of 2022 with an aggregate principal amount of \$1,800,000 thousand.

As of December 31, 2022, the perpetual long-term bonds were \$4,493,956 thousand.

As of December 31, 2022 and 2021, the perpetual financial borrowings including long-term borrowings and bonds payable, accounted for 23% and 10%, respectively, of the Group's total borrowings, see Note 18.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly wages and salaries. The subsidiaries which are registered in mainland China made contributions at a certain percentage of wages and salaries under the local government's regulations.

The pension costs recognized in total comprehensive income under the defined contribution plan amounted to \$296,653 thousand and \$293,101 thousand for the years ended December 31, 2022 and 2021, respectively.

b. Defined benefit plan

The defined benefit plan adopted by the Group 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 six months before retirement. The Group contributes amounts equal to 2% of total monthly salaries and wages 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 Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group 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 Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 1,655,712	\$ 1,721,271
Fair value of plan assets	(1,274,770)	(1,199,998)
	<u>\$ 380,942</u>	<u>\$ 521,273</u>
Net defined benefit liabilities	\$ 399,377	\$ 533,046
Net defined benefit assets	(18,435)	(11,773)
	<u>\$ 380,942</u>	<u>\$ 521,273</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	\$ 1,721,271	\$ (1,199,998)	\$ 521,273
Service cost			
Current service cost	10,431	-	10,431
Prior service cost	307	-	307
Net interest expense (income)	12,701	(8,883)	3,818
Recognized in profit or loss	23,439	(8,883)	14,556
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(92,155)	(92,155)
Actuarial gain - changes in financial assumptions	(85,577)	-	(85,577)
Actuarial loss - experience adjustments	56,307	-	56,307
Recognized in other comprehensive income	(29,270)	(92,155)	(121,425)
Contributions from the employer	-	(31,740)	(31,740)
Benefits paid	(59,728)	58,006	(1,722)
Balance at December 31, 2022	<u>\$ 1,655,712</u>	<u>\$ (1,274,770)</u>	<u>\$ 380,942</u>
Balance at January 1, 2021	\$ 1,664,823	\$ (1,168,939)	\$ 495,884
Service cost			
Current service cost	9,332	-	9,332
Prior service cost	2,074	-	2,074
Net interest expense (income)	12,285	(8,652)	3,633
Recognized in profit or loss	23,691	(8,652)	15,039
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(12,205)	(12,205)
Actuarial loss - changes in demographic assumptions	37,876	-	37,876
Actuarial loss - experience adjustments	17,108	-	17,108
Recognized in other comprehensive income	54,984	(12,205)	42,779
Contributions from the employer	-	(31,733)	(31,733)
Benefits paid	(22,227)	21,531	(696)
Balance at December 31, 2021	<u>\$ 1,721,271</u>	<u>\$ (1,199,998)</u>	<u>\$ 521,273</u>

Through the defined benefit plans under the Labor Standards Act, the Group 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 should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the corporate/government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

- 3) Salary risk: The present value of the defined benefit obligation is calculated 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 were as follows:

	December 31	
	2022	2021
Discount rates	1.50%	0.50%-0.75%
Expected rates of salary increase	1.75%-2.75%	1.50%-2.75%

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 would increase (decrease) as follows:

	December 31	
	2022	2021
Discount rates		
0.25% increase	\$ (40,135)	\$ (44,783)
0.25% decrease	\$ 40,309	\$ 46,441
Expected rates of salary increase/decrease		
0.25% increase	\$ 40,093	\$ 45,954
0.25% decrease	\$ (40,123)	\$ (44,544)

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

	December 31	
	2022	2021
The expected contributions to the plan for the next year	\$ 32,295	\$ 32,209
The average duration of the defined benefit obligation	9.9-12.7 years	10.6-13.9 years

23. EQUITY

a. Capital stock

1) Common stock

Stock authorized (in thousands)	4,200,000	4,200,000
Capital authorized	\$ 42,000,000	\$ 42,000,000
Issued and fully paid stock (in thousands)	3,258,501	3,258,501
Issued capital	\$ 32,585,008	\$ 32,585,008

Issued common stock, which have a par value of NT\$10, entitle their holders to one vote per share and a right to dividends.

2) Global depository receipts (GDRs)

Since 2004, some of Far EasTone's issued common stocks have been traded on the Luxembourg Stock Exchange in the form of GDRs. One GDR unit represents 15 shares of Far EasTone's common stocks. On May 6, 2021, the board of directors of Far EasTone resolved to cease the trading of Far EasTone's issued common stocks on the Luxembourg Stock Exchange in the form of GDRs. The GDRs have been delisted on July 26, 2021. However, the holders of GDRs can request redemption through the depository trust company until July 28, 2022. As of December 31, 2022, there were no outstanding units of GDRs. As of December 31, 2021, there were 194 thousand outstanding units of GDRs, representing 2,917 thousand common stocks.

b. Capital surplus

	December 31	
	2022	2021
From business combinations	\$ 351	\$ 2,375,798
Share of changes in equities of associates	14,083	14,042
Changes in ownership interest of a subsidiary	11,732	-
Share-based payment transaction	199	-
	<u>\$ 26,365</u>	<u>\$ 2,389,840</u>

Capital surplus from business combinations may be used to offset a deficit. When Far EasTone has no deficit, such capital surplus may be distributed as cash dividends or may be transferred to capital stock once a year within a certain percentage of Far EasTone's paid-in capital. Capital surplus from share of changes in equities of associates may be used to offset a deficit only. Share-based payment transaction may not be used for any purpose.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in Far EasTone's articles of incorporation (the "Articles"), where Far EasTone made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses in previous years, setting aside 10% of the net profit after tax plus the items other than the net profit after tax which is included in the current year's retained earnings as legal reserve, 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 Far EasTone's board of directors as the basis for proposing a distribution plan, which should be resolved in the stockholders' meeting for the distribution of dividends and bonuses to stockholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to Note 25 f. compensation of employees and remuneration of directors.

At least 50% of the balance of net income less accumulated deficit, legal reserve and special reserve should be appropriated as dividends. The cash dividends should be at least 50% of total dividends declared. The adjustment of this percentage may be approved by the stockholders depending on the cash requirement for any significant future capital expenditures or plans to improve the financial structure.

The legal reserve may be used to offset a deficit. If Far EasTone has no deficit and the legal reserve exceeds 25% of Far EasTone's paid-in capital, the excess may be transferred to capital or distributed in cash.

Under Rule No. 1090150022 and Rule No. 10901500221 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", Far EasTone should appropriate or reverse a special reserve.

The appropriations of earnings for 2021 and 2020, which had been approved in the stockholders' meetings on June 14, 2022 and July 22, 2021, respectively, were as follows:

	For the Year Ended December 31	
	2021	2020
Legal reserve	\$ 914,759	\$ 822,798
Special reserve	578,021	124,528
Cash dividends	7,654,218	7,279,491
Cash dividends per share (NT\$)	2,349	2,234

In addition to distributing cash dividends at NT\$2,349 and NT\$2,234 per share from the unappropriated earnings or the years ended December 31, 2021 and 2020, Far EasTone's stockholders also approved the cash distribution of \$2,375,447 thousand and \$3,310,637 thousand from the additional paid-in capital from business combinations at NT\$0,729 and NT\$1,016 per share. Moreover, the stockholders also approved \$560,462 thousand from the legal reserve at NT\$0.172 per share for the year ended December 31, 2021. Therefore, Far EasTone's stockholders received NT\$3.25 per share in both 2022 and 2021.

The appropriation of earnings for 2022, which had been proposed by Far EasTone's board of directors on February 15, 2022, was as follows:

	For the Year Ended December 31, 2022
Legal reserve	\$ 964,929
Special reserve	933,501
Cash dividends	7,751,973
Cash dividends per share (NT\$)	2,379

In addition to distributing cash dividends at NT\$2,379 per share from the unappropriated earnings, Far EasTone's board of directors proposed the cash distribution of \$2,838,154 thousand from the legal reserve at NT\$0.871. Therefore, Far EasTone's stockholders will receive NT\$3.25 per share in 2023.

The appropriation of earnings for 2022 is subject to the resolution of the stockholders in the stockholders' meeting which is to be held on May 31, 2023.

d. Special reserve

	For the Year Ended December 31	
	2022	2021
Beginning balance	\$ 723,516	\$ 598,988
Appropriation (reversal) in respect of		
Application of the fair value model for investment properties	(156,474)	24,645
Debits to other equity items	734,495	99,883
Ending balance	<u>\$ 1,301,537</u>	<u>\$ 723,516</u>

e. Other equity items

Adjustments to other equity items for the years ended December 31, 2022 and 2021 are summarized as follows:

	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gains and Losses on Financial Assets at Fair Value through Other Comprehensive Income	Gains and Losses on Hedging Instruments	Gains on Property Revaluations	Total
For the year ended December 31, 2022					
Beginning balance	\$ (36,747)	\$ (799,017)	\$ 1,386	\$ -	\$ (834,378)
Recorded as adjustments to stockholders' equity	5,131	(1,056,216)	-	48,395	(1,002,690)
Share of the other comprehensive income of associates	65,196	2,951	1,365	-	69,512
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	(6,220)	-	-	-	(6,220)
Ending balance	<u>\$ 27,360</u>	<u>\$ (1,852,282)</u>	<u>\$ 2,751</u>	<u>\$ 48,395</u>	<u>\$ (1,773,776)</u>
For the year ended December 31, 2021					
Beginning balance	\$ (20,598)	\$ (75,931)	\$ (3,354)	\$ -	\$ (99,883)
Recorded as adjustments to stockholders' equity	(2,120)	(680,106)	-	-	(682,226)
Share of the other comprehensive income of associates	(14,029)	15,075	4,740	-	5,786
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	-	(58,055)	-	-	(58,055)
Ending balance	<u>\$ (36,747)</u>	<u>\$ (799,017)</u>	<u>\$ 1,386</u>	<u>\$ -</u>	<u>\$ (834,378)</u>

f. Noncontrolling interests

	For the Year Ended December 31	
	2022	2021
Beginning balance	\$ 933,515	\$ 933,515
Share of profit	97,993	110,086
Other comprehensive income during the year		
Exchange differences on translating the financial statements of foreign operations	999	(107)
Remeasurement of defined benefit plans	1,666	92
Gain on property revaluation	4,712	-
Cash dividends distributed by subsidiaries	(74,459)	(78,522)
Equity transactions	(75,256)	-
Ending balance	<u>\$ 920,719</u>	<u>\$ 965,064</u>

24. REVENUE

	For the Year Ended December 31	
	2022	2021
Contract revenue		
Sales of inventories	\$ 28,178,920	\$ 28,296,013
Telecommunications service revenue	46,466,345	45,333,985
Other revenue	<u>12,516,631</u>	<u>9,722,119</u>
	87,161,896	83,352,117
Other operating revenue	<u>1,989,469</u>	<u>1,967,891</u>
	<u>\$ 89,151,365</u>	<u>\$ 85,320,008</u>

a. Contract information

Refer to Note 4 - revenue recognition for information on revenue recognition for contracts.

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Contract assets			
Bundle sale of goods	\$ 7,987,037	\$ 7,570,619	\$ 7,274,473
Others	989,209	1,209,396	924,052
Less: Allowance for impairment loss	<u>(145,515)</u>	<u>(148,515)</u>	<u>(135,925)</u>
	<u>\$ 8,830,731</u>	<u>\$ 8,631,500</u>	<u>\$ 8,062,600</u>
Contract assets - current	\$ 5,160,260	\$ 5,268,830	\$ 4,840,684
Contract assets - noncurrent	<u>3,670,471</u>	<u>3,362,670</u>	<u>3,221,916</u>
	<u>\$ 8,830,731</u>	<u>\$ 8,631,500</u>	<u>\$ 8,062,600</u>
Contract liabilities			
Goods	\$ 127,099	\$ 135,877	\$ 174,842
Services	<u>13,476,871</u>	<u>13,465,445</u>	<u>2,204,726</u>
	<u>\$ 13,603,970</u>	<u>\$ 13,601,322</u>	<u>\$ 2,379,568</u>
Contract liabilities - current	\$ 3,230,860	\$ 2,981,709	\$ 2,190,246
Contract liabilities - noncurrent	<u>10,373,110</u>	<u>10,619,613</u>	<u>189,322</u>
	<u>\$ 13,603,970</u>	<u>\$ 13,601,322</u>	<u>\$ 2,379,568</u>

For details of notes receivable and accounts receivable, refer to Note 9.

The Group provides frequency and network sharing services for APTC through a part of 5G spectrum and related cell sites. The consideration received from APTC is included in contract liabilities and revenue is recognized over the useful lives of the assets used in providing frequency and network sharing services.

The changes in the balances of contract assets and contract liabilities primarily resulted from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment; other significant changes are as follows:

	For the Year Ended December 31	
	2022	2021
Contract assets		
Transfers of beginning balance to accounts receivable	<u>\$ (5,428,913)</u>	<u>\$ (5,055,092)</u>

The Group measures the loss allowance for contract assets at an amount equal to lifetime ECLs. The expected credit losses on contract assets are estimated using an allowance matrix by reference to past default experience with the debtor and an analysis of the debtor's current financial position, adjusted for the general economic conditions of the industry in which the debtor operates, the unemployment rate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

	December 31	
	2022	2021
Expected credit loss rate	0.06%-8.61%	0.05%-8.93%
Gross carrying amount	\$ 8,976,246	\$ 8,780,015
Allowance for impairment loss (Lifetime ECLs)	<u>(145,515)</u>	<u>(148,515)</u>
	<u>\$ 8,830,731</u>	<u>\$ 8,631,500</u>

The movements of the loss allowance of contract assets are as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 148,515	\$ 135,925
Add: Net remeasurement of loss allowance	<u>(3,000)</u>	<u>12,590</u>
	<u>\$ 145,515</u>	<u>\$ 148,515</u>
Balance at December 31		

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year is as follows:

	For the Year Ended December 31	
	2022	2021
From contract liabilities at the start of the year		
Goods	\$ 130,183	\$ 171,966
Services	<u>1,955,064</u>	<u>1,244,970</u>
	<u>\$ 2,085,247</u>	<u>\$ 1,416,936</u>

c. Assets related to contract costs

	December 31	
	2022	2021
Assets related to contract costs		
Noncurrent		
Incremental costs of obtaining a contract	<u>\$ 3,702,294</u>	<u>\$ 3,908,968</u>

The Group considered its past experience and believes the commission and subsidies paid for obtaining contracts are wholly recoverable. Total expenses recognized were \$2,962,513 thousand and \$3,091,447 thousand for the years ended December 31, 2022 and 2021, respectively.

d. Disaggregation of revenue

Refer to Note 38 for information about the disaggregation of revenue.

e. Partially completed contracts

The transaction prices, excluding any estimated amounts of variable consideration that are constrained, allocated to the performance obligations that are not fully satisfied and the expected timing for recognition of revenue are as follows:

	December 31	
	2022	2021
Telecommunications service contracts		
Fulfillment in 2022	\$ -	\$ 15,536,377
Fulfillment in 2023	14,729,243	8,519,891
Fulfillment in 2024 and beyond	10,723,911	2,378,216
	<u>\$ 25,453,154</u>	<u>\$ 26,434,484</u>

The disclosure does not include revenue from contracts of which the timing of revenue recognition is not affected by price allocation.

25. CONSOLIDATED NET INCOME

The items included in consolidated net income are as follows:

a. Other income

	For the Year Ended December 31	
	2022	2021
Interest income	\$ 65,286	\$ 44,480
Government grants	36,549	34,059
Dividend income	24,280	29,880
Rental income	23,429	23,860
	<u>\$ 149,544</u>	<u>\$ 132,279</u>

b. Other gains and losses

	For the Year Ended December 31	
	2022	2021
(Losses) gains on fair value changes of financial assets at FVTPL	\$ (78,824)	\$ 8,535
Others	138,635	47,779
	<u>\$ 59,811</u>	<u>\$ 56,314</u>

c. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 8,339,789	\$ 8,075,370
Right-of-use assets	3,556,655	3,549,219
Intangible assets	1,108,901	1,090,647
	<u>\$ 13,005,345</u>	<u>\$ 12,715,236</u>
Depreciation expense categorized by function		
Operating costs	\$ 10,812,771	\$ 10,451,122
Operating expenses	1,083,673	1,173,467
	<u>\$ 11,896,444</u>	<u>\$ 11,624,589</u>
Amortization expense categorized by function		
Operating costs	\$ 200,430	\$ 215,080
Marketing expenses	304,595	297,105
General and administrative expenses	603,876	578,462
	<u>\$ 1,108,901</u>	<u>\$ 1,090,647</u>

d. Financial costs

	For the Year Ended December 31	
	2022	2021
Interest on financial liabilities measured at amortized cost	\$ 569,179	\$ 608,188
Interest on lease liabilities	65,408	64,882
Other financial costs	5,010	4,284
	<u>\$ 639,597</u>	<u>\$ 677,354</u>

e. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Retirement benefits		
Defined contribution plans	\$ 296,653	\$ 293,101
Defined benefit plans (Note 22)	14,556	15,039
	<u>311,209</u>	<u>308,140</u>
Other employee benefits		
Salary	5,998,382	5,854,855
Insurance	566,487	579,583
Others	308,470	312,526
	<u>6,873,339</u>	<u>6,746,964</u>
	<u>\$ 7,184,548</u>	<u>\$ 7,055,104</u>
Categorized by function		
Operating costs	\$ 1,280,002	\$ 1,104,813
Operating expenses	5,904,546	5,950,291
	<u>\$ 7,184,548</u>	<u>\$ 7,055,104</u>

f. Compensation of employees and remuneration of directors

Far EastOne distributes compensation of employees and remuneration of directors at rates of 1% to 2% and no higher than 1%, respectively, of income before income tax, compensation of employees and remuneration of directors. For the years ended December 31, 2022 and 2021, the compensation of employees and the remuneration of directors represented 2% and 0.72%, respectively, of income before income tax, compensation of employees and remuneration of directors.

The accrued compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021 were as follows:

	For the Year Ended December 31	2021
	2022	
Compensation of employees	\$ 233,722	\$ 212,073
Remuneration of directors	\$ 84,140	\$ 76,346

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

There was no difference between the amounts of the compensation of employees and the remuneration of directors resolved by the board of directors and the respective amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by Far EastOne's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

26. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Year Ended December 31	2021
	2022	
Current tax	\$ 2,346,900	\$ 1,922,568
Deferred tax	(53,707)	(75,664)
Income tax expense recognized in profit or loss	\$ 2,293,193	\$ 1,846,904

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

	For the Year Ended December 31	2021
	2022	
Income before tax	\$ 11,999,081	\$ 11,080,785
Income tax expense computed at the statutory tax rate	\$ 2,399,816	\$ 2,216,157
Add (deduct) tax effects of:		
Nondeductible (deductible) items in determining taxable income	(17,623)	(27,083)
Tax-exempt income	(4,652)	(342,962)
Land value incremental tax	896	79,125
Effect of different tax rates on the group entities	2,524	(2,562)
Others	28,884	35,025
Prior year's adjustments	(116,652)	(110,796)
Income tax expense recognized in profit or loss	\$ 2,293,193	\$ 1,846,904
Income tax recognized in other comprehensive income		

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	2021
	2022	
Deferred tax		
In respect of the current year		
Financial assets at fair value through other comprehensive income	\$ 3,674	\$ 129
Remeasurement of defined benefit plan	24,219	(8,610)
Gain on property revaluation	(423)	-
Income tax recognized in other comprehensive income	\$ 27,470	\$ (8,481)

c. Deferred income tax assets and liabilities

The movements of deferred income tax assets and deferred income tax liabilities were as follows:

	For the year ended December 31, 2022			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred income tax assets				
Allowance for impairment loss	\$ 333,375	\$ (12,487)	\$ -	\$ 320,888
Defined benefit obligation	104,816	(3,831)	(24,219)	76,766
Others	447,121	68,978	475	516,574
	\$ 885,312	\$ 52,660	\$ (23,744)	\$ 914,228
Deferred income tax liabilities				
Amortization of goodwill	\$ 2,056,606	\$ -	\$ -	\$ 2,056,606
Investment properties	73,723	624	3,726	78,073
Others	9,227	(1,671)	-	7,556
	\$ 2,139,556	\$ (1,047)	\$ 3,726	\$ 2,142,235

e. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2022 comprised:

Unused Amount	Expiry Year
\$ 25,647	2023
108,659	2024
307,602	2025
247,175	2026
341,075	2027
332,623	2028
217,996	2029
209,267	2030
222,913	2031
180,596	2032

\$ 2,193,553

f. Income tax assessments

Income tax returns of Far EastOne, NCIC, KGEx.com, ISSDU, YSDT, New Diligent, ARCOA, Data Express, Home Master, Prime EcoPower, Nextlink Technology, Microfusion Technology, Yuan Cing, and FEPIA through 2020 have been assessed by the tax authorities. Income tax returns of Yuan Bao through 2021 have been assessed by the tax authorities.

27. EARNINGS PER SHARE

The earnings and weighted average number of common stock used in the calculation of earnings per share were as follows:

Net Income for the Year

	For the Year Ended December 31	2021
	2022	
Net income attributable to Far EastOne	\$ 9,607,895	\$ 9,123,795
Effect of potentially dilutive common stock:		
Compensation of employees	-	-
Earnings used in the calculation of diluted earnings per share	\$ 9,607,895	\$ 9,123,795

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred income tax assets</u>				
Allowance for impairment loss	\$ 300,125	\$ 33,250	\$ -	\$ 333,375
Defined benefit obligation	100,085	(3,879)	8,610	104,816
Others	435,251	11,999	(129)	447,121
	<u>\$ 835,461</u>	<u>\$ 41,370</u>	<u>\$ 8,481</u>	<u>\$ 885,312</u>
<u>Deferred income tax liabilities</u>				
Amortization of goodwill	\$ 2,056,606	\$ -	\$ -	\$ 2,056,606
Investment properties	113,511	(39,788)	-	73,723
Others	3,733	5,494	-	9,227
	<u>\$ 2,173,850</u>	<u>\$ (34,294)</u>	<u>\$ -</u>	<u>\$ 2,139,556</u>

d. Deductible temporary differences and unused loss carryforwards for which no deferred income tax assets have been recognized in the consolidated balance sheets

	December 31	2021
	2022	
<u>Loss carryforwards</u>		
Expiry in 2022	\$ -	\$ 40,344
Expiry in 2023	25,647	25,647
Expiry in 2024	108,659	108,659
Expiry in 2025	307,602	307,602
Expiry in 2026	247,175	247,175
Expiry in 2027	341,075	341,075
Expiry in 2028	332,623	332,623
Expiry in 2029	217,996	217,996
Expiry in 2030	209,267	209,267
Expiry in 2031	222,913	223,050
Expiry in 2032	180,596	-
	<u>2,193,553</u>	<u>2,054,112</u>
Unrealized gains or losses on property, plant and equipment	383,403	395,904
Investment gains or losses	202,787	197,740
Others	140,023	138,374
	<u>\$ 2,919,766</u>	<u>\$ 2,786,130</u>

Weighted Average Number of Common Stock Outstanding

	(In Thousands of Shares)	
	For the Year Ended December 31, 2022	2021
Weighted average number of common stock used in the calculation of basic earnings per share	3,258,501	3,258,501
Effect of potentially dilutive common stock:		
Compensation of employees	4,012	3,802
Weighted average number of common stock used in the calculation of diluted earnings per share	<u>3,262,513</u>	<u>3,262,303</u>

Since Far EastTone offered to settle the compensation paid to employees in cash or stock, Far EastTone assumed the entire amount of the compensation would be settled in stock and the resulting potential stock were included in the weighted average number of common stock outstanding used in the calculation of diluted earnings per share, if the effect was dilutive. Such dilutive effect of the potential stock was included in the calculation of diluted earnings per share until the number of stock to be distributed to employees is resolved in the following year.

28. SHARE-BASED PAYMENT ARRANGEMENT

Qualified employees of the subsidiary was granted 787 thousands options in October 2022. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the subsidiary. The options granted are valid for 3 years and exercisable at certain percentages after the 9 months from the grant date. The exercise price should be at least the net asset value per share of the nearest audit report. The option is exercised by issuing new stocks. For any subsequent changes in the subsidiary's common stock, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	2022	Weighted-Average Exercise Price (\$)
Balance at January 1	\$ -	\$ -
Options granted	787	12.35
Options forfeited	(28)	-
Balance at December 31	<u>759</u>	12.35
Options exercisable, end of the year	<u>-</u>	-

Options granted in October 2022 is priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	2023
Grant-date share price	\$11.18
Exercise price	\$12.35
Expected volatility	30.33-33.63%
Expected life (in years)	1.88-2.88
Risk-free interest rate	1.34-1.43%

Compensation costs recognized were \$199 thousand for the year ended December 31, 2022.

29. EQUITY TRANSACTIONS WITH NONCONTROLLING INTERESTS

In March and June 2022, the Group respectively acquired some of ARCOA's shares from noncontrolling interest in cash, and increased its interest from 61.63% to 68.35%.

In March 2022, the Group subscribed for additional new shares of IDEAWORKS Entertainment Co., Ltd. (IDWE) at a percentage different from its existing ownership percentage. Therefore, the Group reduced its continuing interest from 100% to 50%.

In December 2022, the Group acquired some of YSDT's shares from noncontrolling interests in cash, and increased its shareholding proportion from 96.85% to 99.51%.

The above transactions were accounted for as equity transactions since the Group did not cease to have control over these subsidiaries.

