遠傳FET

Stock Code : 4904

Far EasTone Telecommunications Co., Ltd

2021 Annual Report

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遠傳心 5G 未來無距離

A Future Beyond Imagination

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I Letter to Shareholders

Letter to Shareholders

Dear Shareholders,

For many years, mobile market in Taiwan has been dominated by three major operators along with two smaller ones. The market is excessively competitive and saturated, and this was especially true when the 499 promotion price war in 4G mobile services of 2018 happened, which resulted in declining revenues and profits in the past few years. Looking back in the second half of 2021, the mobile market gradually shifted towards integration. It started with the spectrum and network sharing in the 3.5GHz 5G band between FET and Asia-Pacific Telecom Co., Ltd. (APT), The cooperation was approved by the regulators, the National Communications Commission (NCC) and the Fair Trade Commission (FTC) for five major advantages: promoting the sharing of spectrum resources, saving operation costs, reducing the waste of resources in duplicated infrastructure, increasing the efficiency of limited frequency resources, and enhancing service quality as well as the development of relevant industries. Next, in the end of 2021, Taiwan Mobile Co. announced its merger with Taiwan Star Telecom Co., Ltd. In response to market dynamics, on February 25th, 2022, FET and APT have entered a share swap agreement for merger, and FET will be the surviving company after the merger. These has paved the way for the new "Three-Kingdoms era" for Taiwan telecommunications industry.

Upon approval by related authorities, FET will emerge with the largest spectrum bandwidth across 4G and 5G in Taiwan to provide superior network experience and smart ICT applications and services to both consumer and enterprise customers. Through merger, FET will be able to gain economies of scale, drive synergies, and improve environmental sustainability, and the optima goal is to create value to all stakeholders of the company. On the whole, the mobile market in Taiwan is advancing on the path of positive and healthy competitions, focusing on providing quality networks and services for satisfactory user experience in all aspects. By moving away from "price" and returning to "value", a healthy cycle is being formed in the industry which facilitates its overall development.

Arising from the pandemic outbreak in Taiwan, 2021, has been quite a challenge year for FET, however, with crisis comes opportunity. Benefiting from steady growth of 5G adoption and New Economy revenue injection, FET demonstrated favorable results with a rebound in total revenue and net income in 2021 and delivered a positive growth trend.

Although the mobile market in Taiwan has saturated in terms of the total number of subscribers, FET's postpaid subscribers continued to defy the odds and enjoyed positive growth for four consecutive years. The customer churn rate also came to a new low of 1% in the history of FET. Supporting from strong market demand from new iPhone launch, FET’s 5G penetration rate in the end of 2021 exceeded 20%, ahead of that of its peers. Also, an average of more than 20% increase in monthly fees of renewed subscribers drove the growth of FET’s Average Revenue Per User (ARPU). FET’s ARPU has always been the highest in the industry. Since March 2021, FET has led the pack with positive year-over-year ARPU growths for ten consecutive months, laying a prominent position in the industry since 5G launched.

Regain positive growth with outstanding financial performance

FET delivered outstanding financial and operational performance in 2021. The consolidated revenue for 2021 came to NT$85.32 billion, 7.3% year-on-year growth, representing 9-year high growth rate. Consolidated EBITDA (Earnings before interest, taxes, depreciation, and amortization) came to NT$28.17 billion, which is a 2.1% growth compared to the previous year. Net income was NT$9.124 billion with an earnings per share (EPS) of NT$2.80, an increase of 9.2% year-on-year, which was not only rebounded but achieved an 8-year high growth rate. Moreover, the achievement rate in 2021 exceeded the Company financial guidance. The achievement rate for total revenue came to 104%, while the achievement rate for EPS was as high as 109%.

With the strong growth momentum for FET’s innovative services and application, revenue from the New Economy business continued to hit record high. For 2021, FET achieved an impressive annual growth rate of 23%, which was attributed by strong enterprise ICT revenue growth at 29% year-on-year; of which the cloud services delivered a stunning annual growth rate of 55%. Such strong momentum also extended into the growth of consumer’s digital services during the pandemic, as evidence by the annual growth rates of 26% and 23% for mobile commerce of friDay's shopping platform and media sales services, respectively. The new economy

revenue accounted for 17.2% of total revenue in 2021, a significant improvement from the target of 16.0% at the start of the year.

A stable dividend policy has always been the long-term priority of FET's commitment to shareholders for earnings distribution. FET's cash dividends being distributed remained at NT$3.25 per share in 2020. With the mature development of Taiwan telecom industry and improving market competition, FET will continue to pursuit sustainable operation and stable developments with a sound financial structure, sustainable innovation growths and stable profitability, along with FET's long-term financial planning.

Become "the world's leading 5G network" with maximum investment benefits
FET firmly believes that providing quality and stable networks is the only way for telecommunications operators to maintain their competitive advantages in the long run. However, the methods by which resources can be utilized most effectively to achieve the goals, and maximize investment efficiency for shareholders have always been the principal guidelines for the Company.

In September 2021, OpenSignal, a global independent authority on the surveys for the global mobile networks, has announced its global 5G Experience Report, assessing user experience of 5G services from telecommunications operators worldwide. The report showed that FET came number one and stood out under the three benchmarks of "5G download speed", "5G upload speed" and "5G video experience"! With the benchmark of "5G download speed", FET broke the record again after the 2020 global ranking in such category. Its average speed soars up to 447.8Mbps, which far exceeded 417.6Mbps from the runner-up - SK Telecom in South Korea, demonstrating the strength of Taiwan's telecommunications brands to the world!

Behind this outstanding honor, what is worth noting is the effective use of resources. During the assessment period in the first half of 2021, FET only had over 8,000 base stations, which were far less than the ten thousand or more stations owned by peers. Through effective use of artificial intelligence (AI) and big data analysis, FET identified the best locations for the stations and proceeded with optimization, as well as minimized the impact of 5G on 4G. These actions demonstrated FET's capability in effective use of network resource, placed great emphasis on energy saving and corporate sustainability, as well as FET strengths in innovation and network planning.

Unlock new business opportunities with innovative services and dynamic R&D
5G telemedicine and remote diagnosis eliminate pain points
FET actively invests in the 5G network construction in remote areas and launches a telemedicine platform through in-house R&D and designs. The platform connects health centers with doctors at urban medical centers, delivering medical care directly to the public through 5G network so as to allow the people in remote areas to enjoy quality medical services. FET's 5G telemedicine service has expanded to 23 public health centers in 10 cities and counties by end of 2021; and is scheduled to be available in 50 villages and towns in 14 cities and counties by end of 2022.

Create smart cities with industry-government-academia collaboration
FET collaborates with the Department of Urban Development, Taipei City Government to set up the "AIoT platform" for social housing. The platform integrates data retrieved from monitoring, security, environmental control, household automation, and adopts machine deep learning algorithms to achieve service optimization, energy conservation and carbon reduction. FET also collaborates with Feng Chia University and the Department of Water Resources, Taoyuan City Government to establish the "intelligent cloud-based IoT sewer monitoring system" to achieve effective disaster prevention.
FET's home-grown intelligent energy management solution (EMS) incorporates the management platform which is developed internally with AI technology and became involved in the "air conditioning in every classroom" project. The solution is equipped with a system that automatically adjusts the power consumption to avoid excessive use as well as remote intelligent control functions, giving managers comprehensive data on power consumption and creating maximum energy efficiency for building low-carbon smart campuses.

Adjust the organization dynamically to be well-prepared for the rapid changes in the market
FET emphasizes equally the two approaches of "digital transformation with talent development being the priority" and "sustainability with corporate culture being the priority". Starting with the corporate culture, vision, and mission, FET cultivates digital leadership talents and creates an innovative and agile environment to assists employees in confronting the challenges of digital transformation together. Furthermore, FET fulfills the seven conditions for transformation: the readiness of the organization, creating a culture to support

change, employee communication, talent developing, practical execution, technical person needs to understand business, and management consistency. Digital transformation can only be successful when all levels of the company pursuing together, and influencing each other at the same time.

In order to boost the technical team's support to business units, FET combines the former IT Department with the Transformation Office to establish the "Information & Digital Transformation Technology" department. Dedicated teams are set up to support the enterprise business of the Enterprise Business Unit (EBU) and digital services of Consumer Business Unit (CBU) separately. To fully strive for the growth in consumer digital services, the former CBU department is divided into the telecom business unit and the digital services unit, each led by a dedicated senior vice president.

Highly recognized by all sectors for thinking from customer's perspective to deliver caring services
FET places a very high value on employee communication and believes “there is no happy customer if there is no happy employee.” FET’s Employee Net Promoter Score (above 50 is good) was -2 in 2019’s initial test result and improved to 69 in 2021 2nd half. FET employees aim to provide customer-centric and quality service. FET takes the lead in providing consistent omni-channel customer services, offering users a convenient service experience through diverse channels. The Company adheres to the practice of "thinking from customer's perspective" in understanding customer needs, valuing customer experience, and creating differentiated services to build a "caring" customer service center that is ahead of peers. Customers can receive friendly and warm responses that remind them of closed ones whether receiving consultations or getting services through the phone or via the corporate website. FET firmly believes that only when looking from the perspective of customers and treating customers like family members, and put ourselves in their positions can our services touch their hearts! As a result, FET won the Gold Award again under the category of Telecommunications Retail Stores in the 2021 Service Survey in Taiwan, being the only company in Taiwan to have won the award for ten consecutive years. Furthermore, the Company have also won 18 awards under the categories of the Customer Service Excellence Awards (CSEA), making it the biggest winner in the telecommunications industry.

Pursue common good of society and utilize core competencies to achieve sustainable goals
FET is aware that cross-industry efforts are required concerning global climate change. In addition to joining the GSMA and taking part in the initiatives to mitigate the impact of climate change, FET also actively participates in the Science Based Targets initiative (SBTi) and specifically sets specific carbon reduction targets up until the year 2030. These actions demonstrate FET's determination in energy conservation, carbon reduction, and mitigation of environmental impact. Internally, FET will continue to adopt intelligent energy management systems as well as energy conservation and carbon reduction measures in the future to achieve carbon reduction targets. Externally, FET will promote the "net zero emissions" initiative, working towards achieving net-zero emissions at offices by 2030 and a net-zero emissions transition policy by 2050.

Moreover, FET's sustainability performance is well-received by rating agencies both abroad and at home. FET has been selected as a component in the Dow Jones Sustainability Indices (DJSI World) of the highest grade for three years in a row, also a component in the DJSI Emerging Markets Index for seven consecutive years; as well as a component in the MSCI ESG Index, and a component in the FTSE ESG Index. For the Carbon Disclosure Project (CDP), FET received "B" rating under management level. The Company has a stellar performance of being ranked as top 5% in the Corporate Governance Evaluation for seven consecutive years and received the Most Prestigious Sustainability Awards-Top Ten Domestic Corporate five times. FET is also awarded the as the Company with Best CSR Practices by Global Business Outlook (GBO) and ranked as top ten in the large enterprises category of Excellence in Corporate Social Responsibility Award organized by the Common Wealth Magazine. FET will continue to utilize its core competence in promoting sustainability strategies and fulfilling corporate social responsibilities.

Honors and awards – Recognitions by investors
Investors also recognize FET's impressive achievements. The Company had the highest growth in terms of foreign investors’ shareholding percentage and shareholding increase by local securities investment trust companies among peers in 2021. FET was awarded the "Best CEO" and "Best Investor Relations" in Asia’s Best Companies poll by FinanceAsia; and was recognized as an Honored Company for receiving a first-place ranking in the following categories: Best CEO, CFO, IR Professional, IR Program and ESG by the Institutional Investor in 2021.

Future outlook

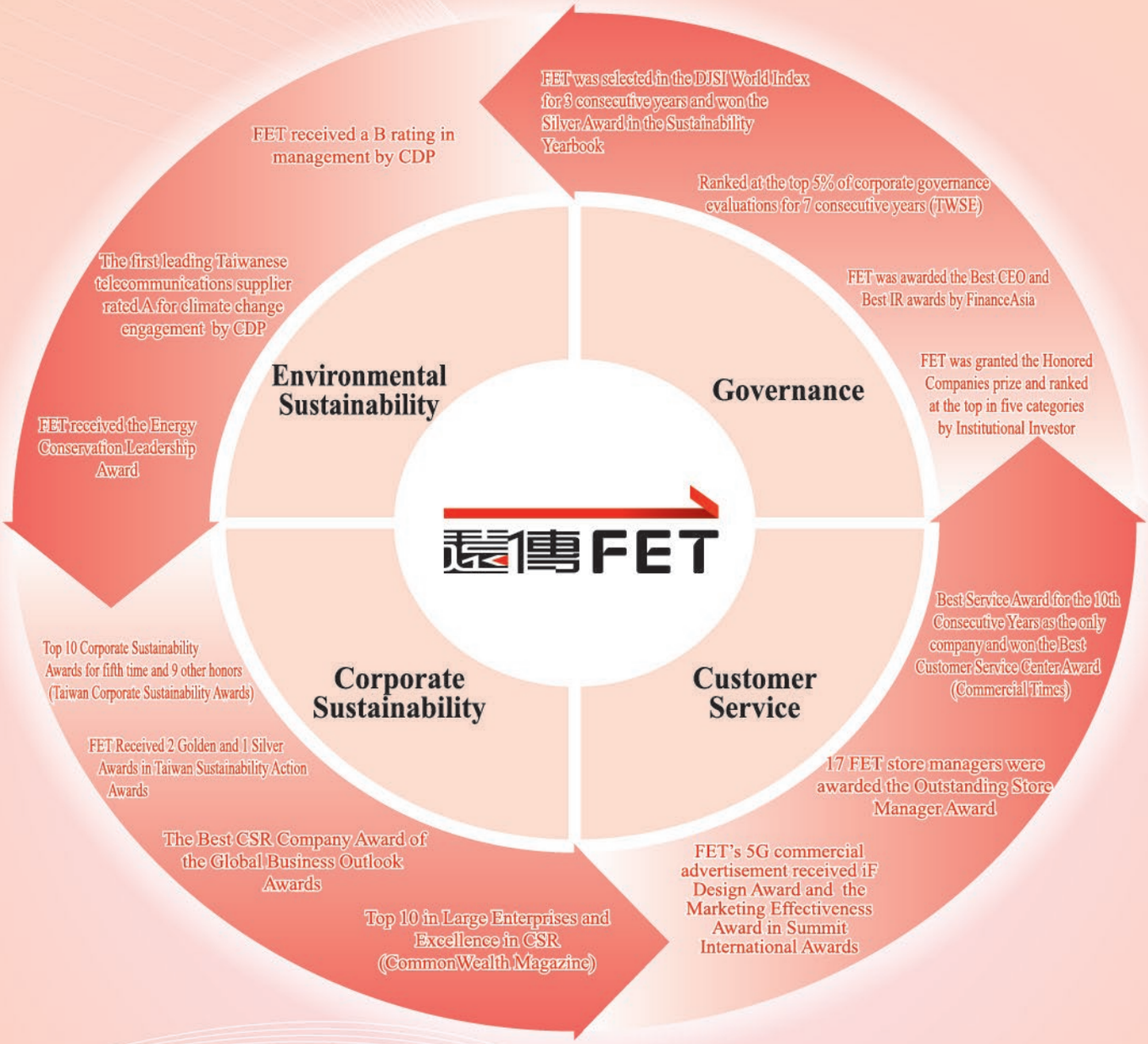
In the coming year, FET will continue to provide the best 5G network experience and maximize the efficiency of network investments. In terms of the core business in telecommunications, FET will accelerate 5G adoption and mobile service revenue growth, focusing on creating the overall value. As for the growth drivers of new economy, FET is committed to optimizing digital services and speeding up innovations, thereby discovering new business opportunities. For enterprise business, FET will expand the ICT growth and strengthen added value through FET's in-house R&D and resource integration to improve the gross margin. Furthermore, the scale and intensity of FET strategic investments will be increased and strategic alliances will be built to set up an ecosystem.

FET has long been committed to implement ESG concepts with the highest standards. We will continue to utilize our core competence in pushing and developing sustainability strategies, fulfilling our corporate social responsibilities, developing green energy, expanding telemedicine services in remote areas to long-term care in preparing Taiwan for moving into super-aged society in 2026, and persistently strengthening corporate governance to seek maximum value for shareholders, customers and employees.

Douglas Hsu
Chairman

Chee Ching
President

2021 Major Honors and Awards



FET Garnered over 30 Recognitions in 2021

FET Connects and Enriches Life

II Company Profile

1. Date of Incorporation
2. Company History

1. Date of Incorporation

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

2. Company History

2-1. Milestones:

2022/04	Ranked top 5% of the “Corporate Governance Evaluation” result hosted by Taiwan Stock Exchange Corporation for the 8th consecutive year
2022/03	FET issued the first Social Bond in the telecommunications industry.
2022/03	FET expanded 5G ecosystem by forming allows with global 5G startup program; FET became the first northeast Asian carrier invited to Ericsson's Startup 5G program.
2022/03	FET partnered with Ericsson to demonstrate the world's first "5G network slicing".
2022/03	"Love Makes Earth Go Round!" FET joins the "Earth Hour" campaign for the first time.
2022/02	FET merged with Asia Pacific Telecom (APT) to maximize the integration of power spectrum and economic scale, thereby benefiting users and shareholders and promoting environmental sustainability and resulting in a win for all parties.
2022/02	FET built a 5G demonstration classroom and virtual photo studio in Hualien to bring teachers and students closer to 5G applications.
2022/01	FET 5G is deployed at Academia Historical; we built an immersive theater and released two smart platforms to bring major historical events to life through animation.
2021/12	FET established the first 5G Metaverse Accelerator in Taiwan
2021/11	FET was nominated as a component stock of "DJSI World" Index for 3 consecutive years.
2021/10	FET and Ericsson Completed the World's First 5G End-to-End Multiple Network Slicing
2021/10	FET won the gold award of telecommunication channels, marking as the only company that receives awards for ten consecutive years. FET was also won the Best Customer Service Center Award.
2021/09	FET Was Ranked at the Top in the World for Its 5G Service and According to Opensignal, was Ranked First in the Globe for Its 5G Download Speed, Upload Speed, and 5G User Experience
2021/09	FET President Won the First Digital Transformation Leader Award
2021/07	FET friDay Wealth Management+ teams up with Taishin International Bank and CTBC Bank to extend account aggregation service under open banking, allowing users to collect multiple banks' credit cards in just one App.
2021/07	FET expands partnership with Ericsson to provide dual-mode 5G Core (SA and NSA) and VoLTE services
2021/06	FET supports pandemic prevention by providing a 5G network for the COVID-19 testing vehicles at Far Eastern Memorial Hospital and the vaccination stations at Kaohsiung Medical University.
2021/06	FFT and Ericsson co-signed a memorandum of understanding (MOU) to foster cooperation on the development of a 5G communication network.
2021/05	FFT introduced to Far Eastern Memorial Hospital a remote medical care platform offering one-stop medical care services from self-service registration, waiting for video calling to video appointments.
2021/05	FFT signed with E.SUN Commercial Bank, Ltd. Taiwan’s first three-year fixed rate commercial paper (FRCP) linked to the sustainability index
2021/03	FET, Delta Electronics, Inc. and Microsoft jointly built the first 5G intelligent factory in Taiwan where FET set up private 5G network within Delta Electronics, Inc.
2021/03	As for FET's 5G remote diagnosis and treatment, Taiwan's first remote diagnosis and treatment for cardiology was introduced to the public health centers at Lanyu and Ludao in Taitung County
2021/02	FET became the very first telecommunication company rated A in Taiwan as its supplier engagement performance was assessed as leader-level by CDP
2021/02	FET won the Silver Award in the Sustainability Yearbook for two consecutive years

