Far EasTone Telecommunications Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2023 and 2022 and Independent Auditors’ Review Report

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Far EasTone Telecommunications Co., Ltd. ("Far EasTone") and its subsidiaries (collectively, the "Group") as of June 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the related consolidated statements of changes in equity and cash flows for the six months ended June 30, 2023 and 2022, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2023 and 2022, its consolidated financial performance for the three months ended June 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 9, 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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2023		December 31, 2022 (Restated)		June 30, 2022 (Restated)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Notes 6 and 32)	$ 3,760,696	2	$ 4,886,011	3	$ 4,501,366	3
Financial assets at fair value through profit or loss - current (Notes 31 and 32)	692,252	-	623,115	-	602,550	-
Financial assets at amortized cost - current (Notes 8 and 32)	1,127,217	2	755,475	-	664,316	-
Contract assets - current (Note 24)	5,166,892	3	5,160,260	3	5,314,740	3
Notes receivable, net (Note 9)	27,961	-	25,446	-	60,578	-
Accounts receivable, net (Note 9)	8,962,968	6	9,734,771	6	8,711,695	5
Accounts receivable - related parties (Notes 9 and 32)	315,462	-	335,830	-	227,645	-
Inventories (Note 10)	1,880,919	1	2,907,323	2	1,926,821	1
Prepaid expenses	1,204,372	1	1,081,939	1	1,543,285	1
Other financial assets - current (Notes 32 and 33)	500,531	-	510,111	-	786,777	1
Other current assets (Note 32)	176,619	-	162,441	-	168,150	-
Total current assets	23,815,889	15	26,182,722	15	24,507,923	14
NONCURRENT ASSETS						
Financial assets at fair value through other comprehensive income - noncurrent (Notes 7 and 31)	4,139,797	3	4,008,122	2	4,596,706	3
Investments accounted for using the equity method (Note 12)	2,353,847	1	2,219,233	1	2,236,217	1
Contract assets - noncurrent (Note 24)	3,862,921	2	3,670,471	2	3,533,892	2
Property, plant and equipment, net (Notes 13, 32 and 33)	38,672,226	24	40,328,499	24	39,857,127	23
Right-of-use assets (Notes 14 and 32)	8,257,427	5	8,184,334	5	7,989,193	5
Investment properties (Note 15)	756,225	-	756,225	-	624,731	-
Concessions, net (Notes 1 and 16)	62,491,239	38	65,086,179	39	67,681,119	40
Goodwill (Note 16)	11,176,831	7	11,176,831	7	11,176,831	7
Other intangible assets (Notes 16 and 32)	2,113,542	1	2,342,747	1	2,473,620	1
Deferred income tax assets (Notes 3 and 4)	1,002,680	1	976,052	1	1,001,307	1
Incremental costs of obtaining a contract - noncurrent (Note 24)	3,550,286	2	3,702,294	2	3,691,837	2
Other noncurrent assets (Notes 4, 17 and 32)	2,015,712	1	2,066,814	1	1,164,425	1
Total noncurrent assets	140,392,733	85	144,517,801	85	146,027,005	86
TOTAL	$ 164,208,622	100	$ 170,700,523	100	$ 170,534,928	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 18)	$ 2,601,521	2	$ 436,530	-	$ 2,640,526	1
Short-term bills payable (Notes 18 and 33)	2,552,063	2	1,215,702	1	1,842,866	1
Contract liabilities - current (Note 24)	3,358,846	2	3,230,860	2	3,147,291	2
Notes payable	4,980	-	6,196	-	6,493	-
Accounts payable (Note 32)	6,348,732	3	6,720,829	3	6,889,300	4
Other payables (Note 20)	16,402,903	10	7,001,278	4	16,260,037	9
Current tax liabilities (Note 4)	1,985,603	1	2,942,192	2	1,792,836	1
Provisions - current (Note 21)	178,770	-	182,325	-	183,994	-
Lease liabilities - current (Notes 14 and 32)	2,800,652	2	2,739,068	2	2,906,471	2
Current portion of long-term borrowings (Notes 18, 19 and 33)	4,710,604	3	3,011,125	2	3,008,952	2
Other current liabilities (Note 32)	1,516,738	1	1,454,838	1	1,353,998	1
Total current liabilities	42,461,412	26	28,940,943	17	40,032,764	23
NONCURRENT LIABILITIES						
Contract liabilities - noncurrent (Note 24)	10,028,410	6	10,373,110	6	10,839,674	6
Bonds payable (Note 19)	27,976,509	18	26,778,746	16	24,978,503	15
Long-term borrowings (Notes 18 and 33)	11,483,103	7	27,136,067	16	23,263,330	14
Provisions - noncurrent (Note 21)	1,199,691	1	1,191,522	1	1,179,179	1
Deferred income tax liabilities (Notes 3, 4 and 26)	2,217,150	1	2,204,059	1	2,208,846	1
Lease liabilities - noncurrent (Notes 14 and 32)	5,031,101	3	4,979,074	3	4,774,174	3
Net defined benefit liabilities - noncurrent (Notes 4 and 22)	390,820	-	399,377	-	523,152	-
Guarantee deposits received - noncurrent	255,512	-	248,239	-	261,866	-
Other noncurrent liabilities (Note 20)	3,967,885	2	4,261,210	2	2,856,708	2
Total noncurrent liabilities	62,550,181	38	77,571,404	45	70,885,432	42
Total liabilities	105,011,593	64	106,512,347	62	110,918,196	65
EQUITY ATTRIBUTABLE TO OWNERS OF FAR EASTONE						
Capital stock						
Common stock	32,585,008	20	32,585,008	19	32,585,008	19
Capital surplus	18,135	-	26,365	-	26,166	-
Retained earnings						
Legal reserve	19,603,354	12	21,476,579	12	21,476,579	12
Special reserve	2,235,038	1	1,301,537	1	1,301,537	1
Unappropriated earnings	5,521,606	3	9,651,744	6	4,639,589	3
Total retained earnings	27,359,998	16	32,429,860	19	27,417,705	16
Other equity	(1,697,222)	(1)	(1,773,776)	(1)	(1,265,154)	(1)
Total equity attributable to owners of Far EasTone	58,265,919	35	63,267,457	37	58,763,725	34
NONCONTROLLING INTERESTS	931,110	1	920,719	1	853,007	1
Total equity	59,197,029	36	64,188,176	38	59,616,732	35
TOTAL	$ 164,208,622	100	$ 170,700,523	100	$ 170,534,928	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
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 32)	$ 21,698,786	100	$ 20,723,555	100	$ 44,004,138	100	$ 42,627,580	100
OPERATING COSTS (Notes 10, 25 and 32)	14,730,155	68	14,061,588	68	30,076,484	68	29,409,734	69
GROSS PROFIT	6,968,631	32	6,661,967	32	13,927,654	32	13,217,846	31
OPERATING EXPENSES (Notes 25 and 32)								
Marketing	2,439,830	11	2,428,783	12	4,867,251	11	4,836,733	11
General and administrative	1,219,397	6	1,182,977	6	2,475,505	6	2,372,901	6
Expected credit losses	62,522	1	63,606	-	125,015	-	114,131	-
Total operating expenses	3,721,749	18	3,675,366	18	7,467,771	17	7,323,765	17
OTHER OPERATING INCOME AND EXPENSES	186,250	1	113,708	1	371,504	1	225,439	1
OPERATING INCOME	3,433,132	15	3,100,309	15	6,831,387	16	6,119,520	15
NONOPERATING INCOME AND EXPENSES (Notes 25 and 32)								
Other income	83,376	-	54,182	-	115,504	-	80,197	-
Other gains and losses	64,968	-	(30,840)	-	108,798	-	(27,833)	-
Financial costs	(181,208)	(1)	(147,420)	(1)	(368,539)	(1)	(293,308)	(1)
Share of the gains of associates	38,566	-	1,742	-	194,286	1	27,532	-
Losses on disposal of property, plant and equipment and intangible assets	(27,216)	-	(102,023)	-	(69,822)	-	(124,074)	-
Total nonoperating income and expenses	(21,514)	(1)	(224,359)	(1)	(19,773)	-	(337,486)	(1)
INCOME BEFORE INCOME TAX	3,411,618	14	2,875,950	14	6,811,614	16	5,782,034	14
INCOME TAX (Notes 4 and 26)	624,326	3	544,880	3	1,246,525	3	1,095,862	3
NET INCOME	2,787,292	11	2,331,070	11	5,565,089	13	4,686,172	11
OTHER COMPREHENSIVE INCOME (LOSS) (Note 23)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized (losses) gains on investments in equity instruments designated as at fair value through other comprehensive income	(80,351)	-	243,951	1	99,860	-	(469,900)	(1)
Share of the other comprehensive (loss) income of associates accounted for using the equity method	(15,809)	-	(872)	-	(21,182)	-	(7,135)	-
	(96,160)	-	243,079	1	78,678	-	(477,035)	(1)

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FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	$ 913	-	$ 10,480	-	$ (1,810)	-	$ 45,215	-
Share of the other comprehensive (loss) income of associates accounted for using the equity method	(626)	-	56	-	(153)	-	1,780	-
	287	-	10,536	-	(1,963)	-	46,995	-
Total other comprehensive (loss) income, net of income tax	(95,873)	-	253,615	1	76,715	-	(430,040)	(1)
TOTAL COMPREHENSIVE INCOME	$ 2,691,419	11	$ 2,584,685	12	$ 5,641,804	13	$ 4,256,132	10
NET INCOME ATTRIBUTABLE TO:								
Owners of Far EasTone	$ 2,766,457	11	$ 2,311,822	11	$ 5,520,265	13	$ 4,637,139	11
Noncontrolling interests	20,835	-	19,248	-	44,824	-	49,033	-
	$ 2,787,292	11	$ 2,331,070	11	$ 5,565,089	13	$ 4,686,172	11
COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of Far EasTone	$ 2,670,485	11	$ 2,564,989	12	$ 5,596,819	13	$ 4,206,363	10
Noncontrolling interests	20,934	-	19,696	-	44,985	-	49,769	-
	$ 2,691,419	11	$ 2,584,685	12	$ 5,641,804	13	$ 4,256,132	10
EARNINGS PER SHARE, IN NEW TAIWAN DOLLARS (Note 27)								
Basic	$ 0.85		$ 0.71		$ 1.69		$ 1.42	
Diluted	$ 0.85		$ 0.71		$ 1.69		$ 1.42	

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
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Far EasTone											
			Retained Earnings (Note 23)			Other Equity (Note 23)						
	Capital Stock (Note 23)	Capital Surplus (Notes 23, 28 and 29)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized (Losses) Gains on Financial Assets at Fair Value Through Other Comprehensive Income	Gains on Hedging Instruments	Gains on Property Revaluations	Total	Noncontrolling Interests (Notes 23, 28 and 29)	Total Equity
BALANCE AT JANUARY 1, 2022	$ 32,585,008	$ 2,389,840	$ 21,122,282	$ 723,516	$ 9,149,448	$ (36,747)	$ (799,017)	$ 1,386	$ -	$ 65,135,716	$ 965,064	$ 66,100,780
Appropriation of the 2021 earnings												
Legal reserve	-	-	914,759	-	(914,759)	-	-	-	-	-	-	-
Special reserve	-	-	-	578,021	(578,021)	-	-	-	-	-	-	-
Cash dividends - NT$2.349 per share	-	-	-	-	(7,654,218)	-	-	-	-	(7,654,218)	-	(7,654,218)
Changes in equity from investments in associates accounted for using the equity method	-	41	-	-	-	-	-	-	-	41	-	41
Cash dividends from capital surplus - NT$0.729 per share	-	(2,375,447)	-	-	-	-	-	-	-	(2,375,447)	-	(2,375,447)
Cash dividends from legal reserve - NT$0.172 per share	-	-	(560,462)	-	-	-	-	-	-	(560,462)	-	(560,462)
Net income for the six months ended June 30, 2022	-	-	-	-	4,637,139	-	-	-	-	4,637,139	49,033	4,686,172
Other comprehensive income (loss) for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	45,017	(477,035)	1,242	-	(430,776)	736	(430,040)
Changes in ownership interest of a subsidiary	-	11,732	-	-	-	-	-	-	-	11,732	(87,367)	(75,635)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(74,459)	(74,459)
BALANCE AT JUNE 30, 2022	$ 32,585,008	$ 26,166	$ 21,476,579	$ 1,301,537	$ 4,639,589	$ 8,270	$ (1,276,052)	$ 2,628	$ -	$ 58,763,725	$ 853,007	$ 59,616,732
BALANCE AT JANUARY 1, 2023	$ 32,585,008	$ 26,365	$ 21,476,579	$ 1,301,537	$ 9,651,744	$ 27,360	$ (1,852,282)	$ 2,751	$ 48,395	$ 63,267,457	$ 920,719	$ 64,188,176
Appropriation of the 2022 earnings												
Legal reserve	-	-	964,929	-	(964,929)	-	-	-	-	-	-	-
Special reserve	-	-	-	933,501	(933,501)	-	-	-	-	-	-	-
Cash dividends - NT$2.379 per share	-	-	-	-	(7,751,973)	-	-	-	-	(7,751,973)	-	(7,751,973)
Cash dividends from legal reserve - NT$0.871 per share	-	-	(2,838,154)	-	-	-	-	-	-	(2,838,154)	-	(2,838,154)
Net income for the six months ended June 30, 2023	-	-	-	-	5,520,265	-	-	-	-	5,520,265	44,824	5,565,089
Other comprehensive (loss) income for the six months ended June 30, 2023, net of income tax	-	-	-	-	-	(2,258)	78,678	134	-	76,554	161	76,715
Disposal of investments accounted for using the equity method	-	(12,851)	-	-	-	-	-	-	-	(12,851)	-	(12,851)
Changes in ownership interest of a subsidiary	-	582	-	-	-	-	-	-	-	582	44,841	45,423
Share-based payments	-	4,039	-	-	-	-	-	-	-	4,039	1,550	5,589
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(80,985)	(80,985)
BALANCE AT JUNE 30, 2023	$ 32,585,008	$ 18,135	$ 19,603,354	$ 2,235,038	$ 5,521,606	$ 25,102	$ (1,773,604)	$ 2,885	$ 48,395	$ 58,265,919	$ 931,110	$ 59,197,029