	ARCOA	IDWE	YSDT
Cash consideration paid	\$ (116,885)	\$ 41,250	\$ (29,579)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from noncontrolling interests	128,617	(41,250)	(12,111)
Differences recognized from equity transactions	<u>\$ 11,732</u>	<u>\$ -</u>	<u>\$ (41,690)</u>
Line items adjusted for equity transactions	ARCOA	IDWE	YSDT
Capital surplus - changes in ownership interest of subsidiaries	\$ 11,732	\$ -	\$ 11,732
Unappropriated earnings	-	-	(41,690)
	<u>\$ 11,732</u>	<u>\$ -</u>	<u>\$ (29,958)</u>
	Total		

30. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities (including noncash transactions)

For the years ended December 31, 2022 and 2021, changes in liabilities arising from financing activities, including noncash transactions, were as follows:

For the year ended December 31, 2022

	Cash Flows from Financing Activities	Changes in Noncash Transactions New Leases	Cash Flows from Operating Activities - Interest Paid	Balance on January 1, 2022	Balance on December 31, 2022
Lease liabilities (including the current and noncurrent portion)	\$ 7,749,242	\$ (3,459,906)	\$ (65,409)	\$ 7,718,142	\$ 7,718,142
		\$ 3,656,915	\$ (162,701)		

For the year ended December 31, 2021

	Cash Flows from Financing Activities	Changes in Noncash Transactions New Leases	Cash Flows from Operating Activities - Interest Paid	Balance on January 1, 2021	Balance on December 31, 2021
Lease liabilities (including the current and noncurrent portion)	\$ 8,156,460	\$ 3,257,157	\$ (64,882)	\$ 7,749,242	\$ 7,749,242
		\$ (114,056)			

31. CAPITAL MANAGEMENT

The Group is required to maintain sufficient capital to meet the minimum paid-in capital requirements for the telecommunications industry, and to finance the upgrade of its telecommunications network. Thus, the Group's capital management focuses on its operating plan to ensure good profitability and financial structure and to meet the demand for working capital, capital expenditures, debt repayment and dividends for the next 12 months.

32. FINANCIAL INSTRUMENTS

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

1) Financial liabilities recognized in the consolidated financial statements with material differences between their carrying amounts and their fair values

	December 31	
	2022	2021
	Carrying Amount	Carrying Amount
Financial liabilities	Fair Value	Fair Value
Bonds payable	\$ 29,788,393	\$ 29,785,270
	\$ 34,978,138	\$ 35,137,183

2) Fair value hierarchy

	December 31, 2022		
	Level 1	Level 2	Level 3
Financial liabilities	Total		
Bonds payable	\$ 29,785,270	\$ -	\$ -
	\$ 29,785,270		
	December 31, 2021		
	Level 1	Level 2	Level 3
Financial liabilities	Total		
Bonds payable	\$ 35,137,183	\$ -	\$ -
	\$ 35,137,183		

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

	December 31, 2022		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss	Total		
Mutual funds	\$ -	\$ 619,275	\$ -
Trade fair investment agreement	\$ -	\$ -	\$ 3,840
	\$ -	\$ 619,275	\$ 3,840
Financial assets at fair value through other comprehensive income	Total		
Stock in domestic listed company through private placement	\$ -	\$ 3,050,000	\$ -
Domestic/foreign unlisted common stock	\$ -	\$ -	\$ 958,122
	\$ -	\$ 3,050,000	\$ 958,122

	December 31, 2021		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss	Total		
Mutual funds	\$ -	\$ 699,174	\$ -
	\$ -	\$ 699,174	\$ -
Financial assets at fair value through other comprehensive income	Total		
Stock in domestic listed company through private placement	\$ -	\$ 4,110,000	\$ -
Domestic/foreign unlisted common stock	\$ -	\$ -	\$ 949,853
	\$ -	\$ 4,110,000	\$ 949,853

There were no transfers of financial assets between the fair value measurements of Level 1 and Level 2 for the years ended December 31, 2022 and 2021.

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

	Financial assets at fair value through profit or loss	
	December 31	2021
Beginning balance	\$ -	\$ -
Additions	3,840	-
Ending balance	<u>\$ 3,840</u>	<u>\$ -</u>

	Financial Instruments at Fair Value Through Other Comprehensive Income	
	December 31	2021
Beginning balance	\$ 949,853	\$ 809,560
Additions	-	50,000
Disposal	-	(97,300)
Recognized in other comprehensive income	7,457	210,023
Remittance of cash due to capital reduction	-	(21,450)
Effects of foreign currency exchange differences	812	(980)
Ending balance	<u>\$ 958,122</u>	<u>\$ 949,853</u>

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

Financial Instrument	Valuation Techniques and Inputs	
Mutual funds	Valuation based on the fair values of a portfolio of funds; the fair value of a portfolio of funds is the aggregate of the fair values of each subfund in the portfolio net of management and operating expenses for the subfunds.	
Stock in domestic listed company through private placement	Transaction method of market approach referring to the weighted average of stock prices, net worth and the ratio of stock price to net worth of comparable companies traded in active market, and with consideration of liquidity premium.	

4) Valuation techniques and inputs used for Level 3 fair value measurement

Financial Instrument	Valuation Techniques and Inputs
Domestic/foreign unlisted common stock	a) Asset-based approach. Valuation based on the fair value of an investee, calculated through each investment of the investee using the income approach, market approach or a combination of the two approaches, while also taking the liquidity premium into consideration.
	b) Transaction method of market approach. The approach is a valuation strategy that looks at market ratios of companies with similar profitability at the end of the reporting period, while taking the liquidity premium into consideration.
Trade fair investment agreement	Income approach. The discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived.
c. Categories of financial instruments	
	December 31 20222021
Financial assets	
Financial assets at fair value through profit or loss	\$ 623,115 \$ 699,174
Financial assets at amortized cost (Note 1)	17,503,698 17,011,848
Financial assets at fair value through other comprehensive income	4,008,122 5,059,853
Financial liabilities	
Financial liabilities at amortized cost (Note 2)	72,731,697 77,491,661
Note 1:	The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable, accounts receivable (including related parties), other receivables (including related parties), refundable deposits and other financial assets.
Note 2:	The balances include financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, accounts payable (including related parties), other payables (including related parties), bonds payable (including current portion), long-term borrowings (including current portion) and guarantee deposits received.
d. Financial risk management objectives and policies	
	The Group's major financial instruments include equity and debt investments, accounts receivable, accounts payable, bonds payable and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include currency risk, interest rate risk, credit risk and liquidity risk. In order to reduce financial risk, the Group is committed to identify, assess and avoid the uncertainty of the market and reduce the potential downside effects of market changes against the Group's financial performance.

The Group's significant financial activities are reviewed by the board of directors of the entities in the Group in accordance with the related rules and internal control system. The Group should implement the overall financial management objective as well as observe the levels of delegated authority and ensure that those with delegated authority carry out their duties.

1) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see Note (a) below), interest rates (see Note (b) below) and other price risks (see Note (c) below).

a) Foreign currency risk

The Group owns foreign currency-denominated assets and enters into transactions where expected future purchases or payments are denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed through investing in foreign currency deposits at the appropriate time.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (NTD) against the U.S. dollar. The sensitivity rate of 5% is used when reporting foreign currency risk internally to key management personnel, and it represents management's basis for assessing the reasonably possible changes in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency-denominated monetary items, for which their translation at the end of the reporting period is adjusted for a 5% change in foreign currency rates. The negative number shown in the currency impact table below indicates a decrease in pre-tax profit associated with the NTD strengthening 5% against the U.S. dollar. For a 5% weakening of the NTD against the U.S. dollar, there would be an equal and opposite impact on pre-tax profit, and the balances below would be positive.

	USD Impact	
	For the Year Ended December 31	
	2022	2021
5% change in sensitivity rate USD	<u>\$ (52,489)</u>	<u>\$ (31,032)</u>

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow loans at both fixed and floating interest rates. To manage this risk, the Group maintains an appropriate mix of fixed and floating rate borrowings.

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

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 2,640,129	\$ 4,095,804
Financial liabilities	57,722,823	69,165,302
Cash flow interest rate risk		
Financial assets	4,792,722	3,911,828
Financial liabilities	8,942,482	2,551,258

Sensitivity analysis

The sensitivity analysis described below was based on the Group's exposure to interest rates for financial assets and financial liabilities at the end of the reporting period. An increase or decrease of 25 basis points 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. For the financial assets and financial liabilities with fixed interest rates, their fair values will change as the market interest rates change. For the financial assets and financial liabilities with floating interest rates, their effective interest rates will change as the market interest rates change.

Had interest rates been 25 basis points higher/lower and all other variables been held constant, the income before income tax for the years ended December 31, 2022 and 2021 would have increased/decreased by \$(10,374) thousand and \$3,401 thousand, respectively, which was mainly affected by bank deposits and borrowings with floating interest rates.

c) Other price risks

The Group is exposed to equity price risks through its equity investments in mutual fund beneficiary certificates, stock in domestic listed company obtained through private placement and domestic/foreign unlisted common stock. The Group manages the risk by holding a portfolio of investments with different risk levels. In addition, the Group has appointed a special team to monitor the price risk.

Sensitivity analysis

The following sensitivity analysis was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$31,156 thousand and \$34,959 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL; and the pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$200,406 thousand and \$252,993 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

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 Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure of the counterparties to discharge their obligation and due to the financial guarantees provided by the Group arises from the carrying amounts of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group has a policy of dealing only with creditworthy counterparties. The credit lines of those counterparties were granted through credit analysis and investigation based on the information supplied by independent rating agencies. The counterparties' transaction type, financial position and collateral are also taken into consideration. All credit lines have expiration dates and are subject to reexamination before any extension is granted.

The Group transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, the management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. The Group's unutilized overdraft and bank loan facilities amounted to \$59,316,976 thousand and \$62,662,074 thousand as of December 31, 2022 and 2021, respectively.

The table below summarizes the maturity profile of the Group's financial liabilities based on undiscounted contractual payments but does not include the financial liabilities with carrying amounts that approximated contractual cash flows:

	December 31, 2022				
	Carrying Amount	Contractual Cash Flows	Within 1 Year	1-5 Years	More than 5 Years
Short-term borrowings	\$ 436,530	\$ 438,927	\$ 438,927	\$ -	\$ -
Short-term bills payable	1,215,702	1,216,400	1,216,400	-	-
Long-term borrowings	27,147,545	27,828,308	354,107	27,474,201	-
Bonds payable	29,778,393	30,982,380	3,262,115	24,734,190	2,986,075
Lease liabilities	<u>7,716,142</u>	<u>7,854,802</u>	<u>2,803,100</u>	<u>5,000,776</u>	<u>50,926</u>
	<u>\$ 66,296,312</u>	<u>\$ 68,320,817</u>	<u>\$ 8,074,649</u>	<u>\$ 57,209,167</u>	<u>\$ 3,037,001</u>
December 31, 2021					
Short-term borrowings	\$ 210,000	\$ 210,367	\$ 210,367	\$ -	\$ -
Short-term bills payable	351,490	352,100	352,100	-	-
Long-term borrowings	28,075,353	28,171,752	70,353	28,101,399	-
Bonds payable	34,978,138	35,595,890	10,028,370	19,688,095	6,279,425
Lease liabilities	<u>7,749,242</u>	<u>7,838,880</u>	<u>2,810,634</u>	<u>4,971,195</u>	<u>57,051</u>
	<u>\$ 71,364,223</u>	<u>\$ 72,568,989</u>	<u>\$ 13,471,824</u>	<u>\$ 52,760,689</u>	<u>\$ 6,336,476</u>

Additional information about the maturity analysis for financial liabilities:

	December 31, 2022				
	Within 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Long-term borrowings	\$ 354,107	\$ 27,474,201	\$ -	\$ -	\$ -
Bonds payable	3,262,115	24,734,190	2,986,075	-	-
Lease liabilities	<u>2,803,100</u>	<u>5,000,776</u>	<u>46,307</u>	<u>4,570</u>	<u>49</u>
	<u>\$ 6,419,322</u>	<u>\$ 57,209,167</u>	<u>\$ 3,032,382</u>	<u>\$ 4,570</u>	<u>\$ 49</u>
December 31, 2021					
Within 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	
Bonds payable	\$ 10,028,370	\$ 19,688,095	\$ 6,279,425	\$ -	\$ -
Lease liabilities	<u>2,810,634</u>	<u>4,971,195</u>	<u>56,921</u>	<u>81</u>	<u>49</u>
	<u>\$ 12,839,004</u>	<u>\$ 24,659,290</u>	<u>\$ 6,336,346</u>	<u>\$ 81</u>	<u>\$ 49</u>

33. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between Far EasTone and its subsidiaries, which are related parties of Far EasTone, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. The Group's related parties and their relationships

Related Party	Relationship with the Group
Far Eastern New Century Corporation (FENC)	Ultimate parent company
Far Eastern Electronic Toll Collection Co., Ltd.	Subsidiary of FENC
Ding Ding Integrated Marketing Service Co., Ltd.	Subsidiary of FENC
Far Eastern International Leasing Corp.	Other related party (equity-method investee of subsidiary of FENC)
Telecommunication and Transportation Foundation	Other related party (Far EasTone's donation is over one third of the foundation's fund)
Far Eastern Apparel Co., Ltd.	Subsidiary of FENC
Far Cheng Human Resources Consultant Corp.	Subsidiary of FENC
Far Eastern Resource Development Co., Ltd.	Subsidiary of FENC
Pacific Sogo Department Stores Co., Ltd. (SOGO)	Other related party (the chairman of the related party's parent company is the same as Far EasTone's)
Far Eastern Big City Shopping Malls Co., Ltd.	Other related party (subsidiary of SOGO)
Far Eastern Citysuper Co., Ltd.	Other related party (the chairman of the related party's parent company is the same as Far EasTone's)
Ya Tung Department Store Co., Ltd.	Other related party (the chairman of the related party's parent company is the same as Far EasTone's)
Fu Dar Transportation Corporation	Other related party (the chairman of the related party's parent company is the same as Far EasTone's)

(Continued)

Related Party	Relationship with the Group
Fu-Ming Transportation Co., Ltd.	Other related party (the chairman of the related party's parent company is the same as Far EasTone's)
YDT Technology International Co., Ltd.	Subsidiary of FENC
Nan Hwa Cement Corporation	Other related party (the chairman of the related party's parent company is the same as Far EasTone's)
Ya Tung Ready Mixed Concrete Co., Ltd.	Other related party (the chairman of the related party's parent company is the same as Far EasTone's)
Oriental Securities Corporation Ltd.	Other related party (equity-method investee of FENC)
Yuan Ding Co., Ltd.	Subsidiary of FENC
Far Eastern Department Stores Co., Ltd.	Other related party (same chairman as Far EasTone's)
Asia Cement Co., Ltd.	Other related party (same chairman as Far EasTone's)
Oriental Union Chemical Corporation	Other related party (same chairman as Far EasTone's)
Far Eastern Ai Mai Co., Ltd.	Other related party (same chairman as Far EasTone's)
Far Eastern Hospital	Other related party (same chairman as Far EasTone's)
Asia Eastern University of Science and Technology (Oriental Institute of Technology)	Other related party (same chairman as Far EasTone's)
DING DING HOTEL CO., LTD.	Subsidiary of FENC
Yuan-Ze University	Other related party (same chairman as Far EasTone's)
Far Eastern Polytex (Vietnam) Ltd.	Subsidiary of FENC
Deutsche Far Eastern Asset Management Co., Ltd.	Other related party (substantive related party)
Kowloon Cement Corporation Limited	Other related party (substantive related party)
Asia Cement (Singapore) PTE. Ltd	Other related party (substantive related party)
Jianxi Yadong Cement Co., Ltd	Other related party (substantive related party)
Everest Textile Co., Ltd.	Other related party (substantive related party)
Kaohsiung Rapid Transit Corporation	Other related party (substantive related party)
Oriental Petrochemical (Shanghai) Corporation	Subsidiary of FENC
Yuan Ding Enterprise (Shanghai) Limited	Subsidiary of FENC
Systex Corporation	Other related party (substantive related party)
Oriental Green Materials Limited	Subsidiary of FENC
Far Eastern Medical Foundation	Other related party (substantive related party)
Far Eastern Leasing Corporation	Other related party (substantive related party)
Oriental Petrochemical (Taiwan) Co., Ltd.	Subsidiary of FENC
Air Liquide Far Eastern Co., Ltd.	Other related party (equity-method investee of FENC)
Oriental Resources Development Limited	Subsidiary of FENC
Fu Kwok Garment Manufacturing Co., Ltd.	Subsidiary of FENC
U-Ming Marine Transport Corporation	Other related party (same chairman as Far EasTone's)
Ding & Ding Management Consultant Co., Ltd.	Other related party (substantive related party)

(Continued)

Related Party	Relationship with the Group
Chiahui Power Corporation	Other related party (same chairman as Far EasTone's)
Far Eastern International Bank (FEIB)	Other related party (Far EasTone's chairman is FEIB's vice chairman)
Far Eastern Fibertech Co., Ltd.	Subsidiary of FENC
Far Eastern Union Petrochemical (Yangzhou) Corporation	Other related party (substantive related party)
FETC International Co., Ltd.	Subsidiary of FENC
Far Eastern General Contractor Inc.	Subsidiary of FENC
Yuan Hsin Digital Payment Co., Ltd.	Subsidiary of FENC
Far Eastern Polyclinic of Far Eastern Medical Foundation	Other related party (same chairman as Far EasTone's)
Far Eastern Realty Management Co., Ltd.	Subsidiary of FENC
Far Eastern Apparel (Vietnam) Ltd.	Subsidiary of FENC
Drive Catalyst SPC-SP Tranche Two	Associate
Opas Catalyst SPC-SP Tranche Three	Associate
Opas Fund Segregated Portfolio Company	Other related party (substantive related party)

(Concluded)

b. Operating revenue

	For the Year Ended December 31	2022	2021
FENC	\$	86,260	\$ 119,912
Subsidiaries of FENC		230,147	219,555
Other related parties		537,212	324,011
	\$	853,619	\$ 663,478

Operating revenue from related parties includes revenue from sales of inventories, mobile telecommunications services, fixed network telecommunications services, storage services and customer services, of which the terms and conditions conformed to normal business practices.

c. Operating costs and expenses

	For the Year Ended December 31	2022	2021
Operating costs	\$	5,159	\$ 778
FENC		15,305	14,267
Subsidiaries of FENC		161,080	84,269
Other related parties			
	\$	181,544	\$ 99,314
Operating expenses	\$	86,542	\$ 97,480
FENC		236,101	250,564
Subsidiaries of FENC		125,557	115,924
Other related parties			
	\$	448,200	\$ 463,968

The above related parties provide telecommunications operating related services to the Group. The terms and conditions conformed to normal business practices.

d. Property transactions

	For the Year Ended December 31	
	2022	2021
Acquisition of property, plant and equipment and intangible assets		
Subsidiaries of FENC	\$ 4,232	\$ 19,158
Other related parties	<u>10,715</u>	<u>81,144</u>
	<u>\$ 14,947</u>	<u>\$ 100,302</u>
Acquisition of securities		
Subsidiaries of FENC	\$ 15,033	\$ 42,358
Other related parties	<u>3,124</u>	<u>-</u>
Associate	<u>110,680</u>	<u>228,280</u>
	<u>\$ 128,837</u>	<u>\$ 270,638</u>
Acquisition of financial assets at FVTPL		
Other related parties	<u>\$ 138,050</u>	<u>\$ -</u>
Disposal of financial assets at FVTPL		
Other related parties	<u>\$ 139,125</u>	<u>\$ -</u>

In August 2021, the Group acquired a partial interest in YHDP that amounted to \$42,358 thousand. In April 2021, the Group acquired a partial interest in Drive Catalyst SPC-SP Tranche Two and Drive Catalyst SPC-SP Tranche Three that each amounted to \$114,140 thousand.

In January 2022, the Group acquired a partial interest in Drive Catalyst SPC-SP Tranche Two that amounted to \$110,680 thousand.

In January 2022, the Group acquired OPAS Fund Segregated Portfolio Tranche C that amounted to \$138,050 thousand from Opas Fund Segregated Portfolio Company. In January 2022, the Group disposed of OPAS Fund Segregated Portfolio Tranche A with the proceeds from disposal amounting to \$139,125 thousand. The gain on disposal of the fund was \$11,847 thousand.

In December 2022, the Group acquired YSDT's stock from Yuan Ding Co., Ltd., Ding Ding Integrated Marketing Service Co., Ltd. and Pacific Sogo Department Stores Co., Ltd.; the total amounts of the stock acquired were \$14,984 thousand, \$49 thousand and \$3,124 thousand, respectively.

e. Lease arrangements - the Group is lessee

	For the Year Ended December 31	
	2022	2021
Acquisition of right-of-use assets		
Other related parties	<u>\$ 19,191</u>	<u>\$ 11,961</u>

	December 31	
	2022	2021
Lease liabilities - current		
FENC	\$ -	\$ 968
Subsidiaries of FENC	<u>804</u>	<u>1,812</u>
Other related parties	<u>12,446</u>	<u>16,838</u>
	<u>\$ 13,250</u>	<u>\$ 19,618</u>
Lease liabilities - noncurrent		
Subsidiaries of FENC	\$ -	\$ 1,380
Other related parties	<u>5,908</u>	<u>5,351</u>
	<u>\$ 5,908</u>	<u>\$ 6,731</u>

For the Year Ended December 31

	2022	2021
Financial costs		
FENC	\$ 1	\$ 15
Subsidiaries of FENC	<u>26</u>	<u>100</u>
Other related parties	<u>173</u>	<u>215</u>
	<u>\$ 200</u>	<u>\$ 330</u>

All the terms and conditions of the above lease contracts conformed to normal business practices.

f. Bank deposits, financial assets at amortized cost and other financial assets

	December 31	2021
	2022	2021
Other related parties		
FEIB	<u>\$ 1,984,863</u>	<u>\$ 2,382,756</u>

The Group had bank deposits in FEIB. These deposits included a portion of the proceeds of Far EastOne's sale of prepaid cards and NCIC's sale of international calling cards, which were consigned to FEIB as a trust fund and included in other financial assets - current.

g. Receivables and payables - related parties

	December 31	
	2022	2021
Accounts receivable - related parties		
FENC	\$ 17,946	\$ 92,518
Subsidiaries of FENC	<u>37,817</u>	<u>29,351</u>
Other related parties	<u>280,067</u>	<u>264,505</u>
	<u>\$ 335,830</u>	<u>\$ 386,374</u>

(Continued)

j. Remuneration of key management personnel

The remuneration of directors and other members of key management personnel during the years ended December 31, 2022 and 2021 was as follows:

	For the Year Ended December 31	
	2022	2021
Short-term benefits	\$ 306,352	\$ 286,468
Post-employment benefits	<u>3,597</u>	<u>3,491</u>
	<u>\$ 309,949</u>	<u>\$ 289,959</u>

The remuneration of directors and key management personnel is determined by the remuneration committee based on the performance of individuals and market trends.

34. ASSETS PLEDGED OR MORTGAGED AS COLLATERAL

Assets pledged or mortgaged, i.e., used as collateral for the purchase of inventory, for transactions with financial institutions and for litigation, were as follows:

	December 31	
	2022	2021
Other financial assets - current	\$ 103,902	\$ 417,565
Property, plant and equipment, net	<u>190,468</u>	<u>171,453</u>
	<u>\$ 294,370</u>	<u>\$ 589,018</u>

35. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments of the Group were as follows:

a. Significant commitments

	December 31	
	2022	2021
Unpaid acquisition of property, plant and equipment and intangible assets under contracts	\$ 11,957,889	\$ 17,104,556
Unpaid acquisition of inventories under contracts	<u>\$ 8,040,670</u>	<u>\$ 5,134,425</u>
b. All lease commitments (the Group as a lessee), including short-term leases, with lease terms commencing after the balance sheet dates are as follows:		

	December 31	
	2022	2021
Lease commitments	<u>\$ 258,577</u>	<u>\$ 337,295</u>
c. The Group provided \$300,000 thousand as bank guarantees for its purchases from suppliers as of December 31, 2022.		

	December 31	
	2022	2021
Other receivables - related parties (included in other current assets)		
FENC	\$ 1	\$ -
Subsidiaries of FENC	4,842	3,513
Other related parties	<u>3,185</u>	<u>6,376</u>
	<u>\$ 8,028</u>	<u>\$ 9,889</u>
Accounts payable - related parties (included in accounts payable)		
Subsidiaries of FENC	\$ 8,673	\$ 10,606
Other related parties	<u>17,120</u>	<u>12,380</u>
	<u>\$ 25,793</u>	<u>\$ 22,986</u>
Other payables - related parties (included in other current liabilities)		
FENC	\$ 22,232	\$ 22,295
Subsidiaries of FENC	22,669	73,214
Other related parties	<u>11,331</u>	<u>9,895</u>
	<u>\$ 56,232</u>	<u>\$ 105,404</u>
		(Concluded)

h. Refundable deposits (included in other noncurrent assets)

	December 31	
	2022	2021
Refundable deposits		
Subsidiaries of FENC	\$ 21,457	\$ 21,011
Other related parties	<u>1,416</u>	<u>1,416</u>
	<u>\$ 22,873</u>	<u>\$ 22,427</u>

i. Others

	For the Year Ended December 31	
	2022	2021
Interest income	\$ 17	\$ 17
Subsidiaries of FENC		
Other related parties	14,456	13,083
FEIB	<u>3</u>	<u>2</u>
Others	<u>14,459</u>	<u>13,085</u>
	<u>\$ 14,476</u>	<u>\$ 13,102</u>
Financial costs		
Other related parties	<u>\$ 214</u>	<u>\$ 185</u>

d. In order to maximize the efficiency of utilizing Far EasTone's network and spectrum resources, and to enhance Far EasTone's competitiveness in the 5G markets, on September 4, 2020, the board of directors of Far EasTone resolved to enter into a business cooperation agreement with APTC, which includes issuing new common stock in exchange for part of APTC's shares held by Hon Hai Precision Industry Co., Ltd. (HHPI) under a share swap arrangement on June 30, 2022 after obtaining approval from the competent authority.