2021/01	FET launched the "FET Life" app, an innovative and advanced service for telecom users, to create a one-stop mobile life sphere for its users
2021/01	FET has been ranked first among Taiwan operators in terms of 5G speed in the Taiwan 5G user experience surveys conducted by international mobile network performance testing authorities, Speedtest and Opensignal
2021/01	FET successfully applied the core technology of 5G in providing a multi-angle viewing of Taipei City New Year Countdown Party exclusively through the friDay Video app, attracting nearly 2 million viewers
2020/12	Opensignal, an international mobile network survey authority, released the "Taiwan 5G User Experience Report" for the first time, and FET was the winner in both the "5G Download Speed" and "5G User Overall Download Speed Experience"
2020/12	FET's " friDay Finance+" APP and FET International Bank were approved to initiate the second stage of open banking services, becoming the first TSP approved by FSC to provide such service
2020/11	FET's won 8 awards in Taiwan Corporate Sustainability Awards and ranked in Taiwan's Top Ten Sustainability Model Companies for the fourth time with its Big Data, AI and IoT incorporated into CSR measures
2020/11	FET, New Taipei City Government, National Health Research Institutes, and Far Eastern Memorial Hospital jointly announced the launch of the first 5G diabetes continuous remote medical care service in Taiwan
2020/10	FET launched a brand-new business model, "FET Pay," the first and largest Online-Merge-Offline (OMO) cross-industry platform
2020/09	FET and Asia Pacific Telecom formally formed a spectrum sharing strategic alliance to break into the 5G market with the principles of integrity, reciprocity, and win-win
2020/09	FET was the first operator in the industry to introduce the "mobile self-service e-form" in all Taiwan branches, carrying out innovative digital services
2020/07	FET was the second company in the world and the first in Taiwan to receive the "Energy Management Insight Award" of the United Nations Clean Energy Ministerial (CEM)
2020/07	"FET 5G" was officially launched for the coming 5G new generation
2020/03	FET rapidly obtained internet resources required for the operation of the mask online purchase system 2.0, contributing to the country during the critical moment of the epidemic prevention
2020/02	Acquired an advantage edge by successfully securing the 80MHz and 400MHz and in the 3.5GHz and 28GHz band during the bid for 5G bands. Start rolling out the 5G business plan
2019/11	Received a silver award in the first "National Enterprise Environmental Protection Award" organized by the Environmental Protection Administration, Executive Yuan, becoming the only award-winning enterprise in the telecommunication industry
2019/09	Launched the Taoyuan City Street Light Replacement Project in cooperation with the Taoyuan City Government
2019/03	Acquired shares of Nextlink Technology Co., Ltd., entered the cloud service market
2019/01	Chee Ching was appointed as the new President of FarEasTone
2018/08	Established Prime EcoPower as a stepping stone to the solar energy industry
2018/07	Published Taiwan's first Total Impact Measurement and Management (TIMM) report, adopting digital management for sustainability performance
2018/01	Continued to be recognized as the fastest mobile network provider in Taiwan for the second half of 2017 by the Speedtest website
2017/11	Established the FET "IoT Ecosystem" in cooperation with 46 partners and became the first Taiwanese telecommunication enterprise to officially provide NB-IoT services
2017/07	Recognized as the fastest mobile network provider in Taiwan for the second half of 2017 by the Speedtest website
2017/07	Published the world's first Social Return on Investment (SROI) Forecast Report in Traditional Chinese
2016/09	Established the first 5G laboratory in Taiwan
2016/08	Launched the first telecom shop robot assistant in Taiwan
2016/03	Commenced operation of 2,600MHz bands, officially entered the 4.5G era, becoming the first enterprise in the industry to provide 700MHz, 1800 MHz and 2600MHz tri-band services in the Asia telecommunication market
2015/04	The first telecommunication enterprise in Asia to obtain the SGS BS 8477 Code of Practice for Customer Service Certification

2014/06	Officially launched 4G mobile services with 75% coverage, which is significantly larger than its peers. In August, the 1800MHz band was officially launched and became the first 4G service provider with 700MHz and 1800 MHz dual band in the world
2013/10	FET ranked first in the network speed test report published by NCC. Among the 22 counties in Taiwan, FET's download and upload speeds ranked first in 12 and 14 counties, respectively. In addition, FET has three 4G bands, which is the only carrier in telecom industry offering the 20 MHz contiguous spectrum in the telecom industry
2012/01	Published the online edition of the first CSR report, heading towards corporate sustainable development with the concept of "Eco-Fashion and Creative - Responsibility"
2006/10	Launched the first 3.6 Mbps HSPA technology with the highest speed in Taiwan, opening up the new era of 3.5G mobile communication
2005/08	Officially listed on the Taiwan Stock Exchange as an electronics stock company
2005/07	Launched the 3G multimedia services, becoming the first 3G/WCMDA provider in Taiwan
2004/01	The merger and acquisition with KGT was approved by the Executive Yuan's Fair Trade Commission. FET officially merged with KGT, becoming Taiwan's largest mobile operator in the private sector
2003/04	Made Taiwan's first live 3G video call
1999/03	Ranked as the fastest telecommunication provider to reached one million users by the Global Mobile Magazine
1997/01	Officially operating
1997/01	Obtained 2G licenses (GSM1800-whole region & GSM900-Northern region) from the Ministry of Transportation and Communication

2-2. Status of the Affiliated Company from Last Year up to the Annual Report being Published：
Please refer to the Annual Reprt-III Corporate Governance -9. Comprehensive Shareholding Information Relating to Company, Directors, Managers, and Companies Affiliated through Direct and Indirect Investment.

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

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

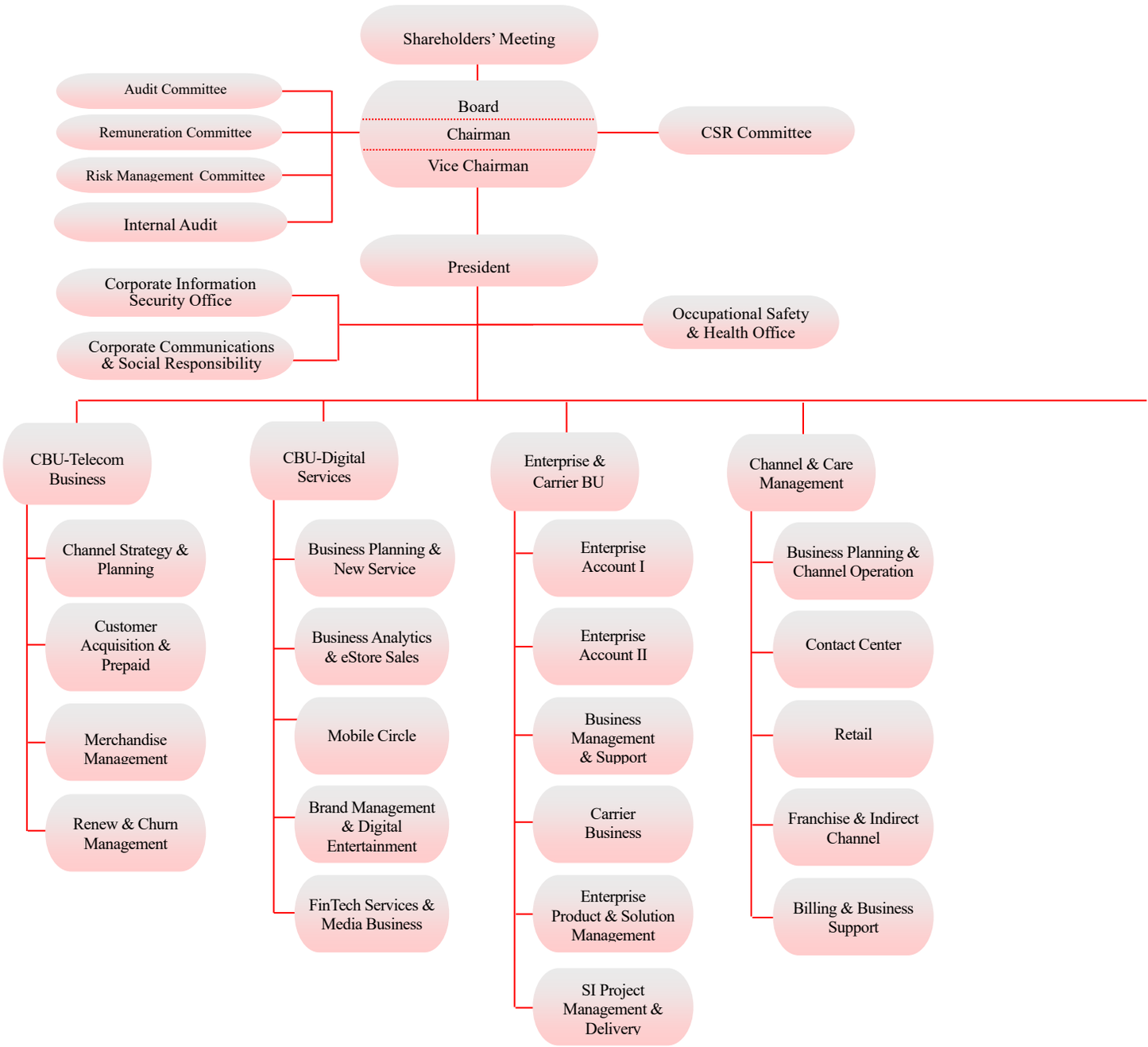
2-5. Material Impact Event on the Shareholders' Equity and Company from Change of Ownership, Business Operating, Business Content and Others from last year up to the Annual Report being Published: Please refer to the Annual Report-IV Fund Raising Status-7. Share Issued for Mergers or Acquisitions-7-2Information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

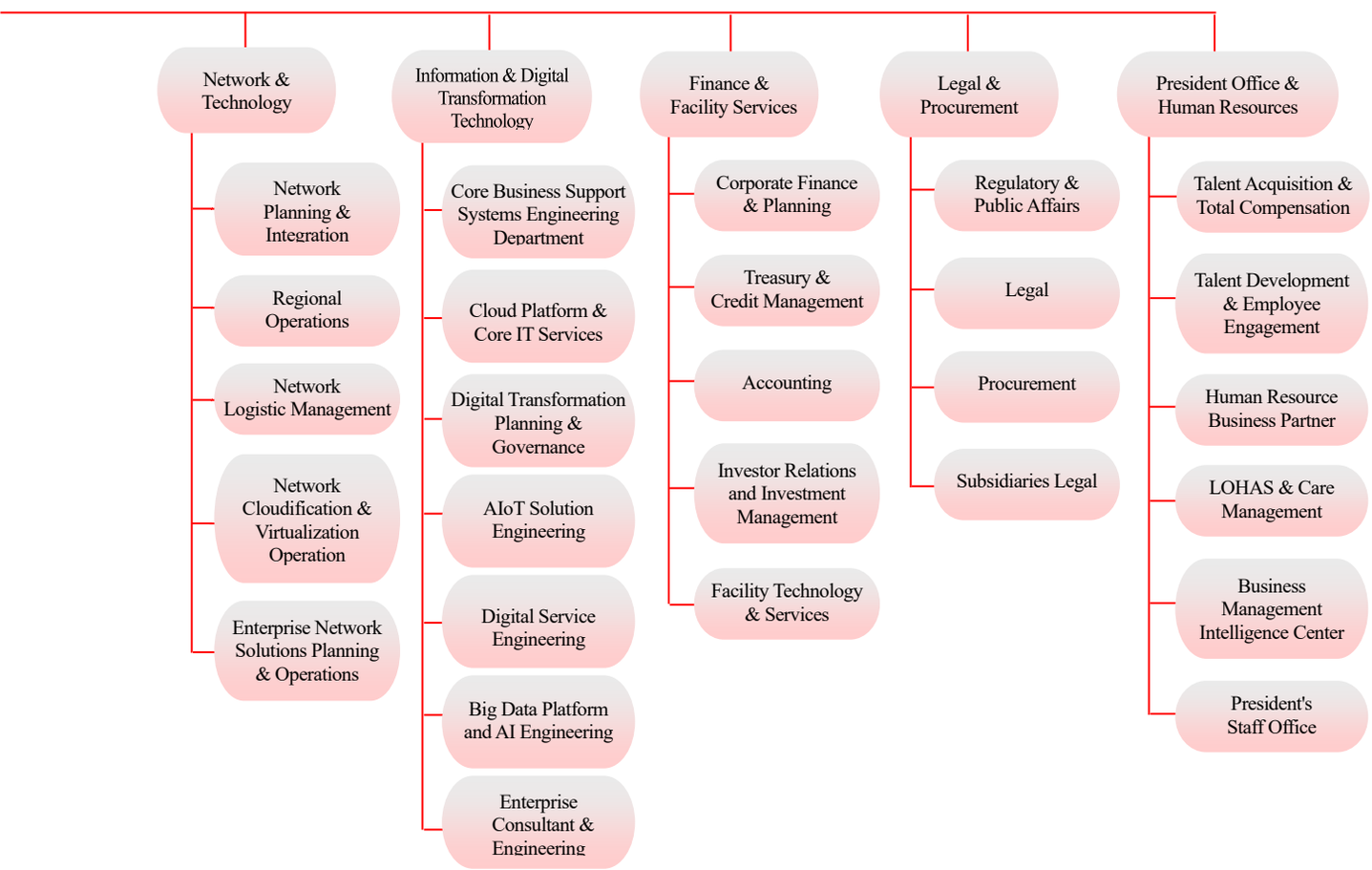
III Corporate Governance

1. Organization Structure
2. Directors, President, Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, Senior Directors and Department Heads
3. Operation of Corporate Governance
4. Certified Public Accountant (CPA) Professional Fee Information
5. Change of Certified Public Accountant (CPA)
6. The Company's Chairman, President and Managers Responsible for Finance or Accounting Who Have Held a Post in Company's Audit Firm or its Affiliations in the Last Year
7. Shares Transferred by Directors, Managers and Major Shareholders from Last Year up to the Annual Report being Published
8. Relationship between Top Ten Shareholders defined as Related Parties, Spouse or a Relative within Two Degrees
9. Comprehensive Shareholding Information Relating to Company, Directors, Managers, and Companies Affiliated through Direct and Indirect Investment

1. Organization Structure

1-1. Organization Chart




Network & Technology
Network Planning & Integration
Regional Operations
Network Logistic Management
Network Cloudification & Virtualization Operation
Enterprise Network Solutions Planning & Operations
Information & Digital Transformation Technology
Core Business Support Systems Engineering Department
Cloud Platform & Core IT Services
Digital Transformation Planning & Governance
AIoT Solution Engineering
Digital Service Engineering
Big Data Platform and AI Engineering
Enterprise Consultant & Engineering
Finance & Facility Services
Corporate Finance & Planning
Treasury & Credit Management
Accounting
Investor Relations and Investment Management
Facility Technology & Services
Legal & Procurement
Regulatory & Public Affairs
Legal
Procurement
Subsidiaries Legal
President Office & Human Resources
Talent Acquisition & Total Compensation
Talent Development & Employee Engagement
Human Resource Business Partner
LOHAS & Care Management
Business Management Intelligence Center
President's Staff Office

1-2. Roles and Responsibilities

Department		Job Description
President Office		Responsible for implementing the Board's decisions, developing material strategies and directions for the company, and supervising overall operation and organization.
	Consumer BU-Telecom Business	Responsible for the development of business opportunities in the consumer and home telecom market, increasing the number of telecom users and maximizing the value of telecom users, strategy planning for the integration of goods and services to improve overall profitability, distribution and commission award system making, and the enhancement of operation efficiency and the competitiveness of the telecommunications market.
	Consumer BU-Digital Services	Enable Consumer Business Unit's digital transformation which include : accelerate consumer new economy growing momentum, prosper Mobile Circle platform and membership programs, utilize data analytics to generate better user experience and value, and collaborate with strategic partners to develop new businesses.
	Enterprise & Carrier BU	Responsible for the business planning & sales of Enterprise BU.
	Channel & Care Management	Responsible for the operational planning of sales and services of physical retail channels, providing excellent service experience and products promotion. Meanwhile, also improving the overall efficiency of telecommunication and digital services through the digital transformation implementation
	Network & Technology	Responsible for Mobile/ Broadband/ ISP Network planning, development and operation, technology strategy, planning and development.
	Information & Digital Transformation Technology	In charge of FET's information and digital transformation technology strategy, R&D, system and application development and operation.
	Finance & Facility Services	Responsible for finance, accounting, tax risk management, investor relations, collection and sustainable management and Intelligent facilities administration.
	Legal & Procurement	Responsible for legal litigation, IP, regulatory, contract management, corporate security, the public affairs and procurement.
	President Office & Human Resources	Responsible for human resource policy formulation, talent development and acquisition, remuneration and benefits , employee safety and health, organization management, as well as providing business management information, assisting the President in managing the board of directors and internal and external affairs.
Internal Audit		Responsible for assisting the Board and management team to identify the deficiency of the internal control system, to assess the effectiveness and efficiency of the operation, and to provide appropriate improvement suggestions to ensure the effectiveness of internal control system as well as for continuous improvement.

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

2-1. Directors

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

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

Title	Nationality	Name	Gender Age	Election Date	Tenure (year)	First Election Date	Shareholding When Elected		Current Shareholding		
							Shares	%	Shares	%	
Independent Director	R.O.C.	Ta-Sung Lee	Male (61~70 Years old)	2021/07/22	3	2021/07/22	0	0	0	0	
Director	R.O.C.	Champion Lee, Representative of Yuan Ding Co., Ltd.	Male (71~80 Years old)	2021/07/22	3	2003/05/23 *1997/04/11	4,163,500 *0	0.13 *0	4,163,500 *0	0.13 *0	
Director	U.S.A.	Jeff Hsu, Representative of Yuan Ding Co., Ltd.	Male (41~50 Years old)	2021/07/22	3	2003/05/23 *2015/06/18	4,163,500 *0	0.13 *0	4,163,500 *0	0.13 *0	
Director	R.O.C	Jiann-Chyuan Wang, Representative of U-Ming Marine Transport Corp.	Male (61~70 years old)	2021/07/22	3	2012/06/13 *2022/02/15	331,000 *0	0.01 *0	331,000 *0	0.01 *0	
Director	R.O.C.	Bonnie Peng, Representative of Asia Investment Corp.	Female (61~70 years old)	2021/07/22	3	2000/12/28 *2015/06/18	986,303 *0	0.03 *0	1,426,303 *0	0.04 *0	
Director	Singapore	Toon Lim, Representative of Ding Yuan International Investment Co., Ltd.	Male (71~80 years old)	2021/07/22	3	2012/06/13 *2008/01/10	919,653 *0	0.03 *0	919,653 *0	0.03 *0	

*Number of shares and percentage of shares currently held and first election date by the individual.
Note 1: For all directors and shareholders are corporate entities, the company registry is R.O.C.
Note 2: Where the Company's chairman and the president or an officer of equivalent position (the most senior manager) are the same person, or spouses or consanguinity within the first degree to each other, the reason, rationality, necessity and countermeasures (e.g. to increase the number of independent directors and have the majority of directors not serving concurrently as an employee or a manager) shall be disclosed.

2022/4/16

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

2-2. Information of Directors

Directors' Professional Qualifications and Independent Directors' Independence Status：

2022/04/16

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

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

Board Diversity and Independence:

(I) **Board Diversity:** The Company has established "FET Corporate Governance Best Practices Principles" in which "Enhancing the Function of Board of Directors" has been included and properly executed.
The professional qualifications: Please refer to above table: Directors' Professional Qualifications and Independent Directors' Independence Status.
Gender: The Company has established "FET Corporate Governance Best Practices Principles" and stipulated in Article 20 that focus on gender equality and practical application, so the current board of directors includes a woman director.
Age: The age of 5 directors is over 70 years old. The age of 5 directors is between 60 to 69 years old. The age of 1 director is under 60 years old.
Nationality: The Company would like to explore every opportunity from a global perspective. Members with nationality

diversity do count for the board composition. Board members' background diversified from United States, Singapore, Sweden, and Hong Kong (China) to Taiwan in nationalities.

Industry experience: In telecommunication industry, members of the Board with varied professional fields play an important part in market competition. The members of the FET Board, being experts from Accounting, Telecommunication, Finance, Economics, assist to facilitate the Company's decision making and strategic planning with their proficiency and proactive views. Please refer to above table: Professional qualifications and independence of Directors.

Performance evaluation of Board of Directors is conducted every year on a regular basis to verify the diversity and competency of the Board.

The specific goals and status of achievement: Currently there are 4 directors are expertise in telecom industry, Min. requirement is 3 board members should be expertise in telecom industry.

Diversity of Board Members

2022/04/16

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

*is referred to possessing partial ability.

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

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

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

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

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

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

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

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

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

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

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

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

(6) The director must have no personal services contract(s) with the company or a member of the company's senior management.

(7) The director must not be affiliated with a not-for-profit entity that receives significant contributions from the company.

(8) The director must not have been a partner or employee of the company's outside auditor during the past year.

(9) The director must not have any other conflict of interest that the board itself determines to mean they cannot be considered independent.

(II) Board independence:

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

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

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

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

2021/12/31

Institutional Shareholders	Major Shareholders of the Institutional Shareholders
Yuan Ding Investment Co., Ltd.	Far Eastern New Century Corporation (99.40%), Ta Juh Chemical Fibers Co., Ltd. (0.3%), An Ho Garment Co., Ltd. (0.3%)
Yuan Ding Co., Ltd.	Far Eastern New Century Corporation (37.13%), Asia Cement Co., Ltd. (35.50%), Der Ching Investment Corp. (14.50%), Yuan Ding Investment Co., Ltd. (12.86%), Yue Ming Trading Company Limited(0.002%), Far Eastern Department Store Co., Ltd. (0.001%), Douglas Hsu (0.001%)
U-Ming Marine Transport Corp.	Asia Cement Co., Ltd. (39.25%), Cathay Life Insurance Co., Ltd. (1.26%), Yuan Ding Investment Co., Ltd. (1.05%), Yu Yuan Investment Co., Ltd. (0.94%), Asia Investment Corp. (0.92%), Ya Li Transportation Corporation (0.75%), VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS (0.72%), Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (0.71%), iShares Core MSCI Emerging Markets ETF(OQ79) (0.59%), Tranguil Enterprise Ltd. (0.45%)
Asia Investment Corporation	Asia Cement Co., Ltd. (100%)
Din Yuang Investment Co., Ltd.	Far Eastern New Century Corporation (100%)

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

Note: Where the institutional shareholder is not structured as a company, the shareholders' names and shareholding percentages to be disclosed as per the preceding paragraph would be the names of investors or endowers and their investment amounts or endowment percentages.