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

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 6,811,614	$ 5,782,034
Adjustments for:		
Depreciation	5,863,252	5,984,380
Amortization	565,500	549,204
Amortization of concessions	2,594,940	2,557,718
Expected credit losses	125,015	114,131
Net (gains) losses on fair value changes of financial assets at fair value through profit or loss	(66,556)	95,549
Financial costs	368,539	293,308
Interest income	(65,895)	(26,062)
Dividend income	(19,064)	(24,280)
Share-based compensation	5,589	-
Share of the gains of associates	(194,286)	(27,532)
Losses on disposal of property, plant and equipment and intangible assets	69,822	124,074
Gain on disposal of a subsidiary	(12,865)	(6,220)
Write-down of inventories	166	13,841
Gains on modifications of lease arrangements	(434)	(648)
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(2,581)	1,075
Contract assets	(199,082)	(217,132)
Notes receivable	(2,515)	(36,491)
Accounts receivable	621,697	(318,722)
Accounts receivable - related parties	20,368	158,729
Inventories	1,026,238	1,131,878
Prepaid expenses	(121,191)	(319,112)
Other current assets	37,151	16,990
Incremental costs of obtaining a contract	152,008	217,131
Contract liabilities	(216,714)	385,643
Notes payable	(1,216)	(869)
Accounts payable	(372,097)	123,169
Other payables	(451,787)	(585,732)
Provisions	(7,707)	(9,016)
Other current liabilities	53,003	79,952
Net defined benefit liabilities	(8,695)	(9,924)
Other noncurrent liabilities	(389,605)	(244,500)
Cash generated from operations	16,182,612	15,802,566
Interest received	62,207	25,273
Dividends received	16,175	19,194
Interest paid	(416,365)	(400,325)
Income taxes paid	(2,214,481)	(1,881,449)
Net cash generated from operating activities	13,630,148	13,565,259

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FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2023	**2022**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	$ (39,676)	$ -
Acquisition of financial assets at amortized cost	(371,742)	-
Proceeds from the disposal of financial assets at amortized cost	-	729,462
Acquisition of investments accounted for using the equity method	-	(110,680)
Acquisition of property, plant and equipment	(3,276,226)	(4,406,415)
Proceeds from the disposal of property, plant and equipment	22,874	24,115
Increase in refundable deposits	(163,790)	(162,890)
Decrease in refundable deposits	238,519	194,666
Acquisition of intangible assets	(336,295)	(590,212)
Decrease in other financial assets	9,580	2,034
Other investing activities	96,280	83,780
Net cash used in investing activities	(3,820,476)	(4,236,140)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	2,164,991	2,430,526
Increase in short-term bills payable	1,336,361	1,491,376
Proceeds from the issuance of bonds payable	4,393,715	2,695,985
Repayment of bonds payable	(3,000,000)	(9,700,000)
Proceeds from long-term borrowings	-	2,895,454
Repayment of long-term borrowings	(14,153,015)	(7,697,745)
Increase in guarantee deposits received	47,770	35,276
Decrease in guarantee deposits received	(29,168)	(20,634)
Repayment of the principal portion of lease liabilities	(1,738,927)	(1,535,332)
Cash dividends paid	(18)	(18)
Net changes in noncontrolling interests	45,423	(75,635)
Net cash used in financing activities	(10,932,868)	(9,480,747)
EFFECT OF EXCHANGE RATE CHANGES	(2,119)	7,320
DECREASE IN CASH AND CASH EQUIVALENTS	(1,125,315)	(144,308)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	4,886,011	4,645,674
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	$ 3,760,696	$ 4,501,366

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 SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(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 June 30, 2023 and 2022, Far Eastern New Century Corporation ("Far Eastern New Century") and its affiliates directly and indirectly owned 36.30% and 38.33%, respectively, 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 reported to Far EasTone's board of directors on August 9, 2023.

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

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

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies:

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 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 decommissioning obligations that occur on or after January 1, 2022. The Group shall restate its comparative information when it initially applies the aforementioned amendments.

The following adjustments should be made to reflect deferred tax asset and liability and balances under the original IAS 12.

Impact on assets and liabilities for the current year

	June 30, 2023
Decrease in deferred tax assets	$ 66,956
Decrease in assets	$ 66,956
Decrease in deferred tax liabilities	$ 66,956
Decrease in liabilities	$ 66,956

Impact on assets and liabilities for the prior year

December 31, 2022	As Originally Stated	Adjustments Arising from Initial Application	Restated
Deferred tax assets	$ 914,228	$ 61,824	$ 976,052
Total effect on assets	$ 914,228	$ 61,824	$ 976,052
Deferred tax liabilities	$ 2,142,235	$ 61,824	$ 2,204,059
Total effect on liabilities	$ 2,142,235	$ 61,824	$ 2,204,059

(Continued)

	As Originally Stated	Adjustments Arising from Initial Application	Restated
June 30, 2022			
Deferred tax assets	$ 933,653	$ 67,654	$ 1,001,307
Total effect on assets	$ 933,653	$ 67,654	$ 1,001,307
Deferred tax liabilities	$ 2,141,192	$ 67,654	$ 2,208,846
Total effect on liabilities	$ 2,141,192	$ 67,654	$ 2,208,846

(Concluded)

b. 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
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024
Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"	Note 3

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

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

Note 3: The requirement that the Group applies the exception and the requirement to disclose that fact is applied immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements are applied for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. 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 assets/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:

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

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

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of Far EasTone and the entities controlled by Far EasTone (i.e., 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 dates of acquisitions up to the effective dates of disposals, 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 G and Schedule H for detailed information on subsidiaries, including the percentages of ownership and main businesses.

d. Other material accounting policies

Except for the following, the accounting policies applied in the interim consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2022. For the summary of other significant accounting policies, refer to the consolidated financial statements for the year ended December 31, 2022.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year.

2) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

3) 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. Transactions that give rise to equal taxable and deductible temporary differences should be recognized as deferred income tax assets (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and liabilities. If a temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences, the resulting deferred tax asset or liability is not recognized.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical accounting judgments and key sources of estimation uncertainty are the same as those applicable to the consolidated financial statements for the year ended December 31, 2022.

6. CASH AND CASH EQUIVALENTS

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	$ 9,361	$ 8,774	$ 9,904
Checking and demand deposits	2,682,578	3,949,187	3,675,648
Cash equivalents			
Commercial paper purchased under resale agreements	818,116	808,634	669,620
Certificates of deposits	250,641	119,416	146,194
	$ 3,760,696	$ 4,886,011	$ 4,501,366

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2023	December 31, 2022	June 30, 2022
Investments in equity instruments - noncurrent			
Stock in domestic listed company through private placement	$ 3,345,000	$ 3,050,000	$ 3,650,000
Domestic/foreign unlisted common stock	794,797	958,122	946,706
	$ 4,139,797	$ 4,008,122	$ 4,596,706

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.

8. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2023	December 31, 2022	June 30, 2022
Current			
Certificates of deposits with original maturities of more than 3 months	$ 1,127,217	$ 755,475	$ 664,316

9. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable			
At amortized cost			
Gross carrying amount	$ 27,961	$ 25,446	$ 60,578
Less: Allowance for impairment loss	-	-	-
	$ 27,961	$ 25,446	$ 60,578
Accounts receivable (including related parties and noncurrent portion)			
At amortized cost			
Gross carrying amount	$ 10,430,485	$ 11,151,527	$ 9,878,247
Less: Allowance for impairment loss	(943,549)	(901,779)	(855,206)
Less: Unrealized interest income	(1,184)	(1,755)	(2,753)
Less: Unearned finance income	(20,495)	(15,281)	(3,867)
	$ 9,465,257	$ 10,232,712	$ 9,016,421

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:

	June 30, 2023	December 31, 2022	June 30, 2022
Gross amount of installment accounts receivable	$ 44,776	$ 57,678	$ 74,229
Less amount of allowance for impairment loss	-	-	(3,379)
Less amount of unrealized interest income	(1,184)	(1,755)	(2,753)
	$ 43,592	$ 55,923	$ 68,097
Current	$ 24,857	$ 24,821	$ 24,505
Noncurrent	18,735	31,102	43,592
	$ 43,592	$ 55,923	$ 68,097

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 2029.

At the end of the reporting period, the Group's accounts receivable from a finance lease were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Gross amount of finance lease receivables	$ 233,260	$ 174,282	$ 44,735
Less amount of unearned finance income	(20,495)	(15,281)	(3,867)
	$ 212,765	$ 159,001	$ 40,868

	June 30, 2023	December 31, 2022	June 30, 2022
Undiscounted lease payments			
Year 1	$ 51,422	$ 32,942	$ 8,691
Year 2	49,577	32,330	8,691
Year 3	44,061	30,496	8,691
Year 4	43,347	30,138	8,691
Year 5	25,511	22,745	7,977
Year 6 onwards	19,342	25,631	1,994
	233,260	174,282	44,735
Less: Unearned finance income	(20,495)	(15,281)	(3,867)
Less: Allowance for impairment loss	-	-	-
Finance lease receivables	$ 212,765	$ 159,001	$ 40,868
Current	$ 44,673	$ 27,992	$ 7,379
Noncurrent	168,092	131,009	33,489
	$ 212,765	$ 159,001	$ 40,868

The Group 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 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 loss (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%-7.51% and 0.02%-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 June 30, 2023, December 31, 2022 and June 30, 2022, 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:

June 30, 2023

	Not Overdue	Overdue up to 60 Days	Overdue 61 Days or More	Total
Gross carrying amount	$ 9,174,192	$ 914,717	$ 347,858	$ 10,436,767
Loss allowance (lifetime ECLs)	(552,765)	(132,795)	(257,989)	(943,549)
Amortized cost	$ 8,621,427	$ 781,922	$ 89,869	$ 9,493,218

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

June 30, 2022

	Not Overdue	Overdue up to 60 Days	Overdue 61 Days or More	Total
Gross carrying amount	$ 8,825,783	$ 816,374	$ 290,048	$ 9,932,205
Loss allowance (lifetime ECLs)	(548,779)	(105,263)	(201,164)	(855,206)
Amortized cost	$ 8,277,004	$ 711,111	$ 88,884	$ 9,076,999

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

	For the Six Months Ended June 30	
	2023	2022
Balance at January 1	$ 901,779	$ 815,318
Add: Amounts recovered	114,731	115,337
Add: Net remeasurement of loss allowance	125,015	114,131
Less: Amounts written off	(198,351)	(190,391)
Foreign exchange gains and losses	375	811
Balance at June 30	$ 943,549	$ 855,206

10. INVENTORIES

	June 30, 2023	December 31, 2022	June 30, 2022
Cellular phone equipment and accessories	$ 1,281,101	$ 2,162,260	$ 1,373,431
Others	599,818	745,063	553,390
	$ 1,880,919	$ 2,907,323	$ 1,926,821

Costs of inventories sold were $6,596,716 thousand and $5,724,933 thousand for the three months ended June 30, 2023 and 2022, respectively, and $13,955,935 thousand and $12,909,875 thousand for the six months ended June 30, 2023 and 2022, respectively.