In order to enhance the competitiveness, expand the business scale and achieve the operating synergy, on February 25, 2022, Far EasTone's board of directors resolved to sign a merger agreement with APTC. Far EasTone will be the surviving company. The tentative record date of the merger is September 30, 2022 and the share exchange ratio is one share of APTC for 0.0934406 share of Far EasTone. Far EasTone expects to issue 356,681 thousand shares to complete the merger. The record date of the merger and the related adjustments, if any, to the agreement will be decided after obtaining approval from the competent authority. The merger was approved by the NCC on January 18, 2022, but is yet to be approved by the Fair Trade Commission. After Far EasTone and APTC have completed the merger, the aforementioned share swap contract with HHPI signed on September 4, 2020 will be terminated.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Group and the exchange rates between the foreign currencies and the respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
(In Thousands, Except Exchange Rate)			
Financial assets			
Monetary items	\$	54,940	30.71 (USD:NTD) \$ 1,687,207
Nonmonetary items			
USD	41,917	30.71 (USD:NTD)	1,287,284
USD	10,040	6.967 (USD:RMB)	308,322
Financial liabilities			
Monetary items			
USD	20,757	30.71 (USD:NTD)	637,434

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items	\$	43,411	27.68 (USD:NTD) \$ 1,201,603
Nonmonetary items			
USD	42,381	27.68 (USD:NTD)	1,173,094
USD	6,770	6.372 (USD:RMB)	187,394
Financial liabilities			
Monetary items			
USD	20,989	27.68 (USD:NTD)	580,972

The Group is mainly exposed to the U.S. dollar. The following information is aggregated by the functional currencies of the entities in the Group and the exchange rates between the respective functional currencies and the presentation currency are disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Year Ended December 31			
	2022	2021	
	Exchange Rate (Functional Currency)	Exchange Rate (Functional Currency)	
Functional Currency	Net Foreign Exchange Gains (Losses)	Net Foreign Exchange Gains (Losses)	Net Foreign Exchange Gains (Losses)
NTD	1 (NTD:NTD)	1 (NTD:NTD)	\$ (17,817)
RMB	4,422 (RMB:NTD)	4,341 (RMB:NTD)	(1,315)
HKD	3,806 (HKD:NTD)	3,603 (HKD:NTD)	(3,586)
			<u>\$ (22,718)</u>

37. SEPARATELY DISCLOSED ITEMS

- Information about significant transactions
 - Financing provided to others: Schedule A
 - Endorsements/guarantees provided: None
 - Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Schedule B
 - Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 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: Schedule C
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Schedule D
- 9) Trading in derivative instruments: None
- 10) Significant transactions between Far EasTone and its subsidiaries and among subsidiaries: Schedule E
- b. Information on investees: Schedule F
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Schedule G
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
 - d. Information on major stockholders: List all stockholders with ownership of 5% or greater showing the name of the stockholder, the number of shares owned, and the percentage ownership of each stockholder: Schedule H

38. SEGMENT INFORMATION

Products and services from which reportable segments derive their revenue:

The information provided to the Group's chief operating decision maker in order to allocate resources to the segments and assess their performance focuses on the type of goods or services delivered or provided. As required by IFRS 8 "Operating Segments," the Group defined its operating segments as follows:

- a. Mobile services business: Providing mobile telecommunications services
- b. Fixed-line services business: Providing international direct dial, local network, long-distance network and broadband access services
- c. Sales business: Selling cellular phones, computers and accessories

Segment operating income represented the profit generated by each operating segment, which included specifically attributable segment revenue, costs, expenses, interest revenue, other revenue, equity in investees' net income and loss, financial costs, other expense and general and administrative expenses. The profits were the measures reported to the chief operating decision maker to allocate resources to the segments and assess their performance. However, the measure of segment assets was not provided to the chief operating decision maker.

- d. The Group's revenue and operating results analyzed by the operating segments were as follows:

	Mobile Services Business	Fixed-line Services Business	For the Year Ended December 31, 2022	Adjustment and Elimination	Consolidation
Revenue generated from external customers	\$ 45,299,291	\$ 11,549,930	\$ 32,302,144	\$ -	\$ 89,151,365
Revenue generated within the Group (Note)	182,441	2,056,084	113,889	(2,352,414)	-
Total revenue	\$ 45,481,732	\$ 13,606,014	\$ 32,416,033	\$ (2,352,414)	\$ 89,151,365
Segment operating income	\$ 9,096,811	\$ 2,274,075	\$ 2,546,696	\$ (1,918,501)	\$ 11,999,081

	Mobile Services Business	Fixed-line Services Business	For the Year Ended December 31, 2021	Adjustment and Elimination	Consolidation
Revenue generated from external customers	\$ 43,272,412	\$ 10,372,645	\$ 31,674,951	\$ -	\$ 85,320,008
Revenue generated within the Group (Note)	208,832	2,290,557	89,587	(2,581,976)	-
Total revenue	\$ 43,481,244	\$ 12,663,202	\$ 31,764,538	\$ (2,581,976)	\$ 85,320,008
Segment operating income	\$ 8,710,911	\$ 3,813,261	\$ 2,788,894	\$ (4,232,281)	\$ 11,080,785

Note: Represents sales of goods and other income between segments.

- e. Geographical information

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

Consolidated geographic information for revenues was as follows:

	For the Year Ended December 31	
	2022	2021
ROC	\$ 84,860,255	\$ 81,676,020
Overseas	<u>4,291,110</u>	<u>3,643,988</u>
	<u>\$ 89,151,365</u>	<u>\$ 85,320,008</u>

f. Information on major customers

There was no customer that accounted for at least 10% of the Group's total operating revenue in both 2022 and 2021.

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Year	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Limit (Note)
													Item	Value		
1	New Century InfoComm Tech Co., Ltd.	Far Eastone Telecommunications Co., Ltd. Far Eastone Telecommunications Co., Ltd.	Other receivables - related parties Other receivables - related parties	Yes Yes	\$ 1,800,000 9,200,000	\$ 1,800,000 9,200,000	\$ 1,800,000 8,700,000	0.7500%-0.91200% 0.7573%-1.5053%	Business transaction Short-term financing	\$ 2,036,483 -	- For business operations	\$ -	- -	\$ -	\$ 2,036,483 10,007,942	\$ 12,509,927 12,509,927

Note: Where New Century InfoComm Tech Co., Ltd. (NCIC) provides loans for business transactions and short-term financing needs, the amount of loans is limited to 50% of NCIC's net worth. A) For business transactions: The individual loan amount should not exceed the business transaction amount between the two parties. The business transaction amount refers to the estimated amount in the year the loan contract was signed or the prior year's actual transaction amount. B) For loans provided due to short-term financing needs, both the financing limit for each borrower and the aggregate financing limit should not exceed 40% of NCIC's net worth.

SCHEDULE B

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note	Highest Shares/Units Held During the Year
				Number of Shares	Carrying Amount	Percentage of Ownership (%)		
Far EasTone Telecommunications Co., Ltd.	Stock App Works Fund II Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	5,355,000	\$ 52,105	11.11	B	5,355,000
	CDIB Capital Innovation Accelerator Limited	-	Financial assets at fair value through other comprehensive income - noncurrent	9,000,000	149,228	10.71	B	9,000,000
	LINE Bank Taiwan Limited	-	Financial assets at fair value through other comprehensive income - noncurrent	37,500,000	334,236	2.5	B	50,000,000
	LiTV (Taiwan) Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	1,250,000	21,043	2.5	B	1,250,000
	Asia-Pacific Telecom Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	500,000,000	3,050,000	11.58	B	500,000,000
ARCOA Communication Co., Ltd.	Stock THI consultants	-	Financial assets at fair value through other comprehensive income - noncurrent	1,213,594	12,190	18.32	B	1,213,594
	Web Point Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	160,627	1,618	0.63	B	160,627
New Century InfoComm Tech Co., Ltd.	Stock Kaohsiung Rapid Transit Corporation	Other related party	Financial assets at fair value through other comprehensive income - noncurrent	8,858,191	47,569	3.18	B	8,858,191
	Bank Pro E-service Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	600,000	4,500	3.33	B	600,000
	Stock certificate Changing.ai Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	500,000	27,311	2.27	B	500,000
	Overseas funds Opas Fund Segregated Portfolio Tranche A	Other related party	Financial assets at fair value through profit or loss - current	9666.832	332,663	-	A	13,491,781
	Opas Fund Segregated Portfolio Tranche B	Other related party	Financial assets at fair value through profit or loss - current	5,000	158,119	-	A	5,000
	Opas Fund Segregated Portfolio Tranche C	Other related party	Financial assets at fair value through profit or loss - current	2,216,711	128,493	-	A	2,216,711

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note	Highest Shares/Units Held During the Year
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value		
Digital United (Cayman) Ltd.	Stock certificate TBCASoft, Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	726,995	\$ 308,322	4.59	\$ 308,322	B	726,995

Note A: The market values of the overseas funds were calculated at their net asset values as of December 31, 2022.

Note B: The fair values of financial assets at fair value through other comprehensive income were calculated using inputs and valuation methods.

(Concluded)

SCHEDULE C

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Purchaser (Seller) of Goods	Related Party	Relationship	Transaction Details			Abnormal Transaction		Accounts/Other Receivables (Payables)		
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total
Far EasTone Telecommunications Co., Ltd.	ARCOA Communication Co., Ltd.	Subsidiary	Operating costs and marketing expenses	\$ 8,171,910	16	-	-	Accounts payable and other payables	\$ (448,355)	(2)
	New Century InfoComm Tech Co., Ltd.	Subsidiary	Operating revenue	(846,632)	(1)	-	-	Accounts receivable (Note C)	174,446	2
			Operating revenue	(130,388)	-	-	-	Accounts receivable	9,316	-
			Operating costs	1,906,095	4	-	-	Accounts payable and other payables (Note A)	(453,858)	(2)
New Century InfoComm Tech Co., Ltd.	DataExpress Infotech Co., Ltd.	Subsidiary of ARCOA Communication Co., Ltd.	Operating costs and marketing expenses	226,352	-	-	-	Accounts payable and other payables	(44,013)	-
	Yuanshi Digital Technology Co., Ltd.	Subsidiary	Operating revenue	(798,510)	(1)	-	-	Accounts receivable (Note C)	77,236	1
	FarEasTone Property Insurance Agency Co., Ltd.	Subsidiary	Operating revenue	(378,285)	(1)	-	-	Accounts receivable	119,354	2
	Far EasTone Telecommunications Co., Ltd.	Parent company	Operating revenue	(1,906,095)	(20)	-	-	Accounts receivable (Note B)	453,858	32
			Operating costs	130,388	2	-	-	Accounts payable	(9,316)	(1)
			ARCOA Communication Co., Ltd.	Parent company	Operating revenue	(8,171,910)	(69)	-	-	Accounts receivable
Operating costs	846,632	8			-	-	Accounts payable (Note C)	(175,446)	(16)	
Operating revenue	(664,592)	(6)			-	-	Accounts receivable	117,170	13	
DataExpress Infotech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	Operating revenue	(226,352)	(4)	-	-	Accounts receivable	44,013	8
			Operating revenue	(182,601)	(3)	-	-	Accounts receivable	17,785	3
			Operating revenue	(111,297)	(2)	-	-	Accounts receivable (Note C)	-	-
	Home Master Technology Ltd.	ARCOA Communication Co., Ltd.	Parent company	Operating costs	664,592	43	-	-	Accounts payable	(117,170)
DataExpress Infotech Co., Ltd.		Parent company	Operating costs	182,601	12	-	-	Accounts payable	(17,785)	(9)
Yuanshi Digital Technology Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	Operating costs	798,510	28	-	-	Accounts payable (Note C)	(77,236)	(23)
	DataExpress Infotech Co., Ltd.	Same parent company	Operating costs	111,297	4	-	-	Accounts payable (Note C)	-	-
FarEasTone Property Insurance Agency Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	Operating costs	378,285	85	-	-	Accounts payable	(119,354)	(92)

Note A: All interconnection revenue, costs and collection of international direct dial revenue between Far EasTone and NCIC were settled at net amounts and were included in accounts payable - related parties.

Note B: Including the receivables collected by Far EasTone for NCIC.

Note C: Part of the revenue from YuanShi Digital Technology Co., Ltd. is collected by ARCOA Communication Co., Ltd. on behalf of Far EasTone Telecommunications Co., Ltd. and DataExpress Infotech Co., Ltd.

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Far EasTone Telecommunications Co., Ltd.	ARCOA Communication Co., Ltd.	Subsidiary	\$ 178,129	9.22	-	-	\$ 135,319	\$ -
	FarEastone Property Insurance Agency Co., Ltd.	Subsidiary	119,354	3.52	-	-	31,533	-
New Century InfoComm Tech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	11,031,782	(Note)	-	-	249,576	-
ARCOA Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	448,355	17.10	-	-	448,355	-
	Home Master Technology Ltd.	Subsidiary of DataExpress Infotech Co., Ltd.	117,170	5.77	-	-	532	-

Note: All interconnection revenue, costs and collection of revenue from international direct dialing between Far EasTone and NCIC were settled in net amounts and included in accounts receivable/payable-related parties. The turnover rate was unavailable as the receivables from related parties were due to the collection of telecommunications bills by Far EasTone on behalf of NCIC and the financing provided by NCIC to Far EasTone.

SCHEDULE E**FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES****INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Number (Note A)	Company Name	Counterparty	Flow of Transactions (Note B)	Transaction Details			% of Consolidated Assets/Revenue (Note C)
				Financial Statement Account	Amount	Payment Terms	
0	Far EasTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	1	Accounts receivable - related parties	\$ 9,316	Note E	-
				Other receivables - related parties	86,023	Note E	-
				Refundable deposits	5,266	Note E	-
				Other payables - related parties	11,031,782	Note E	6
				Lease liabilities	98,045	Note E	-
				Operating revenue	130,388	Note E	-
				Operating costs	1,906,095	Note E	2
				Operating expenses	70,184	Note E	-
				Nonoperating income and gains	44,197	Note E	-
				Nonoperating expenses	86,515	Note E	-
			1	Accounts receivable - related parties	175,446	Note E	-
				Other receivables - related parties	2,683	Note E	-
				Accounts payable - related parties	396,737	Note E	-
				Other payables - related parties	51,618	Note E	-
				Contract liabilities	46,506	Note E	-
				Operating revenue	846,632	Note E	1
				Operating costs	7,657,382	Note E	9
				Operating expenses	535,755	Note E	1
				Nonoperating income and gains	3,401	Note E	-
			1	Accounts receivable - related parties	7,648	Note E	-
				Other receivables - related parties	1,054	Note E	-
				Other payables - related parties	1,926	Note E	-
				Operating revenue	31,395	Note E	-
				Operating expenses	76,309	Note E	-
				Nonoperating income and gains	1,098	Note E	-
				Other receivables - related parties	11,964	Note E	-
				Accounts payable - related parties	1,074	Note E	-
				Other payables - related parties	13,607	Note E	-
				Operating costs	11,820	Note E	-
				Operating expenses	75,204	Note E	-
				Nonoperating income and gains	3,347	Note E	-
	KGEx.com Co., Ltd.	Yuan Cing Co., Ltd.	1	Accounts receivable - related parties	7,648	Note E	-
				Other receivables - related parties	1,054	Note E	-
	Yuan Cing Co., Ltd.		1	Accounts payable - related parties	1,074	Note E	-
				Other payables - related parties	13,607	Note E	-
			1	Operating costs	11,820	Note E	-
				Operating expenses	75,204	Note E	-
			1	Nonoperating income and gains	3,347	Note E	-

(Continued)

Number (Note A)	Company Name	Counterparty	Flow of Transactions (Note B)	Transaction Details			% of Consolidated Assets/Revenue (Note C)
				Financial Statement Account	Amount	Payment Terms	
1	DataExpress Infotech Co., Ltd.		1	Other receivables - related parties	\$ 2,991	Note E	-
				Accounts payable - related parties	2,323	Note E	-
				Other payables - related parties	41,690	Note E	-
				Operating revenue	63,501	Note E	-
				Operating costs	3,700	Note E	-
				Operating expenses	222,649	Note E	-
				Nonoperating income and gains	4,702	Note E	-
				Other payables - related parties	11,608	Note E	-
				Operating revenue	3,348	Note E	-
				Operating expenses	78,410	Note E	-
	Home Master Technology Ltd.		1	Other receivables - related parties	2,286	Note E	-
				Accounts payable - related parties	1,900	Note E	-
				Other payables - related parties	33,242	Note E	-
				Operating revenue	1,119	Note E	-
				Operating costs	59,250	Note E	-
	Information Security Service Digital United Inc.		1	Operating expenses	11,913	Note E	-
				Accounts receivable - related parties	77,236	Note E	-
				Other receivables - related parties	4,338	Note E	-
				Accounts payable - related parties	14,798	Note E	-
				Other payables - related parties	36,018	Note E	-
	Yuanshi Digital Technology Co., Ltd.		1	Operating revenue	798,510	Note E	1
				Operating expenses	40,085	Note E	-
				Nonoperating income and gains	6,159	Note E	-
				Other receivables - related parties	1,636	Note E	-
				Accounts receivable - related parties	7,293	Note E	-
	Prime EcoPower Co., Ltd.		1	Operating costs	12,681	Note E	-
				Nonoperating income and gains	1,035	Note E	-
				Accounts receivable - related parties	119,354	Note E	-
				Operating revenue	378,285	Note E	-
				Accounts receivable - related parties	4,348	Note E	-
1	New Century InfoComm Tech Co., Ltd.		3	Other receivables - related parties	1,284	Note E	-
				Accounts payable - related parties	5,570	Note E	-
				Operating revenue	26,112	Note E	-
				Operating costs	62,078	Note E	-
				Operating expenses	61,393	Note E	-
				Accounts payable - related parties	5,262	Note E	-
				Operating costs	6,797	Note E	-
				Operating expenses	10,200	Note E	-
				Operating revenue	1,638	Note E	-
				Accounts payable - related parties	11,221	Note E	-
	Yuan Cing Co., Ltd.		3	Operating revenue	3,795	Note E	-
				Operating costs	48,784	Note E	-
				Nonoperating income and gains	3,662	Note E	-
				Accounts receivable - related parties	4,348	Note E	-
				Operating revenue	26,112	Note E	-
	KGEx.com Co., Ltd.		3	Operating costs	62,078	Note E	-
				Operating expenses	61,393	Note E	-
				Accounts payable - related parties	5,262	Note E	-
				Operating costs	6,797	Note E	-
				Operating expenses	10,200	Note E	-
	DataExpress Infotech Co., Ltd. Information Security Service Digital United Inc.		3	Operating revenue	1,638	Note E	-
				Accounts payable - related parties	11,221	Note E	-
				Operating revenue	3,795	Note E	-
				Operating costs	48,784	Note E	-
				Nonoperating income and gains	3,662	Note E	-

(Continued)

Number (Note A)	Company Name	Counterparty	Flow of Transactions (Note B)	Transaction Details			% of Consolidated Assets/Revenue (Note C)
				Financial Statement Account	Amount	Payment Terms	
		Yuanshi Digital Technology Co., Ltd.	3	Accounts receivable - related parties	\$ 1,249	Note E	-
				Operating revenue	6,238	Note E	-
		Prime EcoPower Co., Ltd	3	Operating expenses	8,249	Note E	-
				Accounts payable - related parties	5,285	Note E	-
				Operating costs	17,542	Note E	-
		Sino Lead Enterprise Limited	3	Operating costs	2,805	Note E	-
		FarEastOne Property Insurance Agency Co., Ltd.	3	Operating revenue	1,560	Note E	-
		Nextlink Technology Co., Ltd.	3	Accounts payable - related parties	11,113	Note E	-
				Operating costs	96,986	Note E	-
		Microfusion Technology Co., Ltd.	3	Accounts payable - related parties	25,305	Note E	-
				Operating costs	96,080	Note E	-
2	ARCOA Communication Co., Ltd.	Yuanshi Digital Technology Co., Ltd.	3	Accounts receivable - related parties	36,469	Note E	-
				Operating revenue	71,559	Note E	-
		DataExpress Infotech Co., Ltd.	3	Operating expenses	1,187	Note E	-
				Accounts receivable - related parties	2,573	Note E	-
				Accounts payable - related parties	19,670	Note E	-
		Home Master Technology Ltd.	3	Operating revenue	10,739	Note E	-
				Operating costs	8,314	Note E	-
				Accounts receivable - related parties	117,170	Note E	-
				Operating revenue	664,592	Note E	1
3	KGEx.com Co., Ltd.	ARCOA Communication Co., Ltd.	3	Operating revenue	1,109	Note E	-
4	Yuan Cing Co., Ltd.	Yuanshi Digital Technology Co., Ltd.	3	Operating revenue	11,821	Note E	-
5	DataExpress Infotech Co., Ltd.	Home Master Technology Ltd.	3	Accounts receivable - related parties	17,785	Note E	-
				Other receivables - related parties	1,051	Note E	-
				Operating revenue	182,601	Note E	-
				Operating costs	4,012	Note E	-
		Yuanshi Digital Technology Co., Ltd.	3	Nonoperating income and gains	11,310	Note E	-
				Operating revenue	111,297	Note E	-
6	Information Security Service Digital United Inc.	Yuanshi Digital Technology Co., Ltd.	3	Accounts receivable - related parties	1,153	Note E	-
				Operating revenue	2,520	Note E	-
7	Nextlink Technology Co., Ltd.	Microfusion Technology Co., Ltd.	3	Other receivables - related parties	3,255	Note E	-
		Nextlink (HK) Technology Co., Ltd.	3	Nonoperating income and gains	27,400	Note E	-
				Other receivables - related parties	6,592	Note E	-
				Operating revenue	26,646	Note E	-
		Microfusion (HK) Technology Co., Ltd.	3	Nonoperating income and gains	39,400	Note E	-
				Accounts receivable - related parties	3,000	Note E	-

(Continued)

Number (Note A)	Company Name	Counterparty	Flow of Transactions (Note B)	Transaction Details			% of Consolidated Assets/Revenue (Note C)
				Financial Statement Account	Amount	Payment Terms	
8	Microfusion Technology Co., Ltd.	Nextlink (HK) Technology Co., Ltd. Microfusion (HK) Technology Co., Ltd.	3	Accounts receivable - related parties	\$ 6,610	Note E	-
				Operating revenue	84,420	Note E	-
				Nonoperating income and gains	2,374	Note E	-
				Accounts receivable - related parties	1,008	Note E	-
				Operating revenue	5,094	Note E	-
				Operating costs	1,840	Note E	-

Note A: Parties to the intercompany transactions are identified and numbered as follows:

1. "0" for Far EasTone Telecommunications Co., Ltd. ("Far EasTone").
2. "1" onward for subsidiaries.

Note B: The flow of related-party transactions is as follows:

1. From the parent company to its subsidiary.
2. From a subsidiary to its parent company.
3. Between subsidiaries.

Note C: For assets and liabilities, amount is shown as a percentage of consolidated total assets as of December 31, 2022; while revenues, costs and expenses are shown as a percentage of consolidated total operating revenues for the year ended December 31, 2022.

Note D: The information shown in the schedule represents the eliminated material intercompany transactions.

Note E: Payment terms varied depending on the related agreements.