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

2021/12/31

Institutional Shareholders	Major Shareholders of the Institutional Shareholders
Far Eastern New Century Corporation	Asia Cement Co., Ltd. (23.77%), Oriental Institute of Technology (4.81%), Far Eastern Medical Foundation (3.61%), Far Eastern Memorial Foundation (3.42%), Yuan-Ze University (2.74%), Nan Shan Life Insurance Co., Ltd. (2.41%), Douglas Hsu (1.71%), Fubon Life Insurance Co., Ltd. (1.57%), Der Ching Investment Corporation (1.55%), Chunghwa Post Co., Ltd. (1.43%)
Ta Chu Chemical Fiber Co., Ltd.	Yuan Ding Investment Co., Ltd. (41.86%), Yu Ding Industry Co., Ltd. (38.76%), Yu Li Investment Corp. (19.38%)
An Ho Garment Co., Ltd.	Far Eastern New Century Corporation (100%)
Asia Cement Co., Ltd.	Far Eastern New Century Corporation (21.17%), Far Eastern Medical Foundation (5.12%), China Life Insurance Co., Ltd.(2.24%), Financial Department of Mega International Commercial Bank Co., Ltd. (1.68%), Labor Pension Fund Committee of Far Eastern New Century Corporation (1.51%), Yuan Ding Investment Co., Ltd.(1.49%), Far Eastern Department Stores Co., Ltd. (1.41%), Yuanta Taiwan Dividend Plus ETF account in the custody of Cathay United Bank (1.39%), , Yuan-Ze University (1.34%), Far Eastern Memorial Foundation (1.24%)
Der Ching Investment Corporation	Asia Cement Co., Ltd. (99.99%), Asia Investment Corporation. (0.001%)
Yuan Ding Investment Co., Ltd.	Far Eastern New Century Corporation (99.40%), Ta Juh Chemical Fibers Co., Ltd. (0.3%), An Ho Garment Co., Ltd. (0.3%)
Yue Ming Trading Company Limited	Bai-Ding Investment Co., Ltd. (47%), Yuan Ding Investment Co., Ltd. (45.50%), Yu Ding Industry Co., Ltd. (5%), Ding & Ding Management Consultants Co., Ltd. (1%), Yuan Ding Co., Ltd.(1%), Yuan Ding Leasing Co., Ltd.(0.5%)
Far Eastern Department Stores Co., Ltd.	Far Eastern New Century Corporation (17.06%), Yuan Ding Investment Co., Ltd.(9.87%), Asia Cement Co., Ltd. (5.65%), Yuan Tong Investment Co., Ltd. (5.48%), Jaryuan Investment Co., Ltd. (5.08%), Yuan-Ze University (4.75%), PJ Asset Management Co., Ltd. (4.52%), The committee of Employee Pension Fund of Far Eastern Department Stores Co., Ltd. (2.11%), Yu Yuan Investment Co., Ltd. (2.06%),Tranguil Enterprise Ltd. (2.03%)
Cathay Life Insurance Co., Ltd.	Cathay Financial Holding Co., Ltd. (100%)
Yu Yuan Investment Co., Ltd.	Asia Cement Co., Ltd. (29.92%), Yuan Ding Co., Ltd. (25.02%), Yuan Ding Investment Company (18.96%), U-Ming Marine Transport Corp. (17.66%), Ding Shen Investment Co., Ltd.(6.50%), Yue Tung Investment Co., Ltd. (1.84%), Yu Ding Industry Co., Ltd. (0.1%)
Asia Investment Corporation	Asia Cement Co., Ltd. (100%)
Ya Li Transportation Corporation	Asia Cement Co., Ltd.(51%), Yu Yuan Investment Co., Ltd.(48.39%)
Tranguil Enterprise Ltd.	Douglas Hsu (85.4%), Hui-Yi Xu (10.00%), Raymond Hsu (2.00%), Peter Hsu (2.00%), Shaw Y. Wang (0.20%), Morton Mate Huang (0.20%), Jia-Cong Wang (0.20%)

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

Note: Where the institutional shareholder is not structured as a company, the shareholders' names and shareholding percentages to be disclosed as per the preceding paragraph would be the names of investors or endowers and their investment amounts or endowment percentages.

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

Title	Nationality	Name	Gender	Effective Date	Current Shareholding		Shares held by Spouse & Minor		
					Shares	%	Shares	%	
President	R.O.C.	Chee Ching	Female	2019.01.07	60,000	0.00	0	0.00	
Executive Vice President, Enterprise & Carrier BU	R.O.C.	Philip Tseng	Male	2017.02.21	20,000	0.00	0	0.00	
Executive Vice President, Network & Technology	R.O.C.	Herman Rao	Male	2008.02.01	16,682	0.00	0	0.00	
Executive Vice President, Information & Digital Transformation Technology BU	R.O.C.	Peter Hu	Male	2021.08.02	20,000	0.00	0	0.00	
Executive Vice President & CFO, Finance & Facility Services	R.O.C.	Sharon Lin	Female	2020.08.01	11,076	0.00	0	0.00	
Senior Vice President, CBU-Digital Services	R.O.C.	Eric Chu	Male	2022.01.15	0	0.00	0	0.00	
Senior Vice President, CBU-Telecom Business	R.O.C.	Brian Chao	Male	2022.01.15	0	0.00	0	0.00	

2022/04/16

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

Title	Nationality	Name	Gender	Effective Date	Current Shareholding		Shares held by Spouse & Minor	
					Shares	%	Shares	%
Senior Vice President, Channel & Care Management	R.O.C.	Andy Tu	Male	2022.01.15	0	0.00	0	0.00
Senior Vice President, Legal & Procurement	R.O.C.	Vivian Lee	Female	2018.01.03	0	0.00	0	0.00
Senior Vice President, President Office & Human Resources	R.O.C.	Charlene Lin	Female	2021.08.01	0	0.00	0	0.00
Vice President, CBU-Digital Services	R.O.C.	Lopes Lu	Female	2018.04.01	155	0.00	0	0.00
Vice President, CBU-Digital Services	R.O.C.	Belinda Chen	Female	2018.01.01	5,070	0.00	0	0.00
Vice President, CBU-Digital Services	R.O.C.	Jessie Teng	Female	2018.01.01	0	0.00	0	0.00
Vice President, CBU-Telecom Business	R.O.C.	Jessica Sung	Female	2020.04.16	0	0.00	0	0.00
Vice President, Channel & Care Management	R.O.C.	Roger Lin	Male	2018.01.01	0	0.00	0	0.00
Vice President, Channel & Care Management	R.O.C.	Andy Kuo	Male	2021.02.01	0	0.00	0	0.00
Vice President, Enterprise & Carrier BU	R.O.C.	Mark Lee	Male	2014.10.01	0	0.00	0	0.00
Vice President, Enterprise & Carrier BU	R.O.C.	James Lee	Male	2007.07.01	676	0.00	0	0.00
Vice President, Enterprise & Carrier BU	R.O.C	Eddie Kao	Male	2019.10.15	0	0.00	0	0.00
Vice President, Network & Technology	R.O.C.	Jason Kuo	Male	2021.02.01	0	0.00	0	0.00

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

Title	Nationality	Name	Gender	Effective Date	Current Shareholding		Shares held by Spouse & Minor	
					Shares	%	Shares	%
Vice President, Network & Technology	R.O.C.	Dave Lu	Male	2021.11.01	0	0.00	0	0.00
Vice President, Information & Digital Transformation Technology	R.O.C.	Barry Chang	Male	2021.11.01	0	0.00	0	0.00
Vice President, Finance & Facility Services	R.O.C.	David Tsai	Male	2005.07.01	0	0.00	0	0.00
Senior Director, CBU-Digital Services	R.O.C.	Peggy Peng	Female	2020.10.01	0	0.00	0	0.00
Senior Director, CBU-Telecom Business	R.O.C.	Maurice Tsai	Male	2021.01.15	0	0.00	0	0.00
Senior Director, CBU-Telecom Business	R.O.C.	Kay Huang	Female	2021.05.01	0	0.00	0	0.00
Senior Director of Sales, Channel & Care Management	R.O.C.	Adam Wong	Male	2018.04.01	0	0.00	0	0.00
Senior Director, Channel & Care	R.O.C.	TK Han	Male	2020.10.01	1,000	0.00	5,000	0.00
Senior Director, Enterprise & Carrier BU	R.O.C.	Milly Lin	Female	2019.11.01	0	0.00	0	0.00
Senior Director, Enterprise & Carrier BU	R.O.C.	Paul Yang	Male	2020.10.01	0	0.00	0	0.00
Senior Director, CBU-Digital Services	R.O.C.	Joyce Chen	Female	2021.10.15	0	0.00	0	0.00
Senior Director, Information & Digital Transformation Technology	R.O.C.	Anson Tsai	Male	2020.10.01	0	0.00	0	0.00
Senior Director, Network & Technology	R.O.C.	Vivian Chiang	Female	2014.10.01	0	0.00	0	0.00
Senior Director, Network & Technology	R.O.C.	James Yen	Male	2019.04.01	42,615	0.00	0	0.00
Senior Director, Information & Digital Transformation Technology	R.O.C.	Leon Li	Male	2013.10.01	0	0.00	0	0.00
Senior Director, Information & Digital Transformation Technology	R.O.C.	Kai Lin	Male	2019.04.01	11,607	0.00	0	0.00
Senior Director, Information & Digital Transformation Technology	R.O.C.	Linda Chang	Female	2020.10.01	0	0.00	0	0.00

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

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

Note: The Company has not issued employee stock options.

Note 1: Where the Company's president or an officer of equivalent position (the most senior manager) is the same person as, the spouse of, or a relative within the first degree to the chairman, the reason, rationality, necessity and countermeasures (e.g. to increase the number of independent directors and have the majority of directors not serving concurrently as an employee or a manager) shall be disclosed.

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

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

Remuneration to Directors and Independent Directors,

Title		Name	Remuneration to Directors								
			Compensation (A)		Pension Fund (B)		Directors' Remuneration (C) (Note 1)		Professional Fee (D) (Note 2)		
			The Company	Consolidated	The Company	Consolidated	The Company	Consolidated	The Company	Consolidated	
Director	Chairman	Douglas Hsu, Representative of Yuan Ding Investment Co., Ltd.	22,647	22,647	0	0	70,684	70,684	4,083	4,083	
	Vice Chairman	Peter Hsu, Representative of Yuan Ding Investment Co., Ltd.									
	Director	Jan Nilsson, Representative of Yuan Ding Investment Co., Ltd.									
		Champion Lee, Representative of Yuan Ding Co., Ltd.									
		Jeff Hsu, Representative of Yuan Ding Co., Ltd.									
		Nobutaka Kurata, Representative of U-Ming Marine Transport Corp.									
		Bonnie Peng, Representative of Asia Investment Corp.									
		Toon Lim, Representative of Ding Yuan International Investment Co., Ltd.									
Independent Director		Lawrence Juen-Yee LAU	0	0	0	0	5,662	5,662	489	489	
		Tim Pan(Note 4)									
		Jyuo-Min Shyu(Note 4)									
		Ta-Sung Lee(Note 4)									

1. Please describe the independent directors' remuneration policy, system, standard and structure, and the connection between amounts paid and factors such as duties and responsibilities undertaken, risks, and time contributed: The Company pays remuneration to directors in accordance with the Articles of Incorporation. After being resolved by the Remuneration Committee and the Board of Directors, the remuneration shall be reported in the annual shareholders' meeting pursuant to laws and regulations. Business execution expense consists mainly of travel allowance. In reference to the reimbursement standards of the high-tech industry, the expense is reimbursed upon a resolution of the Board of Directors. Remuneration paid to independent directors is a fixed amount with consideration to their time spend and responsibilities assumed for the position. Additional remuneration of a fixed amount is provided if the independent director serves concurrently as a committee chairman. If he/she is not a chairman but takes part in three committees, he/she is entitled to half of the additional remuneration. Business execution expenses are reimbursed based on actual spending.
2. In addition to the disclosures made in the above table, remuneration received by directors of the Company for providing services (e.g., consulting services as a non-employee to the parent company/all entities in the financial report/reinvestment business) to all entities in the financial report in the most recent year: None.

NT$'000

	Total of (A+B+C+D) and Percentage of net income (%) (Note 3)		Remuneration to Concurrent Employment								Total of (A+B+C+D+E+F+G) and Percentage of Net Income (%)(Note 3)		Other Remuneration from Investment Business and Mother Company except subsidiary
			Salary, bonus, special disbursement (E)		Pension Fund (F)		Remuneration to Employees (G)						
							The Company		Consolidated				
	The Company	Consolidated	The Company	Consolidated	The Company	Consolidated	Cash Amount	Stock Amount	Cash Amount	Stock Amount	The Company	Consolidated	
	97,414 1.07%	97,414 1.07%	0	0	0	0	0	0	0	0	97,414 1.07%	97,414 1.07%	57,381
	6,151 0.07%	6,151 0.07%	0	0	0	0	0	0	0	0	6,151 0.07%	6,151 0.07%	0

Note 1：The remuneration from 2021 distribution of earnings is proposed amount, not actual payment amount yet.

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

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

Note 4：The tenure of independent director's ,Tim Pan, expired on July 22, 2021. The tenure of new independent directors', Jyuo-Min Hysu and Ta-Sung Lee, effective on July 22, 2021.

Escalation for Remuneration to Directors

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

Note 1: The aforementioned remuneration for Institutional Representative is proposed amount of remuneration (not an actual amount).
Note 2: The tenure of independent director's ,Tim Pan, expired on July 22, 2021. The tenure of new independent directors', Jyuo-Min Hysu and Ta-Sung Lee, effective on July 22, 2021
Note 3: The order of each escalation is based on the last name of the representatives. Directors' names shall be listed individually (Institutional shareholders shall separate their names from their representatives) and general directors shall be listed separately from independent directors. The payment amounts shall be disclosed in an aggregate amount.

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

Year	The Company	All companies in the consolidated statement
2020	1.21%	1.21%
2021	1.14%	1.14%

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

NT$'000

Title	Name	Salary (A)		Pension Fund (B) (Note 1)		Bonus and special allowance (C) (Note 2)		Bonus to employees from distribution of earnings (D)				Total of (A+B+C+D) and Percentage of net income after tax (%)		Remuneration from invested companies other than the Company's subsidiary
								The Company		Consolidated				
		The Company	Consolidated	The Company	Consolidated	The Company	Consolidated	Cash bonus	Stock bonus	Cash bonus	Stock bonus	The Company	Consolidated	
President	Chee Ching	94,137	94,137	2,205	2,205	20,613	20,613	40,357	0	40,357	0	157,312 1.72%	157,312 1.72%	96
Executive VP	Philip Tseng													
Executive VP	Herman Rao													
Executive VP	Peter Hu													
Executive VP	Sharon Lin													
Sr. VP	Eric Chu													
Sr. VP	Brian Chao													
Sr. VP	Andy Tu													
Sr. VP	Vivian Lee													
Sr. VP	Charlene Lin													
VP	Lopes Lu													
VP	Belinda Chen													
VP	Jessie Teng													
VP	Jessica Sung													
VP	Roger Lin													
VP	Andy Kuo													
VP	Mark Lee													
VP	James Lee													
VP	Eddie Kao													
VP	Jason Kuo													
VP	Dave Lu													
VP	Barry Chang													
VP	David Tsai													

Note 1：The figures shown in the table include actual payment for pension fund and pension fund contribution in 2021.

Note 2：The compensation paid to the driver is NT$ 741 thousand in total, which is excluded from above mentioned remuneration.

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

Escalation for remuneration to President, Executive Vice Presidents, Senior Vice Presidents and Vice Presidents	Name of President, Executive Vice Presidents, Senior Vice Presidents and Vice Presidents	
	The Company	All investment business companies
Less than 1,000,000	None	None
1,000,000～2,000,000（exclusion of 2,000,000）	None	None
2,000,000～3,500,000（exclusion of 3,500,000）	None	None
3,500,000～5,000,000（exclusion of 5,000,000）	Lopes Lu, Mark Lee, James Lee, Roger Lin, Peter Hu(Note 1), Barry Chang, Andy Kuo, Jason Kuo, Belinda Chen, Brian Chao, Dave Lu	Lopes Lu, Mark Lee, James Lee, Roger Lin, Peter Hu(Note 1), Barry Chang, Andy Kuo, Jason Kuo, Belinda Chen, Brian Chao, Dave Lu
5,000,000～10,000,000（exclusion of 10,000,000）	Eric Chu, Jessica Sung, Vivian Lee, Andy Tu, Sharon Lin,Charlene Lin, Eddie Kao, David Tsai,Jessie Teng	Eric Chu, Jessica Sung, Vivian Lee, Andy Tu, Sharon Lin,Charlene Lin, Eddie Kao, David Tsai,Jessie Teng
10,000,000～15,000,000（exclusion of 15,000,000）	Philip Tseng, Herman Rao	Philip Tseng, Herman Rao
15,000,000～30,000,000（exclusion of 30,000,000）	Chee Ching	Chee Ching
30,000,000～50,000,000（exclusion of 50,000,000）	None	None
50,000,000～100,000,000（exclusion of 100,000,000）	None	None
More than 100,000,000	None	None
Total	23	23

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

Note 1: The tenure effective on August 22, 2021.

The percentage of remuneration paid to President, Executive Vice Presidents, Senior Vice Presidents and Vice Presidents over net income after tax:

Year	The Company	All companies in the consolidated statement
2020	1.90%	1.90%
2021	1.72%	1.72%

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

Item / Title	The Company				All companies in the consolidated statement			
	2020		2021		2020		2021	
	Total	Percentage of net income after tax	Total	Percentage of net income after tax	Total	Percentage of net income after tax	Total	Percentage of net income after tax
Directors	93,683	1.12%	97,414	1.07%	93,701	1.12%	97,414	1.07%
Independent Directors	7,386	0.09%	6,151	0.07%	7,386	0.09%	6,151	0.07%
President, Executive Vice Presidents, Senior Vice Presidents and Vice Presidents	158,732	1.90%	157,312	1.72%	158,732	1.90%	157,312	1.72%
Net income after tax	8,354,128	3.11%	9,123,795	2.86%	8,354,128	3.11%	9,123,795	2.86%

The remuneration paid to directors in 2021 is more than 2020, due to net income after tax increase with the fixed provision. The remuneration paid to independent directors in 2021 is less than 2020, due to one of independ director passed away on 2020, unfilled seats for 7 month in 2021.

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

(1) Remuneration policies, standards and packages:

1. Directors:

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

2. Managers:

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

(2) Procedures for determining remuneration:

1. Directors:

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

2. Managers:

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

(3) Linkage between remuneration and their performance evaluation:

1. Directors:

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

2. Managers:

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

(4) Correlation with future risks:

1. Directors:

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

2. Managers:

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

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

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

- **Board Members**

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

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

  Succession Schedule:
  There are 3 new directors in the 9th term Board of directors, accounting for 27% of all directors.

- **Key management of the Company**

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

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

  Plan Schedule:
  From 2021 to the Annual Report being published, many important management positions (including: Vice President and Sr. Director) are new promoted, appointment or replacement. Please refer to item 5 of Article III Corporate Governance: President, Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, Senior Directors and Department Heads for details.