The reversal of write-down (write-down) of inventories amounting to $1,347 thousand, $(730) thousand, $(166) thousand and $(13,841) thousand were included in the cost of sales for the three months and six months ended June 30, 2023 and 2022, 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 (%) June 30, 2023	December 31, 2022	June 30, 2022	Note
Far EasTone	NCIC	Telecommunications services	100.00	100.00	100.00	
	ARCOA	Sales of communications products and office equipment	61.63	61.63	61.63	
	KGEx.com	Telecommunications services	99.99	99.99	99.99	
	YSDT	Electronic information services	98.96	96.18	96.18	
	Yuan Cing	Call center services	100.00	100.00	100.00	
	FEIS	Investment	100.00	100.00	100.00	
	FEPIA	Property insurance agent	100.00	100.00	100.00	
	IDWE	Television and film production and distribution	50.00	50.00	50.00	
NCIC	ISSDU	Security and monitoring service via internet	100.00	100.00	100.00	
	DU (Cayman)	Investment	100.00	100.00	100.00	
	New Diligent	Investment	100.00	100.00	100.00	
	YSDT	Electronic information services	0.46	3.33	0.67	
	Prime EcoPower	Energy technology services	100.00	100.00	100.00	
	Nextlink Technology	Electronic information services	70.00	70.00	70.00	
	ARCOA	Sales of communications products and office equipment	6.72	6.72	6.72	
New Diligent	Sino Lead	Telecommunications services	100.00	100.00	100.00	
	New Diligent Hong Kong	Investment	100.00	100.00	100.00	
DU (Cayman)	DUIT	Design, research, installment and maintenance of computer software and systems	100.00	100.00	100.00	
ARCOA	DataExpress	Sale of communications products	70.00	70.00	70.00	
DataExpress	Home Master	Sale of communications products	100.00	100.00	100.00	
Nextlink Technology	Microfusion Technology	Electronic information services	100.00	100.00	100.00	
	Nextlink (HK) Technology	Electronic information services	100.00	100.00	100.00	
	Microfusion (HK) Technology	Electronic information services	100.00	100.00	100.00	
	MICROFUSION TECHNOLOGY (MY) SDN. BHD.	Electronic information services	-	-	-	Established on January 13, 2023. Investment capital has not been remitted as of June 30, 2023
	NEXTLINK (SG) TECHNOLOGY PTE. LTD.	Electronic information services	-	-	-	Established on March 31, 2023. Investment capital has not been remitted as of June 30, 2023
Nextlink (HK) Technology	Nextlink (SH) Technology	Electronic information services	100.00	100.00	100.00	
IDWE	Mission International	Television and film production and distribution	100.00	100.00	100.00	

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	June 30, 2023	December 31, 2022	June 30, 2022
Material associate			
Far Eastern Electronic Toll Collection Co., Ltd.	$ 1,667,215	$ 1,481,494	$ 1,439,236
Associates that are not individually material	686,632	737,739	796,981
	$ 2,353,847	$ 2,219,233	$ 2,236,217

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 as of June 30, 2023, December 31, 2022 and June 30, 2022. 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 an associate of the Group.

Far Eastern Electronic Toll Collection Co., Ltd.

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 was concluded on March 20, 2023 by establishing a mediation according to the judge’s suggestion.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Operating Equipment	Computer Equipment	Other Equipment	Construction-in-progress	Total
Cost							
Balance at January 1, 2023	$ 6,097,258	$ 9,382,991	$ 98,830,407	$ 13,866,816	$ 6,457,290	$ 2,217,123	$ 136,851,885
Additions	-	2,716	1,835	9,648	16,868	2,481,358	2,512,425
Disposals	(880)	(26,875)	(1,722,303)	(153,149)	(93,148)	(3,889)	(2,000,244)
Effects of foreign currency exchange difference	-	-	-	-	1	-	1
Adjustments and reclassification	-	93,884	2,779,054	209,656	89,024	(3,171,618)	-
Balance at June 30, 2023	$ 6,096,378	$ 9,452,716	$ 99,888,993	$ 13,932,971	$ 6,470,035	$ 1,522,974	$ 137,364,067
Accumulated depreciation and impairment							
Balance at January 1, 2023	$ (59,857)	$ (4,526,193)	$ (73,422,676)	$ (13,034,558)	$ (5,480,102)	$ -	$ (96,523,386)
Depreciation expense	-	(153,180)	(3,592,070)	(213,367)	(115,142)	-	(4,073,759)
Disposals	-	25,557	1,634,408	153,149	92,192	-	1,905,306
Effects of foreign currency exchange difference	-	-	-	(1)	(1)	-	(2)
Adjustments and reclassification	-	-	14	(14)	-	-	-
Balance at June 30, 2023	$ (59,857)	$ (4,653,816)	$ (75,380,324)	$ (13,094,791)	$ (5,503,053)	$ -	$ (98,691,841)
Carrying amount at January 1, 2023	$ 6,037,401	$ 4,856,798	$ 25,407,731	$ 832,258	$ 977,188	$ 2,217,123	$ 40,328,499
Carrying amount at June 30, 2023	$ 6,036,521	$ 4,798,900	$ 24,508,669	$ 838,180	$ 966,982	$ 1,522,974	$ 38,672,226
Cost							
Balance at January 1, 2022	$ 6,148,114	$ 9,110,510	$ 93,662,999	$ 14,231,634	$ 6,411,105	$ 2,418,517	$ 131,982,879
Additions	-	6,209	-	3,473	36,277	4,089,364	4,135,323
Disposals	-	(9,053)	(1,814,631)	(169,837)	(121,111)	(3,217)	(2,117,849)
Effects of foreign currency exchange difference	-	-	-	15	7	-	22
Adjustments and reclassification	-	242,304	4,270,630	230,786	76,432	(4,820,152)	-
Balance at June 30, 2022	$ 6,148,114	$ 9,349,970	$ 96,118,998	$ 14,296,071	$ 6,402,710	$ 1,684,512	$ 134,000,375

(Continued)

	Freehold Land	Buildings	Operating Equipment	Computer Equipment	Other Equipment	Construction-in-progress	Total
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	-	(150,682)	(3,729,762)	(218,230)	(113,800)	-	(4,212,474)
Disposals	-	9,051	1,611,668	169,827	119,555	-	1,910,101
Effects of foreign currency exchange difference	-	-	-	(6)	(4)	-	(10)
Adjustments and reclassification	-	(32,249)	-	29	32,220	-	-
Balance at June 30, 2022	$ (59,857)	$ (4,411,827)	$ (70,751,247)	$ (13,412,124)	$ (5,508,193)	$ -	$ (94,143,248)
Carrying amount at June 30, 2022	$ 6,088,257	$ 4,938,143	$ 25,367,751	$ 883,947	$ 894,517	$ 1,684,512	$ 39,857,127

(Concluded)

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

Buildings	
Main buildings	33-55 years
Other building equipment	3-45 years
Operating equipment	3-26 years
Computer equipment	2-8 years
Other equipment	1-20 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amount			
Land	$ 929	$ 1,358	$ 72
Buildings	8,056,201	8,015,317	7,792,653
Other equipment	200,297	167,659	196,468
	$ 8,257,427	$ 8,184,334	$ 7,989,193

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Additions to right-of-use assets			$ 1,949,016	$ 1,607,874
Depreciation charge for right-of-use assets				
Land	$ 215	$ 216	$ 429	$ 432
Buildings	861,103	853,080	1,723,428	1,706,514
Other equipment	33,437	32,715	65,636	64,960
	$ 894,755	$ 886,011	$ 1,789,493	$ 1,771,906

Except for the aforementioned additions and recognized depreciation, the Group did not have any significant sublease or impairment of right-of-use assets during the six months ended June 30, 2023 and 2022.

b. Lease liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amount			
Current	$ 2,800,652	$ 2,739,068	$ 2,906,471
Noncurrent	$ 5,031,101	$ 4,979,074	$ 4,774,174

Discount rate ranges for lease liabilities were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Land	1.38%	1.38%	0.62%
Buildings	0.55%-1.99%	0.52%-1.99%	0.51%-1.65%
Other equipment	0.58%-1.68%	0.55%-1.68%	0.51%-1.36%

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 Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	$ 27,208	$ 24,690	$ 54,684	$ 47,848
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 9,796	$ 7,955	$ 18,939	$ 15,939
Total cash outflow for leases			$ (1,814,369)	$ (1,606,682)

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

	June 30, 2023	December 31, 2022	June 30, 2022
Balance of investment properties	$ 756,225	$ 756,225	$ 624,731

The lease terms of investments 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:

	June 30, 2023	December 31, 2022	June 30, 2022
Year 1	$ 15,601	$ 14,249	$ 12,893
Year 2	14,616	12,502	10,362
Year 3	10,734	11,718	10,333
Year 4	7,135	8,392	9,274
Year 5	1,677	5,190	5,900
Later than 5 years	-	-	1,475
	$ 49,763	$ 52,051	$ 50,237

The fair values of investment properties measured at fair value on a recurring basis are as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Independent valuation	$ 756,225	$ 756,225	$ 624,731

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 independent qualified professional valuators Mr. Tsai, Chia-Ho. The aforementioned valuators are 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 and 2021 were still valid as of June 30, 2023 and 2022, respectively.

The above fair value measurement has taken into consideration market volatility as a result of the COVID-19 pandemic.

The fair value of investment properties was 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.

	June 30, 2023	December 31, 2022	June 30, 2022
Expected future cash inflows	$ 917,065	$ 917,065	$ 773,981
Expected future cash outflows	(29,161)	(29,161)	(21,933)
Expected future cash inflows, net	$ 887,904	$ 887,904	$ 752,048
Discount rate	2.22%-2.845%	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 were $3,883 thousand and $3,216 thousand for the three months ended June 30, 2023 and 2022, respectively, and $7,743 thousand and $6,404 thousand for the six months ended June 30, 2023 and 2022, 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 both of 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%.

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:

	June 30, 2023	December 31, 2022	June 30, 2022
Estimated total sales price	$ 284,393	$ 284,393	$ -
Rate of return	15.00%	15.00%	-
Overall capital interest rate	4.21%	4.21%	-

16. INTANGIBLE ASSETS

	Concessions	Goodwill	Computer Software	Other Intangible Assets	Total
Cost					
Balance at January 1, 2023	$ 89,925,320	$ 11,194,104	$ 19,704,279	$ 878,627	$ 121,702,330
Additions	-	-	324,295	12,000	336,295
Disposals	-	-	(5,275)	-	(5,275)
Balance at June 30, 2023	$ 89,925,320	$ 11,194,104	$ 20,023,299	$ 890,627	$ 122,033,350

(Continued)

	Concessions	Goodwill	Computer Software	Other Intangible Assets	Total
Accumulated amortization and impairment					
Balance at January 1, 2023	$ (24,839,141)	$ (17,273)	$ (17,561,965)	$ (678,194)	$ (43,096,573)
Amortization	(2,594,940)	-	(525,339)	(40,161)	(3,160,440)
Disposals	-	-	5,275	-	5,275
Balance at June 30, 2023	$ (27,434,081)	$ (17,273)	$ (18,082,029)	$ (718,355)	$ (46,251,738)
Carrying amount at January 1, 2023	$ 65,086,179	$ 11,176,831	$ 2,142,314	$ 200,433	$ 78,605,757
Carrying amount at June 30, 2023	$ 62,491,239	$ 11,176,831	$ 1,941,270	$ 172,272	$ 75,781,612
Cost					
Balance at January 1, 2022	$ 90,002,000	$ 11,194,104	$ 19,009,499	$ 862,051	$ 121,067,654
Additions	2,103,320	-	279,153	11,429	2,393,902
Disposals	(2,180,000)	-	(30)	-	(2,180,030)
Balance at June 30, 2022	$ 89,925,320	$ 11,194,104	$ 19,288,622	$ 873,480	$ 121,281,526
Accumulated amortization and impairment					
Balance at January 1, 2022	$ (20,062,793)	$ (17,273)	$ (16,530,767)	$ (608,541)	$ (37,219,374)
Amortization	(2,557,718)	-	(519,711)	(29,493)	(3,106,922)
Disposals	376,310	-	30	-	376,340
Balance at June 30, 2022	$ (22,244,201)	$ (17,273)	$ (17,050,448)	$ (638,034)	$ (39,949,956)
Carrying amount at June 30, 2022	$ 67,681,119	$ 11,176,831	$ 2,238,174	$ 235,446	$ 81,331,570

(Concluded)

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

Concessions	9 to 21 years
Computer software	3 to 6 years
Other intangible assets	
Copyrights	Amortized over the broadcast period
Others	4 to 16 years

Refer to Note 16 of the consolidated financial statements for the year ended December 31, 2022 for the related information of goodwill.