(Concluded)

SCHEDULE E

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note	Highest Share/Units Held During the Year
				December 31, 2022	December 31, 2021	Number of Shares	Percentage of Ownership (%)	Carrying Amount				
Far EastOne Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	Taiwan	Telecommunications services	\$ 22,249,283	\$ 22,249,283	2,100,000,000	100.00	\$ 26,433,250	\$ 1,750,503	\$ 1,655,618	A	2,100,000,000
	ARCOA Communication Co., Ltd.	Taiwan	Sales of communications products and office equipment	1,305,802	1,305,802	82,762,221	61.63	686,655	169,867	76,459	A	82,762,221
	KGEX.com Co., Ltd.	Taiwan	Telecommunications services	2,340,472	2,340,472	68,897,234	99.99	910,643	137,527	137,507	A	68,897,234
	YuanShi Digital Technology Co., Ltd.	Taiwan	Electronic information services	1,686,169	1,686,169	10,820,870	96.18	(445,664)	(172,095)	(165,526)	A	107,004,329
	Yuan Qing Co., Ltd.	Taiwan	Call center services	-	-	2,000,000	100.00	46,262	18,777	18,777	A and E	2,000,000
	Far Eastern Info Service (Holding) Ltd.	Bermuda	Investments	92,616	92,616	1,200	100.00	5,433	482	482	A	1,200
	IDEAWORKS Entertainment Co., Ltd.	Taiwan	Filmmaking and publishing services	41,250	-	4,125,000	50.00	37,542	(7,417)	(3,708)	A	4,125,000
	FarEastOne Property Insurance Agency Co., Ltd.	Taiwan	Property insurance agent	5,000	5,000	500,000	100.00	94,297	83,335	83,335	A	500,000
	Far Eastern Electronic Toll Collection Co., Ltd.	Taiwan	Electronic information services and electronic toll collection services	2,542,396	2,542,396	118,250,967	39.42	1,481,494	222,084	74,604	B	118,250,967
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	139,500	139,500	5,446,644	15.00	27,210	(65,223)	(9,718)	B	5,446,644
ARCOA Communication Co., Ltd.	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	Other financing and supporting services	600,000	600,000	12,342,478	18.11	34,622	(338,441)	(60,007)	B	12,342,478
	DataExpress Infotech Co., Ltd.	Taiwan	Sale of communications products	141,750	141,750	17,043,041	70.00	309,813	19,503	-	C	17,043,041
	New Diligent Co., Ltd.	Taiwan	Investments	540,000	540,000	54,000,000	100.00	83,899	10,896	-	C	54,000,000
	Information Security Service Digital United Inc.	Taiwan	Security and monitoring services via internet	148,777	148,777	12,029,064	100.00	149,423	19,009	-	C	12,029,064
	Digital United (Cayman) Ltd.	Cayman Islands	Investments	317,446	317,446	10,320,000	100.00	440,428	(16,769)	-	C	10,320,000
	YuanShi Digital Technology Co., Ltd.	Taiwan	Electronic information services	49,579	20,000	374,968	3.33	(15,443)	(172,095)	-	A	749,885
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	46,500	46,500	1,815,548	5.00	9,070	(65,223)	-	B	1,815,548
	Prime EcoPower Co., Ltd.	Taiwan	Energy technology services	160,000	160,000	16,000,000	100.00	126,125	674	-	C	16,000,000
	Drive Catalyst SP-SP Tranche One	Cayman Islands	Investments	123,220	123,220	4,000	25.00	137,086	4,369	-	B	4,000
	Drive Catalyst SP-SP Tranche Two	Cayman Islands	Investments	224,820	114,140	8,000	25.00	254,508	3,138	-	B	8,000
IDEAWORKS Entertainment Co., Ltd.	Drive Catalyst SP-SP Tranche Three	Cayman Islands	Investments	236,440	236,440	8,000	25.00	249,104	3,605	-	B	8,000
	Nextlink Technology Co., Ltd.	Taiwan	Electronic information services	420,000	420,000	11,164,300	70.00	488,446	60,453	-	C	11,164,300
	JuAn Long-Age Co., Ltd.	Taiwan	Electronic information services	15,500	15,500	1,000,000	25.00	14,257	2,160	-	B	1,000,000
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	Other financing and supporting services	42,358	42,358	4,235,794	6.22	11,882	(328,441)	-	B	4,235,794
	ARCOA Communication Co., Ltd.	Taiwan	Sales of communications products and office equipment	16,885	-	9,025,890	6.72	126,754	169,867	-	A	9,025,890
	Mission International Co., Ltd.	Taiwan	Filmmaking and publishing services	80,000	-	8,000,000	100.00	72,709	(7,291)	-	C	8,000,000
	Sino Lead Enterprise Limited	Hong Kong	Telecommunications services	125	125	30,000	100.00	409	88	-	C	30,000
	Far Eastern New Diligent Company Ltd.	British Virgin Islands	Investments	-	330,598	-	-	-	611	-	C and F	-
	New Diligent Hong Kong Co., Ltd.	Hong Kong	Investments	3,051	3,051	-	100.00	2,391	285	-	C	-
	Home Master Technology Ltd.	Taiwan	Sales of communications products	10,000	10,000	-	100.00	58,471	15,611	-	C	-
DataExpress Infotech Co., Ltd.	Microfusion Technology Co., Ltd.	Taiwan	Electronic information services	17,000	17,000	4,495,000	100.00	63,508	16,194	-	C	4,495,000
	Nextlink (HK) Technology Co., Ltd.	Hong Kong	Electronic information services	973	973	37,565	100.00	37,565	(2,963)	-	C	-
	Microfusion (HK) Technology Co., Ltd.	Hong Kong	Electronic information services	1,494	1,494	-	100.00	281	(2,764)	-	C	-

Note A: Subsidiary.

Note B: Investee of the Group accounted for using the equity method.

Note C: Subsidiary of New Century InfoComm Tech Co., Ltd., New Diligent Co., Ltd., ARCOA Communication Co., Ltd., DataExpress Infotech Co., Ltd. or Nextlink Technology Co., Ltd.

Note D: Investments in mainland China are shown in Schedule H.

Note E: Yuan Qing Co., Ltd. reduced capital and remitted cash which exceeded the original investment amount. Thus, the investment amount is \$0.

Note F: Far Eastern New Diligent Company Ltd. was dissolved in April 2022 with the approval of the local government.

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note A)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
Digital United Information Technologies (Shanghai) Ltd.	Design, research, installment and maintenance of computer software and systems	\$ 95,201 (US\$ 3,100,000)	2	\$ 95,201 (US\$ 3,100,000)	\$ -	\$ -	\$ 95,201 (US\$ 3,100,000)	\$ 4,751	100.00	\$ 4,751	\$ 16,289 (RMB 3,695,000)	\$ -
Nextlink (Shanghai) Technology Co., Ltd.	Electronic information services	2,211 (US\$ 72,000)	2	2,211 (US\$ 72,000)	-	-	2,211 (US\$ 72,000)	465	70.00	465	2,503 (HK\$ 631,000)	-

Company Name	Accumulated Investments in Mainland China as of December 31, 2022	Investment Amounts Authorized by the Investment Commission, MOEA	Limit on Investments (Note B)
Far EasTone Telecommunications Co., Ltd.	\$ 92,616 (Note C)	\$ 92,616 (Note C)	\$ 38,512,905
New Century InfoComm Tech Co., Ltd.	95,201 (US\$ 3,100,000)	95,201 (US\$ 3,100,000)	15,109,513
New Diligent Co., Ltd.	458,408 (US\$14,927,000) (Note C)	458,408 (US\$14,927,000) (Note C)	50,340
Nextlink Technology Co., Ltd.	2,211 (US\$ 72,000)	2,211 (US\$ 72,000)	137,062

Note A: Method of investment is as follows:

1. Far EasTone made the investment directly.
2. Far EasTone made the investment indirectly through a company registered in a third region. The companies registered in a third region are Far Eastern Info Service (Holding) Ltd., Digital United (Clayman) Ltd., Far Eastern New Diligent Company Ltd. and Nextlink (HK) Technology Co., Ltd.
3. Others.

Note B: The limit is up to 60% of the investor's net worth as stated in the Principles Governing the Review of Investment or Technical Cooperation in Mainland China, which was issued on August 29, 2008 by the Investment Commission of the MOEA.

Note C: The amount includes \$92,616 thousand and US\$14,927,000 from investee companies which were dissolved, but the registration of the investment amount had not been written off with the Investment Commission of the MOEA. In addition, an investment amount of US\$73,000 registered with the Investment Commission of the MOEA was remitted back to Taiwan on June 27, 2012 and the same amount was written off on the same date.

SCHEDULE H

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

INFORMATION ON MAJOR STOCKHOLDERS
DECEMBER 31, 2022

Name of Major Stockholder	Shareholding	
	Number of Shares	Percentage of Ownership (%)
Yuan Ding Investment Co., Ltd. Shin Kong Life Insurance Co., Ltd. Cathay Life Insurance Co., Ltd.	1,066,657,614	32.73
	231,590,000	7.10
	215,847,230	6.62

Note: The information on major stockholders presented in the above table lists the major stockholders whose combined shareholdings of ordinary and preference shares are at least 5% of Far EasTone's total shares, as calculated by the Taiwan Depository & Clearing Corporation based on the number of dematerialized shares (including treasury shares) which have been registered and delivered on the last working day of the current quarter. The number of shares recorded in Far EasTone's consolidated financial statements may be different from the number of dematerialized shares which have completed registration and delivery due to differences in the basis of preparation and calculation.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Far EasTone Telecommunications Co., Ltd.

Opinion

We have audited the accompanying financial statements of Far EasTone Telecommunications Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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 Matters

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

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

Recognition of Mobile Telecommunications Service Revenue

Mobile telecommunications service revenue is the main source of the Company's revenue, and it accounts for 62% of the Company's total revenue for the year ended December 31, 2022. The calculation of mobile telecommunications service revenue relies heavily on automated systems and includes complicated and huge amounts of data transmission. In order to meet market demands and remain competitive, the Company often launches different combinations of products and services. The charge rates of the aforementioned products and services are set manually to systems. Since the effectiveness of the design and implementation of internal controls over systems and rate settings relevant to telecommunications service revenue directly and significantly affects the accuracy of revenue calculation, the recognition of mobile telecommunications service revenue is considered a key audit matter.

For the accounting policies related to mobile telecommunications service revenue, refer to Note 4 to the accompanying financial statements.

By conducting tests of controls, we obtained an understanding of the Company's recognition of mobile telecommunications service revenue and the design and implementation of related controls.

We also engaged internal IT specialists to understand and assess the systems and internal controls relevant to mobile telecommunications service revenue and perform the corresponding audit procedures which are listed as follows. The IT specialists:

1. Identified key systems that processed mobile telecommunications service revenue; assessed and tested the general information technology controls of the aforementioned systems, including access controls and change controls.
2. Tested the completeness and accuracy of interface controls between the switch equipment and the billing systems.
3. Tested the access controls and change controls over the input of rates to the billing systems.
4. Tested the accuracy of the billing calculation.
5. Tested the completeness and accuracy of the calculation and billing of monthly fees, airtime fees and value-added service fees.

In coordination with the internal IT specialists, we:

1. Performed dialing tests to verify the accuracy and completeness of the traffic and information in the switch equipment.
2. Sampled user contracts to confirm the accuracy of the billing system information.

For the revenue recognition of billed and unbilled amounts, we conducted the following tests:

1. For the billed amounts, we compared whether there is any difference between the reports generated from the accounting system and the billing system.
2. For the unbilled amounts, we recalculated the service revenue for services provided as of the balance sheet date based on the applied charge rates to confirm the accuracy of the amounts.

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 present the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the 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 statements 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 Yung-Hsiang Chao and Chih-Ming Shao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 15, 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.

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

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

	2022		2021	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 28)	\$ 2,045,423	1	\$ 1,367,587	1
Financial assets at fair value through profit or loss (Notes 4 and 27)	3,840	-	-	-
Financial assets at amortized cost - current (Notes 4 and 28)	6,269	-	11,685	-
Contract assets - current (Notes 4 and 21)	4,940,538	3	5,169,580	3
Accounts receivable, net (Notes 4 and 8)	7,233,548	5	6,170,177	4
Accounts receivable - related parties (Notes 4, 8 and 28)	393,721	-	392,976	-
Other receivables - related parties (Notes 4 and 28)	120,727	-	119,056	-
Inventories (Notes 4 and 9)	1,855,649	1	1,855,243	1
Prepaid expenses	640,149	-	621,933	-
Other financial assets - current (Notes 4, 28 and 29)	460,180	-	424,435	-
Other current assets (Note 4)	32,783	-	25,284	-
Total current assets	17,732,827	10	16,157,956	9
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 7 and 27)	3,606,612	2	4,800,562	3
Investments accounted for using the equity method (Notes 4 and 10)	29,757,408	17	31,701,576	18
Contract assets - noncurrent (Notes 4 and 21)	3,670,472	2	3,362,670	2
Property, plant and equipment, net (Notes 4, 11 and 28)	26,452,448	15	26,030,924	15
Right-of-use assets (Notes 4, 12 and 28)	7,852,358	5	7,982,176	4
Investment properties (Notes 4 and 13)	704,242	-	624,731	-
Concessions, net (Notes 1, 4 and 14)	65,086,179	37	69,939,207	39
Goodwill (Notes 4 and 14)	10,283,031	6	10,283,031	6
Other intangible assets (Notes 4, 14 and 28)	1,931,489	1	2,243,172	1
Deferred income tax assets (Notes 3, 4 and 23)	783,496	1	765,213	-
Refundable deposits	780,286	1	733,090	-
Incremental costs of obtaining a contract - noncurrent (Notes 4 and 21)	4,392,418	3	4,571,612	3
Other noncurrent assets (Notes 4 and 8)	741,059	-	5,300	-
Total noncurrent assets	156,041,498	90	163,043,264	91
TOTAL	\$ 173,774,325	100	\$ 179,201,220	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bills payable (Notes 4 and 15)	\$ 999,512	1	\$ -	-
Contract liabilities - current (Notes 4 and 21)	2,767,771	2	2,515,910	1
Notes payable	5,691	-	6,240	-
Accounts payable	3,410,048	2	3,456,554	2
Accounts payable - related parties (Note 28)	425,395	-	562,416	-
Other payables (Note 17)	5,678,709	3	5,348,889	3
Other payables - related parties (Note 28)	11,269,886	6	11,830,191	7
Current tax liabilities (Notes 4 and 23)	2,353,129	1	1,907,646	1
Lease liabilities - current (Notes 4, 12 and 28)	2,610,102	2	2,620,794	2
Current portion of long-term borrowings (Notes 4 and 16)	2,999,647	2	9,699,516	6
Guarantee deposits received - current	67,825	-	47,916	-
Other current liabilities (Notes 4 and 18)	1,197,742	1	886,742	-
Total current liabilities	33,785,457	20	38,882,814	22
NONCURRENT LIABILITIES				
Contract liabilities - noncurrent (Notes 4 and 21)	10,190,018	6	10,451,330	6
Bonds payable (Notes 4, 16 and 27)	26,778,746	15	25,278,622	14
Long-term borrowings (Notes 4, 15 and 27)	26,994,330	16	27,938,092	16
Provisions - noncurrent (Notes 4 and 18)	604,990	-	566,917	-
Deferred income tax liabilities (Notes 3, 4 and 23)	2,075,647	1	2,073,354	1
Lease liabilities - noncurrent (Notes 4, 12 and 28)	4,799,142	3	4,867,828	3
Net defined benefit liabilities - noncurrent (Notes 4 and 19)	399,377	-	533,046	-
Guarantee deposits received - noncurrent	173,267	-	177,740	-
Other noncurrent liabilities (Notes 4, 10 and 17)	4,705,894	3	3,295,761	2
Total noncurrent liabilities	76,721,411	44	75,182,690	42
Total liabilities	110,506,868	64	114,065,504	64
EQUITY				
Capital stock				
Common stock	32,585,008	18	32,585,008	18
Capital surplus	26,365	-	2,389,840	1
Retained earnings				
Legal reserve	21,476,579	12	21,122,282	12
Special reserve	1,301,537	1	723,516	-
Unappropriated earnings	9,651,744	6	9,149,448	5
Total retained earnings	32,429,860	19	30,995,246	17
Other equity	(1,773,776)	(1)	(834,378)	-
Total equity	63,267,457	36	65,135,716	36
TOTAL	\$ 173,774,325	100	\$ 179,201,220	100

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

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

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

	2022	2021	
	Amount	Amount	%
OPERATING REVENUE (Notes 4, 21 and 28)	\$ 66,034,800	\$ 64,116,123	100
OPERATING COSTS (Notes 4, 9, 22 and 28)	43,798,885	43,564,015	68
GROSS PROFIT	22,235,915	20,552,108	32
OPERATING EXPENSES (Notes 4, 22 and 28)			
Marketing	8,754,484	9,011,875	14
General and administrative	3,645,752	3,710,245	6
Expected credit losses	229,223	267,098	-
Total operating expenses	12,629,459	12,989,218	20
Other Income and Expenses (Note 4)	583,249	218,665	-
OPERATING INCOME	10,189,705	7,781,555	12
NONOPERATING INCOME AND EXPENSES (Notes 4, 22 and 28)			
Other income	174,871	173,205	-
Other gains and losses	92,462	52,479	-
Financial costs	(708,316)	(736,269)	(1)
Share of the gains of subsidiaries and associates	1,807,823	3,284,218	5
Losses on disposal of property, plant and equipment and intangible assets	(188,288)	(239,961)	-
Total nonoperating income and expenses	1,178,552	2,533,672	4
INCOME BEFORE INCOME TAX	11,368,257	10,315,227	16
INCOME TAX (Notes 4 and 23)	1,760,362	1,191,432	2
NET INCOME	9,607,895	9,123,795	14

(Continued)

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

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

	2022	2021	
	Amount	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 19, 20 and 27)			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit plans	\$ 91,613	\$ (34,683)	-
Gain on property revaluation	32,330	-	-
Unrealized losses on investments in equity instruments designated as at fair value through other comprehensive income	(1,193,950)	(843,840)	(1)
Share of the other comprehensive income of subsidiaries and associates	160,678	179,231	-
	(909,329)	(699,292)	(1)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating the financial statements of foreign operations	68	(37)	-
Share of the other comprehensive income (loss) of subsidiaries and associates	65,404	(11,372)	-
	65,472	(11,409)	-
Total other comprehensive loss, net of income tax	(843,857)	(710,701)	(1)
TOTAL COMPREHENSIVE INCOME	\$ 8,764,038	\$ 8,413,094	13
EARNINGS PER SHARE, IN NEW TAIWAN DOLLARS (Note 24)			
Basic	\$ 2.95	\$ 2.80	
Diluted	\$ 2.94	\$ 2.80	

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

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

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

	Other Equity (Notes 4 and 20)							
	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Losses on Financial Assets at Fair Value Through Other Comprehensive Income	(Losses) Gains on Hedging Instruments	Gains on Property Revaluations	Total			
BALANCE AT JANUARY 1, 2021	\$ 20,299,484	\$ 598,988	\$ 8,228,676	\$ (20,598)	\$ (75,931)	\$ (3,354)	\$ -	\$ 67,313,694
Appropriation of the 2020 earnings								
Legal reserve	822,798	-	(822,798)	-	-	-	-	-
Special reserve	-	124,528	(124,528)	-	-	-	-	-
Cash dividends	-	-	(7,279,491)	-	-	-	-	(7,279,491)
Changes in equity from investments in associates accounted for using the equity method								
(944)	-	-	-	-	-	-	-	(944)
Cash dividends from capital surplus								
(3,310,637)	-	-	-	-	-	-	-	(3,310,637)
Net income for the year ended December 31, 2021			9,123,795	-	-	-	-	9,123,795
Other comprehensive (loss) income for the year ended December 31, 2021			(34,261)	(16,149)	(665,031)	4,740	-	(710,701)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by a subsidiary			58,055	-	(58,055)	-	-	-
BALANCE AT DECEMBER 31, 2021	2,389,840	723,516	9,149,448	(36,747)	(799,017)	1,386	-	65,135,716
Appropriation of the 2021 earnings								
Legal reserve	914,759	-	(914,759)	-	-	-	-	-
Special reserve	-	578,021	(578,021)	-	-	-	-	-
Cash dividends	-	-	(7,654,218)	-	-	-	-	(7,654,218)
Changes in equity from investments in associates accounted for using the equity method								
41	-	-	(12,452)	-	-	-	-	(12,411)
Cash dividends from capital surplus								
(2,375,447)	-	-	-	-	-	-	-	(2,375,447)
Net income for the year ended December 31, 2022			9,607,895	-	-	-	-	9,607,895
Other comprehensive income (loss) for the year ended December 31, 2022			95,541	64,107	(1,053,265)	1,365	48,395	(843,857)
Changes in ownership interests of a subsidiary			(41,690)	-	-	-	-	(29,958)
Shared-based payment transaction			-	-	-	-	-	199
Cash dividends from legal reserve			-	-	-	-	-	(560,462)
BALANCE AT DECEMBER 31, 2022	26,365	1,301,537	9,651,744	27,360	(1,852,282)	2,751	48,395	63,267,457

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

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 11,368,257	\$ 10,315,227
Adjustments for:		
Depreciation	10,045,119	9,665,037
Amortization	952,579	925,975
Amortization of concessions	5,152,658	5,093,564
Expected credit losses	229,223	267,098
Financial costs	708,316	736,269
Interest income	(39,056)	(26,704)
Dividend income	(19,194)	(27,066)
Share of the gains of subsidiaries and associates	(1,807,823)	(3,284,218)
Losses on disposal of property, plant and equipment and intangible assets	188,288	239,961
Write-down (reversal of write-down) of inventories	9,970	(4,123)
Losses on changes in fair value of investment properties	5,572	16,515
Gains on modifications of lease arrangements	(1,014)	(24)
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(3,840)	-
Contract assets	(75,760)	(544,607)
Accounts receivable	(1,336,653)	(758,057)
Accounts receivable - related parties	(745)	158,582
Other receivables - related parties	(4,616)	16,590
Inventories	(10,376)	345,025
Prepaid expenses	(12,916)	(54,369)
Other current assets	(7,695)	115,438
Incremental costs of obtaining a contract	179,194	(420,017)
Contract liabilities	(9,451)	11,152,825
Notes payable	(549)	(4,324)
Accounts payable	(46,506)	(350,881)
Accounts payable - related parties	(137,021)	(282,536)
Other payables	44,401	44,238
Other payables - related parties	(76,651)	(59,082)
Provisions	(12,802)	(3,298)
Other current liabilities	314,523	216,737
Net defined benefit liabilities	(19,153)	(19,397)
Other noncurrent liabilities	(619,837)	(147,127)
Cash generated from operations	24,956,442	33,323,251
Interest received	42,065	25,312
Dividends received	4,161,942	2,096,324
Interest paid	(733,217)	(735,034)
Income taxes paid	(1,350,515)	(1,484,849)
Net cash generated from operating activities	27,076,717	33,225,004

(Continued)

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FAR EASTONE TELECOMMUNICATIONS CO., LTD.

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

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ -	\$ (5,050,000)
Remittance of cash due to capital reduction of financial assets at fair value through other comprehensive income	-	21,450
Proceeds from the disposal of financial assets at amortized cost	5,416	8,807
Acquisition of investments accounted for using the equity method	(41,250)	-
Acquisition of property, plant and equipment	(7,059,600)	(10,431,864)
Proceeds from the disposal of property, plant and equipment	53,395	19,533
Increase in refundable deposits	(190,995)	(204,458)
Decrease in refundable deposits	143,799	181,013
Acquisition of intangible assets	(940,526)	(574,165)
Cash received through a merger	-	25,297
Increase in other financial assets	(35,745)	-
Increase in prepayments for equipment	(700,000)	(19,996)
Other investing activities	1,864,443	3,162,751
Net cash used in investing activities	(6,901,063)	(12,861,632)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	-	(100,000)
Increase in short-term bills payable	999,512	-
Decrease in short-term bills payable	-	(99,986)
Proceeds from the issuance of bonds payable	4,493,170	1,197,485
Repayment of bonds payable	(9,700,000)	-
Proceeds from long-term borrowings	10,348,799	10,240,156
Repayment of long-term borrowings	(11,292,561)	(21,947,992)
Increase in guarantee deposits received	50,917	38,495
Decrease in guarantee deposits received	(35,481)	(45,606)
(Decrease) increase in financing obtained from other payables - related parties	(500,000)	3,000,000
Repayment of the principal portion of lease liabilities	(3,272,047)	(3,299,237)
Cash dividends paid	(10,590,127)	(10,590,128)
Net cash used in financing activities	(19,497,818)	(21,606,813)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	677,836	(1,243,441)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	1,367,587	2,611,028
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 2,045,423	\$ 1,367,587

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

(Concluded)

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FAR EASTONE TELECOMMUNICATIONS CO., LTD.

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

1. ORGANIZATION AND OPERATIONS

Far EastOne Telecommunications Co., Ltd. (the "Company") was incorporated in the Republic of China (ROC) on April 11, 1997 and began commercial operations on January 20, 1998. The Company's stock was initially listed and commenced trading on the over-the-counter (OTC) securities exchange (also known as the Taipei Exchange, TPEx) of the ROC on December 10, 2001, but later ceased trading on the TPEx and transferred listing of its stock on the Taiwan Stock Exchange (TWSE) on August 24, 2005. The Company's main businesses include mobile telecommunications services (including voice and internet services), international simple resale services, digital value-added services, sale of cellular phone equipment and accessories and enterprise information and communication integration services, etc. As of December 31, 2022 and 2021, Far Eastern New Century Corporation ("Far Eastern New Century") and its affiliates directly and indirectly owned 38.33% of the Company's stock. Since Far Eastern New Century and its subsidiaries have the power to cast the majority of votes at the meeting of the Company's board of directors, Far Eastern New Century has control over the Company's finances, operations and personnel affairs. Thus, Far Eastern New Century is the ultimate parent company of the Company.

For long-term business development, on October 30, 2013, the Company bid for and was granted two fourth-generation (4G) wireless communications concessions, GSM 700 and GSM 1800 (GSM stands for Global System for Mobile Communications), which are valid through December 31, 2030. From 2015 to 2017, the Company bid for and was granted another two fourth-generation (4G) wireless communications concessions, GSM 2600 and GSM 2100, both of which are valid through December 31, 2033. In February 2020, the Company bid for and was granted two fifth-generation (5G) wireless communications concessions of 3.5GHz spectrum and 28GHz spectrum, which are valid through December 31, 2040.

On October 14, 2020, the Company registered as a telecommunications enterprise with the approval of the National Communications Commission (NCC). The Company registered its business items in accordance with the Telecommunications Management Act.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on February 15, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

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

- 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 are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.	
Note 3: Except for deferred taxes that are recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments are applied prospectively to transactions that occur on or after January 1, 2022.	
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Company shall recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations will be retrospectively adjusted on January 1, 2023, and the Company shall recognize the cumulative effect of initial application in retained earnings at that date. The Company shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022. The Company shall restate its comparative information when it initially applies the aforementioned amendments.

As of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

- 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)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Preparation

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

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 the 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 the asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. 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 as the amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, share of the gains or losses of subsidiaries and associates, share of the other comprehensive income of subsidiaries and associates and related equity items, as appropriate, in these parent company only financial statements.

Classification of 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 12 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 12 months after the reporting period.

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within 12 months after the reporting period; and
- c. Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

Foreign Currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (i.e., 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.

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

Nonmonetary items denominated in a foreign currency and measured at historical cost are not retranslated.

For the purposes of presenting the financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries in other countries or subsidiaries that use currencies different from the ones used by the Company) are translated into New Taiwan dollars using the exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting exchange differences are recognized in other comprehensive income.

On the disposal of the Company's entire interest in a foreign operation or a disposal involving the loss of control over a subsidiary that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Inventories

Inventories are stated at the lower of cost or net realizable value. 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 under normal conditions less estimated selling expenses. Cost is determined using the weighted-average method.

Investments in Subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and is adjusted thereafter to recognize the Company's share of the gains or losses and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment in the subsidiary accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the fair value of the net identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of the acquisition is recognized immediately in profit or loss.

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 or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

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

Profits or losses resulting from downstream transactions are eliminated in full in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

Investments in Associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates.