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

Unit: NT$'000

	Title	Name	Stock bonus	Cash bonus	Total	Percentage of Net income after tax (%)
Managers	President	Chee Ching	0	55,302	55,302	0.61%
	Executive VP	Philip Tseng				
	Executive VP	Herman Rao				
	Executive VP	Peter Hu				
	Executive VP	Sharon Lin				
	Sr. VP	Eric Chu				
	Sr. VP	Brian Chao				
	Sr. VP	Andy Tu				
	Sr. VP	Vivian Lee				
	Sr. VP	Charlene Lin				
	VP	Lopes Lu				
	VP	Belinda Chen				
	VP	Jessie Teng				
	VP	Jessica Sung				
	VP	Roger Lin				
	VP	Andy Kuo				
	VP	Mark Lee				
	VP	James Lee				
	VP	Eddie Kao				
	VP	Jason Kuo				
	VP	Dave Lu				
	VP	Barry Chang				
	VP	David Tsai				
	Senior Director	Peggy Peng				
	Senior Director	Maurice Tsai				
	Senior Director	Kay Huang				
	Senior Director of Sales	Adam Wong				
	Senior Director	TK Han				
	Senior Director	Milly Lin				
	Senior Director	Paul Yang				
	Senior Director	Joyce Chen				
	Senior Director	Anson Tsai				
	Senior Director	Vivian Chiang				
	Senior Director	James Yen				
	Senior Director	Leon Li				
	Senior Director	Kai Lin				
	Senior Director	Linda Chang				
	Senior Director	Allan Lee				
	Senior Director	Ann Chang				
	Senior Director	Gary Lai				
	Senior Director	Stacy Chang				
	Senior Director	Jason Chen				
	Senior Director	Kevin Chang				
	Chief Auditor	Iris Su				
	Senior Director	Jason Chu				
	Senior Director	Ada Lin				

3. Operation of Corporate Governance

3-1. Operation of Board of Director:

(A) Holding 8 times (A) of the Board Meeting, and the attendance status of Board of Directors from last year up to the Annual Report being Published：

2022/04/30

Title	Name	Times of Attendance (B)	Times of by Attendance by Proxy (C)	Actual Percentage of Attendance (%) (B / A)	Percentage of Attendance (%) (Proxy included) ((B + C) / A)	Remark
Chairman	Douglas Hsu, Representative of Yuan Ding Investment Co., Ltd.	8	0	100	100	
Vice Chairman	Peter Hsu, Representative of Yuan Ding Investment Co., Ltd.	7	1	88	100	
Director	Jan Nilsson, Representative of Yuan Ding Investment Co., Ltd.	7	1	88	100	
Independent Director	Lawrence Juen-Yee LAU	8	0	100	100	
Independent Director	Tim Pan	4	0	100	100	The independent director's tenure expired on July 22,2021, shall present 4 times.
Independent Director	Jyuo-Ming Shyu	4	0	100	100	The independent director's tenure effective on July 22, 2021, shall present 4 times.
Independent Director	Ta-Sung Lee	4	0	100	100	The independent director's tenure effective on July 22, 2021, shall present 4 times.
Director	Champion Lee, Representative of Yuan Ding Co., Ltd.	8	0	100	100	
Director	Jeff Hsu, Representative of Yuan Ding Co., Ltd.	8	0	100	100	
Director	Nobutaka Kurata, Representative of U-Ming Marine Transport Corp.	6	1	86	100	The director's tenure expired on February 15, 2022, shall present 7 times.
Director	Jiann-Chyuan Wang Representative of U-Ming Marine Transport Corp.	1	0	100	100	The director's tenure effective on February 15, 2022, shall present 1 time.
Director	Bonnie Peng, Representative of Asia investment Corp.	8	0	100	100	
Director	Toon Lim, Representative of Ding Yuan International Investment Co., Ltd.	8	0	100	100	

Other matters of importance:

1. If any of below listed-circumstances of operation of Board Meeting occurs, it's necessary to be disclosure, including dates of board meetings, sessions, the contents of motions, all independent opinions from Independent Directors and the Company's response to such Independent Directors' opinions :
   1.1 The issues of Article14-3 of the Securities and Exchange Act:
   This company already has an audit committee in place. For more detailed information, please refer to the audit committee's activities regarding Article 14-5 of the Securities and Exchange Act.
   1.2 In addition to the above-mentioned matters, records or written board resolutions contain Independent Directors' counter advices along with qualified opinions: None.
2. Any Directors avoidance of motions due to conflict of interests, including the Directors' names, the content of the motions and the causes for avoidance and voting: None.
3. TWSE/TPEx-listed companies shall disclose information concerning the frequency, period, scope, methods, and contents of the Board's self (or peer) assessment: Please refer to (B) Implementation of the Board and Each Functional Committee Assessment
4. In recent years, a number of actions have been made to improve the functions of the Board of Directors, including the establishment of the Audit Committee, and the strengthening of the disclosure of information evaluating these:
   4.1 The Audit Committee was officially established when the 7th term of the Board of Directors were elected to the office in 2015 and was

made up of the entire number of the Independent Directors. The Audit Committee meeting was held 6 times from last year up to the Annual Report being Published. Please refer to the execution status of the Audit Committee's participation in the Board Meetings for the details.

4.2 The Company's public disclosure of the information is quite transparent and immediate. It has set up both Chinese and English websites and appointed personnel to gather and disclose financial and business relevant information including information from the investor's conference. Furthermore, considering the convenience of information access for both foreign and domestic Shareholders, the Company disclosures information in both Chinese and English on the Market Observation Post System and the Company website.

5. The attendance status of Independent Directors in 2021 and as of April 30, 2022 when the Annual Report is Published:

Independent Directors	The 8th Term Board of Directors				The 9th Term Board of Directors			
	15th Meeting (2021.01.22)	16th Meeting (2021.02.25)	17th Meeting (2021.05.06)	18th Meeting (2021.06.30)	1st Meeting (2021.07.22)	2nd Meeting (2021.7.30)	3rd Meeting (2021.11.4)	4th Meeting (2022.02.25)
Lawrence Juen-Yee LAU	V	V	V	V	V	V	V	V
Tim Pan	V	V	V	V	Note 1			
Jyuo-Min Shyu	Note 2				V	V	V	V
Ta-Sung Lee					V	V	V	V

V : Attend in person. ; * : Attend by proxy.
Note 1:The independent director's tenure expired on July 22, 2021.
Note 2:The independent director's tenure effective on July 22, 2021.

(B) Implementation of the Board and Each Functional Committee Assessment

Assessment Object and assessment Method	Assessment Frequency	Assessment Period	Assessment Scope	Assessment Method	Contents	Implementation and Evaluation
Self-assessment of the Board and Board members	Annually	January 1, 2021 to December 31, 2021	Board members	Self-Evaluation of Performance of the Board members	1. Familiarity with the goals and missions of the company 2. Awareness of the duties of a director 3. Participation in the operation of the Company 4. Management of internal relationship and communication 5. Professional development and training 6. Internal Control	Implementation: The Company has received evaluation report on January 31, 2022. The aforementioned results of evaluations has been report to the 4th meeting of the 9th term Board of directors on February 25, 2022. Evaluation: Self-Evaluation of Performance of the Board members is the qualitative assessment. There is no figure to measure. The evaluation outcome is good.
			Board and Board members	Self-Evaluation of the Board's Procedure Unit	1. Participation in the operation of the Company 2. Improvement of Board decision making 3. Composition and structure of the Board 4. Election and continuing education of Directors 5. Internal Control	Implementation: The Company has received evaluation report on January 31, 2022. The aforementioned results of evaluations has been report to the 4th meeting of the 9th term Board of directors on February 25, 2022. Evaluation: The Self-Evaluation of the Board's Procedure Unit: This item is 4.90 grade. Evaluation grades： 5 – Excellent (Strongly agree) 4 – Very good (Agree) 3 – Fair (Neutral) 2 – Unsatisfactory (Disagree) 1 – Very unsatisfactory (Strongly disagree)

Assessment Object and assessment Method	Assessment Frequency	Assessment Period	Assessment Scope	Assessment Method	Contents	Implementation and Evaluation
External-assessment of the Board and Board members:	Every 3 years	January 1, 2021 to December 31, 2021 (The next assessment will be executed in 2024)	Board members	FET commissioned the "Taiwan Corporate Governance Association(TCGA)" to evaluate Board effectiveness and performance. Evaluation Method: TCGA evaluators and specialists conduct join document review in advance and arrange on-site/video evaluation.	Evaluation Standards: including Board Composition, Board Guidance, Board Authorization, Board Oversight, Board Communication, Internal Control and Risk Management, Board Self-Discipline, Other Matters (such as board meetings and supporting system). According to self-evaluated document and interview, the institution issued the Board Performance evaluation report. The evaluation detail has been disclosed on the Company's website. The website address is as follows: https://corporate.fetnet.net/content/corp/en/CSR/CorporateGovernance/BODMeetingInfo.html	Implementation:The most recent external evaluation of Board performance was completed on November 30, 2021. FET commissioned the "Taiwan Corporate Governance Association (TCGA)" to evaluate Board effectiveness and performance and received evaluation report on December 9, 2021. The aforementioned results of external evaluations has been report to the 4th meeting of the 9th term Board of directors on February 25, 2022. Evaluation： (1)The Company has been ranked in the top 5% of the Corporate Governance Evaluation among listed companies for seven consecutive years, and has been continuously selected as a component of the DJSI-World. The Company has excellent performance in corporate governance. (2)The Company took the initiative to upgrade the Risk Management Committee to a functional committee at the board level in accordance with actual operational needs. This shows that the Company is committed to risk and crisis management. (3)The Company arranges a pre-board meeting where board members are invited to communicate with the management team. The Board members have good interaction with the management team. (4)The Company set up the "Sustainable Development Strategy Roadmap 2018-2025" and proactively implement corporate responsibility for sustainability. (5)The Company has been regularly reviewing the succession status of senior managers. It's able to cultivate a succession pipeline and reserve talents for sustainable development. Recommendation： (1)Increase the number of independent directors to enhance the diversity of expertise and independence of the Board. (2)Consider setting up an official Nomination Committee.
Self-assessments of the Audit Committee	Annually	January 1, 2021 to December 31, 2021	Audit Committee and Audit Committee members	Self-Evaluation of the Audit Committee's Procedure Unit	1. Participation in the company's operation 2. Audit committee's understanding of their duties and responsibilities 3. Improvement on the quality of the audit committee' decision making 4. Makeup and structure of the audit committee 5. Internal Control	Implementation: The Company has received evaluation report on January 31, 2022. The aforementioned results of evaluations has been report to the 4th meeting of the 9th term Board of directors on February 25, 2022. Evaluation: The Self-Evaluation of the Board's Procedure Unit: Evaluation grades： 5 – Excellent (Strongly agree) 4 – Very good (Agree) 3 – Fair (Neutral) 2 – Unsatisfactory (Disagree) 1 – Very unsatisfactory (Strongly disagree) This item is 4.95 grade.

Assessment Object and assessment Method	Assessment Frequency	Assessment Period	Assessment Scope	Assessment Method	Contents	Implementation and Evaluation
Self-assessments of the Remuneration Committee	Annually	January 1, 2021 to December 31, 2021	Remuneration Committee and Remuneration Committee members	Self-Evaluation of the Remuneration Committee's Procedure Unit	1. Participation in the company's operation 2. Remuneration committee's understanding of their duties and responsibilities 3. C. Improvement on the quality of the remuneration committee' decision making 4. Makeup and structure of the remuneration committee	Implementation: The evaluation report is received on January 31, 2022. The evaluation result is reported at the 4th meeting of the 9th Term Board of Directors on February 25, 2022 The evaluation result by assessment unit is 4.59. Evaluation grades： 5 – Excellent (Strongly agree) 4 – Very good (Agree) 3 – Fair (Neutral) 2 – Unsatisfactory (Disagree) 1–Very unsatisfactory (Strongly disagree)
Self-assessments of the Risk Management Committee	Annually	January 1, 2021 to December 31, 2021	Risk Management Committee and Committee members	Self-Evaluation of the Risk Management Committee's Procedure Unit	1. Participation in the company's operation 2. Risk management committee's understanding of their duties and responsibilities 3. Improvement on the quality of the risk management committee' decision making 4. Makeup and structure of the risk management committee	Implementation: The Company has completed the evaluation on January 18, 2022 and the aforementioned results of evaluations has been report to the 4th meeting of the 9th term Board of directors on February 25, 2022. The evaluation result by assessment unit is : 4.69 Evaluation grades： 5 – Excellent (Strongly agree) 4 – Very good (Agree) 3 – Fair (Neutral) 2 – Unsatisfactory (Disagree) 1 – Very unsatisfactory (Strongly disagree)

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

Holding 6 times (A) of Audit Committee Meetings, the attendance status of Independent Directors from last year up to the Annual Report being published：

2022/04/30

Title	Name	Times of Attendance (B)	Proxy	Actual Percentage of Attendance (%) (B/A)	Remark
Convener	Lawrence Juen-Yee LAU	6	0	100	
Member	Tim Pan	3	0	100	The member's tenure expired on July 22, 2021, shall present 3 times.
Member	Jyuo-Min Shyu	3	0	100	The member's tenure effective on July 22, 2021, shall present 3 times.
Member	Ta-Sung Lee	3	0	100	The member's tenure effective on July 22, 2021, shall present 3 times.

Experience and professional qualifications of Audit Committee Members

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

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

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

  Holding 6 times of Audit Committee Meetings from last year up to the Annual Report being published. The powers of the Committee are as follows:

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

- **Audit Committee's Review Report**

  The Board of Directors has prepared the Company's 2021 Business Report, the Financial Statements and the Proposal for Profit Distribution. The CPAs of Deloitte & Touche, An-Hwei Lin and Yung-Hsiang Chao have audited the Financial Statements (including the Stand-alone & the Consolidated Financial Reports) and issued the audit opinions. The Business Report, Financial Statements, and the Proposal for Profit Distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of Far EasTone Telecommunications Co., Ltd.

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

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

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

- **The hiring of Certified Public Accountant**

  Audit Committee assessment according to Standard of Ethics No.10, the assessment result of independence of Certified Public Accountant is in accordance with "The Norm of Professional Ethics for Certified Public Accountant. This proposal has been approved by the 3rd meeting of the 3rd term Audit Committee and the 4th meeting of the 9th Board of Directors on February 25, 2022. Yung-Hsiang Chao and Eddie Shao of Deloitte & Touche and assessment according to Standard of Ethics No.10, the 2022 assessment result of independence of Certified Public Accountant is in accordance with "The Norm of Professional Ethics for Certified Public Accountant".

Other matters of importance:

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

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

Dates & sessions of Audit Committee	Contents and motions	The content of motions, and objections, reservations or major recommendations of the independent directors	Resolution:	The Company's response to Audit Committee's opinions:
The 12th Meeting of the 2nd Term (February 25, 2021)	The disposal of equipment	None	Ratified or approved by all attending Members without objection.	Ratified or approved by all attending Directors without objection.
	The internal audit update			
	The 2020 annual financial statements and consolidated financial statements and other matters of the Company			
	The distribution cash dividend from Retained Earnings and Capital Surplus of the Year 2020			
	The 2020 business report			
	The Company's 2021 business plan and summary consolidated financial forecast			
	New Century InfoComm Tech Co., Ltd (NCIC), the Company's major subsidiary, to sell Building located at No. 218, Ruiguang Road, Neihu District for asset activation			
	Ericsson 5G equipment purchasing proposal			
	The Declaration of Internal Control System			
The 13th Meeting of the 2nd Term (May 6, 2021)	The disposal of equipment	None	Ratified or approved by all attending Members without objection.	Ratified or approved by all attending Directors without objection.
	The acquisition of 1,250,000 common shares of LiTV (TAIWAN) INC. in the amount of NT$50M			
	The Q1 2021 consolidated financial statements of the Company			
	The internal audit update			
The 14th Meeting of the 2nd Term (June 30, 2021)	The status update of Q1 audit task "Wholesales Revenue and International Sales Management Process and Control".	None	Approved by all attending Members without objection, and to be submitted to the 18th meeting of the 8th term Board of Directors for report. The proposed legal proceedings related to this audit task will submit to the Board of Directors meeting for decision while reported.	That the subject report is acknowledged by all the Directors present at the Meeting and approved to take both proposed civil and criminal proceedings
The 1st Meeting of the 3rd Term (July 30, 2021)	The disposal of equipment	None	Ratified or approved by all attending Members without objection.	Ratified or approved by all attending Directors without objection.
	The Q2 2021 consolidated financial statements of the Company			
	The merger with Yuan Bao Fintech Co., Ltd.			
	The internal audit update			
The 2nd Meeting of the 3rd Term (November 4, 2021)	The disposal of equipment	None	Ratified or approved by all attending Members without objection.	Ratified or approved by all attending Directors without objection.
	The internal audit update			
	The 2022 Audit Plan			
	The amendments to the "Internal Control System" of the Company			
	The Q3 2021 consolidated financial statements of the Company			
	The acquisition of Tainan telecom and office room real estate from Far Eastern International Leasing Corp.			
	The acquisition of preferred shares of i-Staging Inc. in the amount of USD$10.32M			
	The major Capital Expenditure budget for Q1 2022			

Dates & sessions of Audit Committee	Contents and motions	The content of motions, and objections, reservations or major recommendations of the independent directors	Resolution:	The Company's response to Audit Committee's opinions:
The 3rd Meeting of the 3rd Term (February 25, 2022)	The disposal of equipment	None	Ratified or approved by all attending Members without objection.	Ratified or approved by all attending Directors without objection.
	The amount of NT$82.5M investment to set up the joint venture company, IDEAWORKS Entertainment Co., Ltd.			
	The 2021 annual financial statements and consolidated financial statements of the Company			
	To distribute cash dividend from retained earnings, capital surplus and legal reserve of the Year 2021.			
	The 2021 business report of the Company.			
	To merge Asia Pacific Telecom Co., Ltd.			
	The amendment of Company's issuance of new shares in exchange for the part of Asia Pacific Telecom Co., Ltd. shares held by Hon Hai Precision Industry Co., Ltd.			
	The 2022 business plan and summary consolidated financial forecast.			
	The change of auditing Certified Public Accountant as from 2022 and the independent assessment result.			
	The internal audit update			
	The Declaration of Internal Control System of the Company			

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

2. Any Independent Director's avoidance of motions due to conflict of interest, including the Independent Directors' names, the contents of motions, the causes for avoidance and voting: None.
3. Communications among Independent Directors and the Company's Chief Auditor and CPA (Including significant issues, methods, and resolutions of discussion regarding the Company's financial and business status):
   A. Communications between Independent Directors and the Chief Auditor: Audit Committee meeting is held quarterly, and meeting minute is submitted to inform Directors, President, and the Company's top management of important discussions and resolutions. In 2021 and up to the annual report being published, there were 6 Audit Committee meetings in which the Chief Auditor reported and updated audit task progress and significant audit activities. Execution, reporting and tracking were based on Independent Directors' instruction. Additionally, monthly Internal Audit Update is submitted to Independent Directors from the Chief Auditor.
   B. Communications between Independent Directors and CPA: In 2021 and up to the annual report being published, 6 related meetings were held. At the Auditing Committee meetings of Q1 2021 and Q1 2022, the CPA reported the audit results to three Independent Directors via separate session. The CPA was present at the rest of four Auditing Committee meetings.
   C. Communication status listed below:
   Communication outlines of independent directors with the chief auditor:

Date	Communication Outlines	Suggestions and Results
2021/02/25 Audit Committee Meeting	1. Chief auditor reported the Control Self Assessment result of FET and its subsidiaries for the year of 2020. 2. Chief auditor reported the progress of internal audit for the fourth quarter of 2020. 3. Chief auditor reported the follow-up status of audit findings.	Without objection.
2021/05/06 Audit Committee Meeting	1. Chief auditor reported the progress of internal audit for the first quarter of 2021. 2. Chief auditor reported the follow-up status of audit findings.	Without objection.
2021/06/30 Audit Committee Meeting	Chief auditor reported the follow-up status of audit findings on the "Wholesale Revenue and International Sales Management Process and Control" performed in the first quarter of 2021.	Without objection.
2021/07/30 Audit Committee Meeting	1. Chief auditor reported the progress of internal audit for the second quarter of 2021. 2. Chief auditor reported the follow-up status of audit findings.	Without objection.
2021/11/04 Audit Committee Meeting	1. Chief auditor reported the progress of internal audit for the third quarter of 2021. 2. Chief auditor reported the follow-up status of audit findings. (Chief auditor and independent director hold individually meeting)	Without objection.
2022/02/25 Audit Committee Meeting	1. Chief auditor reported the Control Self- Assessment result of FET and its subsidiaries for the year of 2021. 2. Chief auditor reported the progress of internal audit for the fourth quarter of 2021. 3. Chief auditor reported the follow-up status of audit findings.	Without objection

Communication outlines of Independent Directors with CPA:

Date	Communication Focus	Suggestions and Results
2021/02/25 Audit Committee Meeting	1. Explained the results of the financial statement and the key audit matters for 2020. (Separated meeting between Independent Director and CPA) 2. Explained the impact on the Company from the change of investment tax regulation. (Separated meeting between Independent Director and CPA) 3. Discuss and respond to attendee questions	Without objection.
2021/05/06 Audit Committee Meeting	1. Discuss and respond to attendee questions for the financial statement.	Without objection.
2021/06/30 Audit Committee Meeting	1. Discuss and respond to attendee questions for the financial statement of internal control.	Without objection.
2021/07/30 Audit Committee Meeting	1. Discuss and respond to attendee questions for the financial statement.	Without objection.
2021/11/04 Audit Committee Meeting	1. Communicate the key audit matters for 2021. 2. Discuss and respond to attendee questions for the financial statement	Without objection.
2022/02/25 Audit Committee Meeting	1. Explained the results of the financial statement for 2021. (Separated meeting between Independent Director and CPA) 2. Explained the impact on the Company from the change of investment tax regulation. (Separated meeting between Independent Director and CPA) 3. Discuss and respond to attendee questions.	Without objection.