17. OTHER NONCURRENT ASSETS

	June 30, 2023	December 31, 2022	June 30, 2022
Refundable deposits	$ 1,061,989	$ 1,136,703	$ 1,070,241
Others	953,723	930,111	94,184
	$ 2,015,712	$ 2,066,814	$ 1,164,425

18. BORROWINGS

a. Short-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured borrowings			
Credit loans	$ 2,601,521	$ 436,530	$ 2,640,526
Interest rate range	1.63%-2.64%	1.59%-2.36%	0.99%-2.06%

b. Short-term bills payable

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured borrowings			
Commercial papers payable	$ 2,550,000	$ 1,205,000	$ 1,835,000
Less: Unamortized discount	(8,670)	(692)	(3,930)
	2,541,330	1,204,308	1,831,070
Secured borrowings			
Commercial papers payable	10,800	11,400	11,800
Less: Unamortized discount	(67)	(6)	(4)
	10,733	11,394	11,796
Short-term bills payable	$ 2,552,063	$ 1,215,702	$ 1,842,866
Interest rate range			
Unsecured commercial papers payable	1.51%-2.04%	1.62%-2.20%	1.16%-1.79%
Secured commercial papers payable	2.58%	2.55%	1.70%

c. Long-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured borrowings			
Credit loans	$ 7,568,968	$ 16,700,000	$ 13,650,000
Less: Current portion	(1,528)	-	-
Long-term commercial papers payable	5,300,000	10,300,000	9,500,000
Less: Unamortized discount on commercial papers payable	(2,947)	(5,670)	(9,332)
Less: Current portion	(1,499,949)	-	-
	11,364,544	26,994,330	23,140,668

(Continued)

	June 30, 2023	December 31, 2022	June 30, 2022
Secured borrowings			
Bank loans	$ 128,509	$ 153,215	$ 132,394
Less: Current portion	(9,950)	(11,478)	(9,732)
	118,559	141,737	122,662
Long-term borrowings	$ 11,483,103	$ 27,136,067	$ 23,263,330
Interest rate range			
Credit loans	1.67%-2.35%	1.49%-2.12%	0.77%-1.25%
Unsecured commercial papers payable	0.60%-1.96%	0.60%-1.79%	0.60%-0.62%
Secured bank loans	1.50%-2.35%	1.50%-2.23%	1.50%-1.98%

(Concluded)

1) The credit loans are payable in New Taiwan dollars. Repayment of principal will be made in full on 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 April 2026.

2) The unsecured commercial papers payable are treated as revolving credit facilities under contracts. The repayment dates of the 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 33.

4) As of June 30, 2023, December 31, 2022, and June 30, 2022, the perpetual long-term borrowings were $5,697,054 thousand, $8,999,709 thousand and $3,498,591 thousand, respectively.

19. BONDS PAYABLE

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured domestic bonds	$ 31,200,000	$ 29,800,000	$ 28,000,000
Unamortized costs of issuance	(24,314)	(21,607)	(22,277)
	31,175,686	29,778,393	27,977,723
Less: Current portion	(3,199,177)	(2,999,647)	(2,999,220)
	$ 27,976,509	$ 26,778,746	$ 24,978,503

Period	Maturity	Annual Rate (%)	Issued Amount	June 30, 2023	December 31, 2022	June 30, 2022	Repayment
Parent Company							
Unsecured domestic bonds							
2017 2nd unsecured domestic bonds	2017.09.04-2024.09.04	1.17	$ 2,000,000	$ 1,999,404	$ 1,999,150	$ 1,998,896	Note A
2017 3rd unsecured domestic bonds - type A	2017.12.20-2023.06.20	0.95	1,500,000	-	1,499,786	1,499,557	Note A
2017 3rd unsecured domestic bonds - type B	2017.12.20-2024.12.20	1.09	1,500,000	1,499,472	1,499,292	1,499,112	Note A
2018 1st unsecured domestic bonds - type A	2018.05.07-2023.05.07	0.85	1,500,000	-	1,499,861	1,499,663	Note A
2018 1st unsecured domestic bonds - type B	2018.05.07-2025.05.07	1.01	3,500,000	3,498,777	3,498,447	3,498,116	Note A
2019 1st unsecured domestic bonds - type A	2019.06.25-2024.06.25	0.75	3,200,000	3,199,177	3,198,758	3,198,340	Note A
2019 1st unsecured domestic bonds - type B	2019.06.25-2026.06.25	0.81	1,800,000	1,798,997	1,798,828	1,798,660	Note A
2019 2nd unsecured domestic bonds - type A	2019.12.20-2026.12.20	0.80	2,600,000	2,598,085	2,597,808	2,597,532	Note B
2019 2nd unsecured domestic bonds - type B	2019.12.20-2029.12.20	0.85	500,000	499,519	499,482	499,445	Note C
2020 1st unsecured domestic bonds - type A	2020.03.16-2025.03.16	0.67	1,500,000	1,499,333	1,499,137	1,498,942	Note A
2020 1st unsecured domestic bonds - type B	2020.03.16-2027.03.16	0.70	2,500,000	2,498,275	2,498,042	2,497,810	Note A
2020 1st unsecured domestic bonds - type C	2020.03.16-2030.03.16	0.77	1,000,000	999,126	999,061	998,996	Note A
2020 2nd unsecured domestic bonds	2020.06.02-2027.06.02	0.73	1,000,000	998,877	998,734	998,591	Note A
2021 1st unsecured domestic bonds	2021.06.04-2028.06.04	0.55	1,200,000	1,198,230	1,198,051	1,197,871	Note A
2022 1st unsecured domestic bonds	2022.03.29-2027.03.29	0.88	2,700,000	2,696,995	2,696,594	2,696,192	Note D
2022 2nd unsecured domestic bonds	2022.09.08-2027.09.08	1.70	1,800,000	1,797,643	1,797,362	-	Note A
2023 1st unsecured domestic bonds - type A	2023.03.10-2028.03.10	1.45	1,600,000	1,597,770	-	-	Note A
2023 1st unsecured domestic bonds - type B	2023.03.10-2030.03.10	1.58	500,000	499,290	-	-	Note A
2023 2nd unsecured domestic bonds	2023.06.14-2028.06.14	1.57	2,300,000	2,296,716	-	-	Note A
Total balance				$ 31,175,686	$ 29,778,393	$ 27,977,723	

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. In May 2023, Far EasTone repaid $1,500,000 thousand, the amount due for the first unsecured domestic bonds - type A of 2018. In June 2023, Far EasTone repaid $1,500,000 thousand, the amount due for the third unsecured domestic bonds - type A of 2017.

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. On March 10, 2023, Far EasTone issued the first unsecured domestic bonds of 2023 with an aggregate principal amount of $1,600,000 thousand and $500,000 thousand. On June 14, 2023, Far EasTone issued the second unsecured domestic bonds of 2023 with an aggregate principal amount of $2,300,000 thousand, respectively.

As of June 30, 2023, December 31, 2022, and June 30, 2022, the perpetual long-term bonds were $8,888,414 thousand, $4,493,956 thousand and $2,696,192 thousand, respectively.

As of June 30, 2023, December 31, 2022, and June 30, 2022, the perpetual financial borrowings including long-term borrowings and bonds payable, accounted for 30%, 23% and 11%, respectively, of the Group's total borrowings, see Note 18.

20. OTHER LIABILITIES

	June 30, 2023	December 31, 2022	June 30, 2022
Current			
Other payables			
Dividends	$ 10,671,094	$ -	$ 10,664,568
Acquisition of properties	1,406,835	2,171,013	1,484,309
Salaries and bonuses	1,253,140	1,620,059	1,313,944
Commission	918,927	835,583	742,667
Maintenance fees	459,996	518,824	502,440
Compensation of employees and remuneration of directors	296,862	340,419	255,258
Others	1,396,049	1,515,380	1,296,851
	$ 16,402,903	$ 7,001,278	$ 16,260,037
Noncurrent			
Other noncurrent liabilities	$ 3,967,885	$ 4,261,210	$ 2,856,708

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

	June 30, 2023	December 31, 2022	June 30, 2022
Current			
Dismantling obligation	$ 135,604	$ 135,730	$ 134,631
Product warranty	43,166	46,595	49,363
	$ 178,770	$ 182,325	$ 183,994
Noncurrent			
Dismantling obligation	$ 1,199,691	$ 1,191,522	$ 1,179,179

	Dismantling Obligation	Product Warranty
Balance at January 1, 2023	$ 1,327,252	$ 46,595
Additional provisions recognized	12,321	2,400
Reductions arising from payments	(4,278)	(5,829)
Balance at June 30, 2023	$ 1,335,295	$ 43,166
Balance at January 1, 2022	$ 1,284,266	$ 54,910
Additional provisions recognized (reversed)	33,013	(1,221)
Reductions arising from payments	(3,469)	(4,326)
Balance at June 30, 2022	$ 1,313,810	$ 49,363

22. RETIREMENT BENEFIT PLANS

For defined benefit plans, employee benefit expenses amounted to $3,524 thousand and $3,428 thousand for the three months ended June 30, 2023 and 2022, respectively, and $7,048 thousand and $6,834 thousand for the six months ended June 30, 2023 and 2022, respectively, which were calculated by using the actuarially determined pension cost discount rates as of December 31, 2022 and 2021, respectively.

23. EQUITY

a. Capital stock

1) Common stock

	June 30, 2023	December 31, 2022	June 30, 2022
Stock authorized (in thousands)	4,200,000	4,200,000	4,200,000
Capital authorized	$ 42,000,000	$ 42,000,000	$ 42,000,000
Issued and fully paid stock (in thousands)	3,258,501	3,258,501	3,258,501
Issued capital	$ 32,585,008	$ 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 Far EasTone’s issued common stocks have been traded on the Luxemburg 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 Luxemburg 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 June 30, 2023, and December 31, 2022, there were no outstanding units of GDRs. As of June 30, 2022, there were 2 thousand outstanding units of GDRs, representing 33 thousand common stocks.

b. Capital surplus

	June 30, 2023	December 31, 2022	June 30, 2022
From business combinations	$ 351	$ 351	$ 351
Share of changes in equities of associates	1,232	14,083	14,083
Changes in ownership interest of subsidiaries	12,314	11,732	11,732
Share-based payment transaction	4,238	199	-
	$ 18,135	$ 26,365	$ 26,166

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 ownership interest of subsidiaries and 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 d. 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 2022 and 2021, which have been approved in the stockholders' meetings on May 31, 2023 and June 14, 2022, respectively, were as follows:

	For the Year Ended December 31	
	2022	2021
Legal reserve	$ 964,929	$ 914,759
Special reserve	933,501	578,021
Cash dividends	7,751,973	7,654,218
Cash dividends per share (NT$)	2.379	2.349

In addition to distributing cash dividends at NT$2.379 and NT$2.349 per share from the unappropriated earnings for the years ended December 31, 2022 and 2021, Far EasTone's stockholders approved $2,838,154 thousand and $560,462 thousand from the legal reserve at NT$0.871 and NT$0.172 per share in 2022 and 2021. Moreover, stockholders also approved the cash distribution of $2,375,447 thousand from the additional paid-in capital from business combinations at NT$0.729 per share in 2021. Therefore, Far EasTone's stockholders received NT$3.25 per share in both 2022 and 2021. As of June 30, 2023 and 2022, Far EasTone's cash dividends for 2022 and 2021 both amounted to $10,590,127 thousand and were included in other payables.

d. Special reserve

	For the Six Months Ended June 30	
	2023	**2022**
Beginning balance	$ 1,301,537	$ 723,516
Appropriation (reversal) in respect of		
Application of the fair value model to investment properties	(5,896)	(156,474)
Debits to other equity items	939,397	734,495
Ending balance	$ 2,235,038	$ 1,301,537

e. Other equity items

Adjustments to other equity items for the six months ended June 30, 2023 and 2022 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 Revaluation**	**Total**
For the three months ended June 30, 2023					
Beginning balance	$ 27,360	$ (1,852,282)	$ 2,751	$ 48,395	$ (1,773,776)
Recorded as adjustments to stockholders' equity	(10,711)	99,860	-	-	89,149
Share of the other comprehensive income of associates	8,453	(21,182)	134	-	(12,595)
Ending balance	$ 25,102	$ (1,773,604)	$ 2,885	$ 48,395	$ (1,697,222)
For the three months ended June 30, 2022					
Beginning balance	$ (36,747)	$ (799,017)	$ 1,386	$ -	$ (834,378)
Recorded as adjustments to stockholders' equity	8,148	(469,900)	-	-	(461,752)
Share of the other comprehensive income of associates	43,089	(7,135)	1,242	-	37,196
Reclassification to profit or loss due to disposal of foreign operations	(6,220)	-	-	-	(6,220)
Ending balance	$ 8,270	$ (1,276,052)	$ 2,628	$ -	$ (1,265,154)

f. Noncontrolling interests

	For the Six Months Ended June 30	
	2023	2022
Beginning balance	$ 920,719	$ 965,064
Share of profit	44,824	49,033
Other comprehensive income during the period		
Exchange differences on translating the financial statements of foreign operations	161	736
Cash dividends distributed by subsidiaries	(80,985)	(74,459)
Equity transactions	44,841	(87,367)
Share-based payment transaction	1,550	-
Ending balance	$ 931,110	$ 853,007

24. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Contract revenue				
Sales of inventories	$ 6,406,135	$ 5,706,719	$ 13,661,487	$ 12,873,776
Telecommunications service revenue	11,973,076	11,631,662	23,809,622	23,011,225
Other revenue	2,823,541	2,916,318	5,533,097	5,807,274
	21,202,752	20,254,699	43,004,206	41,692,275
Other operating revenue	496,034	468,856	999,932	935,305
	$ 21,698,786	$ 20,723,555	$ 44,004,138	$ 42,627,580

a. Contract balances

	June 30, 2023	December 31, 2022	June 30, 2022	January 1, 2022
Contract assets				
Bundle sale of goods	$ 8,159,307	$ 7,987,037	$ 7,679,594	$ 7,570,619
Others	1,016,021	989,209	1,317,553	1,209,396
Less: Allowance for impairment loss	(145,515)	(145,515)	(148,515)	(148,515)
	$ 9,029,813	$ 8,830,731	$ 8,848,632	$ 8,631,500
Contract assets - current	$ 5,166,892	$ 5,160,260	$ 5,314,740	$ 5,268,830
Contract assets - noncurrent	3,862,921	3,670,471	3,533,892	3,362,670
	$ 9,029,813	$ 8,830,731	$ 8,848,632	$ 8,631,500

(Continued)

	June 30, 2023	December 31, 2022	June 30, 2022	January 1, 2022
Contract liabilities				
Goods	$ 113,407	$ 127,099	$ 128,030	$ 135,877
Services	13,273,849	13,476,871	13,858,935	13,465,445
	$ 13,387,256	$ 13,603,970	$ 13,986,965	$ 13,601,322
Contract liabilities - current	$ 3,358,846	$ 3,230,860	$ 3,147,291	$ 2,981,709
Contract liabilities - noncurrent	10,028,410	10,373,110	10,839,674	10,619,613
	$ 13,387,256	$ 13,603,970	$ 13,986,965	$ 13,601,322

(Concluded)

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.

For the three months ended June 30, 2023 and 2022, the changes in contract asset and contract liability balances primarily resulted from the timing difference between the Group’s satisfaction of performance obligations and the respective customer’s payment.

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.

b. Assets related to contract costs

	June 30, 2023	December 31, 2022	June 30, 2022
Noncurrent			
Incremental costs of obtaining a contract	$ 3,550,286	$ 3,702,294	$ 3,691,837

The Group considered its past experience and believes the commission and subsidies paid for obtaining contracts are wholly recoverable. Total expenses recognized were $709,140 thousand and $737,730 thousand for the three months ended June 30, 2023 and 2022, respectively, and $1,428,973 thousand and $1,509,087 thousand for the six months ended June 30, 2023 and 2022, respectively.

c. Disaggregation of revenue

Refer to Note 38 for information about the disaggregation of revenue.

25. CONSOLIDATED NET INCOME

a. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Property, plant and equipment	$ 2,011,732	$ 2,099,649	$ 4,073,759	$ 4,212,474
Right-of-use assets	894,755	886,011	1,789,493	1,771,906
Intangible assets	273,155	275,360	565,500	549,204
	$ 3,179,642	$ 3,261,020	$ 6,428,752	$ 6,533,584
Depreciation expense categorized by function				
Operating costs	$ 2,639,402	$ 2,715,355	$ 5,328,235	$ 5,441,138
Operating expenses	267,085	270,305	535,017	543,242
	$ 2,906,487	$ 2,985,660	$ 5,863,252	$ 5,984,380
Amortization expense categorized by function				
Operating costs	$ 49,610	$ 46,381	$ 109,698	$ 93,172
Marketing expenses	73,562	78,286	146,154	153,673
General and administrative expenses	149,983	150,693	309,648	302,359
	$ 273,155	$ 275,360	$ 565,500	$ 549,204

b. Financial costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Interest on financial liabilities measured at amortized cost	$ 156,488	$ 131,305	$ 320,501	$ 261,442
Interest on lease liabilities	22,847	15,092	44,338	29,861
Other financial costs	1,873	1,023	3,700	2,005
	$ 181,208	$ 147,420	$ 368,539	$ 293,308

c. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Retirement benefits				
Defined contribution plans	$ 77,124	$ 74,608	$ 151,803	$ 148,660
Defined benefit plans (Note 22)	3,524	3,428	7,048	6,834
	80,648	78,036	158,851	155,494
Other employee benefits				
Salary	1,569,739	1,504,591	3,132,933	3,002,721
Insurance	146,734	138,605	296,237	281,848
Others	71,274	81,253	146,723	156,749
	1,787,747	1,724,449	3,575,893	3,441,318
	$ 1,868,395	$ 1,802,485	$ 3,734,744	$ 3,596,812
Categorized by function				
Operating costs	$ 368,134	$ 324,836	$ 738,199	$ 615,305
Operating expenses	1,500,261	1,477,649	2,996,545	2,981,507
	$ 1,868,395	$ 1,802,485	$ 3,734,744	$ 3,596,812

d. 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 three months and six months ended June 30, 2023 and 2022, 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 three months and six months ended June 30, 2023 and 2022 were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Compensation of employees	$ 66,843	$ 56,286	$ 133,691	$ 112,599
Remuneration of directors	$ 24,064	$ 20,262	$ 48,129	$ 40,535

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.

The appropriations of compensation of employees and remuneration of directors for 2022 and 2021 resolved by the board of directors on February 15, 2023 and February 25, 2022, respectively, are stated below:

	For the Year Ended December 31			
	2022		2021	
	Cash	Stock	Cash	Stock
Compensation of employees	$ 233,722	$ -	$ 212,073	$ -
Remuneration of directors	84,140	-	76,346	-

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, 2022 and 2021.

Information on compensation of employees and remuneration of directors resolved by Far EasTone's board of directors is available at 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 Three Months Ended June 30		For the Six Months Ended June 30	
	2023	**2022**	**2023**	**2022**
Current tax	$ 628,175	$ 580,274	$ 1,260,173	$ 1,146,181
Deferred tax	(3,849)	(35,394)	(13,648)	(50,319)
Income tax expense recognized in profit or loss	$ 624,326	$ 544,880	$ 1,246,525	$ 1,095,862

b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	**2022**	**2023**	**2022**
Deferred tax				
In respect of the current period				
Fair value changes of financial assets at fair value through other comprehensive income	$ (241)	$ (1,445)	$ 111	$ 3,614

c. Income tax assessments

Income tax returns of Far EasTone, NCIC, YSDT, ARCOA and Microfusion Technology through 2020 have been assessed by the tax authorities.

Income tax returns of KGEx.com, ISSDU, New Diligent, Data Express, Home Master, Prime EcoPower, FEPIA, Yuan Cing and Nextlink Technology 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 Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	**2022**	**2023**	**2022**
Net income for the period attributable to Far EasTone	$ 2,766,457	$ 2,311,822	$ 5,520,265	$ 4,637,139
Effect of potentially dilutive common stock:				
Compensation of employees	-	-	-	-
Earnings used in the calculation of diluted earnings per share	$ 2,766,457	$ 2,311,822	$ 5,520,265	$ 4,637,139

Weighted Average Number of Common Stock Outstanding

(In Thousands of Shares)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	**2022**	**2023**	**2022**
Weighted average number of common stock used in the calculation of basic earnings per share	3,258,501	3,258,501	3,258,501	3,258,501
Effect of potentially dilutive common stock:				
Compensation of employees	1,701	1,347	2,562	2,284
Weighted average number of common stock used in the calculation of diluted earnings per share	3,260,202	3,259,848	3,261,063	3,260,785

Since Far EasTone may settle the compensation paid to employees in cash or stock, Far EasTone assumes that the entire amount of the compensation will be settled in stock and the resulting potential stock will be 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

The Group's share-based payment arrangements were as follows:

Type of Arrangement	Grant Date	Quantity Granted	Contract Period	Vesting Conditions
Employee stock options	2022.10	787	3 years	Note A
Employee stock options	2023.05	1,080	0.1-1.6 years	Note B

Note A: Exercisable at certain percentages after 9 months from the grant date.

Note B: Exercisable at certain percentages after 15 days from the grant date.

Information on employee stock options was as follows:

	June 30, 2023			
	Granted on October 2022		Granted on May 2023	
	Number of Options (In Thousands of Units)	Weighted-Average Exercise Price ($)	Number of Options (In Thousands of Units)	Weighted-Average Exercise Price ($)
Balance at January 1	759	$12.35	-	$ -
Options granted	-	-	1,080	45.63
Options forfeited	(25)	12.35	(162)	44.53
Balance at June 30	734	12.35	918	45.83
Options exercisable, end of the year	-	-	782	48.18

Information on outstanding options was as follows:

	June 30, 2023	
	Granted on October 2022	Granted on May 2023
Range of exercise price ($)	$12.35	$32.3-$48.9
Weighted-average remaining contractual life (in years)	2.29	0.02-1.48

Options granted were priced using the Black-Scholes pricing model and the Binomial model, and the inputs to the model were as follows:

	Granted on October 2022	Granted on May 2023
Grant-date share price	$11.18	$62.90
Exercise price	$12.35	$39-$59
Expected volatility	30.33%-33.63%	42%-46%
Expected life (in years)	1.88-2.88	0.1-1.6
Risk-free interest rate	1.34%-1.43%	0.88%-0.99%

For the six months ended June 30, 2023 the compensation cost arising from employee stock options amounted as follows:

	For the Six Months Ended June 30, 2023
Granted on October 2022	$ 421
Granted on May 2023	5,168
	$ 5,589

29. EQUITY TRANSACTIONS WITH NONCONTROLLING INTERESTS

In February 2023, the Group subscribed for new common stock of Yuanshi Digital Technology Co., Ltd. (YSDT) at a percentage different from its existing ownership percentage, decreasing its continuing interest from 99.51% to 99.42%.

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%.

The above transactions were accounted for as equity transactions since the Group did not cease to have control over these subsidiaries.

For the six months ended June 30, 2023

	YSDT
Paid received	$ (695,827)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from noncontrolling interests	696,409
Differences recognized from equity transactions	$ 582

	YSDT
Line items adjusted for equity transactions	
Capital surplus - changes in ownership interest of subsidiaries	$ 582

For the six months ended June 30, 2022

	ARCOA	IDWE
(Paid) consideration received	$ (116,885)	$ 41,250
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from (to) noncontrolling interests	128,617	(41,250)
Differences recognized from equity transactions	$ 11,732	$ -

	ARCOA	IDWE	Total
Line items adjusted for equity transactions			
Capital surplus - changes in ownership interest of subsidiaries	$ 11,732	$ -	$ 11,732

30. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities (including noncash transactions)

For the six months ended June 30, 2023 and 2022, changes in liabilities arising from financing activities, including noncash transactions, were as follows:

For the six months ended June 30, 2023

	Balance on January 1, 2023	Cash Flows from Financing Activities	Changes in Noncash Transactions		Cash Flows from Operating Activities - Interest Paid	Balance on June 30, 2023
			New Leases	Others		
Lease liabilities (including the current and noncurrent portion)	$ 7,718,142	$ (1,738,927)	$ 1,939,401	$ (42,525)	$ (44,338)	$ 7,831,753

For the six months ended June 30, 2022

	Balance on January 1, 2022	Cash Flows from Financing Activities	Changes in Noncash Transactions		Cash Flows from Operating Activities - Interest Paid	Balance on June 30, 2022
			New Leases	Others		
Lease liabilities (including the current and noncurrent portion)	$ 7,749,242	$ (1,535,332)	$ 1,578,423	$ (81,827)	$ (29,861)	$ 7,680,645

31. 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

	June 30, 2023		December 31, 2022		June 30, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities						
Bonds payable	$ 31,175,686	$ 31,139,634	$ 29,778,393	$ 29,785,270	$ 27,977,723	$ 28,020,281

2) Fair value hierarchy

	June 30, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial liabilities				
Bonds payable	$ 31,139,634	$ -	$ -	$ 31,139,634

	December 31, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial liabilities				
Bonds payable	$ 29,785,270	$ -	$ -	$ 29,785,270

	June 30, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial liabilities				
Bonds payable	$ 28,020,281	$ -	$ -	$ 28,020,281

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

	June 30, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
Mutual funds	$ -	$ 685,678	$ -	$ 685,678
Trade fair investment agreement	$ -	$ -	$ 6,574	$ 6,574
Financial assets at fair value through other comprehensive income				
Stock in domestic listed company through private placement	$ -	$ 3,345,000	$ -	$ 3,345,000
Domestic/foreign unlisted common stock	$ -	$ -	$ 794,797	$ 794,797

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Mutual funds	$ -	$ 619,275	$ -	$ 619,275
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/foreign unlisted common stock	$ -	$ -	$ 958,122	$ 958,122

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Mutual funds	$ -	$ 602,550	$ -	$ 602,550
Financial assets at fair value through other comprehensive income				
Stock in domestic listed company through private placement	$ -	$ 3,650,000	$ -	$ 3,650,000
Domestic/foreign unlisted common stock	$ -	$ -	$ 946,706	$ 946,706

There were no transfers of financial assets between the fair value measurements of Level 1 and Level 2 for the six months ended June 30, 2023 and 2022.