Under the equity method, an investment in an associate is initially recognized at cost and is adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of equity of associates attributable to the Company.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new stock of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Company's share of equity of associates accounted for using the equity method. If the Company's ownership interest is reduced due to the additional subscription of the new stock of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, which forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

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

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.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

The 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 method are reviewed at the end of each reporting period, with the effects of any changes in 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.

Investment Properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are measured initially at cost, including transaction costs, and are subsequently measured using the fair value model. Changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

For a transfer of classification from investment properties to property, plant and equipment, the property's deemed cost for subsequent accounting is its fair value at the commencement of owner-occupation.

For a transfer of classification from property, plant and equipment to investment properties at the end of owner-occupation, any difference between the fair value of an item of property at the transfer date and its previous carrying amount is recognized in other comprehensive income and accumulated in gain on property revaluation under other equity that will be transferred directly to retained earnings when the asset is derecognized.

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

Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating unit or groups of cash-generating units (referred to as cash generating units) that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently if there is an indication that the unit may be impaired, by comparing its carrying amount, including attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a unit tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangible Assets

- Intangible assets acquired separately

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 life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

- Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

- Derecognition of intangible assets

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

Incremental Costs of Obtaining a Contract

When a sales contract is obtained, commission and subsidies paid to dealers under sales agreements are recognized as assets (incremental costs of obtaining a contract) to the extent that the costs are expected to be recovered and are amortized over the life of the contract. However, the Company elects not to capitalize the incremental costs of obtaining a contract if the amortization period of such assets, which the Company would otherwise have recognized, is expected to be one year or less.

Impairment of Property, Plant and Equipment, Right-of-use Assets, Intangible Assets (Other Than Goodwill) and Incremental Costs of Obtaining a Contract

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, 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. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The 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.

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on incremental costs shall be recognized in accordance with applicable standards. The impairment loss from the assets related to the contract costs is then recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or incremental costs of obtaining a contract 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, cash-generating unit or incremental costs of obtaining a contract 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 FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

a. Financial assets

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 FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

a) Financial assets at FVTPL

Financial assets is classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value, and 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 27: Financial Instruments.

b) Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable at amortized cost and other financial assets, 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 a financial asset, except for:

- i. Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i. Significant financial difficulty of the issuer or the borrower;
- ii. Breach of contract, such as a default;
- iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv. The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

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 as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

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

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and contract assets.

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable and contract assets. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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

- a) Internal or external information show that the debtor is unlikely to pay its creditors.
- b) Failure of the debtors to discharge their obligation within their credit periods, unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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 party.

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

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

Repurchase of the Company's own equity instruments is recognized in and deducted directly from Company's own equity instruments.

c. Financial liabilities

1) Subsequent measurement

Except the financial liabilities at fair value through profit or loss, 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, including any noncash assets transferred or liabilities assumed, is recognized in profit or loss.

Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

a. Decommissioning, restoration and similar liabilities

The cost of an item of property, plant and equipment comprises:

- 1) Its purchase price;
- 2) Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- 3) The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a right-of-use asset comprises:

- 1) The initial measurement of lease liabilities;
- 2) The initial estimate of the costs of dismantling and removing the right-of-use asset and restoring the site on which it is located.

b. Warranties

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products, at the Company's best estimate of the expenditure required to settle the Company's obligation.

Revenue Recognition

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

Revenue from the sale of goods comes from sales of mobile telecommunication devices and accessories. Sales of mobile telecommunication devices and accessories are recognized as revenue when the goods are delivered to the customer because that is the time when the customer obtains control of the goods and bears the risks of obsolescence. Accounts receivable are recognized concurrently.

Telecommunications service revenue from cellular services and call transfer fees from other telecommunications companies and carriers are billed in arrears and are recognized based upon minutes of traffic processed when the services are provided in accordance with contract terms. Telecommunications revenue is recognized as follows: (a) monthly fees are accrued every month, and (b) prepaid and recharge services are recognized as income based upon actual usage by customers. As the Company provides telecommunication value-added services, the customer simultaneously receives and consumes the benefits provided by the Company's satisfaction of performance obligations. Consequently, related revenue is recognized when services are rendered.

A bundle sales contract consists of the rendering of airtime services and the sale of goods. The rendering of services and the sale of goods are accounted for as distinct performance obligations. The Company allocates the transaction price to each performance obligation identified in a bundle sales contract on a relative stand-alone selling price basis and recognizes sales and service revenue in accordance with the aforesaid principles of revenue recognition.

For project business services, the Company identifies performance obligations in accordance with the commitments stated in the related service contract and recognizes revenue when performance obligations are satisfied. Payments for project business services are made at several time points specified in the service contract. The Company recognizes the difference between the revenue recognized and the collectible amounts from the customer as contract assets after the performance obligations have been satisfied, and the contract assets are reclassified to accounts receivable when the amounts become collectible.

Under the Company's Customer Loyalty Program, the Company offers award credits when customers purchase goods or services. The award credits provide a material right to customers. The transaction price allocated to the award credits is recognized as a contract liability when collected and will be recognized as revenue when the award credits are redeemed or have expired.

Leasing

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

For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

a. The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

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

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 short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for an estimate of costs needed to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term resulting in a change in future lease 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. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

The Company negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Company elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Company recognizes the reduction in lease payment in profit or loss, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government Grants

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

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire noncurrent assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services 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 gains and losses on settlements) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur or when the settlement occurs. 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 (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

c. Termination benefits

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

Taxation

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

a. Current tax

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

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for as income tax in the year the stockholders approve to retain earnings.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities 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 and unused tax credits for other expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are 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 liabilities and assets 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 or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

Where current or deferred tax arises from the initial accounting for the acquisition of a subsidiary, the tax effect is included in the accounting for the investments in the subsidiary.

Frequency and Network Sharing Services

The Company provides frequency and network sharing services for a telecommunications company through a part of 5G spectrum and related cell sites. The Company provides frequency and network sharing services as a principal because it has control over the aforementioned spectrum and cell sites. The consideration received is included in contract liabilities. Revenue is recognized on a straight-line basis over the useful lives of the assets used in providing frequency and network sharing services.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed 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.

Key Sources of Estimation Uncertainty

- Estimated impairment of financial assets

The provision for impairment of accounts receivable and contract assets are based on assumptions on probability of default and loss given default. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Notes 8 and 21. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

- Impairment of property, plant and equipment, right-of-use assets, intangible assets (other than goodwill) and incremental costs of obtaining a contract

For impairment testing of assets, the Company evaluates and decides on certain assets' independent cash flows, the useful lives of the assets, and the probable future profit or loss which is based on subjective judgment, utilized asset mode, and telecommunications industry characteristics. Any changes in national and local economic conditions or the Company's strategy may cause significant impairment loss.

- Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of the value in use requires the Company's management to estimate the future cash flows expected to arise from each cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances results in a downward revision of future cash flows or an upward revision of discount rate, a material impairment loss may arise.

As of December 31, 2022 and 2021, the carrying amounts of goodwill are disclosed in Note 14.

- Income tax

A key source of estimation uncertainty is the determination of the realizability of deferred tax assets, which mainly depends on whether sufficient future profit or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place. In cases where the actual future profit generated is greater than expected, a further material recognition of deferred tax assets may arise, which would be recognized in the period in which further recognition takes place.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 6,945	\$ 7,616
Checking and demand deposits	2,038,478	1,359,971
	<u>\$ 2,045,423</u>	<u>\$ 1,367,587</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
<u>Investments in equity instruments-noncurrent</u>		
Stock in domestic listed company through private placement	\$ 3,050,000	\$ 4,110,000
Domestic unlisted common stock	<u>556,612</u>	<u>690,562</u>
	<u>\$ 3,606,612</u>	<u>\$ 4,800,562</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe 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.

In order to maximize the efficiency of utilizing the Company's network and spectrum resources, and to enhance the Company's competitiveness in the 5G markets, on September 4, 2020, the board of directors of the Company resolved to acquire 11.58% ownership of Asia-Pacific Telecom Co., Ltd. (APTC) through private placement by subscribing for 500,000,000 new common stock issued by APTC with the investment amount not exceeding \$5,000,000 thousand. The transaction was completed in September 2021 with a total subscription amount of \$5,000,000 thousand.

8. ACCOUNTS RECEIVABLEAccounts receivable (including related parties)

	December 31
	2022
	2021
At amortized cost	
Gross carrying amount	\$ 8,488,080
Less: Allowance for impairment loss	(816,048)
Less: Unearned finance income	(3,704)
	-
	<u>\$ 7,668,328</u>
	<u>\$ 6,563,153</u>

At the end of the reporting period, the Company's accounts receivable from a finance lease were as follows:

	December 31	2021
	2022	
Gross amount of finance lease receivables	\$ 55,456	\$ -
Unearned finance income	(3,704)	-
	<u>\$ 51,752</u>	<u>\$ -</u>
	<u>\$ 51,752</u>	<u>\$ -</u>

Undiscounted lease payments

Year 1	\$ 12,100	\$ -
Year 2	12,100	-
Year 3	12,100	-
Year 4	12,100	-
Year 5	7,056	-
	55,456	-
	(3,704)	-
	<u>\$ -</u>	<u>\$ -</u>
	<u>\$ 51,752</u>	<u>\$ -</u>
Finance lease receivables		
Current	\$ 10,693	\$ -
Noncurrent	41,059	-
	<u>\$ 51,752</u>	<u>\$ -</u>

The Company entered into a finance lease agreement with a client to lease out its data center equipment as part of the project business services provided to the client. The term of the finance lease entered into was 5 years. The interest rate inherent in the lease was 3.0%, which was determined at the contract date and was fixed for the entire term of the lease.

The Company's credit period for the accounts receivable is 30 to 60 days.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approval and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of accounts receivable at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for all accounts receivable at an amount equal to lifetime expected credit losses (ECLs). The expected credit losses on accounts receivable are estimated using an allowance matrix prepared by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for the general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the allowance for losses based on the past due status of receivables is not further distinguished according to different segments of the Company's customer base.

The Company recognizes an allowance for impairment loss when there is information indicating that a debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivable. For accounts receivable that has 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 Company's expected credit loss rate ranges of receivables which were not overdue and receivables which were overdue were 0.66%-7.29% and 11.26%-100%, respectively.

The Company measures the loss allowance for finance lease receivables at an amount equal to lifetime ECLs. The respective leased equipment served as collateral for the finance lease receivables. As of December 31, 2022 and 2021, no finance lease receivable was past due. The Company has not recognized a loss allowance for finance lease receivables after taking into consideration the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these finance lease receivables.

The following table details the loss allowance of accounts receivable based on the Company's allowance matrix:

	December 31, 2022			
	Not Overdue	Overdue Up to 60 Days	Overdue 61 Days or More	Total
Gross carrying amount	\$ 7,540,090	\$ 722,338	\$ 221,948	\$ 8,484,376
Loss allowance (lifetime ECLs)	(495,405)	(139,037)	(181,606)	(816,048)
	<u>\$ 7,044,685</u>	<u>\$ 583,301</u>	<u>\$ 40,342</u>	<u>\$ 7,668,328</u>
Amortized cost				

December 31, 2021

	Not Overdue	Overdue Up to 60 Days	Overdue 61 Days or More	Total
Gross carrying amount	\$ 6,593,096	\$ 491,394	\$ 218,543	\$ 7,303,033
Loss allowance (lifetime ECLs)	(480,317)	(83,445)	(176,118)	(739,880)
Amortized cost	<u>\$ 6,112,779</u>	<u>\$ 407,949</u>	<u>\$ 42,425</u>	<u>\$ 6,563,153</u>

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31	2022	2021
Balance at January 1	\$ 739,880	\$ 664,318	
Add: Amounts recovered	237,573	196,741	
Add: Net remeasurement of loss allowance	232,223	254,508	
Less: Amounts written off	(393,628)	(375,687)	
Balance at December 31	<u>\$ 816,048</u>	<u>\$ 739,880</u>	

Sale of Overdue Accounts Receivable

In the years ended December 31, 2022 and 2021, the Company entered into agreements to sell its overdue accounts receivable which had been written off to asset management companies, and did not bear the risk of loss arising from uncollectible receivables.

Related information as of December 31, 2022 and 2021 was as follows:

	For the Year Ended December 31	2022	2021
Amount of accounts receivable sold	<u>\$ 805,845</u>	<u>\$ 557,402</u>	
Proceeds from the sale of accounts receivable (excluding value-added tax)	<u>\$ 78,247</u>	<u>\$ 39,323</u>	

9. INVENTORIES

	December 31	2022	2021
Cellular phone equipment and accessories	\$ 1,607,621	\$ 1,746,357	
Others	<u>248,028</u>	<u>108,886</u>	
	<u>\$ 1,855,649</u>	<u>\$ 1,855,243</u>	

Costs of inventories sold were \$19,293,363 thousand and \$19,941,226 thousand for the years ended December 31, 2022 and 2021, respectively.

The (write-down) reversal of write-down of inventories amounting to (\$9,970) thousand and \$4,123 thousand were included in the cost of sales for the years ended December 31, 2022 and 2021, respectively.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	2022	2021
Investments in subsidiaries	\$ 28,214,082	\$ 30,166,429	
Investments in associates	<u>1,543,326</u>	<u>1,535,147</u>	
	<u>\$ 29,757,408</u>	<u>\$ 31,701,576</u>	

a. Investments in subsidiaries

	December 31	2022	2021
Unlisted companies			
New Century InfoComm Tech Co., Ltd.	\$ 26,433,250	\$ 28,436,062	
ARCOA Communication Co., Ltd.	686,655	698,742	
KGEx.com Co., Ltd.	910,643	902,594	
Far Eastern Info Service (Holding) Ltd.	5,433	4,883	
Yuan Qing Co., Ltd.	46,262	40,705	
Yuanshi Digital Technology Co., Ltd.	(445,664)	(280,137)	
IDEAWORKS Entertainment Co., Ltd.	37,542	-	
FarEasTone Property Insurance Agency Co., Ltd.	<u>94,297</u>	<u>83,443</u>	
	<u>27,768,418</u>	<u>29,886,292</u>	
Credit balance on carrying amounts of investments accounted for using the equity method reclassified to other liabilities	<u>445,664</u>	<u>280,137</u>	
	<u>\$ 28,214,082</u>	<u>\$ 30,166,429</u>	

Proportion of Ownership and Voting Rights

	December 31	2022	2021
New Century InfoComm Tech Co., Ltd.	100.00%	100.00%	
ARCOA Communication Co., Ltd.	61.63%	61.63%	
KGEx.com Co., Ltd.	99.99%	99.99%	
Far Eastern Info Service (Holding) Ltd.	100.00%	100.00%	
Yuan Qing Co., Ltd.	100.00%	100.00%	
Yuanshi Digital Technology Co., Ltd.	96.18%	96.18%	
Yuan Bao Fintech Co., Ltd.	-	-	
IDEAWORKS Entertainment Co., Ltd.	50.00%	-	
FarEasTone Property Insurance Agency Co., Ltd.	100.00%	100.00%	

In order to focus on the main business and to optimize the utilization of resources, the Company's board of directors resolved on July 30, 2021 the merger of the Company with Yuan Bao. The Company became the surviving company while Yuan Bao was dissolved after it merged with the Company. The record date of the merger was September 15, 2021.

Refer to Note 32 for the details of subsidiaries indirectly held by the Company.

b. Investments in associates

	December 31	
	2022	2021
Material associates		
Far Eastern Electronic Toll Collection Co., Ltd.	\$ 1,481,494	\$ 1,403,595
Associates that are not individually material	61,832	131,552
	<u>\$ 1,543,326</u>	<u>\$ 1,535,147</u>

All of the investments in associates listed in the table above were accounted for using the equity method.

The Company is the largest single stockholder of Far Eastern Electronic Toll Collection Co., Ltd. (FETC) with 39.42% of voting rights in 2022 and 2021. The holdings of the other stockholders of FETC are not widely dispersed. Despite having the largest holding, the Company cannot direct the relevant activities of FETC and does not have control over FETC. However, management of the Company considered the Company as exercising significant influence over FETC and, therefore, classified FETC as associates of the Company.

1) Material associates

Name of Associate	Nature of Activities	Main Place of Business	Interests and Voting Rights	
			2022	December 31, 2021
Far Eastern Electronic Toll Collection Co., Ltd.	Electronic information services and electronic toll collection services	Taiwan	39.42%	39.42%

Summarized financial information in respect of each of the Company's material associates is set out below. The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

Far Eastern Electronic Toll Collection Co., Ltd.

	December 31	
	2022	2021
Current assets	\$ 1,218,677	\$ 1,765,193
Noncurrent assets	6,195,264	5,817,446
Current liabilities	(1,817,373)	(1,642,344)
Noncurrent liabilities	(1,838,051)	(2,379,405)
Equity	<u>\$ 3,758,517</u>	<u>\$ 3,560,890</u>
Proportion of the Company's ownership	39.42%	39.42%
Carrying amount	<u>\$ 1,481,494</u>	<u>\$ 1,403,595</u>

For the Year Ended December 31

	2022	2021
Operating revenue	\$ 2,494,128	\$ 2,311,325
Net profit for the year	\$ 222,084	\$ 329,099
Other comprehensive income	8,357	11,543
Total comprehensive income for the year	<u>\$ 230,441</u>	<u>\$ 340,642</u>

As of June 30, 2011, the usage rate of electronic toll collection (ETC) services had not reached the requirement stated in the contract of the Electronic Toll Collection BOT Project ("ETC Project"). Thus, Far Eastern Electronic Toll Collection Co., Ltd. (FETC) filed a lawsuit against Taiwan Area National Freeway Bureau (TANFB), and the Supreme Court remanded this case to the Taipei District Court Civil Division in September 2015. FETC had accrued the related penalties. On October 19, 2018, the Taipei District Court pronounced the judgment in FETC's favor. The TANFB filed an appeal on November 9, 2018. The High Court overruled the TANFB's appeal on June 11, 2019, and on July 8, 2019, the TANFB filed another appeal to the Supreme Court. On January 21, 2021, the Supreme Court reversed the original judgment made by the High Court on June 11, 2019. On November 15, 2022, the High Court corrected the original judgment made by the Taipei District Court on October 19, 2018, and ordered ETC to pay the compensation of \$17,000 thousand. Both FETC and TANFB did not appeal; therefore, this judgment was finalized on December 21, 2022, and the case was concluded.

FETC failed to complete the taximeter system infrastructure within a specified period under the ETC Project requirements. The Taipei District Court Civil Division pronounced on May 20, 2016 that FETC should pay the compensation for breach of contract to TANFB. FETC filed an appeal on May 31, 2016 and accrued related penalties. The case is currently under trial in the High Court.

2) Aggregate information of associates that are not individually material

For the Year Ended December 31

	2022	2021
The Company's share of:		
Net loss for the year	\$ (69,725)	\$ (34,993)
Other comprehensive income (loss)	(28)	54
Total comprehensive loss for the year	<u>\$ (69,753)</u>	<u>\$ (34,939)</u>

The Company has one or more representation on the board of directors of some associates that are not individually material according to the original agreement or other agreements; therefore, the Company has significant influence over these associates.

11. PROPERTY, PLANT AND EQUIPMENT

Cost	Freehold Land	Buildings	Operating Equipment	Computer Equipment	Other Equipment	Construction-in-progress	Total
Balance at January 1, 2022	\$ 1,269,243	\$ 2,407,577	\$ 68,730,412	\$ 10,816,535	\$ 3,384,419	\$ 2,110,046	\$ 88,718,232
Additions	(2,741)	(16,165)	(25,64,677)	(332,782)	(154,103)	7,470,330	7,470,330
Disposals	(43,623)	(11,287)	(2,40,026)	(363,104)	(63,242)	(4,680,1)	(3,229,279)
Reclassification						(7,680,083)	(7,680,083)
Balance at December 31, 2022	<u>\$ 1,243,249</u>	<u>\$ 2,389,949</u>	<u>\$ 72,474,690</u>	<u>\$ 10,589,955</u>	<u>\$ 3,292,662</u>	<u>\$ 1,897,403</u>	<u>\$ 92,881,279</u>
Accumulated depreciation							
Balance at January 1, 2022	\$ -	\$ (1,291,890)	\$ (48,314,961)	\$ (10,124,676)	\$ (2,952,781)	\$ -	\$ (62,687,308)
Depreciation expense	-	(59,792)	(61,38,017)	(353,324)	(126,760)	-	(6,677,893)
Disposals	-	(1,153)	(2,11,673)	(33,756)	(13,752)	-	(2,59,334)
Reclassification	-	21,240	-	-	-	-	21,240
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ (1,314,929)</u>	<u>\$ (62,241,305)</u>	<u>\$ (10,944,242)</u>	<u>\$ (2,928,002)</u>	<u>\$ -</u>	<u>\$ (66,429,325)</u>
Carrying amount at December 31, 2022	<u>\$ 1,243,249</u>	<u>\$ 1,074,935</u>	<u>\$ 21,233,295</u>	<u>\$ 64,673</u>	<u>\$ 363,653</u>	<u>\$ 1,897,403</u>	<u>\$ 26,462,448</u>
Cost							
Balance at January 1, 2021	\$ 1,218,294	\$ 2,323,884	\$ 60,775,573	\$ 10,516,285	\$ 3,611,889	\$ 2,220,225	\$ 80,675,120
Additions	-	(5,827)	(22,14,675)	(132,815)	(44,002)	(2,479)	(10,942,889)
Disposals	50,946	89,520	(10,18,514)	(433,065)	(216,532)	(10,959,580)	(2,799,798)
Reclassification	-	-	-	-	-	-	-
Balance at December 31, 2021	<u>\$ 1,269,243</u>	<u>\$ 2,407,577</u>	<u>\$ 68,730,412</u>	<u>\$ 10,816,535</u>	<u>\$ 3,384,419</u>	<u>\$ 2,110,046</u>	<u>\$ 88,718,232</u>
Accumulated depreciation							
Balance at January 1, 2021	\$ -	\$ (1,244,520)	\$ (44,406,776)	\$ (9,872,766)	\$ (1,264,989)	\$ -	\$ (58,397,920)
Depreciation expense	-	(53,167)	(57,61,289)	(384,657)	(127,320)	-	(6,306,443)
Disposals	-	5,827	(1,83,064)	(133,682)	(49,522)	-	(2,407,405)
Reclassification	-	-	-	-	-	-	-
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ (1,291,890)</u>	<u>\$ (46,831,496)</u>	<u>\$ (10,124,676)</u>	<u>\$ (2,952,781)</u>	<u>\$ -</u>	<u>\$ (62,687,308)</u>
Carrying amount at December 31, 2021	<u>\$ 1,269,243</u>	<u>\$ 1,115,687</u>	<u>\$ 20,445,451</u>	<u>\$ 691,859</u>	<u>\$ 428,638</u>	<u>\$ 2,110,046</u>	<u>\$ 26,630,924</u>

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

Buildings	33-55 years
Main buildings	6-10 years
Other building equipment	3-9 years
Operating equipment	1-6 years
Computer equipment	3-11 years
Other equipment	

12. LEASE ARRANGEMENTS

- a. Right-of-use assets

	Buildings	Other Equipment	Total
Cost			
Balance at January 1, 2022	\$ 15,713,553	\$ 324,656	\$ 16,038,209
Additions	3,377,486	71,033	3,448,519
Disposals	(3,446,839)	(96,333)	(3,543,172)
Balance at December 31, 2022	<u>\$ 15,644,200</u>	<u>\$ 299,356</u>	<u>\$ 15,943,556</u>

(Continued)

	Buildings	Other Equipment	Total
Accumulated depreciation			
Balance at January 1, 2022	\$ (7,890,525)	\$ (165,508)	\$ (8,056,033)
Depreciation expense	(3,277,625)	(89,601)	(3,367,226)
Disposals	3,236,957	95,104	3,332,061
Balance at December 31, 2022	<u>\$ (7,931,193)</u>	<u>\$ (160,005)</u>	<u>\$ (8,091,198)</u>
Carrying amount at December 31, 2022	<u>\$ 7,713,007</u>	<u>\$ 139,351</u>	<u>\$ 7,852,358</u>
Cost			
Balance at January 1, 2021	\$ 15,525,530	\$ 309,059	\$ 15,834,589
Additions	3,191,175	99,687	3,290,862
Disposals	(3,003,152)	(84,090)	(3,087,242)
Balance at December 31, 2021	<u>\$ 15,713,553</u>	<u>\$ 324,656</u>	<u>\$ 16,038,209</u>
Accumulated depreciation			
Balance at January 1, 2021	\$ (7,453,798)	\$ (158,919)	\$ (7,612,717)
Depreciation expense	(3,268,455)	(90,139)	(3,358,594)
Disposals	2,831,728	83,550	2,915,278
Balance at December 31, 2021	<u>\$ (7,890,525)</u>	<u>\$ (165,508)</u>	<u>\$ (8,056,033)</u>
Carrying amount at December 31, 2021	<u>\$ 7,823,028</u>	<u>\$ 159,148</u>	<u>\$ 7,982,176</u>

(Concluded)

- b. Lease liabilities

Item	Lease Term	Discount Rate	December 31, 2022
Buildings	2011.06.01-2041.12.31	0.52%-1.99%	\$ 7,268,254
Other equipment	2019.01.15-2026.12.14	0.55%-1.68%	<u>140,990</u>
Lease liabilities - current			\$ 7,409,244
Lease liabilities - noncurrent			\$ 2,610,102
			<u>4,799,142</u>
			<u>\$ 7,409,244</u>

The lease terms of investment properties range from 2-6 years. The rights of lease term extension contain clauses for market rental reviews. The lessee does not have a bargain purchase option to acquire the investment property at the expiry of the lease period.