3-3. Implementation of Code of Ethical Conduct

Evaluation Criteria	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and Reasons
	Yes	No	Illustration	
1. Establishment of Corporate Governance Policy and Implementation Measures 1-1 Does the Company establish its ethical corporate management policy that is approved by the Board and clearly states measure and plans to prevent unethical conduct and state its implementation results on its official website or in its annual report? Do regulations and documents disclosed by the Company clearly state the ethical corporate management policy, its implementation measures, and the commitment of the Board and management team to actively implement these policies?	V		The Company has established "The Far EasTone Telecommunications Ethical Management Best Practice Principles" Its formulation and amendments were approved by the Board of Directors, reported to the shareholders' general meeting, and disclosed on the Company's website. It clearly states that the Board of Directors, executive management, employees and mandataries, shall comply with laws and regulations during execution of business operations; the Board and managers shall commit to proactively implement it, and shall carry out the policies in internal management and in commercial activities. The "Ethical Corporate Management Best Practice Principles" and "Guidelines for the Adoption of Code of Ethical Conduct" have been approved and amended by the 3rd meeting of the 7th term of Board of Directors on July 30, 2015, and has been submitted to the 2016 FET Shareholders' Meeting. The "Ethical Corporate Management Best Practice Principles" have been approved and amended by the 11th meeting of the 8th term of Board of Directors on May 7, 2020, and has been submitted to the 2020 FET Shareholders' Meeting. Furthermore, The Company communicates the guidance of "Ethical Corporate Management Best Practice Principles" and "Guidelines for the Adoption of Code of Ethical Conduct" to the Board of Directors and company management at Board of Director meetings quarterly and 12 times a year to ensure their understanding of the guidelines. The Company also requires new suppliers to sign "Code of Ethical Conduct for Far EasTone Supplier Chain Social Responsibility" within the commercial document data sheet provided to suppliers as a way of encouraging them to comply with the Company's "Ethical Corporate Management Best Practice Principles". In 2020, in order to enhance ethical conduct for supplier chain, the Company's procurement revised the document of "Code of Ethical Conduct for Far EasTone Supplier Chain Social Responsibility" & also added in the "punitive damage" clause, Total 521 existing vendors signed the revised document in 2020. Procurement has also implemented above document into e-Procurement system. It is mandatory for all vendors to sign document on line once a year. The vendors without signing the document will be prohibited from any transaction.	Compliant with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies.

Evaluation Criteria	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and Reasons
	Yes	No	Illustration	
1-2 Does the Company establish assessment mechanisms for the risk of unethical conducts to periodically analyze and evaluate operating activities which have high risk of unethical conducts, and formulate preventive measures accordingly to cover conducts listed in the subparagraphs of Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" at least?	V		The "Ethical Corporate Management Best Practice Principles" and "Guidelines for the Adoption of Codes of Ethical Conduct" have been approved by the Board of Directors and been submitted to the Shareholders' meeting. These regulations stipulate that board members, the Company's directors, managers, employees, and any personnel taking decisions on behalf of the Company may not, directly or indirectly, offer, promise, demand or accept any form of dishonest benefit while conducting their work. This includes bribes, commissions and expenses; they must also not provide or accept any dishonest benefit to or from customers, agents, contractors, suppliers, government officials or other stakeholders through any means. Anyone discovering dishonest behavior on the part of the other party in business dealings must immediately cease these dealings and list the party as one with which they refuse any further dealing	Compliant with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies.
1-3 Does the Company's measures for the prevention of unethical conducts explicitly state relevant operating procedures, guidelines, punishment for violation, and the complaint system, and are thoroughly implemented? Moreover, does the Company periodically review and amend the said measures?	V		In order to fully implement a policy of ethical management and actively prevent unethical conduct, the Company has established the "Procedures for Ethical Management and Guidelines for Conduct" and "Ethical Management Violation Reporting Policy." which clearly specifies measures to prevent unethical conduct, operating procedures, conduct guidelines, disciplinary and reporting systems for violations. The Company has implemented the measures and regularly reviews relevant policies for amendments.	
2. Implementation of Code of Business Conduct 2-1 Does the Company evaluate counterparties' ethical records and specific "Ethical clauses" in business contracts?	V		In order to fully implement "Ethical Corporate Management Best Practice Principles", the Company requires that all suppliers sign "Code of Ethical Conduct for Fareastone Supplier Chain Social Responsibility". The clause of "Ethical Corporate Management Best Practice" is also added to each purchase order as an appendix. This is to encourage all suppliers to abide by it. If any dishonest behavior is found, the contract must rescind or terminate at any time and the party must be recorded as one with whom any further dealings will be ceased. Since 2021 July , Procurement has implemented the supplier evaluation methodology for all new suppliers. Suppliers' credit record & related operational or financial information will be reviewed. For those suppliers graded at high risk shall not be qualified for FET supplier.	
2-2 Does the Company establish a dedicated unit is subordinate to Board for the stipulation, supervision, and execution of ethical corporate management policy and preventive measures, and detail the unit's operations and execution status? Also, does it report the unit's ethical corporate management policy and preventive measures on unethical conduct as well as the latter's supervision and execution status to the Board regularly (on an annual basis at least)?	V		Far EasTone's Human Resources Office is the dedicated unit responsible for encouraging ethical management. Chief Human Resources officer is in charge of supervision. Its major responsibilities and implementation situation: policies reported regulatory compliance, promotion, education training and handling declaration matters, etc. It reports the status of its implementation to the Board of Directors every year. The performance of FET's Code of Ethical Conduct was reported on the 3rd board meeting of the 9th term Board of Directors on November 4, 2021. The Internal Audit will report contravening matters to the Board of Directors.	
2-3 Does the Company promulgate policies for preventing conflicts of interests and does it offer channels for reporting conflicts of interests?	V		To comply with the Code of Ethics and Business Conduct, the comply has enacted the "Code of Business Ethics", employees receiving gifts, benefit, or discounts must initiatively submit a declaration. A Far EasTone Employee Notice has been drawn-up, for employees to fill out and submit when they suspect a conflict of interest between themselves and the Company. The Company establishes and publicly announces the whistleblowing e-mail account on the corporate website and the intranet for internal and external parties to report incidents.	

Evaluation Criteria	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and Reasons
	Yes	No	Illustration	
2-4 Does the Company establish efficient accounting systems and internal control systems to thoroughly implement ethical corporate management, and have the internal audit unit formulating audit plans based on the assessment of unethical conduct risk to audit the compliance status of the preventive measures accordingly? Or does the Company appoint CPAs to perform the audits?	V		The Company has set up rigorous accounting systems and a dedicated accounting department. Financial statements are audited (or reviewed) by a CPA, and are announced and uploaded in compliance with legal requirements to ensure accuracy and transparency of financial information. FET has established the Internal Audit Division and related internal audit systems. It reviews and revises these systems periodically to ensure their effectiveness, so as to enforce the Regulations Governing Establishment of Internal Control Systems by Public Companies and the Ethical Corporate Management Best Practice Principles. In addition, the Internal Audit Division establishes and implements the annual internal audit plan based on risk assessment and reports the audit outcomes to the chairman, directors, president, and relevant authorities so as to enforce the code of Business Conduct.	Compliant with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies.
2-5 Does the Company regularly hold internal and external training on the "Code of Business Conduct"?	V		In order to fulfill the "Ethical Corporate Management Best Practice Principles" and "Guidelines for the Adoption of Codes of Ethical Conduct", the Company undertakes educational communications of principles for employees on a regular basis. It also promotes the concept of business conduct in daily operations to all employees. Furthermore, the Company communicates the guidance of "Ethical Corporate Management Best Practice Principles" and "Guidelines for the Adoption of Code of Ethical Conduct" to the Board of Directors and company management at Board of Director meetings quarterly to ensure their understanding of the guidelines. The Company also requires new suppliers to sign "Code of Conduct for Far EasTone Supplier Chain Social Responsibility" within the commercial document data sheet provided to suppliers as a way of encouraging them to comply with the Company's "Ethical Corporate Management Best Practice Principles". In 2021, Procurement also conducted the training course for "Code of Conduct for FarEasEone Supplier Chain Social Responsibility" and "Ethical Corporate Management Best Practice Principles" at Supplier Conference which had total 185 suppliers attending. The execution status of company's Code of Ethical Conduct was reported on the 3rd board meeting of the 9th Term Board of Directors on November 4, 2021 We hosted "the ethical management and the code of business ethics "training course for all employees for a total of 5,479 participants and ran for a total of 1,233 hours.	
3. Operation of Internal/External Reporting Mechanism 3-1 Does the Company establish reporting and rewarding mechanisms, establish convenient channels and procedures for any violation, and assign appropriate specialists to investigate any reported cases?	V		Far EasTone has established "Ethical Management Violation Reporting Policy". Anyone can use the Company mailboxes or publicized channels for reporting and for appeals. The following reporting channels for internal and external use: 1.Internal personnel can use reporting channels to report as follows: Whistle_blower@fareastone.com.tw 2.External personnel can use reporting channels to report as follows: Ombudsman@fareastone.com.tw 3.Far Eastern Group Purchasing Website ECOME: http://www.ecome.com.tw/A00BG/ABG_Connection.aspx 4.Internal Audit e-mail: ia@fareastone.com.tw The Company shall terminate the employment contracts of employees with serious violation of ethical conduct pursuant to relevant laws and regulations or the Company work rules. The Company's suppliers whoever involving dishonest behavior on the part of the other party in business dealings must immediately cease. The contract between FET and the supplier would be terminated and the supplier must be recorded as one with whom any further dealings will be ceased. Upon receipt of the reporting, professional personnel are assigned to immediately launch an investigation, as well as to handle and reply to cases. The name and identity of the complainant and the investigation process are kept confidential, and all matters reported in this way are verified through independent channels in order to protect the complainant.	

Evaluation Criteria	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and Reasons
	Yes	No	Illustration	
3-2 Does the Company establish standard investigation procedures, measures to be taken upon completion of the investigation, and relevant confidentiality mechanisms for the cases reported?	V		Internally, 1.The Company has established the "Ethical Management Violation Reporting Policy" which conducts active investigation, while adhering to confidentiality principles according to Company rules. 2.After case investigation, follow-up measures to be taken are below: The Company shall terminate the employment contracts of employees with serious violation of ethical conduct pursuant to relevant laws and regulations or the The Company work rules. Externally, the Internal Audit Division treats any complaint in a confidential and sensitive manner. Upon receipt of the complaint from external personnel, professional personnel will be immediately assigned to launch an investigation. The name and identity of the complainant and the investigation process are kept confidential, and all matters reported in this way are verified through independent channels in order to protect the complainant.	
3-3 Does the Company take measures to protect whistleblowers from inappropriate treatment?	V		Internally, The Company has established the "Ethical Management Violation Reporting Policy" that Personnel processing the reported incident shall keep the whistleblowers' identity and incident details confidential. The Company also undertakes to protect the whistleblower from improper treatment due to the whistleblowing. Externally, the Internal Audit Division treats any complaint in a confidential and sensitive manner. Upon receipt of the complaint from external personnel, professional personnel are immediately assigned to launch an investigation. The name and identity of the complainant and the investigation process are kept confidential, and all matters reported in this way are verified through independent channels in order to protect the complainant from any form of improper treatment.	Compliant with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies.
4. Improvements on Information Disclosure Does the Company disclose information related to the "Code of Ethics" through its website and MOPS (Market Observation Post System)?	V		Regarding of the "Ethical Corporate Management Best Practice Principles" and "Guidelines for the Adoption of Codes of Ethical Conduct", please refer to Far EasTone's company website for details. https://corporate.fetnet.net/content/corp/en/CSR/CorporateGovernance/RegulationRule.html The "Ethical Corporate Management Best Practice Principles" and "Guidelines for the Adoption of Codes of Ethical Conduct" are disclosed on "Market Observation Post System" as well.	

5. If the Company have established our own guidelines for the "Code of Business Conduct" according to Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, please state the discrepancies (if any) between actual operation and policy: There are no discrepancies.

6. Other important information revealing the Company's ethical operations:

- The "Code of Procurement Conduct" is shown on each purchasing order to ensure supplier's compliance: "FET employees or FET suppliers shall abide a high-standard of ethics. Suppliers bribing the Company's employees or FET employees asking for bribes from suppliers would be filed the legal prosecution. Please follow the code in detail, as set out, as well as in its spirit".
- We also make the following announcement on our procurement system to provide suppliers with a clear petition channel: Suppliers with doubts about any harm to their rights and interests in the process of a procurement project may write to the website of the Far Eastern Group Procurement for petition.
- In each order, the procurement would state that the suppliers affirm that the content of the order is neither a copy nor a counterfeit, and that it is not in violation of a third party's intellectual property rights or other rights. This is done to enhance FET's Ethical Corporate Management.

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

Implementation of "Sustainable Development" and Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons:

Evaluation Criteria	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Illustration	
1.Does the Company establish a governance framework for the promotion of sustainable developments, and set up a full- (or part-) time unit for the promotion of sustainable developments and have the Board authorizing senior management to be in charge, and how does the Board supervise the operation?	V		FET established the "FET CSR Committee" (renamed Sustainable Development Committee" in 2022) in 2011, which serves as the highest supervising unit for sustainable governance and strategic planning. The Chairman of the Board of Directors serves as the committee chair, the president serves as the CEO, and Executive Management Team (EMT) serves as the convener of the task groups across business groups, supervising representatives from all units. Also, FET has established a dedicated unit, "PR and Corporate Sustainability Division," holding accountable for the mapping and execution of sustainable development policies, systems, and relevant management guidelines. FET also established the "Executive Sustainability Officer" to reinforce the management of sustainable development. FET CSR Committee holds quarterly meetings, has work groups report the progress of sustainability goals and action plan results, and conducts the tracking and proposal discussion on material issues. A total of 4 meetings were held by the Committee in 2021. In addition, FET regularly reports relevant decisions and performance to the Board. On the third meeting of the ninth Board of Directors on November 4, 2021, FET's report included: 1. action plans on sustainability issues and 2. sustainability promotion results. Sustainability promotion results are regularly reported to the Board, and the Board supervises and asks for adjustments of the management team when necessary.	
2.Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy and have the Board supervising the promotion of sustainable developments?	V		In order to implement enterprise risk management, the Company refers to the framework of the international standard "ISO 31000 Risk Management – Principles and Guidelines" and formulates "Risk Management Policy"("The Policy") in accordance with the P-D-C-A model. The Policy has been approved by the board of directors as the guiding principle for all divisions to follow. The Scope of risk assessment is only the Company. All divisions conduct risk assessment annually and regularly based on the materiality principle, with consideration of economic, environmental and social aspects of corporate governance issues that have significant impact on customers, investors and other stakeholders, and formulate risk management strategies and plans. In addition, the implementation results of sustainable development are presented at regular intervals to the board of directors annually. The results of 2021 has been report to the 3rd meeting of the 9th term Board of directors on November 4, 2021.More details about risk assessment, please refers to Annex 1.	
3. Environmental issues 3-1 Does the Company establish appropriate environmental management systems based on its industrial characteristics?	V		FarEastone Telecommunication (FET) is well aware of the potential risks and opportunities of our enterprise operations on the environment and energy consumption. Therefore, we have established an Energy and Environmental Management System to provide useful resources from the perspective of the telecommunication life cycle. We have collaborated with business partners, suppliers and contractors while continuing to improve energy efficiency, promote pollution prevention, decrease greenhouse gas emissions as well as continuing to improve energy performance to mitigate and adapt to climate change. FET formed the Energy Management Committee to enforce effective internal energy management. In addition, FET began to progressively introduce the ISO International Management System to support the creation of practical, effective, and easy-to-use energy management mechanisms and frameworks. FET also defined the Environment & Energy Policy accordingly as a means to encourage customers, suppliers, contractors, key business partners and Mergers and Acquisitions (M&A). These are used to govern energy management practices at all business sites, promote energy-saving action plans, to audit, and help verifying actual performances. 1. Environmental Management Policy FET had drafted the "FET Environment and Energy Policy", "Policy Statement on the Management of Greenhouse Gases", and "Net Zero Emissions Strategy". They are guidelines on the management of various environmental impacts to improve energy conservation and energy efficiency at different stages of the telecommunications industry service life cycle, thereby seeking to mitigate and adapt to climate change. (1) FET's Environment & Energy Policy FET is well aware of the potential risks and opportunities our business operations may bring upon the environment and energy consumption. Therefore, through various innovative applications and intelligent core technologies, we conduct environmental due diligence on key business partners and M&A targets. We work with multiple stakeholders such as customers, shareholders, employees, and suppliers to jointly implement the following specific environmental and energy sustainability commitments. To view FET's Environment and Energy Policy, please visit: https://corporate.fetnet.net/content/corp/tw/CSR/EnvironmentalSustainability/EcoCSR.html (2) FET Net Zero Emissions Strategy FET's medium and long-term carbon reduction strategies center on three aspects: smart energy conservation, use of renewable energy, and energy storage. Coupled with FET's core competencies, the carbon reduction strategies go in line with the government policies on energy transformation and electricity industry reforms. These strategies are aimed at business opportunities arising from energy conservation technologies, energy storage, smart grid and smart meter as well as system integration. For more details, please visit FET's official website: https://corporate.fetnet.net/content/corp/tw/CSR/EnvironmentalSustainability/EcoValue.html	Compliant with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Evaluation Criteria	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Illustration	
			2. Environment and Energy Management Committee FET established an Environment and Energy Management Committee chaired by the CFO. Members include the heads of different departments where quarterly meetings are convened to discuss energy- and environment-related targets and performances. FET also established the Environment and Energy Management Policy, which comprises management policies over energy and environment, GHG reductions, and responses to climate change. For more details, please visit FET's official website: https://corporate.fetnet.net/content/corp/tw/CSR/EnvironmentalSustainability/EcoCSR.html 3. Environmental Management System FET complies with relevant energy and environmental regulations, namely the Waste Disposal Law, Indoor Air Quality Management Law, Drinking Water Management Regulations, Drinking Water Quality Standards, Water Pollution Prevention and Control Law, Noise Control Standards and Energy Management Law, etc. For a long time, FET has incorporated several ISOs, namely ISO 14001 Environmental Management, ISO 50001 Energy Management, and ISO 14064- 1 Greenhouse Gases. FET also obtains assurance from external units. The scope of the ISO certifications is: (1) ISO50001 (Energy Management System): 4 sites in Taipei (offices, computer rooms, and stores), 2 sites in New Taipei (offices and computer rooms), 2 sites in Taichung (offices and computer rooms), 1 site in Tainan (offices and computer rooms), and 2 sites in Kaohsiung (offices and computer rooms, and engine rooms). (2) ISO14001 (Environmental Management System): 4 sites in Taipei (offices, computer rooms, and stores), 2 sites in New Taipei (offices and computer rooms), 2 sites in Taichung (offices and computer rooms), 1 site in Tainan (offices and computer rooms), and 2 sites in Kaohsiung (offices, computer rooms, and engine rooms). (3) ISO14064-1 (Greenhouse Gas): FET, NCIC, & KGEx.	
3-2 Does the Company devote to improving the utilization rate of various energy resources and usage of recyclable materials to minimize its impact on the environment?	V		Based on the "Green Network Construction Long-Term Plan", we have been enforcing energy saving and carbon reduction throughout our operations network on an ongoing basis that to minimize its impact on the environment. The outcomes in 2021 included: 1. There are 28,010MWh of electricity saved, and 14,063 tons of CO2 reduced, equal to the annual carbon absorption of 37 Daan Forest Park. 2. Deployed high efficiency base station and power supply equipment, removed extra radio frequency units, and dismantled or shut down old telecom equipment. 3. Total 1,224 base stations have been improved with 10,490MWh of electricity saved. A total of 548 small weather-proof shelters have been installed, along with high-performance cooling fans that reduce power consumption of air conditioners and 5,760MWh of electricity have been saved. 4. Due to improvements on the effective energy management and power usage efficiency, air-conditioning equipment adopt models that save electricity by more than 20% with an operating capacity reaching 1,810 refrigerated tons. Electricity consumption was reduced by 2,231MWh equivalent to a reduction of 1,120 tons of GHG emissions. 5. 491 units of high-efficiency CSPF 1-level air conditioners were installed at directly-operated stores, saving 646MWh and reducing carbon emissions by 324 metric tons. 6. Our commitments in environment and energy management through integration of telecom core technology won us 3 awards in 2021, which are the following: - An outstanding "2021 Taipei Energy Conservation Leadership Award" from the Taipei City government. - A Golden "2021 Taiwan Sustainable Action Award"- A climate leadership "CSA Environmental Sustainability Category"Award. - A climate leadership "CSA Environmental Sustainability Category"Award. Major focuses for energy saving and carbon reduction in 2022: 1. Continue to deploy 65 small weather-proof shelters with high-performance cooling fans. 2. Install another 335 fan cooling system in existing shelter type base stations to reduce power consumption. 3. Install solar power capacity to 21.6 Kw 4. To strengthen the energy management mechanism, set up energy performance goals and regularly review and adjust the set-up goals. 5. Our commitments in environment and energy management through integration with telecom core technology. 6. Expect to reach 2,500 Kw capacity in the solar power installation capacity. 7. Replace 200 old air conditioners in directly-operated stores. 8. Replace the chillers (first-class energy efficiency with a capacity of 280 RT) in equipment rooms. 9. Replace 275 lamps from traditional to LEDs in offices and replace old chillers to a high efficiency type with a capacity of 165 RT in offices. 10. Strengthen the energy management mechanism, set up energy performance goals, and regularly review and adjust the set-up goals. 11. Commit to environment and energy management with support from FET's core technology in telecommunications.	Compliant with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