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

	Financial assets at fair value through profit or loss	
	For the Six Months Ended June 30	
	2023	2022
Beginning balance	$ 3,840	$ -
Additions	6,574	-
Recognized in profit or loss	153	-
Disposal	(3,993)	-
Ending balance	$ 6,574	$ -

	Financial Instruments at Fair Value Through Other Comprehensive Income	
	For the Six Months Ended June 30	
	2023	2022
Beginning balance	$ 958,122	$ 949,853
Additions	39,676	-
Recognized in other comprehensive income	(195,029)	(6,286)
Effects of foreign currency exchange differences	(7,972)	3,139
Ending balance	$ 794,797	$ 946,706

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

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets			
Financial assets at fair value through profit or loss	$ 692,252	$ 623,115	$ 602,550
Financial assets at amortized cost (Note 1)	15,878,462	17,503,698	16,202,303
Financial assets at fair value through other comprehensive income	4,139,797	4,008,122	4,596,706
Financial liabilities			
Financial liabilities at amortized cost (Note 2)	72,529,775	72,731,697	79,376,898

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 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 Six Months Ended June 30	
	2023	**2022**
5% change in sensitivity rate		
USD	$ (27,511)	$ (48,562)

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:

	June 30, 2023	**December 31, 2022**	**June 30, 2022**
Fair value interest rate risk			
Financial assets	$ 3,108,467	$ 2,640,129	$ 3,090,905
Financial liabilities	52,101,905	57,722,823	59,092,058
Cash flow interest rate risk			
Financial assets	3,530,684	4,792,722	3,981,241
Financial liabilities	5,441,340	8,942,482	4,690,589

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 six months ended June 30, 2023 and 2022 would have increased/decreased by $2,388 thousand and $887 thousand, respectively, which were 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, the pre-tax profit for the six months ended June 30, 2023 and 2022 would have increased/decreased by $34,284 thousand and $30,128 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 six months ended June 30, 2023 and 2022 would have increased/decreased by $206,990 thousand and $229,835 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 $64,368,977 thousand, $59,316,976 thousand and $51,172,048 thousand as of June 30, 2023, December 31, 2022 and June 30, 2022, 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:

	Carrying Amount	Contractual Cash Flows	Within 1 Year	1-5 Years	More than 5 Years
June 30, 2023					
Short-term borrowings	$ 2,601,521	$ 2,605,066	$ 2,605,066	$ -	$ -
Short-term bills payable	2,552,063	2,560,800	2,560,800	-	-
Long-term borrowings	12,994,530	13,287,175	1,650,786	11,636,389	-
Bonds payable	31,175,686	32,318,515	3,509,450	26,771,490	2,037,575
Lease liabilities	7,831,753	7,983,625	2,875,414	5,053,480	54,731
	$ 57,155,553	$ 58,755,181	$ 13,201,516	$ 43,461,359	$ 2,092,306
December 31, 2022					
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	7,718,142	7,854,802	2,803,100	5,000,776	50,926
	$ 66,296,312	$ 68,320,817	$ 8,074,649	$ 57,209,167	$ 3,037,001
June 30, 2022					
Short-term borrowings	$ 2,640,526	$ 2,646,210	$ 2,646,210	$ -	$ -
Short-term bills payable	1,842,866	1,846,800	1,846,800	-	-
Long-term borrowings	23,273,062	23,551,004	174,601	23,376,403	-
Bonds payable	27,977,723	28,859,430	3,245,765	22,873,340	2,740,325
Lease liabilities	7,680,645	7,777,242	2,955,190	4,773,353	48,699
	$ 63,414,822	$ 64,680,686	$ 10,868,566	$ 51,023,096	$ 2,789,024

Further information on the maturity analysis of the above financial liabilities was as follows:

	June 30, 2023				
	Within 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Bonds payable	$ 3,509,450	$ 26,771,490	$ 2,037,575	$ -	$ -
Lease liabilities	2,875,414	5,053,480	50,686	4,027	18
	$ 6,384,864	$ 31,824,970	$ 2,088,261	$ 4,027	$ 18

	December 31, 2022				
	Within 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Bonds payable	$ 3,262,115	$ 24,734,190	$ 2,986,075	$ -	$ -
Lease liabilities	2,803,100	5,000,176	46,307	4,570	49
	$ 6,065,215	$ 29,734,966	$ 3,032,382	$ 4,570	$ 49

	June 30, 2022				
	Within 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Bonds payable	$ 3,245,765	$ 22,873,340	$ 2,740,325	$ -	$ -
Lease liabilities	2,955,190	4,773,353	48,542	98	59
	$ 6,200,955	$ 27,646,693	$ 2,788,867	$ 98	$ 59

32. 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)
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)

(Continued)

Related Party	Relationship with the Group
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)
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 (dissolved on January 2, 2023 and the liquidation procedures have not been completed)
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
Drive Catalyst SPC-SP Tranche Three	Associate
Opas Fund Segregated Portfolio Company	Other related party (substantive related party)
Star Ritz Iinternational Entertainment Co., Ltd.	Other related party (substantive related party)
Yuanxun (Shanghai) Digital Technology Co., Ltd.	Subsidiary of FENC
Yuan Long Stainless Steel Corporation	Other related party (substantive related party)
JuAn Long-Age Co., Ltd.	Associate

(Concluded)

b. Operating revenue

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
FENC	$ 54,530	$ 27,720	$ 76,247	$ 34,862
Subsidiaries of FENC	45,577	51,709	87,608	103,092
Other related parties	197,878	113,867	419,312	227,454
Associates	190	-	190	-
	$ 298,175	$ 193,296	$ 583,357	$ 365,408

Operating revenue from related parties includes revenue from sales of inventories, mobile telecommunications services, fixed network telecommunications services, storage services, customer services, communication integration services and power plant construction of which the terms and conditions conformed to normal business practices.

c. Operating costs and expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Operating costs				
FENC	$ 1,315	$ 186	$ 3,152	$ 462
Subsidiaries of FENC	9,048	4,799	12,286	8,563
Other related parties	35,054	36,659	71,305	81,208
	$ 45,417	$ 41,644	$ 86,743	$ 90,233
Operating expenses				
FENC	$ 23,879	$ 22,538	$ 50,967	$ 53,169
Subsidiaries of FENC	61,605	55,194	119,367	113,742
Other related parties	23,651	25,124	53,354	53,507
	$ 109,135	$ 102,856	$ 223,688	$ 220,418

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 Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Acquisition of property, plant and equipment and intangible assets				
Subsidiaries of FENC	$ -	$ -	$ 9	$ 1,643
Other related parties	-	1,196	654	9,065
	$ -	$ 1,196	$ 663	$ 10,708

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Acquisition of securities				
Associates	$ -	$ -	$ -	$ 110,680
Acquisition of financial assets at FVTPL				
Other related party	$ -	$ -	$ -	$ 138,050
Disposal of financial assets at FVTPL				
Other related party	$ -	$ -	$ -	$ 139,125
				(Concluded)

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.

e. Lease arrangements - the Group is lessee

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Acquisition of right-of-use assets				
Other related parties	$ 3,084	$ 6,872	$ 7,825	$ 8,915

	June 30, 2023	December 31, 2022	June 30, 2022
Lease liabilities - current			
Subsidiaries of FENC	$ 14	$ 804	$ 2,103
Other related parties	12,160	12,446	13,883
	$ 12,174	$ 13,250	$ 15,986
Lease liabilities - noncurrent			
Subsidiaries of FENC	$ -	$ -	$ 250
Other related parties	4,268	5,908	5,363
	$ 4,268	$ 5,908	$ 5,613

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Financial costs				
FENC	$ -	$ -	$ -	$ 1
Subsidiaries of FENC	-	7	3	16
Other related parties	64	39	125	75
	$ 64	$ 46	$ 128	$ 92

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

	June 30, 2023	December 31, 2022	June 30, 2022
Other related parties			
FEIB	$ 1,532,782	$ 1,984,863	$ 1,807,554

The Group had bank deposits in FEIB. These deposits included the proceeds of Far EasTone's sale of prepaid cards and NCIC's sale of 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

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable - related parties			
FENC	$ 65,994	$ 17,946	$ 1,294
Subsidiaries of FENC	23,202	37,817	37,052
Other related parties	226,266	280,067	189,299
	$ 315,462	$ 335,830	$ 227,645
Other receivables - related parties (included in other current assets)			
FENC	$ -	$ 1	$ -
Subsidiaries of FENC	24	4,842	3,028
Other related parties	5,105	3,185	7,032
	$ 5,129	$ 8,028	$ 10,060
Accounts payable - related parties (included in accounts payable)			
Subsidiaries of FENC	$ 12,981	$ 8,673	$ 6,784
Other related parties	14,028	17,120	17,274
	$ 27,009	$ 25,793	$ 24,058

(Continued)

	June 30, 2023	December 31, 2022	June 30, 2022
Other payables - related parties (included in other current liabilities)			
FENC	$ 23,824	$ 22,232	$ 22,606
Subsidiaries of FENC	27,627	22,669	85,071
Other related parties	10,218	11,331	11,390
	$ 61,669	$ 56,232	$ 119,067

(Concluded)

h. Refundable deposits (included in other noncurrent assets)

	June 30, 2023	December 31, 2022	June 30, 2022
Subsidiaries of FENC	$ 17,625	$ 21,457	$ 17,640
Other related parties	1,416	1,416	1,416
	$ 19,041	$ 22,873	$ 19,056

i. Others

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Interest income				
Subsidiaries of FENC	$ 7	$ 4	$ 15	$ 8
Other related parties				
FEIB	5,970	3,390	10,549	6,576
Others	1	-	2	1
	5,971	3,390	10,551	6,577
	$ 5,978	$ 3,394	$ 10,566	$ 6,585
Financial costs				
Other related parties	$ 101	$ 43	$ 184	$ 86

j. Remuneration of key management personnel

The remuneration of directors and other members of key management personnel during the three months and six months ended June 30, 2023 and 2022 was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Short-term benefits	$ 66,592	$ 59,582	$ 176,480	$ 168,119
Post-employment benefits	963	856	1,958	1,762
	$ 67,555	$ 60,438	$ 178,438	$ 169,881

The remuneration of directors and key management personnel is determined by the remuneration committee based on the performance of individuals and market trends.

33. ASSETS PLEDGED OR MORTGAGED AS COLLATERAL

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:

	June 30, 2023	December 31, 2022	June 30, 2022
Other financial assets - current	$ 106,091	$ 103,902	$ 406,745
Property, plant and equipment, net	184,406	190,468	166,209
	$ 290,497	$ 294,370	$ 572,954

34. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments of the Group were as follows:

a. Significant commitments

	June 30, 2023	December 31, 2022	June 30, 2022
Unpaid acquisition of property, plant and equipment and intangible assets under contracts	$ 11,230,786	$ 11,957,889	$ 14,261,704
Unpaid acquisition of inventories under contracts	$ 2,811,787	$ 8,040,670	$ 2,643,998

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:

	June 30, 2023	December 31, 2022	June 30, 2022
Lease commitments	$ 216,667	$ 258,577	$ 282,455

c. The Group provided $300,000 thousand, $300,000 thousand and $0 thousand as bank guarantees for its purchases from suppliers as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

35. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

a. 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 after obtaining approval from the competent authority.

In order to enhance the competitiveness, expand the business scale and achieve 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 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 merger was approved by the NCC and Fair Trade Commission on January 18, 2023 and July 21, 2023, respectively. The base date of the merger has yet to be resolved by Far EasTone. After Far EasTone and APTC completed the merger, the aforementioned share swap contract with HHPI signed on September 4, 2020 will be terminated.

b. In order to fulfill the needs for long-term working capital, the board of directors of Far EasTone resolved to issue domestic unsecured corporate bonds not exceeding $13,000,000 thousand which could be issued separately after the date that the proposal was approved by the board of directors on May 3, 2023. The chairman or his appointed deputy is authorized to decide on all matters pertaining to the issuance of bonds.

   Far EasTone issued the five-year and seven-year third unsecured domestic bond of 2023 on July 31, 2023, with principal amounts of $1,300,000 thousand and $800,000 thousand with coupon interest rates of 1.60% and 1.65%, respectively. Both of the unsecured domestic bonds thereof were issued at par of $10,000 thousand and a simple interest due annually.