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

	December 31	
	2022	2021
Year 1	\$ 13,041	\$ 11,352
Year 2	11,294	5,790
Year 3	10,501	4,389
Year 4	7,149	4,477
Year 5	4,518	1,125
	<u>\$ 46,503</u>	<u>\$ 27,133</u>

The fair values of investment properties measured at fair value on a recurring basis are as follows:

	December 31	
	2022	2021
Independent valuation	<u>\$ 704,242</u>	<u>\$ 624,731</u>

The fair values of the investment properties as of December 31, 2022 and 2021 were based on the valuations respectively carried out on January 12, 2023 and January 14, 2022 by an independent qualified professional valuator, Mr. Tsai Chia-Ho. The aforementioned valuator is from DTZ Cushman & Wakefield, a member of certified ROC real estate appraisers.

The above fair value measurement has taken into consideration market volatility as a result of the COVID-19 pandemic.

The fair values of investment properties were measured using level 3 unobservable inputs. The unrealized gains (losses) on the fair value changes of investment properties are recognized in other gains and losses.

The fair values of investment properties were measured using the income approach. The significant assumptions used are stated below. An increase in estimated future net cash inflows or a decrease in discount rates would result in an increase in the fair value.

	December 31	
	2022	2021
Expected future cash inflows	\$ 894,271	\$ 773,981
Expected future cash outflows	<u>(27,656)</u>	<u>(21,933)</u>
Expected future cash inflows, net	<u>\$ 866,615</u>	<u>\$ 752,048</u>
Discount rate	2.22%-2.345%	1.92%-2.17%

The market rentals in the area where the investment properties are located were between \$1 thousand and \$18 thousand per ping per month (1 ping = 3.3 square meters). The market rentals for comparable properties were between \$1 thousand and \$14 thousand per ping per month.

Item	Lease Term	Discount Rate	December 31, 2021
Buildings	2007.07.15-2039.12.31	0.51%-1.44%	\$ 7,326,735
Other equipment	2019.01.05-2024.08.31	0.51%-0.86%	<u>161,887</u>
			<u>\$ 7,488,622</u>
Lease liabilities - current			\$ 2,620,794
Lease liabilities - noncurrent			<u>4,867,828</u>
			<u>\$ 7,488,622</u>

c. Material lease activities and terms

The Company leased some of the buildings for cell sites, data centers, offices and retail stores and leased other equipment for operating uses with lease terms of 1 to 20 years. The Company does not have bargain purchase options to acquire the buildings and equipment at the end of the lease terms.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 13.

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	<u>\$ 127,294</u>	<u>\$ 140,342</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 619,809</u>	<u>\$ 614,766</u>
Total cash outflow for leases	<u>\$ (4,101,012)</u>	<u>\$ (4,126,926)</u>

The Company has elected to apply the recognition exemption for the lease of certain buildings and other equipment that qualify as short-term leases and thus did not recognize right-of-use assets and lease liabilities for these leases.

13. INVESTMENT PROPERTIES

	Investment Properties
Balance at January 1, 2022	\$ 624,731
Losses on changes in fair value of investment properties	23,501
Transferred from property, plant and equipment	<u>56,010</u>
Balance at December 31, 2022	<u>\$ 704,242</u>
Balance at January 1, 2021	\$ 641,246
Losses on changes in fair value of investment properties	<u>(16,515)</u>
Balance at December 31, 2021	<u>\$ 624,731</u>

All of the investment properties have been leased out under operating leases. The rental incomes generated for the years ended December 31, 2022 and 2021 were \$13,164 thousand and \$12,655 thousand, respectively.

The expected future cash inflows generated by investment properties referred to rental income, interest income on rental deposits, loss on vacancy rate of space and disposal value. The rental income was extrapolated using the comparative market rentals covering 10 years, excluding values that are overly high or overly low, taking into account the annual rental growth rate, loss on vacancy rate of space was extrapolated using the vacancy rates of the neighboring stores and factories, the interest income on rental deposits was extrapolated using the interest rate announced by the central bank for the one-year average deposit interest rate of five major banks, which were 1.45% and 0.77% respectively for the years ended December 31, 2022 and 2021, and the disposal value was determined using the direct capitalization method under the income approach. The expected future cash outflows on investment properties included expenditures such as land value taxes, house taxes, insurance premium, management fee, maintenance costs, replacement allowance and depreciation. The expenditures were extrapolated on the basis of the current level of expenditures, taking into account the future adjustment to the government-announced land value and the tax rate promulgated under the House Tax Act.

The discount rate was determined by reference to the local same class product, a reasonable rental income level and the selling price of investment properties taking into consideration the liquidity, potential risk, appreciation and the complexity of management; in addition, the discount rate should not be lower than the interest rate for two-year time deposits of Chunghwa Post Co., Ltd plus 0.75%.

14. INTANGIBLE ASSETS

Cost	Concessions	Goodwill	Computer Software and Other Intangible Assets	Total
Balance at January 1, 2022	\$ 90,002,000	\$ 10,283,031	\$ 16,131,984	\$ 116,417,015
Additions	2,103,320	-	640,896	2,744,216
Disposals	(2,180,000)	-	(358)	(2,180,358)
Balance at December 31, 2022	\$ 89,925,320	\$ 10,283,031	\$ 16,772,522	\$ 116,980,873
Accumulated amortization				
Balance at January 1, 2022	\$ (20,062,793)	\$ -	\$ (13,888,812)	\$ (33,951,605)
Amortization	(5,152,658)	-	(952,579)	(6,105,237)
Disposals	376,310	-	358	376,668
Balance at December 31, 2022	\$ (24,839,141)	\$ -	\$ (14,841,033)	\$ (39,680,174)
Carrying amount at December 31, 2022	\$ 65,086,179	\$ 10,283,031	\$ 1,931,489	\$ 77,300,699
Cost				
Balance at January 1, 2021	\$ 90,002,000	\$ 10,283,031	\$ 15,717,416	\$ 116,002,447
Additions	-	-	574,165	574,165
Acquisitions through business combinations	-	-	3,896	3,896
Disposals	-	-	(163,493)	(163,493)
Balance at December 31, 2021	\$ 90,002,000	\$ 10,283,031	\$ 16,131,984	\$ 116,417,015

(Continued)

Accumulated amortization	Concessions	Goodwill	Computer Software and Other Intangible Assets	Total
Balance at January 1, 2021	\$ (14,969,229)	\$ -	\$ (13,107,194)	\$ (28,076,423)
Amortization	(5,093,564)	-	(925,975)	(6,019,539)
Acquisitions through business combinations	-	-	(731)	(731)
Disposals	-	-	145,088	145,088
Balance at December 31, 2021	\$ (20,062,793)	\$ -	\$ (13,888,812)	\$ (33,951,605)
Carrying amount at December 31, 2021	\$ 69,939,207	\$ 10,283,031	\$ 2,243,172	\$ 82,465,410

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

Concessions	9 to 21 years
Computer software	1 to 6 years
Other intangible assets (copyrights)	Amortized over the broadcast period

The Company has identified the smallest group of cash-generating units on a reasonable and consistent basis of allocation. The Company has identified only one cash-generating unit, the mobile telecommunications service business.

As of December 31, 2022 and 2021, the carrying amount of property, plant and equipment, right-of-use assets, intangible assets and the incremental costs of obtaining a contract used by the Company was \$115,997,923 thousand and \$121,050,122 thousand, respectively. The Company's management estimated the recoverable amounts of core assets based on their value in use and considered the expected useful lives and thus based the cash flow forecast on the discount rates of 6.69% and 6.87% on December 31, 2022 and 2021, respectively. The operating revenue forecast was based on the expected effective customer base, expected sales and the Company's operating strategies and goals, taking into account the expected future growth rate of the telecom industry along with the projected advancement of the Company's own business. The Company's management believes that any reasonable change in the principal assumptions used in the calculation of the recoverable amounts would not result in the carrying amounts exceeding the recoverable amounts. The principal assumptions and the relevant measurement of the recoverable amounts of the Company are summarized as follows:

- Expected future growth rate of the telecommunications industry:
 - Mobile voice service (MVS): The anticipated MVS is measured based on the actual effective customer base and minutes of usage of previous years, taking into account the market trend.
 - Mobile data service (MDS): The anticipated MDS is measured based on the proportion of MDS to the total telecommunications service revenue of previous years, taking into account the demands and changes of the market.
- Expected ratio of service EBITDA (earnings before interest, taxes, depreciation and amortization) to operating revenue: The expected ratio is anticipated based on the historical ratio of EBITDA to operating revenue, while the possible impacts of revenue, cost and expense are taken into account individually.

The Company's management believes that any reasonable change in the principal assumptions used in the calculation of the recoverable amounts would not result in the carrying amounts exceeding the recoverable amounts. For the years ended December 31, 2022 and 2021, there was no indication of impairment loss after comparing the recoverable amounts with the carrying amounts of the Company's operating assets and goodwill in accordance with the principal assumptions.

15. BORROWINGS

a. Short-term bills payable

	December 31	
	2022	2021
Commercial papers payable	\$ 1,000,000	\$ -
Less: Unamortized discount	(488)	-
	<u>\$ 999,512</u>	<u>\$ -</u>
Interest rate range	1.62%	-

b. Long-term borrowings

	December 31	
	2022	2021
<u>Unsecured borrowings</u>		
Credit loans		
Long-term commercial papers payable	\$ 16,700,000	\$ 6,550,000
Less: Unamortized discount on commercial papers payable	10,300,000	21,400,000
	<u>(5,670)</u>	<u>(11,908)</u>
Long-term borrowings	<u>\$ 26,994,330</u>	<u>\$ 27,938,092</u>
Interest rate range of credit loans	1.49%-2.12%	0.65%-0.82%
Interest rate range of commercial papers payable	0.60%-1.79%	0.60%-0.91%

1) The credit loans are payable in New Taiwan dollars. Repayment of principal will be made in full on maturity together with interest payment. Under some contracts, loans are treated as revolving credit facilities, and the maturity dates of the loans are based on the terms as specified in the contracts. The repayment dates of the loans are no later than November 2025.

2) The commercial papers payable are treated as revolving credit facilities under contracts. The repayment dates of the long-term commercial papers payable are no later than December 2025.

3) As of December 31, 2022 and 2021, the perpetual long-term borrowings were \$8,999,709 thousand and \$5,498,631 thousand, respectively.

16. BONDS PAYABLE

	December 31	
	2022	2021
Unsecured domestic bonds	\$ 29,800,000	\$ 35,000,000
Unamortized costs of issuance	(21,607)	(21,862)
	<u>29,778,393</u>	<u>34,978,138</u>
Less: Current portion	(2,999,647)	(9,699,516)
	<u>\$ 26,778,746</u>	<u>\$ 25,278,622</u>

In January 2022, the Company repaid \$5,200,000 thousand, the amount due for the first unsecured domestic bonds of 2016. In April 2022, the Company repaid \$4,500,000 thousand, the amount due for the first unsecured domestic bonds of 2017.

On June 4, 2021, the Company issued the first unsecured domestic bonds of 2021 with an aggregate principal amount of \$1,200,000 thousand. On March 29, 2022, the Company issued the first unsecured domestic bonds of 2022 with an aggregate principal amount of \$2,700,000 thousand. On September 8, 2022, the Company issued the second unsecured domestic bonds of 2022 with an aggregate principal amount of \$1,800,000 thousand.

As of December 31, 2022, the perpetual long-term bonds were \$4,493,956 thousand.

As of December 31, 2022 and 2021, the perpetual financial borrowings including long-term borrowings and bonds payable, accounted for 23% and 10%, respectively, of the Company's total borrowings, see Notes 15 and 16.

For details of bonds payable as of December 31, 2022, refer to Statements of Major Accounting Items Statement 7.

17. OTHER LIABILITIES

	December 31	
	2022	2021
<u>Current</u>		
Other payables		
Salaries and bonuses	\$ 1,344,697	\$ 1,421,640
Acquisition of properties	1,707,539	1,385,219
Commission	822,924	772,790
Maintenance fees	312,326	321,492
Compensation of employees and remuneration of directors	317,862	288,419
Advertising fees	307,306	228,544
Others	<u>866,055</u>	<u>930,785</u>
	<u>\$ 5,678,709</u>	<u>\$ 5,348,889</u>
<u>Noncurrent</u>		
Others noncurrent liabilities	<u>\$ 4,705,894</u>	<u>\$ 3,295,761</u>

Other noncurrent liabilities are comprised mainly of government grants related to assets, which are recognized as deferred revenue in accordance with the relevant accounting policy and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

18. PROVISIONS

	December 31	
	2022	2021
Current		
Dismantling obligation	\$ 14,827	\$ 14,827
Product warranty	<u>22,862</u>	<u>26,385</u>
	<u>\$ 37,689</u>	<u>\$ 41,212</u>
Noncurrent		
Dismantling obligation	<u>\$ 604,990</u>	<u>\$ 566,917</u>
	Dismantling Obligation	Product Warranty
Balance at January 1, 2022	\$ 581,744	\$ 26,385
Additional provisions recognized	45,544	277
Reductions arising from payments	<u>(7,471)</u>	<u>(3,800)</u>
	<u>\$ 619,817</u>	<u>\$ 22,862</u>
Balance at December 31, 2021	\$ 484,217	\$ 22,769
Additional provisions recognized	104,441	10,959
Reductions arising from payments	<u>(6,914)</u>	<u>(7,343)</u>
	<u>\$ 581,744</u>	<u>\$ 26,385</u>
Balance at December 31, 2021		

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (the "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 plan

The defined benefit plan 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 six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages 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 were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 1,627,708	\$ 1,689,542
Fair value of plan assets	<u>(1,228,331)</u>	<u>(1,156,496)</u>
Net defined benefit liabilities	<u>\$ 399,377</u>	<u>\$ 533,046</u>
Movements in net defined benefit liabilities (assets) were as follows:		
	Present Value of the Defined Benefit Obligation	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	\$ 1,689,542	\$ 533,046
Service cost		
Current service cost	10,431	10,431
Net interest expense (income)	<u>12,542</u>	<u>3,877</u>
Recognized in profit or loss	<u>22,973</u>	<u>14,308</u>
Remeasurement		
Return on plan assets (excluding amounts included in net interest)	-	(88,610)
Actuarial gain - changes in financial assumptions	(81,701)	(81,701)
Actuarial loss - experience adjustments	<u>55,795</u>	<u>55,795</u>
Recognized in other comprehensive income	<u>(25,906)</u>	<u>(114,516)</u>
Contributions from the employer	-	(31,740)
Benefits paid	<u>(58,901)</u>	<u>(1,721)</u>
Balance at December 31, 2022	<u>\$ 1,627,708</u>	<u>\$ 399,377</u>
	<u>\$ (1,228,331)</u>	<u>\$ (1,156,496)</u>

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2021	\$ 1,632,994	\$ (1,123,905)	\$ 509,089
Service cost			
Current service cost	9,332	-	9,332
Net interest expense (income)	12,126	(8,427)	3,699
Recognized in profit or loss	21,458	(8,427)	13,031
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(11,615)	(11,615)
Actuarial loss - changes in demography assumptions	37,173	-	37,173
Actuarial loss - experience adjustments	17,796	-	17,796
Recognized in other comprehensive income	54,969	(11,615)	43,354
Contributions from the employer	-	(31,733)	(31,733)
Benefits paid	(19,879)	19,184	(695)
Balance at December 31, 2021	\$ 1,689,542	\$ (1,156,496)	\$ 533,046 (Concluded)

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 should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the corporate/government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated 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 were as follows:

	December 31	
	2022	2021
Discount rate	1.50%	0.75%
Expected rate of salary increase	1.75%	1.50%

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 would increase (decrease) as follows:

	December 31	
	2022	2021
Discount rates		
0.25% increase	\$ (39,265)	\$ (43,696)
0.25% decrease	\$ 39,401	\$ 45,304
Expected rates of salary increase/decrease		
0.25% increase	\$ 39,211	\$ 44,858
0.25% decrease	\$ (39,273)	\$ (43,490)

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

	December 31	
	2022	2021
The expected contributions to the plan for the next year	\$ 32,295	\$ 32,209
The average duration of the defined benefit obligation	9.9 years	10.6 years

20. EQUITY

a. Capital stock

1) Common stock

	December 31	
	2022	2021
Stock authorized (in thousands)	4,200,000	4,200,000
Capital authorized	\$ 42,000,000	\$ 42,000,000
Issued and fully paid stock (in thousands)	3,258,501	3,258,501
Issued capital	\$ 32,585,008	\$ 32,585,008

Issued common stock, which have a par value of NT\$10, entitle their holders to one vote per share and a right to dividends.

2) Global depositary receipts (GDRs)

Since 2004, some of Company's issued common stocks have been traded on the Luxembourg Stock Exchange in the form of GDRs. One GDR unit represents 15 shares of Company's common stocks. On May 6, 2021, the board of directors of Company resolved to cease the trading of Company's issued common stocks on the Luxembourg Stock Exchange in the form of GDRs. The GDRs have been delisted on July 26, 2021. However, the holders of GDRs can request redemption through the depositary trust company until July 28, 2022. As of December 31, 2022, there was no outstanding units of GDRs. As of December 31, 2022, there was 194 thousand outstanding units of GDRs, representing 2,917 thousand common stocks.

b. Capital surplus

	December 31	
	2022	2021
From business combinations	\$ 351	\$ 2,375,798
Share of changes in equities of associates	14,083	14,042
Changes in ownership interest of a subsidiary	11,732	-
Share-based payment transaction	199	-
	<u>\$ 26,365</u>	<u>\$ 2,389,840</u>

Capital surplus from business combinations may be used to offset a deficit. When the Company has no deficit, such capital surplus may be distributed as cash dividends or may be transferred to capital stock once a year within a certain percentage of the Company's paid-in capital. Capital surplus from share of changes in equities of associates may be used to offset a deficit only. Share-based payment transaction may not be used for any purpose.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's articles of incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses in previous years, setting aside 10% of the net profit after tax plus the items other than the net profit after tax which is included in the current year's retained earnings as legal reserve, 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 stockholders' meeting for the distribution of dividends and bonuses to stockholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to Note 22 f. compensation of employees and remuneration of directors.

At least 50% of the balance of net income less accumulated deficit, legal reserve and special reserve should be appropriated as dividends. The cash dividends should be at least 50% of total dividends declared. The adjustment of this percentage may be approved by the stockholders depending on the cash requirements for any significant future capital expenditures or plans to improve the financial structure.

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

Under Rule No. 1090150022 and Rule No. 10901500221 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", Far EastTone should appropriate or reverse a special reserve.

The appropriations of earnings for 2021 and 2020, which have been approved in the stockholders' meetings on June 14, 2022 and July 22, 2021, respectively, were as follows:

	For the Year Ended December 31	
	2021	2020
Legal reserve	\$ 914,759	\$ 822,798
Special reserve	578,021	124,528
Cash dividends	7,654,218	7,279,491
Cash dividends per share (NT\$)	2.349	2.234

In addition to distributing cash dividends at NT\$2,349 and NT\$2,234 per share from the unappropriated earnings or the years ended December 31, 2021 and 2020, Far EastTone's stockholders also approved the cash distribution of \$2,375,447 thousand and \$3,310,637 thousand from the additional paid-in capital from business combinations at NT\$0.729 and NT\$1.016 per share. Moreover, the stockholders also approved \$560,462 thousand from the legal reserve at NT\$0.172 per share for the year ended December 31, 2021. Therefore, Far EastTone's stockholders received NT\$3.25 per share in both 2022 and 2021.

The appropriation of earnings for 2022, which had been proposed by the Company's board of directors on February 15, 2023, was as follows:

	For the Year Ended December 31, 2022
Legal reserve	\$ 964,929
Special reserve	933,501
Cash dividends	7,751,973
Cash dividends per share (NT\$)	2.379

In addition to distributing cash dividends at NT\$2.379 per share from the unappropriated earnings, the Company's board of directors proposed the cash distribution of \$2,838,154 thousand from the legal reserve at NT\$0.871. Therefore, the Company's stockholders will receive NT\$3.25 per share in 2023.

The appropriation of earnings for 2022 is subject to the resolution of the stockholders in the stockholders' meeting which is to be held on May 31, 2023.

d. Special reserve

	For the Year Ended December 31	
	2022	2021
Beginning balance	\$ 723,516	\$ 598,988
Appropriation (reversal) in respect of Application of the fair value model for investment properties	(156,474)	24,645
Debits to other equity items	<u>734,495</u>	<u>99,883</u>
Ending balance	<u>\$ 1,301,537</u>	<u>\$ 723,516</u>

e. Other equity items

Adjustments to other equity items for the years ended December 31, 2022 and 2021 are summarized as follows:

	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gains and Losses on Financial Assets at Fair Value through Other Comprehensive Income	Gains and Losses on Hedging Instruments	Gain on Property Revaluation	Total
For the year ended December 31, 2022					
Beginning balance					
Recorded as adjustments to stockholders' equity	\$ (36,747)	\$ (799,017)	\$ 1,386	\$ -	\$ (834,378)
Share of the other comprehensive income of subsidiaries and associates	-	(1,193,950)	-	32,330	(1,161,620)
	64,107	140,685	1,365	16,065	222,222
Ending balance	<u>\$ 27,360</u>	<u>\$ (1,852,282)</u>	<u>\$ 2,751</u>	<u>\$ 48,395</u>	<u>\$ (1,773,776)</u>
For the year ended December 31, 2021					
Beginning balance					
Recorded as adjustments to stockholders' equity	\$ (20,598)	\$ (75,931)	\$ (3,354)	\$ -	\$ (99,883)
Share of the other comprehensive income of subsidiaries and associates	-	(843,840)	-	-	(843,840)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal by subsidiaries	(16,149)	178,809	4,740	-	167,400
	-	(58,055)	-	-	(58,055)
Ending balance	<u>\$ (36,747)</u>	<u>\$ (799,017)</u>	<u>\$ 1,386</u>	<u>\$ -</u>	<u>\$ (834,378)</u>

21. REVENUE

For the Year Ended December 31

	2022	2021
Contract revenue		
Sales of inventories	\$ 18,489,120	\$ 19,109,980
Telecommunications service revenue	40,632,383	39,109,106
Other revenue	5,144,406	4,129,698
	64,265,909	62,348,784
Other operating revenue	1,768,891	1,767,339
	<u>\$ 66,034,800</u>	<u>\$ 64,116,123</u>

a. Contract information

Refer to Note 4 - revenue recognition for information on revenue recognition for contracts.

b. Contract balances

December 31, 2022

December 31, 2021

January 1, 2021

Contract assets			
Bundle sale of goods	\$ 7,987,038	\$ 7,570,619	\$ 7,274,473
Others	769,487	1,110,146	861,685
Less: Allowance for impairment loss	(145,515)	(148,515)	(135,925)
	<u>\$ 8,611,010</u>	<u>\$ 8,532,250</u>	<u>\$ 8,000,233</u>
Contract assets - current	\$ 4,940,538	\$ 5,169,580	\$ 4,778,317
Contract assets - noncurrent	3,670,472	3,362,670	3,221,916
	<u>\$ 8,611,010</u>	<u>\$ 8,532,250</u>	<u>\$ 8,000,233</u>
Contract liabilities			
Goods	\$ 91,885	\$ 121,930	\$ 161,462
Services	12,865,904	12,845,310	1,652,953
	<u>\$ 12,957,789</u>	<u>\$ 12,967,240</u>	<u>\$ 1,814,415</u>
Contract liabilities - current	\$ 2,767,771	\$ 2,515,910	\$ 1,814,415
Contract liabilities - noncurrent	10,190,018	10,451,330	-
	<u>\$ 12,957,789</u>	<u>\$ 12,967,240</u>	<u>\$ 1,814,415</u>

For details of accounts receivable, refer to Note 8.

The Company provides frequency and network sharing services for APTC through a part of 5G spectrum and related cell sites. The consideration received from APTC is included in contract liabilities and revenue is recognized over the useful lives of the assets used in providing frequency and network sharing services.

The changes in the balances of contract assets and contract liabilities primarily resulted from the timing difference between the Company's satisfaction of performance obligations and the respective customer's payment; other significant changes are as follows:

For the Year Ended December 31

	2022	2021
Contract assets		
Transfers of beginning balance to accounts receivable	\$ (5,347,002)	\$ (4,992,730)

The Company measures the loss allowance for contract assets at an amount equal to lifetime ECLs. The expected credit losses on contract assets are estimated using an allowance matrix by reference to past default experience with the debtor and an analysis of the debtor's current financial position, adjusted for the general economic conditions of the industry in which the debtor operates, the unemployment rate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

e. Partially completed contracts

The transaction prices, excluding any estimated amounts of variable consideration that are constrained, allocated to the performance obligations that are not fully satisfied and the expected timing for recognition of revenue are as follows:

	December 31	
	2022	2021
Telecommunications service contracts		
Fulfillment in 2022	\$ -	\$ 15,536,377
Fulfillment in 2023	14,729,243	8,519,891
Fulfillment in 2024 and beyond	10,723,911	2,378,216
	<u>\$ 25,453,154</u>	<u>\$ 26,434,484</u>

The disclosure does not include revenue from contracts of which the timing of revenue recognition is not affected by price allocation.