<table>
<tr><th rowspan="2">Evaluation Criteria</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Illustration</th></tr>
<tr><td></td><td></td><td></td><td>Low Carbon Operation – Strategy and Goal
<table>
<tr><th>Item</th><th>2021 Goals</th><th>Performance</th></tr>
<tr><td>Annual office power consumption EUI per ping</td><td>-0.5%</td><td>Achieved -3.42%</td></tr>
<tr><td>IDC average power efficiency PUE</td><td>-0.33%</td><td>Achieved -2.41%</td></tr>
<tr><td>Average power consumption from FET directly-operated stores</td><td>-0.5%</td><td>Achieved -3.01%</td></tr>
<tr><td>Total renewable energy generated</td><td>801Kwp</td><td>Achieved 806.17Kwp</td></tr>
</table></td><td></td></tr>
<tr><td>3-3 Does the Company achieve ISO 14001 and ISO50001 or other similar verification of Environment or Energy Monitoring System?</td><td>V</td><td></td><td>The Company has established an Online Environment Monitoring System, to routinely measure environmental quality, such as temperature, humidity, illumination, indoor CO_2 concentration, hydrogen concentration in battery chambers, etc.
The Company obtained the ISO50001 (Energy Management System), ISO14001 (Environmental Management System), and ISO14064-1 (Greenhouse Gas Inventory) verification in March and April 2021.
<table>
<tr><th></th><th>ISO50001</th><th>ISO14001</th><th>ISO14064-1</th></tr>
<tr><td>Organization</td><td>BSI</td><td>BSI</td><td>BSI</td></tr>
<tr><td>Valid period</td><td>2021/2/23 -2024/2/23</td><td>2020/5/7- 2023/5/6</td><td>One year (Note)</td></tr>
<tr><td>Certified Date</td><td>2022/2</td><td>2022/3</td><td>2022/4</td></tr>
</table>
Note: ISO14064-1 is conducted every year to inventory greenhouse gas emissions throughout the previous year. The Company obtained the ISO14064-1 verification in April 2022.</td><td></td></tr>
<tr><td>3-4 Does the Company evaluate current and future potential risks and opportunities imposed by climate changes on corporations and adopt response measures associated with climate issues? Does the Company assess the potential risks and opportunities at present and in the future brought to enterprises by climate change and adopt countermeasures concerning climate-related issues? Does the Company disclose of information in relation governance, strategy, risk management, indicator and target of enterprises on climate-related risks and opportunities in accordance with the framework provided in the Task Force on Climate-related Financial Disclosures (TCFD)?</td><td>V</td><td></td><td>FET continues to focus on and respond to climate change and energy-related issues proactively. Combined with the company's core business, these involve promoting environmental and energy strategies, such as introducing science-based carbon emissions reduction targets and introducing Recommendations of Task Force on Climate-Related Financial Disclosures (TCFD). The two strategies guide and identify key climate risks and FET management with a focus on corporate governance, strategy, risk management, indicators, and targets. FET has identified potential climate change risks while also evaluating the processes and scale of financial impacts related to those risks and related countermeasures. At the same time, FET fulfills the environmental responsibility of the telecommunications industry with responsible products and quality communication infrastructures. For details, please visit FET's official website and check out its CSR report:
https://corporate.fetnet.net/content/corp/tw/CSR/EnvironmentalSustainability/climatestrategy.html
https://corporate.fetnet.net/content/corp/tw/CSR/ReportDownload.html

For details on the potential risks and opportunities imposed by climate change on corporations and how to adopt response measures associated with climate issues, please refer to Annex 2.</td><td>Compliant with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies</td></tr>
<tr><td>3-5 Does the Company have statistics on its annual emissions of greenhouse gas, water consumption and the total weight of wastes for the past two years, and formulate policies on energy conservation, carbon reduction, reduction of greenhouse</td><td></td><td></td><td>FarEasTone Telecommunication (FET) is well aware of the potential risks and opportunities of our enterprise operations on the environment and energy consumption. Therefore, we have established an Energy and Environmental Management System to provide useful resources from the perspective of the telecommunication life cycle. We have collaborated with business partners, suppliers, and contractors while continuing to improve energy efficiency, promote pollution prevention, decrease greenhouse gas emissions, and continuing to improve energy performance to mitigate, adapt to climate change and formulate "Environment & Energy Policy" and "Net Zero Emissions Strategy" . For more details , please refer Chapter 3. Corporate Governance /3-4. Implementation of Sustainable development and the Corporate Governance /3. Environmental issues/3-1 Does the Company establish appropriate environmental management systems based on its industrial characteristics? Or visit our official website:</td><td></td></tr>
</table>

Evaluation Criteria	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Illustration	
emissions and reduction of water consumption or waste management, including the goal of reduction, promotion measures and status of achievement?	V		https://corporate.fetnet.net/content/corp/en/CSR/EnvironmentalSustainability/EcoCSR.html The relevant environmental statistics are as follows:	Compliant with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Item	Y2020	Y2021	Coverage
GHG emissions Scope 1 (Tons/CO2e)	4,764.13	10,557.143	FET NCIC KGEx
GHG emissions Scope 2 (Tons/CO2e)	244,834.334	272,411.386	
GHG emissions Scope 3 (Tons/CO2e)	120,296.547	108,864.046	
Water consumption (Degree)	264,554	252,523	FET NCIC KGEx Aroca
Total weight of general waste (Tons)	340.31	329.81	

External assurance:

1. The Company obtained the ISO14064-1 (Greenhouse Gas Inventory) verification both in April 2020 and 2021.
2. The Number of water consumption and total weight of general waste are both certified by SGS.

Reduction Targets / Action Items / Performance

Item	2021 Goals	Performance	Action Items	Reduction Target
GHG emissions	+4.6% or below	+13.4%	- Energy conservation activities were facilitated. - Facility operation management and temperature control management were implemented. - Digital projects such as e-bill and e-forms continue to be promoted. - The number of energy equipment with a control function in the stores' energy management system were increased to save electricity.	Scope 1&Scope 2: Reduce 13%, cumulatively from 2016 to 2025.
Water Consumption	-1%	-4.5%	-Water resource control and improved water efficiency were implemented (including strengthening water-saving promotions, replacing water-saving equipment, checking water leakages of water equipment, operation management and so on)	The water consumption reduce by 1%
General Waste	-2%	-3.1%	- The promotion and implementation of waste sorting and recycling within the company were strongly put forward and various promotional activities (such as Green Festival, Cherish the Earth, Spread Love Far,etc.) were carried out in order to raise employees' awareness on environmental protection and increase participatory willingness.	The total general waste amount in 2022 doesn't exceed in 2021.

Evaluation Criteria	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Illustration	
4. Social issues **4-1** Does the company formulate management policies and procedures which are in accordance with the relevant internationally-recognized principles and human rights policies based on International Bill of Human Rights and management plans at its corporate website and in the annual report?	V		The Company has complied with all relevant labor regulations with regards to employees. And has also convened labor-management meetings to ensure that any additional or changed affairs that affect employees' rights would be made only when both parties go through the sufficient and full communication. The Company has also set up dedicated channels for employees to file complaints as a way of safeguarding their rights. FET is devoted to protect the employees' basic human rights, follow relevant labor laws and regulations, and support and voluntarily comply with international human rights treaties, including the Universal Declaration of Human Rights (UDHR), the United Nations Global Compact (UNGC), the United Nations Guiding Principles on Business and Human Rights and the International Labor Organization Declaration on Fundamental Principles and Rights at Work. We would stop any acts that infringe upon or violate human rights and conduct internal investigations, such as due diligence and risk assessments, in accordance with the guidelines and principles of the aforementioned laws and regulations. We aim to enhance the human rights awareness of our employees and stakeholders. In 2021, totally 123 classes of human right related training courses including compliance, labor safety, information and technology security, and health management topics were conducted with 54,604 participants and 30,491 hours. Please visit FET's official web site for more information. https://corporate.fetnet.net/content/corp/en/CSR/Engagement/Humanrights.html	
4-2 Does the Company establish and adopt reasonable employee welfare measures (e.g. bonuses and salaries, leaves, and other benefits), and develop policies to have employee bonuses and salaries adequately reflect its operation performance or results?	V		The Company has established and adopted reasonable employee welfare measures (e.g. bonuses and salaries, leaves, and other benefits) and have employee bonuses and salaries adequately reflect its operation performance as bellows. A) Superior to Mandated Benefits 1. Employees have multiple options for biennial health assessments. 2. Five days of paid sick leaves. 3. Maternity leave, Paternity leaves and leaves for pregnancy checkups which are superior to what is required under the Labor Standards Act. 4. Paid maternity leaves for miscarriage, excluded from sick leaves. 5. Nutritional allowance for pregnant women 6. A day of "health leave" once the health promotional activity has met the target. 7. Two days of paid volunteer work leaves annually, encouraging employees to participate in company-planned public welfare activities. B) Employee Benefits 1. Employee group insurance scheme: Including term life insurance, accident insurance, accidental medical cover, hospital expenses, cancer, etc. 2. Pension: Retirement policy is formulated in compliance with the Labor Standards Act to provide post-employment benefits to employees. 3. Mobile phone and monthly bill subsidies. 4. Working from Home scheme: Depending on the work nature, employees can apply for working from home upon management approval. 5. Remote Working: For works which require long working hours outside offices, e.g. sales personnel and system maintenance engineers, flexible working place and location are allowed. 6. Free parking for employees in the main office area. For details please visit FET website: https://corporate.fetnet.net/content/corp/en/CSR/Engagement/WelfareAndArchivement.html For specific details and implementation of the Company's retirement system, please refer to Chapter V. Operational Highlights/5. Labor Relations/ (2) Retirement of the annual report. C) Employee Compensation 1. The articles 26 of incorporation of the Company is stipulates "if there is profit for the current year, the Company shall set aside 1%~2% of it as compensation for employees. The article is disclosed on the FET official website at: https://corporate.fetnet.net/content/corp/en/CSR/CorporateGovernance/RegulationRule.html 2. The employees' compensation is according to company bonus regulations. The Company distributes bonuses based on the Company's operational objective achievement status and individual performance results, including year-end bonus, goal achievement bonus, and sales bonus, and special performance bonus, etc.The Company's objectives include financial indicators (such as revenue, new economy revenue, net income achievement rate) and non-financial indicators (such as NPS).The bonus distribution is highly related to the Company's operating performance. Concurrently, it is also tied in with individual performance and high-performing employees are given higher compensations, thereby formulating a corporate culture of high performance. FET never discriminates against gender at the starting pay of each position, and all compensations are higher than the minimum wages stipulated by the government. Average pay for women and men are also equal across all positions. D) Workplace Diversity FET strives to build a diverse, inclusive, and equal working environment for men and women, and provides equal opportunities for recruitment and career development across genders, with a total of 49.7% of female employees. Also, FET achieves the goal of female supervisors not less 30% of all supervisors. Compensations, bonuses, and promotions of employees are fully determined by individual competencies and performance and are not affected by factors such as nationality, ethnicity, age, gender, marital status, sexual orientation, physical and mental conditions, beliefs, or political status. FET has also established the "Sexual Harassment Grievance Committee" and a complaint process that includes employee complaint mailboxes. In 2021, no sexual harassment complaints were made at FET.	Compliant with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Evaluation Criteria	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Illustration	
4-3 Does the Company provide a safe and healthy working environment for employees and implement health and safety education regularly?	V		The Company dedicate to provide its employees with a safety and health workplace, and regularly holds safety and health education and training sessions for its employees. 1.The Company has established a「Labor Safety and Health Office」(OSH) to formulate, plan, promote, and monitor occupational safety and health related affairs, 2.Labor Safety and Health Committee is built up and meets quarterly to deliberate, coordinate, and advocate occupational safety and health related affair 3. The Company is also committed to providing a hazard-free work environment to all employees and stakeholders. The company headquarter building implemented Occupational Safety and Health. Management System in 2018 and passed ISO 45001:2018 and CNS 15506: 2011 (TOSHMS) Taiwan Occupational Safety and Health Management System certification in 2019. FET also passed the review in 2021. (The current validity of our ISO45001:2018 certificate is from January 25, 2022 to Janaury 24, 2025) 4. The Company also actively advocates hazard prevention awareness to employees and contractors. 104 rounds of various occupational health and safety training were held in 2021 to 6,309 participants. Meanwhile, the Company also established the "Health and Safety" website to disseminate information on hazard prevention and strengthen employees' awareness on preventive measures.There was 1 occupational injury, which was a stumbling accident, accounting for the total number of employees 0.018% . Company has provided advice and guidance on safety to enhance employees' awareness.	
4-4 Does the Company establish efficient career development and training plans for employees?	V		The Company has established a career development structure and linked it to the Company's core competency measures, using this as the basis for a management mechanism to develop all kinds of opportunities for personnel. The career hierarchy structure is dual-track, incorporating both management skills and professional tracks, and divided into six grades based on the company's short and mid-term strategic direction and operations. It simultaneously maintains consistency of rank across departments and encourages employees to develop cross-functional experience. FET conducts the training program on issues related to compliance risks, management competencies, specific roles (such as newly-recruited, new supervisors, or internal trainers, etc.), professional competencies, and IT security training, with a total of 1,425 training courses, 14,574 trainees, and 199,065 hours of training completed.	
4-5 Does the Company comply with relevant laws and regulations and international standards where customer health, safety, and privacy, as well as marketing and labeling of products and services…etc, are concerned and formulate relevant policies and complaint procedures to protect consumers' rights?	V		The Company engages in active, detailed disclosure and communication for all rate plans and services by varied channels such as website and stores and is in compliance with relevant telecommunication laws and regulations.	Compliant with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
4-6 Does the Company establish supplier management policies requesting suppliers to comply with regulations associated with environmental protection, occupational safety, and health or labor rights, and provide their implementation results?	V		FET views supplier management as one element of corporate risk management, drafting "FET Supply Chain Management Policy" as a basis for the management of suppliers. The company also introduced ""Supplier Corporate Social Responsibility Guidelines," including various environmental, society and corporate governance (ESG) requirements in its supplier specifications. Please refer to detail in FET 2020 IR report. FET has conducted risk evaluation through the supplier sustainability self-assessment survey since 2017. The evaluation covers nineteen indicators within the five major aspects of sustainability governance, supplier management, environmental management, labor rights and social impact. Once the suppliers have completed the survey, FET would verify the authenticity of suppliers' data through document review. A total of 332 assessments were completed in 2021 which accounted for 93.06% of the annual purchases. The evaluation identified 11 high-risk suppliers this year and the risks mostly concentrated on confidentiality agreements and protection of intellectual property rights. For those high-risk suppliers, FET has established related improvement plans and kept tracking the results. FET will continuously inspections on high-risk suppliers in 2022 in order to coach the suppliers to better fulfill their corporate social responsibility.	
4-7 Does the company disclose stakeholder identities, issues concerned, communication channels and response methods?	V		FET values the importance of communication and partnership with its stakeholders. The ESG Steering Committee meets quarterly and provides unscheduled presentations yearly regarding relevant decisions and company performance to the Board of Directors. With the President as the moderator and senior management members as the convener of each task force, the Committee presents the action plan of the year and the result of communication with stakeholders. FET's ESG Steering Committee would apply the AA1000SES proposal principle to identify 9 categories of stakeholders' relationship map, which is based on the stakeholders' long-term dependence, influence, degree of concern, responsibility, and ability to provide a multi-dimensional perspective of assessment. At the same time, FET would also ensure the different appeals and expectations of stakeholder. FET set up stakeholders'survey, which specialized in communications channels on its official website, to obtain more feedback on improved stakeholder communications. For more details, please refer to FET Sustainable Development Report	

Evaluation Criteria	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Illustration	
4-8 Does the company disclose employees' work environment and personal safety measures and their implementation?	V		The protection measures & implementation of employees' personal safety are as follows: To ensure the safety and health of employee as well as prevent occupational injuries, a Safety and Health」 section has been set up on the Intranet, providing related policy, information, training material, Employee health management is now an important component of our business strategy. For more details, please visit: https://corporate.fetnet.net/content/corp/en/CSR/Engagement/WelfareAndArchivement.html FET has set up the "Occupational Health and Safety Committee" (OHS Committee) as well as dedicated labor safety and health units to make improvements to the working environment and ensure work safety. Occupational Health and Safety Committee holds a meeting quarterly. Its responsibility is to oversee the formulation of the occupational disaster prevention plan and the self-inspection plan; discuss, examine, and analyze related occupational disasters and review OHS improvements. Total 229 items of working environment and construction security were also completed; the improvement rate for irregular items reached 100% and thus guaranteed the prevention of occupational disaster and hazard in 2021 The frequency of checking operation in Occupational Health and Safety as bellows: Checking operation in Occupational Health and Safety 1. Occupational Health and Safety office check workplace — More than 16 times a month 2. Management by wandering around check retail — More than once a week 3. Cell site safety check — More than 2 times a month The Company is also committed to providing a hazard-free work environment to all employees and stakeholders. The company headquarter building implemented Occupational Safety and Health. Management System in 2018 and passed ISO 45001:2018 and CNS 15506: 2011 (TOSHMS) Taiwan Occupational Safety and Health Management System certification in 2019. FET also passed the review in 2021. (The current validity of our ISO45001:2018 certificate is from January 25, 2022 to Janaury 24, 2025) According to government Regulations and Fire Act, all FET's workplaces have established appropriate fire-fighting systems and executed regular equipment maintenance declarations, as well as the fire prevention management. We will also implement disaster prevention education every six month to enhance disaster resilience and personnel awareness. Some areas have multiple protective measures in each office and MSC/IDC. They are controlled through the access control system. All personnel need authorization to access and real-time records are maintained for reference. We also have the "Access Control Management Methods" which explicitly specify the movement of personnel in the work place to maintain the security of premises and personnel. According to FET physical security management protocols, all areas are set up with different clearances covered by access control, surveillance and alarm systems. The mechanism has been certified of ISO27001 each year since 2014.	Compliant with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
5.. Does the Company refer to international standards or guidance on report preparation when compiling its reports for the disclosure of non-financial data, such as the sustainable development report? Does the said report have assurance or assurance opinion from a third-party certification agency?	V		FET's Sustainable Development Report is prepared based on the International IR Framework published by the International Integrated Reporting Council, the GRI Standards published by the Global Reporting Initiative (GRI) as well as the disclosure principles of core options and the SASB Framework published by Sustainability Accounting Standards Board. This Report was verified by SGS Taiwan, an independent third-party certification institution, as being in accordance with GRI Standards and AA1000 (Account Ability 1000) Type II High Level, and meeting the requirements of International IR Framework contents.	

6. If you have established your own guidelines for Sustainable Development according to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please state the discrepancies (if any) between actual operation and the guidelines: FET's "Sustainable Development Policy" has been implemented gradually.

7. Please state any other important information that would facilitate better understanding of your current status in fulfilling sustainable development (i.e. the Company's system, measures or status of implementation on environmental protection, community participation, contribution to society, social services, charity, consumer rights, human rights, safety and health and so forth):

- FET applies its corporate sustainability pillar of Go Prosperous, Go Innovative, Go Caring, Go Inclusive and Go Eco, to integrate sustainable development strategy and core of operations; concretely implement corporate social responsibility. Please visit https://corporate.fetnet.net/content/corp/en/CSR/CSRManagement/SustainableDevelopment.html
- FET's most predominant 2021 sustainable development performance, which set it apart from its peers, are as follows:

➢**Highlight No. 1: To expand sustainability influence, FET led the " Sustainability Pioneer Team "**

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

FET proactively enhanced strategic partnership with suppliers and continued to promote CSR awareness to upstream and downstream suppliers, as well as carrying out communications concerning three major sustainability aspects of environmental, social, and governance (ESG). In addition to forming the " Sustainability Pioneer Team ", FET also conducted ESG evaluations and on-site audits by founding the supplier ESG evaluation mechanism. In the 2021

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	Yes	No	Illustration	

Annual Supplier CSR Conference held by the FET, 31 suppliers were awarded for their participation in sustainable development and sustainability consultants were invited to share their knowledge about net zero emissions. The Company intended to exert its influence in raising the awareness of industry chain sustainability.

➢**Highlight No. 2: Remote diagnosis and treatment to spread love far and realize the vision "medical care free of remote regions"**

As a response to SDG 3 Good Health and Well-being, FET launched the 5G remote diagnosis and treatment model to realize the vision of "medical care free of remote regions" by eliminating physical distance with the internet. Starting with 11 townships in Taitung County, the service has expanded to New Taipei City and Miaoli County in 2021. By the end of 2021, close to 5,000 people had benefitted from the service. FET's remote diagnosis and treatment model employs FET's private 5G network, which not only ensured information security as well as patients' personal information and privacy, but also accelerated doctors' treatment processes through the introduction of AI analysis and interpretation. In May 2021, the pandemic escalated and outpatient services in the hospitals were reduced, which affected people's needs to seek medical treatment and receive medication for chronic diseases. FET assisted Far Eastern Memorial Hospital in adopting the remote consultation services. Demands from the public drove the service to quickly expand to 16 specialties within one week after the launch, facilitating the hospital to allocate resources properly. In 2021, 8,000 people used the remote consultation services of Far Eastern Memorial Hospital. In the future, FET intends to apply the remote diagnosis and treatment model to "Home Medical Care." Patients who are physically challenged or disabled can thus enjoy medical services and their frequency of hospital visits can be reduced.