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:

(In Thousands, Except Exchange Rate)

June 30, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 36,252	31.14 (USD:NTD)	$ 1,128,896
Nonmonetary items			
USD	43,386	31.14 (USD:NTD)	1,351,046
USD	2,777	7.272 (USD:RMB)	86,467
Financial liabilities			
Monetary items			
USD	18,583	31.14 (USD:NTD)	578,682

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 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

June 30, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 55,586	29.72 (USD:NTD)	$ 1,652,026
Nonmonetary items			
USD	42,064	29.72 (USD:NTD)	1,250,148
USD	10,040	6.695 (USD:RMB)	298,383
Financial liabilities			
Monetary items			
USD	22,907	29.72 (USD:NTD)	680,791

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 Three Months Ended June 30			
	2023		2022	
Foreign Currency	Exchange Rate (Functional Currency: Presentation Currency)	Net Foreign Exchange Gains (Losses)	Exchange Rate (Functional Currency: Presentation Currency)	Net Foreign Exchange Gains (Losses)
NTD	1 (NTD:NTD)	$ 7,276	1 (NTD:NTD)	$ 4,868
RMB	4.374 (RMB:NTD)	5,407	4.446 (RMB:NTD)	(1,562)
HKD	3.916 (HKD:NTD)	459	3.753 (HKD:NTD)	9,315
		$ 13,142		$ 12,621

Foreign Currency	2023 Exchange Rate (Functional Currency: Presentation Currency)	2023 Net Foreign Exchange Gains (Losses)	2022 Exchange Rate (Functional Currency: Presentation Currency)	2022 Net Foreign Exchange Gains (Losses)
	For the Six Months Ended June 30			
NTD	1 (NTD:NTD)	$ 7,227	1 (NTD:NTD)	$ 11,655
RMB	4.408 (RMB:NTD)	4,035	4.426 (RMB:NTD)	(1,548)
HKD	3.897 (HKD:NTD)	(556)	3.670 (HKD:NTD)	8,076
		$ 10,706		$ 18,183

37. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions

1) Financing provided to others: Schedule A

2) Endorsements/guarantees provided: None

3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures): Schedule B

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

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

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

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

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Schedule E

9) Trading in derivative instruments: None

10) Significant transactions between Far EasTone and its subsidiaries and among subsidiaries: Schedule F

b. Information on investees: Schedule G

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 H

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 the financing of funds.

   f) Other transactions that have material effect on profit or loss for the period or on the financial position, such as the rendering or receipt of services.

d. Information of 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 I

38. SEGMENT INFORMATION

Products and services from which reportable segments derive their revenues:

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 losses, financial costs, other expenses 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.

The Group’s revenue and operating results analyzed by the operating segments were as follows:

	For the Six Months Ended June 30, 2023				
	Mobile Services Business	**Fixed-line Services Business**	**Sales Business**	**Adjustment and Elimination**	**Consolidation**
Revenue generated from external customers	$ 23,236,646	$ 5,392,178	$ 15,375,314	$ -	$ 44,004,138
Revenue generated within the Group (Note)	79,730	1,003,874	51,813	(1,135,417)	-
Total revenue	$ 23,316,376	$ 6,396,052	$ 15,427,127	$ (1,135,417)	$ 44,004,138
Segment operating income	$ 5,426,924	$ 1,055,910	$ 1,279,127	$ (950,347)	$ 6,811,614

	For the Six Months Ended June 30, 2022				
	Mobile Services Business	**Fixed-line Services Business**	**Sales Business**	**Adjustment and Elimination**	**Consolidation**
Revenue generated from external customers	$ 22,299,777	$ 5,772,139	$ 14,555,664	$ -	$ 42,627,580
Revenue generated within the Group (Note)	90,272	1,019,742	35,940	(1,145,954)	-
Total revenue	$ 22,390,049	$ 6,791,881	$ 14,591,604	$ (1,145,954)	$ 42,627,580
Segment operating income	$ 4,297,110	$ 1,085,384	$ 1,309,238	$ (909,698)	$ 5,782,034

Note: Represents sales of goods and other income between segments.

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	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 A)	Aggregate Financing Limit (Note A)
													Item	Value		
1	New Century InfoComm Tech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Other receivables - related parties	Yes	$ 1,800,000	$ 1,800,000	$ 1,800,000	0.9120%-1.48%	Business transaction	$ 1,973,874	-	$ -	-	$ -	$ 1,973,874	$ 12,074,453
		Far EasTone Telecommunications Co., Ltd.	Other receivables - related parties	Yes	9,700,000	9,700,000 (Note B)	8,300,000	0.9120%-1.5103%	Short-term financing	-	For business operations	-	-	-	9,659,563 (Note B)	12,074,453

Note A: 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.

Note B: The short-term financing amount of $9,700,000 thousand previously provided to Far EasTone by NCIC exceeded the financing limit because NCIC net worth decreased due to the investment evaluation as of June 30, 2023. However, as of August 9, 2023, Far EasTone's actual amount borrowed from NCIC was $8,300,000 thousand, which did not exceed the financing limit. On August 9, 2023, NCIC approved in their board of directors' meeting to reduce the short-term financing amount provided to Far EasTone from $9,700,000 thousand to $9,400,000 thousand and wrote off the amount reduced.

SCHEDULE B

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2023
(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	June 30, 2023				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	$ 84,101	11.11	$ 84,101	Note B
	CDIB Capital Innovation Accelerator Limited	-	Financial assets at fair value through other comprehensive income - noncurrent	9,000,000	154,165	10.71	154,165	Note B
	LINE Bank Taiwan Limited	-	Financial assets at fair value through other comprehensive income - noncurrent	37,500,000	320,240	2.50	320,240	Note B
	LiTV (Taiwan) Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	1,250,000	16,405	2.50	16,405	Note B
	Asia-Pacific Telecom Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	500,000,000	3,345,000	11.58	3,345,000	Note B
	IHH CO., LTD.	-	Financial assets at fair value through other comprehensive income - noncurrent	991,912	39,676	19.59	39,676	Note B
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	Note B
	Web Point Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	160,627	1,618	0.63	1,618	Note B
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	Note B
	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	Note B
	Stock certificate							
	Changing.ai Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	500,000	27,866	2.27	27,866	Note B
	Overseas funds							
	Opas Fund Segregated Portfolio Tranche A	Other related party	Financial assets at fair value through profit or loss - current	9,666.832	364,452	-	364,452	Note A
	Opas Fund Segregated Portfolio Tranche B	Other related party	Financial assets at fair value through profit or loss - current	5,000	172,450	-	172,450	Note A
	Opas Fund Segregated Portfolio Tranche C	Other related party	Financial assets at fair value through profit or loss - current	2,216.711	148,776	-	148,776	Note A

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2023				Note
				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	$ 86,467	4.59	$ 86,467	Note B

Note A: The market values of the overseas funds were calculated at their net asset values as of June 30, 2023.

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 SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition (Note A)		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Far EasTone Telecommunications Co., Ltd.	Yuanshi Digital Technology Co., Ltd.	Investments accounted for using the equity method	Yuanshi Digital Technology Co., Ltd.	Subsidiary	10,820,870	$ (445,664)	69,582,676	$ 695,827	-	$ -	$ -	$ -	80,403,546	$ 151,672 (Note B)

Note A: The amount is the cost of acquisition.

Note B: The amount is the balance of investments accounted for using the equity method.

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(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	$ 4,116,444	16	Based on agreement	-	-	Accounts payable and other payables $ (611,313)	(3)
			Operating revenue	(695,426)	(2)	Based on agreement	-	-	Accounts receivable (Note C) 219,240	3
	New Century InfoComm Tech Co., Ltd.	Subsidiary	Operating costs	931,418	4	Based on agreement	-	-	Accounts payable and other payables (Note A) (433,781)	(2)
	DataExpress Infotech Co., Ltd.	Subsidiary of ARCOA Communication Co., Ltd.	Operating costs and marketing expenses	119,818	-	Based on agreement	-	-	Accounts payable and other payables (40,937)	-
	Yuanshi Digital Technology Co., Ltd.	Subsidiary	Operating revenue	(325,729)	(1)	Based on agreement	-	-	Accounts receivable (Note C) 51,213	1
	FarEastone Property Insurance Agency Co., Ltd.	Subsidiary	Operating revenue	(198,435)	(1)	Based on agreement	-	-	Accounts receivable 107,448	1
New Century InfoComm Tech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	Operating revenue	(931,418)	(21)	Based on agreement	-	-	Accounts receivable (Note B) 433,781	31
ARCOA Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	Operating revenue	(4,116,444)	(65)	Based on agreement	-	-	Accounts receivable 611,313	55
			Operating costs	695,426	12	Based on agreement	-	-	Accounts payable (Note C) (219,240)	(16)
	Home Master Technology Ltd.	Subsidiary of DataExpress Infotech Co., Ltd.	Operating revenue	(296,863)	(5)	Based on agreement	-	-	Accounts receivable 97,053	9
DataExpress Infotech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	Operating revenue	(119,818)	(5)	Based on agreement	-	-	Accounts receivable 40,937	10
Home Master Technology Ltd.	ARCOA Communication Co., Ltd.	Parent company	Operating costs	296,863	41	Based on agreement	-	-	Accounts payable (97,053)	(62)
Yuanshi Digital Technology Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	Operating costs	325,729	22	Based on agreement	-	-	Accounts payable (Note C) (51,213)	(16)
	Far Eastern Ai Mai Co., Ltd.	Other related party	Operating revenue	156,795	10	Based on agreement	-	-	Accounts receivable 60,932	53
FarEastone Property Insurance Agency Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	Operating costs	198,435	87	Based on agreement	-	-	Accounts payable (107,448)	(91)

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.

SCHEDULE E

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
JUNE 30, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Far EasTone Telecommunications Co., Ltd.	ARCOA Communication Co., Ltd.	Subsidiary	$ 221,641	11.94	$ -	-	$ 197,932	$ -
	FarEasTone Property Insurance Agency Co., Ltd.	Subsidiary	110,193	3.50	-	-	35,271	-
New Century InfoComm Tech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	10,603,515	(Note)	-	-	238,718	-
ARCOA Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	611,313	17.10	-	-	608,055	-

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 F

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars)

Number (Note A)	Company Name	Counterparty	Flow of Transactions (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Consolidated Assets/Revenue (Note C)
0	Far EasTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	1	Accounts receivable - related parties	$ 7,148	Note E	-
				Other receivables - related parties	4,180	Note E	-
				Refundable deposits	5,266	Note E	-
				Other payables - related parties	10,603,515	Note E	6
				Lease liabilities	82,160	Note E	-
				Operating revenue	55,519	Note E	-
				Operating costs	931,418	Note E	2
				Operating expenses	31,588	Note E	-
				Nonoperating income and gains	22,479	Note E	-
				Nonoperating expenses	57,309	Note E	-
		ARCOA Communication Co., Ltd.	1	Accounts receivable - related parties	219,240	Note E	-
				Other receivables - related parties	2,401	Note E	-
				Accounts payable - related parties	566,410	Note E	-
				Other payables - related parties	44,903	Note E	-
				Contract liabilities	31,517	Note E	-
				Operating revenue	695,426	Note E	2
				Operating costs	3,844,510	Note E	9
				Operating expenses	281,142	Note E	1
		KGEx.com Co., Ltd.	1	Accounts receivable - related parties	2,285	Note E	-
				Other receivables - related parties	5,321	Note E	-
				Other payables - related parties	2,364	Note E	-
				Operating revenue	10,968	Note E	-
				Operating expenses	38,977	Note E	-
		Yuan Cing Co., Ltd.	1	Other receivables - related parties	5,175	Note E	-
				Accounts payable - related parties	3,992	Note E	-
				Other payables - related parties	28,673	Note E	-
				Operating revenue	1,728	Note E	-
				Operating costs	23,546	Note E	-
				Operating expenses	77,572	Note E	-
				Nonoperating income and gains	1,953	Note E	-
		DataExpress Infotech Co., Ltd.	1	Other receivables - related parties	4,603	Note E	-
				Accounts payable - related parties	2,252	Note E	-
				Other payables - related parties	38,685	Note E	-
				Operating revenue	25,163	Note E	-
				Operating costs	2,097	Note E	-
				Operating expenses	117,724	Note E	-
				Nonoperating income and gains	2,333	Note E	-

(Continued)