22. NET INCOME

The items included in net income are as follows:

	For the Year Ended December 31	
	2022	2021
a. Other income		
Management service revenue	\$ 45,927	\$ 46,892
Interest income	39,056	26,704
Government grants	36,478	32,410
Rental income	34,216	40,133
Dividend income	19,194	27,066
	<u>\$ 174,871</u>	<u>\$ 173,205</u>
b. Other gains and losses		
Communication records and others	<u>\$ 92,462</u>	<u>\$ 52,479</u>
c. Depreciation and amortization		
Property, plant and equipment	\$ 6,677,893	\$ 6,306,443
Right-of-use assets	3,367,226	3,358,594
Intangible assets	952,579	925,975
	<u>\$ 10,997,698</u>	<u>\$ 10,591,012</u>

(Continued)

	December 31	
	2022	2021
Expected credit loss rate	0.06%-8.61%	0.05%-8.93%
Gross carrying amount	\$ 8,756,525	\$ 8,680,765
Allowance for impairment loss (Lifetime ECLs)	<u>(145,515)</u>	<u>(148,515)</u>
	<u>\$ 8,611,010</u>	<u>\$ 8,532,250</u>

The movements of the loss allowance of contract assets are as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 148,515	\$ 135,925
Add: Net remeasurement of loss allowance	<u>(3,000)</u>	<u>12,590</u>
Balance at December 31	<u>\$ 145,515</u>	<u>\$ 148,515</u>

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year is as follows:

	For the Year Ended December 31	
	2022	2021
From contract liabilities at the start of the year		
Goods	\$ 116,237	\$ 158,585
Services	<u>1,546,861</u>	<u>907,555</u>
	<u>\$ 1,663,098</u>	<u>\$ 1,066,140</u>

c. Assets related to contract costs

	December 31	
	2022	2021
Noncurrent		
Incremental costs of obtaining a contract	<u>\$ 4,392,418</u>	<u>\$ 4,571,612</u>

The Company considered its past experience and believes the commission and subsidies paid for obtaining contracts are wholly recoverable. Total expenses recognized were \$3,573,748 thousand and \$3,697,696 thousand for the years ended December 31, 2022 and 2021, respectively.

d. Disaggregation of revenue

Refer to Statements of Major Accounting Items Statement 9 for information about the disaggregation of revenue.

	For the Year Ended December 31	
	2022	2021
Depreciation expense categorized by function		
Operating costs	\$ 9,334,412	\$ 8,850,267
Operating expenses	<u>710,707</u>	<u>814,770</u>
	\$ 10,045,119	\$ 9,665,037
Amortization expense categorized by function		
Operating costs	\$ 123,058	\$ 133,904
Marketing expenses	<u>257,128</u>	<u>256,142</u>
General and administrative expenses	<u>572,393</u>	<u>535,929</u>
	\$ 952,579	\$ 925,975
		(Concluded)

d. Financial costs

	For the Year Ended December 31	
	2022	2021
Interest on financial liabilities measured at amortized cost	\$ 641,646	\$ 669,580
Interest on lease liabilities	<u>62,543</u>	<u>62,420</u>
Other financial costs	<u>4,127</u>	<u>4,269</u>
	\$ 708,316	\$ 736,269

e. Employee benefits expense

	For the Year Ended December 31, 2022		
	Operating Costs	Operating Expenses	Costs or Expenses Deduction Total
Retirement benefits			
Defined contribution plans	\$ 35,453	\$ 171,683	\$ 32,825
Defined benefit plans	<u>2,449</u>	<u>11,859</u>	<u>-</u>
Other employee benefits			
Salary	711,092	3,434,636	1,098,964
Insurance	<u>61,435</u>	<u>333,890</u>	<u>78,039</u>
Remuneration of directors	-	<u>88,781</u>	-
Others	<u>17,322</u>	<u>194,946</u>	<u>28,824</u>
	\$ 827,751	\$ 4,235,795	\$ 1,238,652
			\$ 6,302,198

	For the Year Ended December 31, 2021		
	Operating Costs	Operating Expenses	Costs or Expenses Deduction Total
Retirement benefits			
Defined contribution plans	\$ 34,815	\$ 172,950	\$ 33,158
Defined benefit plans	<u>2,184</u>	<u>10,847</u>	<u>-</u>
Other employee benefits			
Salary	558,678	3,550,820	1,179,848
Insurance	<u>54,311</u>	<u>360,835</u>	<u>82,329</u>
Remuneration of directors	-	<u>80,918</u>	-
Others	<u>14,532</u>	<u>198,222</u>	<u>31,463</u>
	\$ 664,520	\$ 4,374,592	\$ 1,326,798
			\$ 6,365,910

The average numbers of employees of the Company were 5,301 and 5,494, both of which include 11 directors not serving concurrently as employees, for the years ended December 31, 2022 and 2021, respectively.

The average employee benefit expenses were \$1,175 thousand and \$1,146 thousand for the years ended December 31, 2022 and 2021, respectively. The average salary expenses were \$991 thousand and \$965 thousand for the years ended December 31, 2022 and 2021, respectively. The average salary expenses increased by 2.8% in 2022 compared to the previous year.

The remuneration of directors and management personnel are evaluated and reviewed by the remuneration committee periodically. For compensation of employees, the Company conducts salary surveys annually and reviews employees' salary levels regularly to offer its employees competitive compensation.

f. Compensation of employees and remuneration of directors

The Company distributes compensation of employees and remuneration of directors at rates of 1% to 2% and no higher than 1%, respectively, of income before income tax, compensation of employees and remuneration of directors. For the years ended December 31, 2022 and 2021, the compensation of employees and the remuneration of directors represented 2% and 0.72%, respectively, of income before income tax, compensation of employees and remuneration of directors.

The accrued compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Compensation of employees	\$ 233,722	\$ 212,073
Remuneration of directors	<u>\$ 84,140</u>	<u>\$ 76,346</u>

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 accounting estimate.

There was no difference between the amounts of compensation of employees and the remuneration of directors resolved by the board of directors and the respective 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 resolved by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

23. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Year Ended December 31, 2022	2021
Current tax	\$ 1,795,997	\$ 1,214,966
Deferred tax	(35,635)	(23,534)
Income tax expense recognized in profit or loss	\$ 1,760,362	\$ 1,191,432

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

	For the Year Ended December 31, 2022	2021
Income before tax	\$ 11,368,257	\$ 10,315,227
Income tax expense computed at the statutory tax rate	\$ 2,273,651	\$ 2,063,045
Add (deduct) tax effects of:		
Non-deductible (deductible) items in determining taxable income	(576,482)	(675,298)
Tax-exempt dividends	(3,839)	(5,413)
Others	800	470
Prior year's adjustments	66,232	(191,372)
Income tax expense recognized in profit or loss	\$ 1,760,362	\$ 1,191,432

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31, 2022	2021
Deferred tax		
In respect of the current year	\$ 22,903	\$ (8,671)
Remeasurement of defined benefit plan	(3,258)	-
Gain on property revaluation	\$ 19,645	\$ (8,671)

c. Deferred income tax assets and liabilities

The movements of deferred income tax assets and deferred income tax liabilities were as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred income tax assets				
Allowance for impairment loss	\$ 315,600	\$ (3,388)	\$ -	\$ 312,212
Defined benefit obligation	105,035	(3,831)	(22,903)	78,301
Others	344,578	43,478	4,927	392,983
	\$ 765,213	\$ 36,259	\$ (17,976)	\$ 783,496
Deferred income tax liabilities				
Amortization of goodwill	\$ 2,056,606	\$ -	\$ -	\$ 2,056,606
Investment properties	16,748	624	1,669	19,041
	\$ 2,073,354	\$ 624	\$ 1,669	\$ 2,075,647

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred income tax assets				
Allowance for impairment loss	\$ 284,370	\$ 31,230	\$ -	\$ 315,600
Defined benefit obligation	100,244	(3,880)	8,671	105,035
Others	347,902	(3,324)	-	344,578
	\$ 732,516	\$ 24,026	\$ 8,671	\$ 765,213
Deferred income tax liabilities				
Amortization of goodwill	\$ 2,056,606	\$ -	\$ -	\$ 2,056,606
Investment properties	16,256	492	-	16,748
	\$ 2,072,862	\$ 492	\$ -	\$ 2,073,354

d. Income tax assessments

Income tax returns of the Company through 2020 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

The earnings and weighted average number of common stock used in the calculation of earnings per share were as follows:

Net Income for the Year

	For the Year Ended December 31 2022	2021
Net income	\$ 9,607,895	\$ 9,123,795
Effect of potentially dilutive common stock: Compensation of employees	-	-
Earnings used in the calculation of diluted earnings per share	\$ 9,607,895	\$ 9,123,795

Weighted Average Number of Common Stock Outstanding

	(In Thousands of Shares)	
	For the Year Ended December 31	
	2022	2021
Weighted average number of common stock used in the calculation of basic earnings per share	3,258,501	3,258,501
Effect of potentially dilutive common stock:		
Compensation of employees	<u>4,012</u>	<u>3,802</u>
Weighted average number of common stock used in the calculation of diluted earnings per share	<u>3,262,513</u>	<u>3,262,303</u>

Since the Company offered to settle compensation paid to employees in cash or stock, the Company assumed the entire amount of the compensation would be settled in stock and the resulting potential stock were included in the weighted average number of common stock outstanding used in the calculation of diluted earnings per share, if the effect was dilutive. Such dilutive effect of the potential stock was included in the calculation of diluted earnings per share until the number of stock to be distributed to employees is resolved in the following year.

25. CASH FLOW INFORMATION

- a. Changes in liabilities arising from financing activities (including noncash transactions)

For the years ended December 31, 2022 and 2021, changes in liabilities arising from financing activities, including noncash transactions, were as follows:

For the year ended December 31, 2022						
	Balance on January 1, 2022	Cash Flows from Financing Activities	Changes in Noncash Transactions New Leases	Others	Cash Flows from Operating Activities - Interest Paid	Balance on December 31, 2022
Lease liabilities (including the current and noncurrent portion)	\$ 7,488,622	\$ (3,272,047)	\$ 3,404,294	\$ (145,582)	\$ (62,543)	\$ 7,409,244

For the year ended December 31, 2021

	Balance on January 1, 2021	Cash Flows from Financing Activities	Changes in Noncash Transactions - New Leases	Others	Balance on December 31, 2021
Lease liabilities (including the current and noncurrent portion)	\$ 7,770,145	\$ (3,299,237)	\$ 3,189,702	\$ (109,568)	\$ 7,488,622
				\$ (62,420)	\$ 7,426,202

26. CAPITAL MANAGEMENT

The Company is required to maintain sufficient capital to meet the minimum paid-in capital requirements for the telecommunications industry, and to finance the upgrade of its telecommunications network. Thus, the Company's capital management focuses on its operating plan to ensure good profitability and financial structure and to meet the demand for working capital, capital expenditures, debt repayment and dividends for the next 12 months.

27. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments that are not measured at fair value

- 1) Financial liabilities recognized in the financial statements with material differences between their carrying amounts and their fair values

	December 31			
	2022		2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities				
Bonds payable	\$ 29,778,393	\$ 29,785,270	\$ 34,978,138	\$ 35,137,183
2) Fair value hierarchy				

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>				
Bonds payable	<u>\$ 29,785,270</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,785,270</u>
	December 31, 2021			
	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>				
Bonds payable	\$ 35,137,183	\$ -	\$ -	\$ 35,137,183

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

	December 31, 2022			Total
	Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss				
Trade fair investment agreement	\$ -	\$ -	\$ 3,840	\$ 3,840
Financial assets at fair value through other comprehensive income				
Stock in domestic listed company through private placement	\$ -	\$ 3,050,000	\$ -	\$ 3,050,000
Domestic unlisted common stock	\$ -	\$ -	\$ 556,612	\$ 556,612
	Level 1	Level 2	Level 3	Total
		December 31, 2021		
Financial assets at fair value through other comprehensive income				
Stock in domestic listed company through private placement	\$ -	\$ 4,110,000	\$ -	\$ 4,110,000
Domestic unlisted common stock	\$ -	\$ -	\$ 690,562	\$ 690,562

There were no transfers of financial assets between the fair value measurements of Level 1 and Level 2 for the years ended December 31, 2022 and 2021.

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

	Financial assets at Fair Value Through Profit or Loss	
	December 31	
	2022	2021
Beginning balance	\$ -	\$ -
Additions	3,840	-
Ending balance	\$ 3,840	\$ -

	Financial Instruments at Fair Value Through Other Comprehensive Income	
	December 31	
	2022	2021
Beginning balance	\$ 690,562	\$ 615,852
Additions	-	50,000
Recognized in other comprehensive income	(133,950)	46,160
Remittance of cash due to capital reduction	-	(21,450)
Ending balance	\$ 556,612	\$ 690,562

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

Financial Instrument	Valuation Techniques and Inputs
Stock in domestic listed company through private placement	Transaction method of market approach referring to the weighted average of stock prices, net worth and the ratio of stock price to net worth of comparable companies traded in active market, and with consideration of liquidity premium.

4) Valuation techniques and inputs used for Level 3 fair value measurement

Financial Instrument	Valuation Techniques and Inputs
Domestic/foreign unlisted common stock	a) Asset-based approach. Valuation based on the fair value of an investee, calculated through each investment of the investee using the income approach, market approach or a combination of the two approaches, while also taking the liquidity premium into consideration. b) Transaction method of market approach. The approach is a valuation strategy that looks at market ratios of companies with similar profitability at the end of the reporting period, while taking the liquidity premium into consideration.
Trade fair investment agreement	Income approach. The discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived.

c. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	\$ 3,840	\$ -
Financial assets at amortized cost (Note 1)	11,072,937	9,235,309
Financial assets at fair value through other comprehensive income	3,606,612	4,800,562
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	78,803,056	84,346,176

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable, accounts receivable (including related parties), other receivables (including related parties), refundable deposits and other financial assets.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term bills payable, notes payable, accounts payable (including related parties), other payables (including related parties), bonds payable (including current portion), long-term borrowings (including current portion) and guarantee deposits received.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity and debt investments, accounts receivable, accounts payable, bonds payable and borrowings. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include currency risk, interest rate risk, credit risk and liquidity risk. In order to reduce financial risk, the Company is committed to identify, assess and avoid the uncertainty of the market and reduce the potential downside effects of market changes against the Company's financial performance.

The Company's significant financial activities are reviewed by the Company's board of directors in accordance with the related rules and internal control system. The Company should implement the overall financial management objective as well as observe the levels of delegated authority and ensure that those with delegated authority carry out their duties.

1) Market risk

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

a) Foreign currency risk

The Company owns foreign currency-denominated assets and enters into transactions where expected future purchases or payments are denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed through investing in foreign currency deposits at the appropriate time.

Sensitivity analysis

The Company was mainly exposed to the U.S. dollar.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar (NTD) against the U.S. dollar. The sensitivity rate of 5% is used when reporting foreign currency risk internally to key management personnel, and it represents management's basis for assessing the reasonably possible changes in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, for which their translation at the end of the reporting period is adjusted for a 5% change in foreign currency rates. The negative number shown in the currency impact table below indicates a decrease in pre-tax profit associated with the NTD strengthening 5% against the U.S. dollar. For a 5% weakening of the NTD against the U.S. dollar, there would be an equal and opposite impact on pre-tax profit, and the balances below would be positive.

	USD Impact	
	For the Year Ended December 31	2021
	2022	
5% change in profit or loss		
USD	\$ (45,344)	\$ (32,866)

b) Interest rate risk

The Company is exposed to interest rate risk because it borrows loans at both fixed and floating interest rates. To manage this risk, the Company maintains an appropriate mix of fixed and floating rate borrowings.

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

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 1,044,907	\$ 1,019,575
Financial liabilities	56,822,572	68,630,508
Cash flow interest rate risk		
Financial assets	2,260,614	1,484,290
Financial liabilities	19,100,000	13,000,000

Sensitivity analysis

The sensitivity analysis described below was based on the Company's exposure to interest rates for financial assets and financial liabilities at the end of the reporting period. An increase or decrease of 25 basis points 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. For the financial assets and financial liabilities with fixed interest rates, their fair values will change as the market interest rates change. For the financial assets and financial liabilities with floating interest rates, their effective interest rates will change as the market interest rates change.

Had interest rates been 25 basis points higher/lower and all other variables been held constant, the income before income tax for the years ended December 31, 2022 and 2021 would have decreased/increased by \$42,098 thousand and \$28,789 thousand, respectively, which were mainly affected by bank deposits and borrowings with floating interest rates.

c) Other price risk

The Company is exposed to equity price risks through its equity investments in stock in domestic listed company obtained through private placement and domestic unlisted common stock. The Company manages the risk by holding a portfolio of investments with different risk levels. In addition, the Company has appointed a special team to monitor the price risk.

Sensitivity analysis

The following sensitivity analysis was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$180,331 thousand and \$240,028 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

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. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to the failure of the counterparties to discharge their obligation and due to the financial guarantees provided by the Company arises from the carrying amounts of the respective recognized financial assets as stated in the balance sheets.

The Company has a policy of dealing only with creditworthy counterparties. The credit lines of those counterparties were granted through credit analysis and investigation based on the information supplied by independent rating agencies. The counterparties' transaction type, financial position and collateral are also taken into consideration. All credit lines have expiration dates and are subject to reexamination before any extension is granted.

The Company transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, the management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. The Company's unutilized overdraft and bank loan facilities amounted to \$55,335,759 thousand and \$57,998,936 thousand as of December 31, 2022 and 2021, respectively.

The table below summarizes the maturity profile of the Company's financial liabilities based on undiscounted contractual payments but does not include the financial liabilities with carrying amounts that approximated contractual cash flows:

December 31, 2022

Other payables - related parties	\$ 10,500,000	\$ 10,542,115	\$ 10,542,115	\$ -	\$ -
Short-term bills payable	999,512	1,000,000	1,000,000	-	-
Long-term borrowings	26,994,330	27,666,808	339,995	27,326,813	-
Bonds payable	29,778,393	30,982,380	3,262,115	24,734,190	2,986,075
Lease liabilities	7,409,244	7,538,377	2,671,230	4,827,736	39,411
	<u>\$ 75,681,479</u>	<u>\$ 77,729,680</u>	<u>\$ 17,815,455</u>	<u>\$ 56,888,739</u>	<u>\$ 3,025,486</u>

December 31, 2021

Other payables - related parties	\$ 11,000,000	\$ 11,036,546	\$ 11,036,546	\$ -	\$ -
Long-term borrowings	27,938,092	28,026,693	58,482	27,968,211	-
Bonds payable	34,978,138	35,995,890	10,028,370	19,688,095	6,279,425
Lease liabilities	7,488,622	7,576,139	2,665,504	4,857,004	53,631
	<u>\$ 81,404,852</u>	<u>\$ 82,635,268</u>	<u>\$ 23,788,902</u>	<u>\$ 52,513,310</u>	<u>\$ 6,333,056</u>

Additional information about the maturity analysis for financial liabilities:

	December 31, 2022	December 31, 2021			
Within 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	
Long-term borrowings	\$ 339,995	\$ 27,326,813	\$ -	\$ -	\$ -
Bonds payable	3,262,115	24,734,190	2,986,075	-	-
Lease liabilities	2,671,230	4,827,736	39,263	98	50
	<u>\$ 6,273,340</u>	<u>\$ 56,888,739</u>	<u>\$ 3,025,338</u>	<u>\$ 98</u>	<u>\$ 50</u>

	December 31, 2021	December 31, 2020			
Within 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	
Bonds payable	\$ 10,028,370	\$ 19,688,095	\$ 6,279,425	\$ -	\$ -
Lease liabilities	2,665,504	4,857,004	53,501	81	49
	<u>\$ 12,693,874</u>	<u>\$ 24,545,099</u>	<u>\$ 6,332,926</u>	<u>\$ 81</u>	<u>\$ 49</u>

28. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in other notes, details of transactions between the Company and its related parties are disclosed below.

a. The Company's related parties and their relationships

Related Party	Relationship with the Company
Far Eastern New Century Corporation (FENC)	Ultimate parent company
ARCOA Communication Co., Ltd. (ARCOA)	Subsidiary
DataExpress Infotech Co., Ltd. (DataExpress)	Subsidiary of ARCOA
Home Master Technology Ltd.	Subsidiary of DataExpress
Far Eastern Info Service (Holding) Ltd.	Subsidiary
KGEx.com Co., Ltd.	Subsidiary
Yuan Cing Co., Ltd. (Yuan Cing)	Subsidiary
Yuanshi Digital Technology Co., Ltd. (YSDT)	Subsidiary
FarEastOne Property Insurance Agent Co., Ltd	Subsidiary
Yuan Bao Fintech Co., Ltd.	Subsidiary (dissolved on September 15, 2021 due to the merger with the Company)
New Century InfoComm Tech Co., Ltd. (NCIC)	Subsidiary
Nextlink Technology Co., Ltd. (Nextlink)	Subsidiary of NCIC
Microfusion Technology Co., Ltd.	Subsidiary of Nextlink
Nextlink (HK) Technology Co., Ltd. (Nextlink (HK))	Subsidiary of Nextlink
Microfusion (HK) Technology Co., Ltd.	Subsidiary of Nextlink
Nextlink (Shanghai) Technology Co., Ltd.	Subsidiary of Nextlink (HK)
Prime EcoPower Co., Ltd.	Subsidiary of NCIC
Information Security Service Digital United Inc.	Subsidiary of NCIC
New Diligent Co., Ltd. (New Diligent)	Subsidiary of NCIC
Sino Lead Enterprise Limited	Subsidiary of New Diligent
New Diligent Hong Kong Co., Ltd.	Subsidiary of New Diligent
Far Eastern New Diligent Company Ltd.	Subsidiary of New Diligent (dissolved in April 2022, with the approval of the local government)
Digital United (Cayman) Ltd. (DU Cayman)	Subsidiary of NCIC
Digital United Information Technologies (Shanghai) Co., Ltd.	Subsidiary of DU Cayman
Far Eastern Electronic Toll Collection Co., Ltd.	Subsidiary of FENC
Ding Ding Integrated Marketing Service Co., Ltd.	Subsidiary of FENC
Far Eastern International Leasing Corp.	Other related party (equity-method investee of subsidiary of FENC)
Telecommunication and Transportation Foundation	Other related party (the Company's donation is over one third of the foundation's fund)
Far Eastern Apparel Co., Ltd.	Subsidiary of FENC
Far Cheng Human Resources Consultant Corp.	Subsidiary of FENC
Far Eastern Resource Development Co., Ltd.	Subsidiary of FENC
Pacific Sogo Department Stores Co., Ltd. (SOGO)	Other related party (the chairman of the related party's parent company is the same as Company's)

(Continued)

Related Party	Relationship with the Company
Far Eastern Big City Shopping Malls Co., Ltd.	Other related party (subsidiary of SOGO)
Far Eastern Citysuper Co., Ltd.	Other related party (the chairman of the related party's parent company is the same as Company's)
Ya Tung Department Store Co., Ltd.	Other related party (the chairman of the related party's parent company is the same as Company's)
Fu Dar Transportation Corporation	Other related party (the chairman of the related party's parent company is the same as Company's)
Fu-Ming Transportation Co., Ltd.	Other related party (the chairman of the related party's parent company is the same as Company's)
YDT Technology International Co., Ltd.	Subsidiary of FENC
Nan Hwa Cement Corporation	Other related party (the chairman of the related party's parent company is the same as Company's)
Ya Tung Ready Mixed Concrete Co., Ltd.	Other related party (the chairman of the related party's parent company is the same as Company's)
Oriental Securities Corporation Ltd.	Other related party (equity-method investee of FENC)
Yuan Ding Co., Ltd.	Subsidiary of FENC
Far Eastern Department Stores Co., Ltd.	Other related party (same chairman as the Company's)
Asia Cement Co., Ltd.	Other related party (same chairman as the Company's)
Oriental Union Chemical Corporation	Other related party (same chairman as the Company's)
Far Eastern Ai Mai Co., Ltd.	Other related party (same chairman as the Company's)
Far Eastern Hospital	Other related party (same chairman as the Company's)
Asia Eastern University of Science and Technology (Oriental Institute of Technology)	Other related party (same chairman as the Company's)
Far Eastern Plaza Hotel	Subsidiary of FENC
Yuan-Ze University	Other related party (same chairman as the Company's)
U-Ming Marine Transport Corporation	Other related party (same chairman as the Company's)
Chiahui Power Corporation	Other related party (same chairman as the Company's)
Far Eastern International Bank (FEIB)	Other related party (the Company's chairman is FEIB's vice chairman)
Oriental Petrochemical (Taiwan) Co., Ltd.	Subsidiary of FENC
Air Liquide Far Eastern Co., Ltd.	Other related party (equity-method investee of FENC)
Far Eastern General Contractor Inc.	Subsidiary of FENC
Oriental Resources Development Limited	Subsidiary of FENC
Far Eastern Leasing Corporation	Other related party (substantive related party)
Far Eastern Fibertech Co., Ltd.	Subsidiary of FENC

(Continued)

The above related parties provide telecommunications operating related services to the Company. The terms and conditions conformed to normal business practices.

d. Property transactions

	For the Year Ended December 31	
	2022	2021
Acquisition of property, plant and equipment and intangible assets		
Subsidiaries of FENC	\$ 2,459	\$ 2,467
Subsidiaries	47,167	32,551
Other related parties	9,371	80,924
	<u>\$ 58,997</u>	<u>\$ 115,942</u>

e. Lease arrangements - the Company is lessee

	For the Year Ended December 31	
	2022	2021
Acquisition of right-of-use assets		
Subsidiaries	\$ -	\$ 159,286
Other related parties	19,191	11,961
	<u>\$ 19,191</u>	<u>\$ 171,247</u>
	December 31	
	2022	2021
Lease liabilities - current		
FENC	\$ -	\$ 968
Subsidiaries of FENC	790	1,755
Subsidiaries	28,989	30,444
Other related parties	12,417	16,477
	<u>\$ 42,196</u>	<u>\$ 49,644</u>
Lease liabilities - noncurrent		
Subsidiaries of FENC	-	1,366
Subsidiaries	69,056	100,876
Other related parties	5,908	5,323
	<u>\$ 74,964</u>	<u>\$ 107,565</u>