➢**Highlight No. 3: Revolutionized education and spread love far - Electronics addiction in digital literacy**

FET has long been committed to improving the education quality of children and teenagers as well as social inequality. In response to SDG 4 Quality Education and SDG 10 Reduce Inequality, the Company extended its focus from Big Data, AI and IoT to mental health topics by incorporating the theme of "electronics addition" in 2020. It collaborated with Pley School and PaGamO in developing a series of courses and games to teach students the proper concepts of using the internet. In 2021, FET included the topic ofelectronics addiction under digital literacy in the PaGamO platform. Through interesting learning methods such as gaming tournaments, FET intended to increase students' willingness to participate and consequently their digital literacy. The results showed that the electronics addiction topic did arouse higher interest among students, with participation going up by 42% compared with other subject matters last year. FET and PaGamO adopt the form of long-term digital learning and incorporate new technologies including Big Data, AI and IoT as well as knowledge ofelectronics addiction in online games, enticing students to learn and building its influence on them step by step.

➢**Highlight No. 4: FET's in-house energy management service (EMS) was used in the "air-conditioning in every classroom" project**

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

➢**Highlight No. 5: Built smart cities with smart streetlights that can create hundreds of millions of dollars worth in a year**

FET and LITEON collaborated with Taoyuan City Government to promote the smart streetlight project. FET was responsible for the construction and subsequent maintenance and operation of streetlights in the North District of Taoyuan City, and assisted the municipal government with streetlight deployment of the entire city using real-time remote monitoring and automated error reporting system. By replacing traditional streetlights with smart ones, power demand can be effectively reduced, thereby cutting down carbon and air pollutant emissions, which mitigate climate change and air pollution problems. Over 70,000 streetlights had been replaced during the first year of the project and nearly 4,000 systems were installed in 2021. The environmental, economic and social benefits generated by this project are approximately NT$180 million per year. The electricity costs saved every year can be used on other infrastructure in the city to create economic benefits. In terms of social aspect, the effectively enhanced lighting and functions such as real-time remote monitoring and abnormality detection and warning can reduce the occurrences of traffic accidents.

8. The specific plans for implementing sustainable development(ESG) and its effectiveness in 2021:

1. During the severe outbreak of COVID-19 in 2021, FET encouraged users to make donations by dialing the toll-free hotline via their mobile phones. As a result, FET donated NT$1 million to Taipei City Government and New Taipei City Governments respectively as pandemic relief funds. In addition to help countering the pandemic as the ICT industry, it also leveraged big data technology in helping governments with tracking the confirmed cases. Furthermore, FET offered 14-day free friDay Video accounts for people in Kaohsiung City and New Taipei City to enjoy diverse entertainment during their stay-home periods. In response to the government's Suspending Classes without Stopping Learning policy, FET was committed to providing economically disadvantaged and rural students with the support and continuous learning they need. So far, FET has donated 35,000 prepaid cards with unlimited data usage to the Ministry of Education, 200 tablets to the Hualien County Government, and 20 WiFi routers as well as 50 prepaid cards with unlimited data usage to the Teach for Taiwan (TFT) for rural children.
2. FET strived to bridge the digital gap by strengthening the broadband infrastructure at remote areas and carrying out urban-rural developments. It achieved a network coverage rate of 97%. Moreover, communication quality and location at mountainous regions are crucial for mountain rescues. To improve the rescue quality, FET cooperated with the Yushan National Park Headquarters to conduct comprehensive signal measurement and optimization. Since 2015, FET has been cooperating with eight Forest District Offices and the Shei-Pa National Park Headquarters on improving the majority of popular trails in Taiwan. Over thousands of engineering personnel were mobilized and more than 800 mobile coverage signs have been set up for climbers to orientate.
3. FET initiated the forward-looking project of 5G remote diagnosis and treatment to resolve the shortage of specialist physicians and limited access to medical services at remote areas. In 2021, the service expanded from Taitung County to New Taipei City and Miaoli County. Close to 5,000 people had benefitted from the service. In May 2021, COVID-19 escalated and outpatient services in the hospitals were reduced, which affected people's needs to seek medical treatment and receive medication for chronic diseases. FET assisted Far Eastern Memorial Hospital in adopting the remote consultation service. Demands from the public drove the service to quickly expand to 16 specialties within one week after the launch, facilitating the hospital to allocate resources properly and safeguard people's health. In 2021, 8,000 people used the remote consultation services of Far Eastern Memorial Hospital. In the future, FET intends to apply the remote diagnosis and treatment model to "Home Medical Care," using technology to help people who are physically challenged or disabled.
4. FET rolled out the "You shop, FET pays" plan, promoting environmental protection, energy conservation and public welfare to consumers through telecom services. FET collaborated with three organizations - Children Are Us Foundation, Taiwan Catholic Foundation of Alzheimer's Disease and Related Dementia, and Animal Rescue Team Taiwan and offered plans where for every new subscriber, FET would donate a maximum of NT$12,000 to social welfare groups to help disadvantaged children, persons with intellectual disabilities, elders with Alzheimer's disease or injured or sick stray animals. In addition, FET supported the electric vehicle industry and sharing platform services. For users subscribing to FET, they would be given coupons for the GoShare service, discounts for purchasing Gogoro

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

or discounts on Gogoro Network's monthly battery plan.

5. FET has been caring for disadvantaged children for 15 years. It has raised over NT$50 million and helped more than 2,800 children. In 2021, FET partnered with the Taiwan Fund for Children and Families (TFCF) to launch the "Caring for the Family, Spread Love Far" event. A series of activities have been carried out: exclusive blanket charity sales, 380 text message donation, electronic bill donation, and friDay online film festival. In addition to collaborating with TFCF, FET sponsored BiG Future Foundation to hold a winter camp for children from children's home. The Company also provided assistance for vulnerable teenagers by supporting the I-LIFE International Foundation. Through experience education, teenage dropouts and high-risk youths from the Against Wind Theater were encouraged to challenge themselves.
6. FET partnered with PaGamO to establish environmental education and digital learning database, which improved the education quality in remote areas through game-based learning. The Company also collaborated with a social enterprise, Pley School, to provide free seminars or learning activities. In 2021, FET included the topic of electronics addiction under digital literacy in the PaGamO platform. Through interesting learning methods such as gaming tournaments, FET intended to increase students' willingness to learn. The results showed that the electronics addiction topic did arouse more interests among students, as evidenced by the 42% increase in participation comparing with other subject matters last year.
7. FET closely follows the latest industry developments both at home and abroad, and actively participates in telecommunications and CSR associations with an annual spending of nearly NT$10 million to raise corporate competitiveness and contribute to the progress of the industry as a whole.
8. FET took the lead and called on supply chain partners to form the " Sustainability Pioneer Team," aiming to help the disadvantaged groups with core specialties of FET and its suppliers. In 2020, over NT$1 million was spent on repairing the basketball court of Binmao Junior High School in Taimali Township, Taitung County. In 2021, the team established technology classrooms and computer classrooms for Wanli Elementary School in New Taipei City to narrow the digital education gap.
9. FET has been selected as a component in the Dow Jones Sustainability Indices (DJSI) World for three consecutive years and a component in the DJSI Emerging Markets Index for seven consecutive years. In the 2021 DJSI assessment, FET received perfect scores of 10 in the 24 evaluation items covering the economic, environmental and social aspects. The results demonstrated FET's dedication to corporate sustainability again which received international recognition. FET has received the Silver Class distinction in the Sustainability Yearbook of S&P Global for three consecutive years.

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

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

Annex 1: Risk Assessment and Management Strategy of Major Issues

Category	Major Issues	Risk Management Strategy and Plan
Governance	Business Performance	•Upholding the spirit of solving city governance and industrial pain points with innovative technology, FET leverages core skills such as big data, AI, IoT, cloud and information security, integrates innovative 5G applications to drive smart cities and industrial transformation, and provides the public with more diverse smart lifestyles to fulfill life needs and improve life quality.
	Information security and privacy protection	•FET has established a corporate security organization and stipulated ICT security vision and policy objectives based on ISO standards. Also, FET sets up management mechanisms from perspectives such as personnel, operation, techniques, and regulations, review regularly, and continues to make improvements. FET's privacy protection policies and regulations apply to FET's overall operation processes, including the collection, storage, processing, utilization of personal data and privacy information, and sharing with suppliers, etc.
	Risk Management and Response to Urgencies	•FET's Risk Management Committee is a board-level functional committee that implements risk management on corporates from different perspectives through different levels of organizational and dutiful operation. The highest management unit of business continuity and response management is the executive management team that is held accountable for the communication to internal and external stakeholders to minimize the potential impacts of risk conditions on the Company's customers and the Company itself.
Environment	Climate Strategy	•Complying with climate-related financial disclosure suggestions (TCFD), FET manages climate risk comprehensively from 4 major perspectives of governance, strategy, risk management, and indicator and goal, identifies potential impacts of major risk, conducts scenario analysis on individual risk factors, and inventories each response measure.
	Strategy and application of environmental resources	•FET has established an Environment and Energy Management Committee, which is chaired by the CFO. Members include the heads of different departments, and quarterly meetings are convened to discuss energy and environment-related targets and performance. FET has also established the Environment and Energy Management Policy, which includes management over energy and environment, GHG reductions and responses to climate change.
Social	HR Development and Management	•As the age of 5G approaches, to respond to revolutions in the telecom industry, FET is actively recruiting interdisciplinary integrative service and technical personnel skilled in telecommunications, digital media, information security, cloud-based computing, artificial intelligence (AI), and the Internet of Things (IoT).

Annex2：The potential risk, chance and Countermeasures toward climate change.

Risk Type	Risk Factor	Asset	Impact	Countermeasure	
				Technology	Policy
Transition Risk	Costs and expenses on low-carbon technology transformation	Base station; Equipment Room; Retail Office	• The early replacement of equipment in response to the trend toward low carbon transformation will case an increase in operational costs. • Improving the management of greenhouse gas emissions in the telecommunications industry chain and joint research into energy saving and low carbon technologies will increase operational costs	• Strengthen energy monitoring and management systems, while using equipment replacement and upgrades to improve the efficiency of energy use and reduce overall power consumption, to balance the cost of rising electricity prices	• Effective control and reduction of greenhouse gas emissions created in FET operations and supply chain, proactively cultivating low carbon technology transformation talent and cooperating with upstream and downstream operations.
	Energy policy uncertainty & Increase in cost of greenhouse gas emissions		• Failure to achieve national greenhouse gas reduction and renewable energy use targets could lead to the imposition of fines on FET or the need to buy carbon credits from other enterprises, impacting the image of the company. • If FET adjusts its business model and is forced to forgo services with high levels of carbon emissions that will impact enterprise revenue. • If national renewable energy policy leads to an increase in electricity prices or unstable power supply, it could disrupt FET operations or services.	• Roll out new renewable energy business and research renewable energy use targets and timetable, while increasing the installation capacity of renewable energy annually (including increasing the purchase of renewable energy certifications and self-certification capability) and in the future build solar energy base stations.	• Renewable energy next to newly constructed machine rooms should be included as part of evaluations • Evaluate the impact and current implementation of important related laws, while conducting quarterly reviews of possible legal changes and planning countermeasures. • FET should purchase related liability insurance and adopt other disaster prevention measures to improve business continuity management.
Physical Risk	The frequency of Strong Typhoons and extreme rainfall are increase.	Base station	• Tower collapsed and equipment damaged by strong winds and flooding. • An increase in operating expenses due to power shortage. • An increase in compensation cost for customers due to operational interruption.	• Strengthen structure of existing station and equipment. Implement disaster-resistant construction on new base station, 137 base stations obtain certifications of structural engineers for scale 15 wind resistance in 2021. • Strengthen structure of existing station and equipment. Implement disaster-resistant construction on new base station, 137 base stations obtain certifications of structural engineers for scale 15 wind resistance in 2021. • Reserve backup power • Replace and install aire injector fans, already complete replacement for 273 stations in 2021.	• Minimize the financial risk with insurance transfer. • Assess an enhance level of wind resistant. • Important base station contracts are added with wind resistance warranty and structure certification are included in contract for important base stations.
		Equipment Room	• Loss of asset due to gate and flooding. • The supply route is interrupted due to flooding. • Insufficient cooling water due to drought.	• Maintain water consumption for 38 hours with water tower or reservoir. • Establish emergency response of air conditioning for basic operation. • Store amount of backup fuel for more than 10 hours power generation.	• Minimize the financial risk with insurance transfer. • Review and improve risk prevention for core machine rooms. • Investigate flood potentials and improve weakness. • Update criteria of site selection of low-carbon Cloud data centers, the continuous and reliable water source is one of the main factors.

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

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

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

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE / GTSM Listed Companies" and Reasons
	Yes	No	Illustration	
			5. Evaluation Standards: including Board Composition, Board Guidance, Board Authorization, Board Oversight, Board Communication, Internal Control and Risk Management, Board Self-Discipline, Other Matters (such as board meetings and supporting system). According to self-evaluated document and interview, the institution issued the Board Performance evaluation report. 6. Conclusions: (1)The Company has been ranked in the top 5% of the Corporate Governance Evaluation among listed companies for seven consecutive years, and has been continuously selected as a component of the DJSI-World. The Company has excellent performance in corporate governance. (2)The Company took the initiative to upgrade the Risk Management Committee to a functional committee at the board level in accordance with actual operational needs. This shows that the Company is committed to risk and crisis management. (3)The Company arranges a pre-board meeting where board members are invited to communicate with the management team. The Board members have good interaction with the management team. (4)The Company set up the "Sustainable Development Strategy Roadmap 2018-2025" and proactively implement corporate responsibility for sustainability. (5)The Company has been regularly reviewing the succession status of senior managers. It's able to cultivate a succession pipeline and reserve talents for sustainable development. 7.Recommendations: (1)The Company may consider increasing the number of independent directors (currently has 3 independent directors) in the future to enhance the diversity of expertise of the independent directors and to increase the level of independence of the Board. (2)The Company may consider setting up an official Nomination Committee and serve as a model of benchmark enterprise for corporate governance. 8.Improvement Plans: (1)In 2022, the company will amend articles of incorporation to increase the number of independent directors at next term of Board of Directors. (2)The company will cautiously evaluate the possibility to set up Nomination Committee. The evaluation result has been disclosed on the Company's website. The website address is as follows: https://corporate.fetnet.net/content/corp/en/CSR/CorporateGovernance/BODMeetingInfo.html	Compliant with the "Corporate Governance Best-Practice Principles for TWSE / GTSM Listed Companies"
3-5 Does the board regularly (at least once a year) evaluate the independence of the Company's appointed CPA and disclose the assessment procedure clearly?	V		The Company has set up the "Guidance of Certified Public Accountant Performance Assessment". The accounting department is responsible for evaluating the independence of the CPA appointed by the Company annually and submitting the results of evaluations to the Board of Directors. The results have been approved by the 16th meeting of the 8th term Board of Directors on Feb. 25, 2021, and the 4th meeting of the 9th term Board of Directors on Feb. 25, 2022, respectively. ("Confirmation of Independence" and "Assessment Result of Expertise and Eligibility of Certified Public Accountant" from Accounting firm are included) The reviewing guidance to evaluate the independence of the CPA as follows: 1. Regularly obtain a Confirmation of Independence from CPA. 2. A CPA does not assume the Company's external auditor for 7 consecutive years. All currently appointed CPAs meet the requirements of independence. Annex 2: Assessment table of expertise and eligibility of Certified Public Accountant. Annex 3: Assessment table of independence of Certified Public Accountant.	
4. Does the Company deploy competent and adequate number of corporate governance personnel and appoint a corporate governance supervisor to handle matters associated with	V		The Company deployed a suitable number of corporate governance personnel, there are total five people including corporate governance supervisor in corporate governance. Senior Vice president of Legal & Procurement, Vivian Lee, is FET's Corporate Governance Officer. Functional description:	

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE / GTSM Listed Companies" and Reasons
	Yes	No	Illustration	
corporate governance (including but not limited to the provision of data required by directors to carry out their duties, legal compliance assistance to directors, preparation of Board and shareholders' meetings in accordance with laws, and compilation of Board and shareholders meeting minutes)? Please state their scope of duties and continuing education.			1. Handling matters relating to board of directors, audit committee, and shareholders meetings as prescribed by law and assisting the Company in compliance with laws and regulations governing such meetings. 2. Producing minutes of board of directors, audit committee, and shareholders meetings. 3. Furnishing information required for business execution by Board directors. 4. To assist Directors to furnishing information of corporate governance courses, and take the courses. 5. To assist Directors in compliance with laws, and furnish the latest laws and regulations related to corporate governance to Directors regularly. According to "Procedures for Performance Evaluation of the Board of Directors", the outcomes of the 2020 Performance Evaluation of the Board of Directors has reported and approved at the 4th meeting of the 9th term Board of Directors on February 25, 2022. Information concerning the operation and execution of the corporate governance unit is disclosed on the corporate website. The address is as follows: https://corporate.fetnet.net/content/corp/en/CSR/CorporateGovernance/Operation.html Training status of the Corporate Governance officer in 2021: Total 12 training hours has been completed. The training status of Corporate Governance officer, please refer to Three: Corporate Governance (6) the training status (2)Managers	
5. Does the Company build up communication channels with interest-conflicting parties (including but not limited to shareholders, employees, customers and suppliers), delicate a specific area on the Company website, and properly respond to important issues regarding CSR?	V		FET values its communication and engagement with various stakeholders highly. For the purpose of fully comprehending the essence of internal and external stakeholder management, we have followed the principles of AA1000 Stakeholder Engagement Standard to identify nine types of stakeholders crucial to our operations, and ensure that we have dedicated communication channels to respond to our stakeholders´ requests and expectations in our daily operations. Thus, in addition to a formal spokesperson mechanism, retail stores and our customer service center which also provides a 24-hour online service (Mobile Direct Line on 888 or 123) or use Mobile Circle app. We also have set up adequate connection for suggestions and feedback from stakeholders. Including there is a designated "Stakeholder" section on the Company website, and "Contact for Stakeholders" webpage provides communication details for all the stakeholders including Customer/Consumer, Investors/Shareholders, Suppliers/Contractors/Developers, Competent Authorities, Media and Community Group/NGO.	Compliant with the "Corporate Governance Best-Practice Principles for TWSE / GTSM Listed Companies"
6. Does the Company assign professional Share Transfer Agent to handle shareholders' Meeting?	V		The Company has appointed "Oriental Securities Corporation" as stock agency to assist shareholders' meeting affairs.	
7. Information Disclosure 7-1 Does the Company set up a website to disclose financial, operational and corporate governance information?	V		The Company website: http:// www.fareastone.com.tw The Company discloses real-time financial, operational and corporate governance information on company's website.	
7-2 Does the Company adopt any other disclosure channels?(e.g. English website; designated personnel in charge of company information collection and disclosure; implementation of a spokesperson policy; disclose process of institutional investors' meetings information on company website, etc.)	V		The Company has established an English website. A special personnel has been assigned to manage the gathering and disclosure of financial and business relevant information and taking the minutes of institutional investors meetings.	

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE / GTSM Listed Companies" and Reasons
	Yes	No	Illustration	
7-3 Does the Company complete the announcement and filing of the annual financial report audited and attested by the CPA within two months after the end of the fiscal year, and of financial reports for the first three quarters as well as the monthly revenue before the deadline?	V		The Company filed its quarterly and annual financial reports of the year 2021 on May 13, 2021, August 9, 2021, November 11, 2021, and March 7, 2022, respectively. The Company has publicly disclosed and filed its annual financial report within two months after the end of the fiscal year, and publicly disclosed and filed its financial reports of the first three quarters before the prescribed deadlines.	Compliant with the "Corporate Governance Best-Practice Principles for TWSE / GTSM Listed Companies"

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

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

Management System for Intellectual Property: The Company has made the regulations such as "Application and Maintenance standard operating procedures for Patent" and "Application and Maintenance standard operating procedures for trademark". Legal unit is responsible to ensure the quality of the application, increase the probability of obtaining the patent or trademark, the following maintenance, and control the relevant cost. These will also become references for future applications. Along with annual evaluation of "Internal Control System" task, the "Application and Maintenance Standard Operating Procedures for Patent" has been revised and updated for effective management. The Company also signed a non-disclosure agreement with each employee to regulate that all the work completed by that employee within the scope of employment shall irrevocably transfer all the right including but not limited to copyright or related intellectual property right to the Company. In line with the digital transformation direction, the Company embarked on the eIPR system in 2020, and has completed the system for patent in Q1, and system for trademark in Q3, in 2021, optimized from the manual management method to an electronic system in improve efficiency.