Number (Note A)	Company Name	Counterparty	Flow of Transactions (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Consolidated Assets/Revenue (Note C)
		Home Master Technology Ltd.	1	Other payables - related parties	$ 11,368	Note E	-
				Operating expenses	35,849	Note E	-
		Information Security Service Digital United Inc.	1	Other receivables - related parties	2,605	Note E	-
				Other payables - related parties	15,567	Note E	-
				Operating costs	43,361	Note E	-
				Operating expenses	2,441	Note E	-
		Yuanshi Digital Technology Co., Ltd.	1	Accounts receivable - related parties	51,213	Note E	-
				Other receivables - related parties	3,180	Note E	-
				Accounts payable - related parties	7,463	Note E	-
				Other payables - related parties	33,524	Note E	-
				Operating revenue	325,729	Note E	1
				Operating costs	3,218	Note E	-
				Operating expenses	10,321	Note E	-
				Nonoperating income and gains	2,206	Note E	-
		Prime EcoPower Co., Ltd.	1	Other receivables - related parties	2,233	Note E	-
				Other payables - related parties	1,080	Note E	-
				Operating costs	5,858	Note E	-
		FarEasTone Property Insurance Agency Co., Ltd.	1	Accounts receivable - related parties	107,448	Note E	-
				Other receivables - related parties	2,745	Note E	-
				Operating revenue	198,435	Note E	-
		Nextlink Technology Co., Ltd.	1	Operating expenses	4,093	Note E	-
		Mission International Co., Ltd.	1	Other receivables - related parties	1,999	Note E	-
1	New Century InfoComm Tech Co., Ltd.	KGEx.com Co., Ltd.	3	Accounts receivable - related parties	5,510	Note E	-
				Other receivables - related parties	1,323	Note E	-
				Accounts payable - related parties	5,434	Note E	-
				Other payables - related parties	5,110	Note E	-
				Operating revenue	11,288	Note E	-
				Operating costs	16,831	Note E	-
				Operating expenses	30,696	Note E	-
		Yuan Cing Co., Ltd.	3	Accounts payable - related parties	3,355	Note E	-
				Operating costs	9,360	Note E	-
				Operating expenses	2,479	Note E	-
		Information Security Service Digital United Inc.	3	Accounts payable - related parties	5,707	Note E	-
				Operating revenue	1,951	Note E	-
				Operating costs	19,671	Note E	-
				Nonoperating income and gains	1,592	Note E	-
		Yuanshi Digital Technology Co., Ltd.	3	Operating revenue	2,931	Note E	-
				Operating expenses	3,241	Note E	-
		Prime Ecopower Co., Ltd	3	Accounts payable - related parties	3,347	Note E	-
				Operating costs	1,989	Note E	-
		Sino Lead Enterprise Limited	3	Operating costs	1,423	Note E	-
		Nextlink Technology Co., Ltd.	3	Accounts payable - related parties	9,864	Note E	-
				Operating costs	56,382	Note E	-
		Microfusion Technology Co., Ltd.	3	Accounts payable - related parties	14,296	Note E	-
				Operating costs	27,650	Note E	-

(Continued)

Number (Note A)	Company Name	Counterparty	Flow of Transactions (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Consolidated Assets/Revenue (Note C)
2	ARCOA Communication Co., Ltd.	Yuanshi Digital Technology Co., Ltd.	3	Accounts receivable - related parties	$ 7,613	Note E	-
				Operating revenue	16,865	Note E	-
				Operating costs	2,052	Note E	-
		DataExpress Infotech Co., Ltd.	3	Accounts receivable - related parties	2,354	Note E	-
				Other receivables - related parties	1,646	Note E	-
				Accounts payable - related parties	8,582	Note E	-
				Operating revenue	7,186	Note E	-
				Operating costs	7,433	Note E	-
		Home Master Technology Ltd.	3	Accounts receivable - related parties	97,053	Note E	-
				Operating revenue	296,863	Note E	1
3	Yuan Cing Co., Ltd.	Yuanshi Digital Technology Co., Ltd.	3	Operating revenue	5,299	Note E	-
4	DataExpress Infotech Co., Ltd.	Home Master Technology Ltd.	3	Accounts receivable - related parties	33,328	Note E	-
				Operating revenue	85,277	Note E	-
				Nonoperating income and gains	5,655	Note E	-
		Yuanshi Digital Technology Co., Ltd.	3	Accounts receivable - related parties	23,851	Note E	-
				Operating revenue	98,568	Note E	-
5	Nextlink Technology Co., Ltd.	Microfusion Technology Co., Ltd.	3	Other receivables - related parties	3,255	Note E	-
				Operating costs	3,470	Note E	-
				Nonoperating income and gains	18,600	Note E	-
		Nextlink (HK) Technology Co., Ltd.	3	Accounts receivable - related parties	2,710	Note E	-
				Other receivables - related parties	5,894	Note E	
				Operating revenue	4,856	Note E	-
				Nonoperating income and gains	28,847	Note E	-
6	Microfusion Technology Co., Ltd.	Nextlink (HK) Technology Co., Ltd.	3	Accounts receivable - related parties	6,395	Note E	-
				Operating revenue	40,900	Note E	-
				Nonoperating income and gains	1,041	Note E	-
		Microfusion (HK) Technology Co., Ltd.	3	Operating revenue	2,810	Note E	-
7	Microfusion (HK) Technology Co., Ltd.	Nextlink (HK) Technology Co., Ltd.	3	Operating revenue	1,476	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.

(Continued)

Note C: For assets and liabilities, amount is shown as a percentage of consolidated total assets as of June 30, 2022; while revenues, costs and expenses are shown as a percentage of consolidated total operating revenues for the six months ended June 30, 2023

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)

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2023	December 31, 2022	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	$ 25,524,759	$ 882,196	$ 844,650	Note A
	ARCOA Communication Co., Ltd.	Taiwan	Sales of communications products and office equipment	1,305,802	1,305,802	82,762,221	61.63	640,487	81,368	51,492	Note A
	KGEx.com Co., Ltd.	Taiwan	Telecommunications services	2,340,472	2,340,472	68,897,234	99.99	841,186	54,338	54,330	Note A
	Yuanshi Digital Technology Co., Ltd.	Taiwan	Electronic information services	2,381,996	1,686,169	80,403,546	98.96	151,672	(83,383)	(81,844)	Note A
	Yuan Cing Co., Ltd.	Taiwan	Call center services	-	-	2,000,000	100.00	53,885	7,623	7,623	Notes A and E
	Far Eastern Info Service (Holding) Ltd.	Bermuda	Investments	92,616	92,616	1,200	100.00	5,535	256	256	Note A
	IDEAWORKS Entertainment Co., Ltd.	Taiwan	Television and film production and distribution	82,500	41,250	8,250,000	50.00	73,756	(10,071)	(5,035)	Note A
	FarEastone Property Insurance Agency Co., Ltd.	Taiwan	Property insurance agent	5,000	5,000	500,000	100.00	53,287	42,324	42,324	Note A
	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	1,667,215	223,913	191,865	Note B
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	139,500	139,500	5,446,644	15.00	27,338	15,440	71	Note B
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	Other financing and supporting services	-	600,000	-	-	-	-	-	Note F
ARCOA Communication Co., Ltd.	DataExpress Infotech Co., Ltd.	Taiwan	Sales of communications products	141,750	141,750	17,043,041	70.00	285,604	46,131	-	Note C
New Century InfoComm Tech Co., Ltd.	New Diligent Co., Ltd.	Taiwan	Investments	540,000	540,000	54,000,000	100.00	84,446	547	-	Note C
	Information Security Service Digital United Inc.	Taiwan	Security and monitoring services via internet	148,777	148,777	12,029,064	100.00	151,973	2,129	-	Note C
	Digital United (Cayman) Ltd.	Cayman Islands	Investments	317,446	317,446	10,320,000	100.00	175,946	(39,665)	-	Note C
	Yuanshi Digital Technology Co., Ltd.	Taiwan	Electronic information services	49,579	49,579	374,968	0.46	707	(83,383)	-	Note A
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	46,500	46,500	1,815,548	5.00	9,113	15,440	-	Note B
	Prime Ecopower Co., Ltd.	Taiwan	Energy technology services	160,000	160,000	16,000,000	100.00	139,838	13,713	-	Note C
	Drive Catalyst SPC-SP Tranche One	Cayman Islands	Investments	123,220	123,220	4,000	25.00	138,946	2,047	-	Note B
	Drive Catalyst SPC-SP Tranche Two	Cayman Islands	Investments	224,820	224,820	8,000	25.00	260,092	6,850	-	Note B
	Drive Catalyst SPC-SP Tranche Three	Cayman Islands	Investments	236,440	236,440	8,000	25.00	238,464	4,368	-	Note B
	Nextlink Technology Co., Ltd.	Taiwan	Electronic information services	420,000	420,000	13,465,900	70.00	501,488	43,185	-	Note C
	JuAn Long-Age Co., Ltd.	Taiwan	Electronic information services	15,500	15,500	1,000,000	25.00	12,679	(1,387)	-	Note B
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	Other financing and supporting services	-	42,358	-	-	-	-	-	Note F
	ARCOA Communication Co., Ltd.	Taiwan	Sales of communications products and office equipment	116,885	116,885	9,025,890	6.72	121,573	81,368	-	Note A
IDEAWORKS Entertainment Co., Ltd.	Mission International Co., Ltd.	Taiwan	Television and film production and distribution	160,000	80,000	16,000,000	100.00	142,793	(9,917)	-	Note C
New Diligent Co., Ltd.	Sino Lead Enterprise Limited	Hong Kong	Telecommunications services	125	125	30,000	100.00	426	17	-	Note C
	New Diligent Hong Kong Co., Ltd.	Hong Kong	Investments	3,051	3,051	-	100.00	2,424	33	-	Note C
DataExpress Infotech Co., Ltd.	Home Master Technology Ltd.	Taiwan	Sales of communications products	10,000	10,000	-	100.00	67,905	9,434	-	Note C
Nextlink Technology Co., Ltd.	Microfusion Technology Co., Ltd.	Taiwan	Electronic information services	17,000	17,000	4,495,000	100.00	79,124	15,616	-	Note C
	Nextlink (HK) Technology Co., Ltd.	Hong Kong	Electronic information services	973	973	-	100.00	59,477	21,280	-	Note C
	Microfusion (HK) Technology Co., Ltd.	Hong Kong	Electronic information services	1,494	1,494	-	100.00	2,506	2,181	-	Note C
	MICROFUSION TECHNOLOGY (MY) SDN. BHD	Malaysia	Electronic information services	-	-	-	-	-	-	-	Notes C and G
	NEXTLINK (SG) TECHNOLOGY PTE. LTD	Singapore	Electronic information services	-	-	-	-	-	-	-	Notes C and H

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., Nextlink Technology Co., Ltd or IDEAWORKS Entertainment Co., Ltd.

Note D: Investments in mainland China are shown in Schedule H.

Note E: Yuan Cing Co., Ltd. reduced capital and remitted cash which exceeded the original investment amount. Thus, the investment amount is $0.

Note F: On December 20, 2022, the shareholders of Yuan Hsin Digital Payment Co., Ltd. approved the liquidation date set on January 2, 2023. Therefore, Far EasTone discontinued the use of the equity method to account for the investment and recognized the expected remittance of cash due to the dissolution of other current assets.

Note G: Established on January 13, 2023. Investment capital has not been remitted as of June 30, 2023.

Note H: Established on March 31, 2023. Investment capital has not been remitted as of June 30, 2023.

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(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, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of June 30, 2023	Accumulated Repatriation of Investment Income as of June 30, 2023
					Outward	Inward						
Digital United Information Technologies (Shanghai) Ltd.	Design, research, installment and maintenance of computer software and system	$ 96,354 (US$ 3,100,000)	2	$ 96,534 (US$ 3,100,000)	$ -	$ -	$ 96,534 (US$ 3,100,000)	$ (354)	100.00	$ (354)	$ 15,516 (RMB 3,624,000)	$ -
Nextlink (Shanghai) Technology Co., Ltd.	Electronic information services	2,242 (US$ 72,000)	2	2,242 (US$ 72,000)	-	-	2,242 (US$ 72,000)	86	70.00	86	2,496 (HK$ 623,000)	-

Company Name	Accumulated Investments in Mainland China as of June 30, 2023	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)	$ 35,518,217
New Century InfoComm Tech Co., Ltd.	96,534 (US$ 3,100,000)	96,534 (US$ 3,100,000)	14,690,876
New Diligent Co., Ltd.	464,827 (US$ 14,927,000) (Note C)	464,827 (US$ 14,927,000) (Note C)	50,668
Nextlink Technology Co., Ltd.	2,242 (US$ 72,000)	2,242 (US$ 72,000)	153,245

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 higher of the investor’s net worth or consolidated 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 I

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

INFORMATION ON MAJOR STOCKHOLDERS
JUNE 30, 2023

Name of Major Stockholder	Shareholding	
	Number of Shares	Percentage of Ownership (%)
Yuan Ding Investment Co., Ltd.	1,066,657,614	32.73
Shin Kong Life Insurance Co., Ltd.	223,597,000	6.86
Cathay Life Insurance Co., Ltd.	213,325,337	6.54
Asia Cement Corporation	184,577,945	5.66

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.