Related Party	Relationship with the Company
Far Eastern Realty Management Co., Ltd.	Subsidiary of FENC
Ding & Ding Management Consultant Co., Ltd.	Other related party (substantive related party)
Yuan Hsin Digital Payment Co., Ltd.	Subsidiary of FENC
Far Eastern Memorial Foundation	Other related party (substantive related party)
Far Eastern Medical Foundation	Other related party (substantive related party)
Far Eastern Polyclinic of Far Eastern Medical Foundation	Other related party (same chairman as the Company's)
FETC International Co., Ltd.	Subsidiary of FENC
Kaohsiung Rapid Transit Corporation	Other related party (substantive related party)
Everest Textile Co., Ltd.	Other related party (substantive related party)
Systex Corporation	Other related party (substantive related party)
Oriental Green Materials Limited	Subsidiary of FENC

(Concluded)

b. Operating revenue

	For the Year Ended December 31	
	2022	2021
FENC	\$ 2,121	\$ 2,040
Subsidiaries of FENC	26,427	24,481
Subsidiaries	2,253,404	2,406,896
Other related parties	39,494	37,402
	<u>\$ 2,321,446</u>	<u>\$ 2,470,819</u>

Operating revenue from related parties includes revenue from sales of inventories and mobile telecommunications services, of which the terms and conditions conformed to normal business practices.

c. Operating costs and expenses

	For the Year Ended December 31	
	2022	2021
Operating costs		
FENC	\$ 5,159	\$ 778
Subsidiaries of FENC	5,858	6,830
Subsidiaries	7,657,382	6,300,528
ARCOA	1,994,210	2,214,174
Others	9,651,592	8,514,702
	<u>46,225</u>	<u>44,886</u>
Other related parties	<u>\$ 9,708,834</u>	<u>\$ 8,567,196</u>
Operating expenses		
FENC	\$ 86,063	\$ 97,173
Subsidiaries of FENC	109,138	107,044
Subsidiaries	1,110,938	1,068,050
Other related parties	31,616	30,865
	<u>\$ 1,337,755</u>	<u>\$ 1,303,132</u>

For the Year Ended December 31

	2022	2021
Financial costs		
FENC	\$ 1	\$ 15
Subsidiaries of FENC	25	99
Subsidiaries	734	751
Other related parties	172	208
	<u>\$ 932</u>	<u>\$ 1,073</u>

All the terms and conditions of the above lease contracts conformed to normal business practices.

f. Bank deposits, financial assets at amortized cost and other financial assets

	December 31	2021
	2022	
Other related parties		
FEIB	<u>\$ 797,078</u>	<u>\$ 680,753</u>

The Company had bank deposits in FEIB. These deposits included a portion of the proceeds of the Company's sale of prepaid cards, international calling cards and coffee coupon across supermarkets, which were consigned to FEIB as a trust fund and included in other financial assets - current.

g. Receivables and payables - related parties

	December 31	2021
	2022	
Accounts receivable - related parties		
FENC	\$ 6	\$ 7
Subsidiaries of FENC	1,248	1,529
Subsidiaries	388,403	386,903
Other related parties	<u>4,064</u>	<u>4,537</u>
	<u>\$ 393,721</u>	<u>\$ 392,976</u>
Other receivables - related parties		
FENC	<u>\$ 1</u>	<u>\$ -</u>
Subsidiaries of FENC	<u>4,842</u>	<u>3,497</u>
Subsidiaries		
NCIC	86,023	81,758
Others	27,972	28,993
	<u>113,995</u>	<u>110,751</u>
Other related parties	<u>1,889</u>	<u>4,808</u>
	<u>\$ 120,727</u>	<u>\$ 119,056</u>

(Continued)

December 31

	2022	2021
Accounts payable - related parties		
Subsidiaries of FENC	\$ 316	\$ -
Subsidiaries		
ARCOA	396,738	511,555
Others	27,388	50,715
	<u>424,126</u>	<u>562,270</u>
Other related parties	<u>953</u>	<u>146</u>
	<u>\$ 425,395</u>	<u>\$ 562,416</u>

Other payables - related parties (not including loans from related parties)

FENC	\$ 22,232	\$ 22,294
Subsidiaries of FENC	15,325	66,135
Subsidiaries	721,901	732,678
Other related parties	<u>10,428</u>	<u>9,084</u>
	<u>\$ 769,886</u>	<u>\$ 830,191</u>

(Continued)

h. Refundable deposits

	December 31	2021
	2022	
Refundable deposits		
Subsidiaries of FENC	\$ 21,287	\$ 20,835
Subsidiaries	6,164	6,164
Other related parties	<u>1,371</u>	<u>1,371</u>
	<u>\$ 28,822</u>	<u>\$ 28,370</u>

i. Others

	December 31	2021
	2022	
Management service revenue		
Subsidiaries	<u>\$ 45,927</u>	<u>\$ 46,892</u>
Interest income		
Subsidiaries of FENC	\$ 16	\$ 16
Other related parties		
FEIB	6,647	5,445
Others	<u>4</u>	<u>2</u>
	<u>6,651</u>	<u>5,447</u>
	<u>\$ 6,667</u>	<u>\$ 5,463</u>

(Continued)

30. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments of the Company were as follows:

a. Significant commitments

	December 31	
	2022	2021
Unpaid acquisition of property, plant and equipment and intangible assets under contracts	<u>\$ 10,706,279</u>	<u>\$ 15,592,379</u>
Unpaid acquisition of inventories under contracts	<u>\$ 6,050,230</u>	<u>\$ 3,293,177</u>
b. All lease commitments (the Company as a lessee), including short-term leases, with lease terms commencing after the balance sheet dates are as follows:		
	December 31	
	2022	2021
Lease commitments	<u>\$ 218,312</u>	<u>\$ 246,177</u>

c. In order to maximize the efficiency of utilizing the Company's network and spectrum resources, and to enhance the Company's competitiveness in the 5G markets, on September 4, 2020, the board of directors of the Company resolved to enter into a business cooperation agreement with APTC, which includes issuing new common stock in exchange for part of APTC's shares held by Hon Hai Precision Industry Co., Ltd. (HHPI) under a share swap arrangement on June 30, 2022 after obtaining approval from the competent authority.

d. In order to enhance the competitiveness, expand the business scale and achieve the operating synergy, on February 25, 2022, the Company's board of directors resolved to sign a merger agreement with APTC. Far EastOne will be the surviving company and the share exchange ratio is one share of APTC for 0.0934406 share of the Company. The Company expects to issue 356,681 thousand shares to complete the merger. The record date of the merger, if any, to the agreement will be decided after obtaining approval from the competent authority. The merger was approved by the NCC on January 18, 2022, but is yet to be approved by the Fair Trade Commission. After Far EastOne and APTC have completed the merger, the aforementioned share swap contract with HHPI signed on September 4, 2020 will be terminated.

For the Year Ended December 31

	2022	2021
Rental income Subsidiaries of FENC Subsidiaries	\$ 48	\$ 48
YSDT	5,777	6,991
Yuan Qing	3,062	5,725
NCIC	1,507	3,554
DataExpress	4,093	4,156
Others	1,402	1,509
	<u>15,841</u>	<u>21,935</u>
	<u>\$ 15,889</u>	<u>\$ 21,983</u>
		(Concluded)

All the terms and conditions of the above rental contracts conformed to normal business practices.

j. Loans from related parties (included in other payables - related parties)

	December 31	
	2022	2021
Subsidiaries	<u>\$ 10,500,000</u>	<u>\$ 11,000,000</u>

The Company obtained loans at rates comparable to market interest rates for the loans from NCIC. The interest expense was \$85,782 thousand and \$71,683 thousand for the years ended December 31, 2022 and 2021, respectively.

k. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term benefits	\$ 259,614	\$ 258,133
Post-employment benefits	2,286	2,538
	<u>\$ 261,900</u>	<u>\$ 260,671</u>

The remuneration of directors and key management personnel is determined by the remuneration committee based on the performance of individuals and market trends.

29. ASSETS PLEDGED OR MORTGAGED

Assets pledged or mortgaged, i.e., used as collateral for the purchase of inventories, for transactions with financial institutions and for litigation, were as follows:

	December 31	
	2022	2021
Other financial assets - current	<u>\$ 90,403</u>	<u>\$ 89,401</u>

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the functional currency of the Company and the exchange rates between the foreign currencies and the functional currency were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

(In Thousands, Except Exchange Rate)			
	December 31, 2022		
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 34,182	30.71 (USD:NTD)	\$ 1,049,715
Nonmonetary items			
USD	177	30.71 (USD:NTD)	5,433
<u>Financial liabilities</u>			
Monetary items			
USD	4,651	30.71 (USD:NTD)	142,837
		December 31, 2021	
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 28,048	27.68 (USD:NTD)	\$ 776,373
Nonmonetary items			
USD	176	27.68 (USD:NTD)	4,883
<u>Financial liabilities</u>			
Monetary items			
USD	4,301	27.68 (USD:NTD)	119,059

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

For the Year Ended December 31			
	2022	2021	
	Exchange Rate (Functional Currency: Presentation Currency)	Exchange Rate (Functional Currency: Presentation Currency)	Net Foreign Exchange Gains (Losses)
<u>Foreign Currency</u>			
USD	29,805 (USD:NTD)	\$ 21,974	\$ (4,630)

32. SEPARATELY DISCLOSED ITEMS

- Information about significant transactions
 - Financing provided to others: Schedule A
 - Endorsements/guarantees provided: None
 - Marketable securities held (excluding investment in subsidiaries, associates and joint ventures): Schedule B
 - Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
 - Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
 - Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
 - Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Schedule C
 - Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Schedule D
 - Trading in derivative instruments: None
- Information on investees: Schedule E
- Information on investments in mainland China
 - Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Schedule F
 - Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None
 - The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - The amount of property transactions and the amount of the resultant gains or losses.
 - The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

d. Information on major stockholders: List all stockholders with ownership of 5% or greater showing the name of the stockholder, the number of shares owned, and percentage of ownership of each stockholder: Schedule G

SCHEDULE A

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND INVESTEEES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Year	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Limits (Note)
													Item	Value		
1	New Century InfoComm Tech Co., Ltd.	Far EastOne Telecommunications Co., Ltd. Far EastOne Telecommunications Co., Ltd.	Other receivables - related parties Other receivables - related parties	Yes Yes	\$ 1,800,000 9,200,000	\$ 1,800,000 9,200,000	\$ 1,800,000 8,700,000	0.7580%~ 0.9120% 0.7573%~ 1.3053%	Business transaction Short-term financing	\$ 2,036,483 -	- For business operations	\$ -	- -	\$ -	\$ 2,036,483 10,007,942	\$ 12,509,927 12,509,927

Note: Where New Century InfoComm Tech Co., Ltd. (NCIC) provides loans for business transactions and short-term financing needs, the amount of loan is limited to 50% of NCIC's net worth. A) For business transactions: The individual loan amount should not exceed the business transaction amount between the two parties. The business transaction amount refers to the estimated amount in the year the loan contract was signed or the prior year's actual transaction amount. B) For loans provided due to short-term financing needs, both the financing limit for each borrower and the aggregate financing limit should not exceed 40% of NCIC's net worth.

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND INVESTEEES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
Far Eastone Telecommunications Co., Ltd.	Stock App Works Fund II Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	5,355,000	\$ 52,105	11.11	\$ 52,105
	CDIB Capital Innovation Accelerator Limited	-	Financial assets at fair value through other comprehensive income - noncurrent	9,000,000	149,228	10.71	149,228
	LINE Bank Taiwan Limited	-	Financial assets at fair value through other comprehensive income - noncurrent	37,500,000	334,236	2.50	334,236
	LiTV (Taiwan) Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	1,250,000	21,043	2.50	21,043
	Asia Pacific Telecom Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	500,000,000	3,050,000	11.58	3,050,000
ARCOA Communication Co., Ltd.	Stock THI consultants	-	Financial assets at fair value through other comprehensive income - noncurrent	1,213,594	12,190	18.32	12,190
	Web Point Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	160,627	1,618	0.63	1,618
New Century InfoComm Tech Co., Ltd.	Stock Kaohsiung Rapid Transit Corporation	Other related party	Financial assets at fair value through other comprehensive income - noncurrent	8,858,191	47,569	3.18	47,569
	Bank Pro E-service Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	600,000	4,500	3.33	4,500
	Stock certificate Changing.ai Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	500,000	27,311	2.27	27,311
	Overseas funds Opas Fund Segregated Portfolio Tranche A	Other related party	Financial assets at fair value through profit or loss - current	9,666,832	332,663	-	332,663
	Opas Fund Segregated Portfolio Tranche B	Other related party	Financial assets at fair value through profit or loss - current	5,000	158,119	-	158,119
	Opas Fund Segregated Portfolio Tranche C	Other related party	Financial assets at fair value through profit or loss - current	2,216,711	128,493	-	128,493

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	
Digital United (Cayman) Ltd.	Stock certificate TBCASoft, Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	726,995	\$ 308,322	4.59	B

Note A: The market values of the overseas funds were calculated at their net asset values as of December 31, 2022.

Note B: The fair values of financial assets at fair value through other comprehensive income were calculated using inputs and valuation methods.

(Concluded)

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND INVESTEEES

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

Purchaser (Seller) of Goods	Related Party	Relationship	Transaction Details			Abnormal Transaction		Accounts/Other Receivables (Payables)	
			Purchase/Sale	Amount	% of Total	Unit Price	Payment Terms	Ending Balance	% of Total
Far EastTone Telecommunications Co., Ltd.	ARCOA Communication Co., Ltd.	Subsidiary	Operating costs and marketing expenses	\$ 8,171,910	16	-	-	Accounts payable and other payables	(2)
	New Century InfoComm Tech Co., Ltd.	Subsidiary	Operating revenue	(846,632)	(1)	-	-	Accounts receivable (Note C)	2
			Operating revenue	(130,388)	-	-	-	Accounts payable and other payables (Note A)	(2)
			Operating costs	1,906,095	4	-	-	Accounts payable and other payables	-
New Century InfoComm Tech Co., Ltd.	DataExpress Infotech Co., Ltd.	Subsidiary of ARCOA Communication Co., Ltd.	Operating costs and marketing expenses	226,352	-	-	-	Accounts receivable (Note C)	1
	Yuanshi Digital Technology Co., Ltd.	Subsidiary	Operating revenue	(798,510)	(1)	-	-	Accounts receivable	2
			Operating revenue	(378,285)	(1)	-	-	Accounts receivable	32
	ARCOA Communication Co., Ltd.	Far EastTone Telecommunications Co., Ltd.	Parent company	Operating revenue	(1,906,095)	(20)	-	-	Accounts receivable (Note B)
Home Master Technology Ltd.		Subsidiary of DataExpress Infotech Co., Ltd.	Operating costs	130,388	2	-	-	Accounts payable	49
			Operating revenue	(8,171,910)	(69)	-	-	Accounts receivable (Note C)	(16)
			Operating revenue	(664,592)	(6)	-	-	Accounts receivable	13
DataExpress Infotech Co., Ltd.	Far EastTone Telecommunications Co., Ltd.	Parent company	Operating revenue	(226,352)	(4)	-	-	Accounts receivable	8
	Home Master Technology Ltd.	Subsidiary	Operating revenue	(182,601)	(3)	-	-	Accounts receivable	3
			Operating revenue	(111,297)	(2)	-	-	Accounts receivable (Note C)	-
			Operating costs	664,592	43	-	-	Accounts payable	(62)
Home Master Technology Ltd.	ARCOA Communication Co., Ltd.	Parent company	Operating costs	182,601	12	-	-	Accounts payable	(9)
	DataExpress Infotech Co., Ltd.	Same parent company	Operating costs	798,510	28	-	-	Accounts payable (Note C)	(23)
			Operating costs	111,297	4	-	-	Accounts payable (Note C)	-
			Operating costs	378,285	85	-	-	Accounts payable	(92)

Note A: All interconnection revenue, costs and collection of international direct dial revenue between the Company and NCIC were settled at net amounts and were included in accounts payable - related parties.

Note B: Including the receivables collected by the Company for NCIC.

Note C: Part of the revenue from Yuanshi Digital Technology Co., Ltd. is collected by ARCOA Communication Co., Ltd. on behalf of Far EastTone Telecommunications Co., Ltd. and DataExpress Infotech Co., Ltd.

SCHEDULE D**FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND INVESTEEES**

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Far EasTone Telecommunications Co., Ltd.	ARCOA Communication Co., Ltd. FarEasTone Property Insurance Agency Co., Ltd.	Subsidiary Subsidiary	\$ 178,129 119,354	9.22 3.52	\$ - -	- -	\$ 135,319 31,533	\$ - -
New Century InfoComm Tech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	11,031,782	(Note)	-	-	249,576	-
ARCOA Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd. Home Master Technology Ltd.	Parent company Subsidiary of DataExpress Infotech Co., Ltd.	448,355 117,170	17.10 5.77	- -	- -	448,355 532	- -

Note: All interconnection revenue, costs and collection of revenue from international direct dialing between the Company and NCIC were settled in net amounts and included in accounts receivable/payable - related parties. The turnover rate was unavailable as the receivables from related parties were due to the collection of telecommunications bills by the Company on behalf of NCIC and the financing provided by NCIC to the Company.

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND INVESTEEES

INFORMATION ON INVESTEEES

FOR THE 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		As of December 31, 2022		Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	Percentage of Ownership (%)			
Far Eastone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	Taiwan	Telecommunications services	\$ 22,249,283	\$ 22,249,283	2,100,000,000	100.00	\$ 1,750,503	\$ 1,655,618	A
	ARCOA Communication Co., Ltd.	Taiwan	Sales of communications products and office equipment	1,305,802	1,305,802	82,762,221	61.63	169,867	76,459	A
	KGCEx.com Co., Ltd.	Taiwan	Telecommunications services	2,340,472	2,340,472	68,897,234	99.99	910,643	137,527	A
	YuanShi Digital Technology Co., Ltd.	Taiwan	Electronic information services	1,686,169	1,686,169	10,820,870	96.18	(445,664)	(172,095)	A
	Yuan Qing Co., Ltd.	Taiwan	Call center services	-	-	2,000,000	100.00	46,262	18,777	A
	Far Eastone Info Service (Holding) Ltd.	Bermuda	Investments	92,616	92,616	1,200	100.00	5,433	482	A and E
	IDEAWORKS Entertainment Co., Ltd.	Taiwan	Filmmaking and publishing services	41,250	41,250	4,125,000	50.00	37,542	(7,417)	A
	FarEastOne Property Insurance Agency Co., Ltd.	Taiwan	Property insurance agent	5,000	5,000	500,000	100.00	94,297	83,335	A
	Far Eastern Electronic Toll Collection Co., Ltd.	Taiwan	Electronic information services and electronic toll collection services	2,542,396	2,542,396	118,259,967	39.42	222,084	74,604	B
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	139,500	139,500	5,446,644	15.00	27,210	(8,718)	B
ARCOA Communication Co., Ltd.	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	Other financing and supporting services	600,000	600,000	12,342,478	18.11	34,622	(328,441)	B
	DatExpress Infotech Co., Ltd.	Taiwan	Sale of communications products	141,750	141,750	17,043,041	70.00	309,813	-	C
	New Diligent Co., Ltd.	Taiwan	Investments	540,000	540,000	54,000,000	100.00	83,899	10,896	C
	Information Security Service Digital United Inc.	Taiwan	Security and monitoring services via Internet	148,777	148,777	12,029,064	100.00	149,423	-	C
	Digital United (Cayman) Ltd.	Cayman Islands	Investments	317,446	317,446	10,320,000	100.00	440,428	(16,769)	C
	YuanShi Digital Technology Co., Ltd.	Taiwan	Electronic information services	49,579	20,000	374,968	3.33	(15,443)	(172,095)	A
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	46,500	46,500	1,815,548	5.00	9,070	(65,223)	B
	Prime EcoPower Co., Ltd.	Taiwan	Energy technology services	160,000	160,000	16,000,000	100.00	126,125	674	C
	Drive Catalyst SP-SP Tranche One	Cayman Islands	Investments	123,220	123,220	4,000	25.00	137,086	4,369	B
	Drive Catalyst SP-SP Tranche Two	Cayman Islands	Investments	224,820	114,140	8,000	25.00	254,508	3,138	B
IDEA WORKS Entertainment Co., Ltd.	Drive Catalyst SP-SP Tranche Three	Cayman Islands	Investments	236,440	236,440	8,000	25.00	249,104	3,605	B
	Nextlink Technology Co., Ltd.	Taiwan	Electronic information services	420,000	420,000	11,164,300	70.00	488,446	60,453	C
	JuAn Long-Age Co., Ltd.	Taiwan	Electronic information services	15,500	15,500	1,000,000	25.00	14,257	2,160	B
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	Other financing and supporting services	42,358	42,358	4,235,794	6.22	11,882	(328,441)	B
	ARCOA Communication Co., Ltd.	Taiwan	Sales of communications products and office equipment	116,885	-	9,025,890	6.72	126,754	169,867	A
	Mission International Co., Ltd.	Taiwan	Filmmaking and publishing services	80,000	-	8,000,000	100.00	72,709	(7,291)	C
	Sino Lead Enterprise Limited	Hong Kong	Telecommunications services	125	125	30,000	100.00	409	-	C
	Far Eastern New Diligent Company Ltd.	British Virgin Islands	Investments	-	330,598	-	-	88	-	C and F
	New Diligent Hong Kong Co., Ltd.	Hong Kong	Investments	3,051	3,051	-	100.00	2,391	285	C
	Home Master Technology Ltd.	Taiwan	Sale of communications products	10,000	10,000	-	100.00	58,471	-	C
Nextlink Technology Co., Ltd.	Microfusion Technology Co., Ltd.	Taiwan	Electronic information services	17,000	17,000	4,495,000	100.00	63,508	16,194	C
	Nextlink (HK) Technology Co., Ltd.	Hong Kong	Electronic information services	973	973	-	100.00	37,565	(2,963)	C
	Microfusion (HK) Technology Co., Ltd.	Hong Kong	Electronic information services	1,494	1,494	-	100.00	281	(2,764)	C

Note A: Subsidiary.

Note B: Investee of the Company or NCIC, accounted for using the equity method.

Note C: Subsidiary of New Century InfoComm Tech Co., Ltd., New Diligent Co., Ltd., ARCOA Communication Co., Ltd., DataExpress Infotech Co., Ltd. or Nextlink Technology Co., Ltd.

Note D: Investments in mainland China are shown in Schedule F.

Note E: Yuan Qing Co., Ltd. reduced capital and remitted cash which exceeded the original investment amount. Thus, the investment amount is \$0.

Note F: Far Eastern New Diligent Company Ltd. was dissolved in April 2022 with the approval of the local government.

SCHEDULE F

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND INVESTEEES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note A)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
Digital United Information Technologies (Shanghai) Ltd.	Design, research, installment and maintenance of computer software and systems	\$ 95,201 (US\$ 3,100,000)	2	\$ 95,201 (US\$ 3,100,000)	\$ -	\$ -	\$ 95,201 (US\$ 3,100,000)	\$ 4,751	100	\$ 4,751	\$ 16,289 (RMB 3,695,000)	\$ -
Nextlink (Shanghai) Technology Co., Ltd.	Electronic information services	2,211 (US\$ 72,000)	2	2,211 (US\$ 72,000)	-	-	2,211 (US\$ 72,000)	465	70	465	2,503 (HK\$ 631,000)	-

Company Name	Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by the Investment Commission, MOEA	Limit on Investments (Note B)
Far EasTone Telecommunications Co., Ltd.	\$ 92,616 (Note C)	\$ 92,616 (Note C)	\$ 38,512,905
New Century InfoComm Tech Co., Ltd.	95,201 (US\$ 3,100,000)	95,201 (US\$ 3,100,000)	15,109,513
New Diligent Co., Ltd.	458,408 (US\$ 14,927,000)	458,408 (US\$ 14,927,000)	50,340
Nextlink Technology Co., Ltd.	2,211 (US\$ 72,000)	2,211 (US\$ 72,000)	137,062

Note A: Method of investment is as follows:

1. Far EasTone made the investment directly.
2. Far EasTone made the investment indirectly through a company registered in a third region. The companies registered in a third region are Digital United (Cayman) Ltd. and Nextlink (HK) Technology Co., Ltd.
3. Others.

Note B: The limit is up to 60% of the investor's net worth as stated in the Principles Governing the Review of Investment or Technical Cooperation in Mainland China, which was issued on August 29, 2008 by the Investment Commission of the MOEA.

Note C: The amount includes \$92,616 thousand and US\$14,927,000 from investee companies which were dissolved, but the registration of the investment amount had not been written off with the Investment Commission of the MOEA. In addition, an investment amount of US\$73,000 registered with the Investment Commission of the MOEA was remitted back to Taiwan on June 27, 2012 and the same amount was written off on the same date.

SCHEDULE G**FAR EASTONE TELECOMMUNICATIONS CO., LTD.****INFORMATION ON MAJOR STOCKHOLDERS
DECEMBER 31, 2022**

Name of Major Stockholder	Shareholding	
	Number of Shares	Percentage of Ownership (%)
Yuan Ding Investment Co., Ltd. Shin Kong Life Insurance Co., Ltd. Cathay Life Insurance Co., Ltd.	1,066,657,614	32.73
	231,590,000	7.10
	215,847,230	6.62

Note: The information on major stockholders presented in the above table lists the major stockholders whose combined shareholdings of ordinary and preference shares are at least 5% of the Company's total shares, as calculated by the Taiwan Depository & Clearing Corporation based on the number of dematerialized shares (including treasury shares) which have been registered and delivered on the last working day of the current quarter. The number of shares recorded in the Company's financial statements may be different from the number of dematerialized shares which have completed registration and delivery due to differences in the basis of preparation and calculation.

Far EasTone

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Listing of Foreign Securities / Website : None

Rating Agency :

Name : Taiwan Ratings Corporation
ADD: 2F, No. 167, Dunhua N. Rd, Songshan Dist., Taipei City 105, Taiwan (R.O.C.)
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Far EasTone
Telecommunications Co., Ltd

Chairman



Please refer to QR Code