Potential risks and countermeasures: For the business and/or service promotion, the Company has need on commercial or copywriting design, advertising, authorizing a third party to use the trademarks owned by the Company, or having need on system establishment which might involve software and/or hardware programming. The Company also starts and has owned home grown solution to increase company's competitiveness. Thus, the Company has applied the patent if applicable, set up a standard clause for contracts which involve intellectual property right, and the context will include the rights and obligations of the relevant copyright, patent, trademark and other intellectual property right, providing authorization or obtaining third party's authorization (if needed), and the violation effects. By this way, the Company could achieve ex ante and ex post risk management.

List of Intellectual Property 2022/3/31

Intellectual Property right (Included domestic and foreign)		Number
Patent	Valid and effect	82
	Under Application	26
trademark	Valid and effect	353
	Under Application	19

Reporting to the Board: Implementation status is reported to the Board regularly (at least once a year). It was reported in the 3rd meeting of the 9th-term Board on November 4, 2021.

Annex 1:

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

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

2. Operation of Risk Management Committee

Tenure of last term of Risk Management Committee:2018.11.5~2021.7.22.

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

From 2021 to the publication date of the Annual Report, the Company has held three (A) Committee meetings, and the attendance status is as follows:

Role & Responsibilities	Name	Times of Attendance (B)	Times of Attendance by Proxy (C)	Actual Percentage of Attendance (%) (B / A)	Percentage of Attendance (%) (Proxy included) ((B + C) / A)
Convener (Previous)	Tim Pan	1	0	100%	The tenure expired on July 22,2021, shall present once.
Convener (Current)	Jyuo-Min Shyu	2	0	100%	The tenure effected on July 30,2021, shall present twice.
Committee Membe	Lawrence Juen-Yee LAU	3	0	100%	
Committee Membe	Bonnie Peng	3	0	100%	

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

Expertise and Eligibility of Certified Public Accountant			
Item	Description	Yes (Normal)	No (Abnormal)
1	Whether certificated with the license of Certified Public Accountant to perform auditing.	V	
2	Whether never reprimanded by authority and Certified Public Accountant organization nor penalized accordance with article 37-3 of Securities and Exchange Act.	V	
3	Whether equipped with industry knowledge.	V	
4	Whether perform auditing of financial statements accordance with Generally Accepted Auditing Principles and Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants.	V	
5	Whether never presume the position of Certified Public Accountant to conduct malignant commercial competition.	V	

Annex 3. Assessment table of independence of Certified Public Accountant

Independence			
Item	Description	Result	Independence Y/N
1	Whether Certified Public Accountant has direct or significant indirect financial interests with the Company.	No	Y
2	Whether or not Certified Public Accountant has any financing or guarantees of conduct with the Company or the directors of the Company.	No	Y
3	Whether Certified Public Accountant has a close business relationship and potential employment relationship with the Company.	No	Y
4	Whether Certified Public Accountant or members of their audit team had any positions in the Company as directors, managers or significant influence on the audit during the audit period.	No	Y
5	Whether Certified Public Accountant has any non-audit services to the Company which may directly affect the audit work.	No	Y

Independence			
Item	Description	Result	Independence Y/N
6	Whether Certified Public Accountant has an intermediary to issue shares or other securities of the Company.	No	Y
7	Whether Certified Public Accountant has acted as the Company's defender or on behalf of the Company to coordinate conflicts with other third parties.	No	Y
8	Whether Certified Public Accountant has a kinship with the directors, managers of the Company or persons who have a significant influence on the audit work	No	Y

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

9-1 Employee rights and interests:

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

9-2 Employee Care:

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

Communication Channel

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

Electronic Communication Channel

Intranet Hot News	Set up bulletin boards on intranet to share important information and news.
e-Newsletter	Publish articles of various topics and new trends as well as internal award via knowledge center of intranet as a way of encouraging learning and sharing within the organization.
e-News	e-News conveys important company and industry news, timely and quickly sharing important information on the intranet.
e-Express	e-Express provides real-time and relevant updates to employees.
Human Resource Announcement	Announce major events or information for immediate actions and attention.
FET Breaking News	It is released every Friday covering events happened during the week. The content ranges from interesting and must-know internal activities, introduction of departments, projects, to employee concerns, helping employees to better understand the Company and the brand spirit.
L&D Monthly e-Newletter	Provide employees with Learning and Development related hot news in different themes on monthly basis such as recommendation on training courses or tips of MS Office tools.
e-Offer	Provide employees offers on the internal web page to increase the exposure of important messages.
Employee Suggestions	Welcome all creative proposals which benefit our operations from employees through the intranet.
Employees' suggestion for FET product/ Service	Set up a forum community in FET EMMA (Enterprise Mobility Messaging Assistant) to encourage colleagues to share suggestions on products and value-added services, and arrange two-way communication between the editor-in-chief engage in two-way communication.
Complaint Mailbox	Employees may seek assistance through the opinion box for cases where queries to responsible units or supervisors do not receive any response.
"Whistle-blower" mailbox	Employees could report the violation of Business Conduct via mailbox.

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

9-3 Investor Relations:

High quality investor relations are built on effective communication. Our company has established an "Investor Relations Division" (IR) responsible for communicating with institutional investors and shareholders, and between management and external investors. Through two-way communication, IR also serves as a bridge for providing market intelligence to internal corporate management to develop long term strategies. Additionally, to ensure information transparency, quarterly investor conferences have been held constantly, so that investors' questions and suggestions can be addressed. An email dedicated to investor service has also been established as a way of facilitating responsive and effective communication with institutional investors and shareholders.

9-4 Supplier Relations:

We regard supplier management as an important part of corporate sustainable risk management. Therefore, in 2014 we issued the Supplier Corporate Social Responsibility Guideline. This guideline formally includes the environmental, social and governance (ESG) requirements for members of our supply chain, and is incorporated into the Company's procurement management. Suppliers are also required to sign a Declaration of Business Ethics. To maintain accuracy of the supplier information and effective trading activity, the accounts of vendors that it has not dealt with for more than three years will be freeze. When transactions resume, a credit report, proof of no bounced checks, and the Self-Declaration must be re-sent to ensure that the supplier credit and CSR information is up to date.
Considering that major issues faced by local suppliers focus on environment, health and safety aspects, all contracts explicitly require suppliers to conform to environment, health and safety legislations, such as the "Air Pollution Control Act", "Noise Control Act", "Waste Disposal Act", "Occupational Health and Safety Act", and other relevant laws. Appropriate prevention and control measures must also be taken. Suppliers must sign the "Contractor Declaration on Occupational Safety, Health and Environmental Protection" and the "Contractor Statement on Environmental Hazards in the Workplace", as well as read through the "Contractor Occupational Health and Safety Management Guidelines". Under the "Regulations for Labor Health and Safety Organization Management and Inspection", contractors are expected to carry out all OSH management and disaster-prevention tasks in order to avoid damaging the health and safety of employees through improper practices. FET conducts regular supplier evaluations to ensure that they conform to the relevant rules and provide high quality telecom services that benefit environment, society and customers.
In order to enhance supply chain ESG risk management, those suppliers which participate any procurement case over NT$15M shall be passed ESG risk evaluation starting from 2020.
In 2021, FET also completed its ESG risk evaluation for 330 suppliers, which accounted for 93.41% of the Company's annual procurement amount. There were 13 suppliers identified as high-risk and FET has taken improvement measures. It focused on their confidentiality agreements and the IPR protection aspect.. For those suppliers without completing improvement will be suspended for any further transaction until improvement completed.

9-5 Rights of Interest-conflicting Parties:

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

9-6 Board Directors training status:

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

A.Directors:

Title	Name	Study Date	Sponsoring Organization	Course Name	Training Hours	Accumulated Training Hours
Chairman	Douglas Hsu	2021.9.8	Taiwan Academy of Banking and Finance	Digital Transformation of Enterprises	3	6
		2021.11.10	Taiwan Academy of Banking and Finance	Corporate Governance	3	
Director	Champion Lee	2021.9.8	Taiwan Academy of Banking and Finance	Digital Transformation of Enterprises	3	6
		2021.11.10	Taiwan Academy of Banking and Finance	Corporate Governance	3	
Vice Chairman	Peter Hsu	2021.9.8	Taiwan Academy of Banking and Finance	Digital Transformation of Enterprises	3	6
		2021.11.10	Taiwan Academy of Banking and Finance	Corporate Governance	3	

Title	Name	Study Date	Sponsoring Organization	Course Name	Training Hours	Accumulated Training Hours
Director	Jan Nilsson	2021.10.25	Taiwan Corporate Governance Association	Risk and Opportunities under the Megatre nd of ESG Sustainability	3	6
		2021.11.19	Taiwan Corporate Governance Association	Enterprise Risk Management	3	
Director	Jeff Hsu	2021.9.8	Taiwan Academy of Banking and Finance	Digital Transformation of Enterprises	3	6
		2021.11.10	Taiwan Academy of Banking and Finance	Corporate Governance	3	
Director	Bonnie Peng	2021.10.29	Taiwan Corporate Governance Association	The Governance and Strategy of Enterprise sustainable development	3	6
		2021.11.5	Securities and Futures Institute	The Challenge and Chance in Ten Years-Global Risk Perception	3	
Director	Toon Lim	2021.9.1	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum(morning session)	3	6
		2021.9.8	Taiwan Academy of Banking and Finance	Digital Transformation of Enterprises	3	
Director	Nobutaka Kurata	2021.9.1	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum(morning session)	3	6
		2021.9.1	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum(afternoon session)	3	
Independent Director	Lawrence Juen-Yee LAU	2021.10.25	Taiwan Corporate Governance Association	Risk and Opportunities under the Megatre nd of ESG.Sustainability	3	6
		2021.11.19	Taiwan Corporate Governance Association	Enterprise Risk Management	3	
Independent Director	Juyo-Ming Hysu	2021.4.27	Securities and Futures Institute	The strategy and the tool of employee compensation system.	3	18
		2021.9.1	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum(morning session)	3	
		2021.9.1	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum(afternoon session)	3	
		2021.9.8	Taiwan Academy of Banking and Finance	Digital Transformation of Enterprises	3	
		2021.11.19	Taiwan Corporate Governance Association	Enterprise Risk Management	3	
		2021.12.15	Accounting Research and Development Foundation	The Challenge and Chance of Net Zero Emissions.	3	
Independent Director	Ta-Sung Lee	2021.9.8	Taiwan Academy of Banking and Finance	Digital Transformation of Enterprises	3	12
		2021.9.1	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum(morning session)	3	
		2021.10.20	Securities and Futures Institute	2021 Insider equity transaction law compliance announcement	3	
		2021.11.19	Taiwan Corporate Governance Association	Enterprise Risk Management	3	

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

B. Executive Management

Title	Name	Study Date	Sponsoring Organization	Course Name	Training Hours	Accumulated Training Hours
CFO	Sharon Lin	2021.09.01	Financial Supervisory Commision	The 13th Taipei Corporate Governance Forum (13th TAICGOF)	3	12
		2021.10.22	Securities & Futures Institute	Year 2021 Legal Compliance Seminar-Share Trading between Insiders in Public Company and Unlisted Public Company	3	
		2021.11.10	Taiwan Academy of Banking and Finance	Corporate Governance	3	
		2021.11.19	Taiwan Corporate Governance Association	Enterprise Risk Management	3	

Title	Name	Study Date	Sponsoring Organization	Course Name	Training Hours	Accumulated Training Hours
Corporate Governance Officer	Vivian Lee	2021.09.01	Financial Supervisory Commision	The 13th Taipei Corporate Governance Forum (13th TAICGOF)	3	12
		2021.10.20	Securities & Futures Institute	Year 2021 Legal Compliance Seminar-Share Trading between Insiders in Public Company and Unlisted Public Company	3	
		2021.10.25	Taiwan Corporate Governance Association	Risks and Opportunities under the Megatrend of ESG/Sustainability	3	
		2021.11.19	Taiwan Corporate Governance Association	Enterprise Risk Management	3	

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

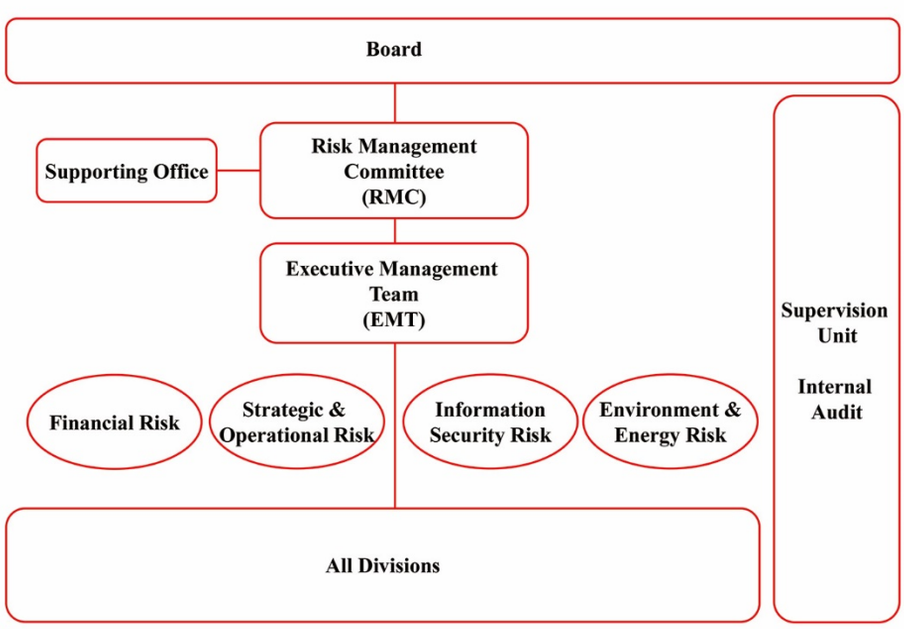
9-7 The composition, responsibilities, and operations of the Company's Risk Management Committee:

The Company has formulated "Risk Management Policy and Procedure" approved by the Board, which disclose the scope, the organizational structure, and the operations of risk management, and report to the Board at least once a year.

The telecommunications industry is highly driven by the development of internet technology, and its operations are becoming ever more complex and dynamic. The impacts of intense competition in the industry, changes in consumer behavior, restrictions imposed by national laws and regulations and natural disasters caused by climate change all require systematic prevention and management mechanisms, so as to appropriately evaluate the risks and opportunities that they present.

To safeguard company assets, reduce business impact, maximize business gains, and ensure the sustainability of the Company, FET further amended its Risk Management Policy, restructured risk management organization, upgraded the Risk Management Committee (RMC) level and got approval by the Board of Directors in 2018. The RMC members are appointed by the Board of Directors and composed of more than half independent directors. The RMC meets at least twice a year to review the management reports of major risks. The RMC aims to implement enterprise risk management from a more comprehensive perspective that encompasses scopes including financial risk, strategic and operational risk, information security risk, and environment and energy risk. This is done through the design and operation of multi-layer organizations and management mechanisms, including: (1) all divisions; (2) the Executive Management Team (EMT); (3) the RMC; and (4) the Board of Directors and Internal Audit. It features the flexibility of risk management and supervision as well as risk response, to better control risks in a rapidly changing business environment while achieving the Company's strategic goals.

The Company's risk management structure and responsibilities are illustrated as below:



Organization	Responsibility
Board of Directors and Internal Audit Highest decision-making and supervision	Board of Directors： • Approve risk management policies and framework. • Supervise the effective operation of the risk management mechanism. Internal Audit： • Perform Audit. • Report audit results to the Board of Directors.
Risk Management Committee Third-layer management	• Review risk policies and framework, risk appetite, or tolerance level. • Review management reports on major risk issues. • Make timely reports to the Board.
Executive Management Team Second-layer management	• Develop risk policies and framework; set risk tolerance and goals. • Implement Board of Directors decisions, allocate resources effectively, and manage the overall risks. • Establish risk management culture.
All Divisions First-layer management	• Responsible for the identification, evaluation, management, and reporting of daily risks and taking necessary countermeasures. • Monitor risk situations, ensure the effective implementation of control procedures, and make timely reports of risk information to comply with relevant laws, regulations, and corporate policies. • Facilitate and promote relevant policies and regulations.

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

Implementation status: The convener of Risk Management Committee has reported the implementation and review results of the Committee to the Board on November 4th ,2021.

9-8 Implementation of Customer Policies:

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

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

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

The Company's Directors provide professional and objective opinions from their varied professional fields, facilitating the decision making in the best interest of the Company and shareholders. To protect Directors from individual liability and financial loss brought by third party lawsuits, while conducting Directors' duties, the Company purchased liability insurance for all Directors after the Board was re-elected in June 2015. The insurance coverage is US$10 million; latest insured period from June 18, 2021 to June 18, 2022. It has been reported to the Board of directors after renewal of insurance policy in accordance with "Corporate Governance Best Practice Principles" in 2021 Q3.

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

Name of Certification	Department	Number of People
R.O.C. CPA	Finance & Facility Services, Internal Audit	3
U.S.A. CPA	Finance & Facility Services, Internal Audit	2
Certified Internal Auditor	Internal Audit	2
Certified Information System Auditor	Internal Audit	2
ISO 27001 Lead Auditor	Finance & Facility Services, Internal Audit, Corporate Information Security Office, Information & Digital Transformation Technology, Enterprise & Carrier BU, Channel & Care Management, ,Network & Technology	118
ISO 9001 Lead Auditor	Finance & Facility Services, Internal Audit	2
BS 10012 Lead Auditor	Corporate Information Security Office, Information & Digital Transformation Technology, Channel & Care Management, Consumer BU, Internal Audit	10

Name of Certification	Department	Number of People
Debt-Collection Personnel's proficiency test held by Taiwan Academy of Banking and Finance	Finance & Facility Services	128
Stock Personnel's Proficiency Test held by Securities and Futures Institute	Finance & Facility Services	3
Bond Personnel's Proficiency Test held by Securities and Futures Institute	Finance & Facility Services	1
Corporate governance Test held by Securities and Futures Institute	Finance & Facility Services	1

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

The result of the 2020 "Corporate Governance Evaluation" conducted by Taiwan Stock Exchange Corporation, the company was ranked top 5% of listed company. The company has been ranked top 5% of the best listed companies for seven consecutive years.

The improvement status in 2021 is as follow: Independent Directors and Chief Auditor have a seperate meeting and the communication outlines was disclosured on company website.

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

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

http://mops.twse.com.tw/mops/web/t100sb04_1
https://corporate.fetnet.net/content/corp/en/CSR/CorporateGovernance/RegulationRule.html.

12 Other information relating to corporate governance:

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

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

12-2 Employees behavior and Code of Ethics:

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

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

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

1. The "Internal Material Information Disclosure Procedure" would be provided to Directors at least once a year when holding board meetings.
2. The "Internal Material Information Disclosure Procedure" would be provided to new insiders when they signed "Manager's Declaration".
3. The Company promotes not only the "Internal Material Information Disclosure Procedure", but also the "Insider Trading" related information posted on TWSE (Taiwan Stock Exchange Corporation) website with the e-mail for the declaration of shareholding variation to remind insiders every month.
4. The Company's insiders and employees are required to sign the "Confidential Agreement" when joining the Company.
5. Dissemination of "prevention Insider Trading" course in 2021 as follows:

Date	Object	Course Name	Course content	Hours	Attendance
2021.12	All Employees	Learn from comics Prevention Insider Trading	1. Insider Trading Definition 2. Reasons for prohibiting insider trading 3. Elements 4. Related penalties 5. Internal rule in FET:Procedures for Handling Material Internal Information	1,733.4	5,139

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

(A) Information of the Remuneration Committee Members

Condition / Roll	Name	Experience and professional qualification	Independance	No. of Public companies in which he/she serves as Remuneration Committee Member
Independent Director & Convener	Lawrence Juen-Yee LAU	Please refer to "Corporate Governance/2. Director's Relevant Qualifications Schedule "Directors' Professional Qualifications and Directors' Independence"	All the Compensation Committee members meet any of the following situations: 1. Satisfy the requirements of Article 14-6 of "Securities and Exchange Act" and the requirements of "Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" (Note) issued by Taiwan's Securities and Futures Bureau 2.Independent Director (or nominee arrangement) as well as his/her spouse ,and relative within the second degree of kinship are not directors, supervisors or employees in the Company or any of its affiliates 3. Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any FET shares 4. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service"	None
Independent Director	Ta-Sung Lee			
Independent Professionals	Joann Chang	VP of HR, FarEastone Telecommunicaiton, (2011.11~2018.03) VP of HR of IBM (Taiwan); (2009.04~2011.10) M.S.of Industrial & Labor Relations, Cornell University, USA		

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

Functions:

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

Operation of the Remuneration Committee:

1. There are currently three members on the Remuneration Committee.
2. From 2021 till now The Remuneration Committee meetings have been held 3 times (A), with the attendance status listed below:

Title	Name	Times of Attendance (B)	Times of Attendance by Proxy	Actual Percentage of Attendance (%) (B/A)	Remark
Convener	Lawrence Juen-Yee LAU	3	0	100%	
Committee member	Tim Pan	2	0	100%	Expiration of the term on July 22, 2021, shall present 2 times
Committee member	Edward Y. Way	2	0	100%	Expiration of the term on July 22, 2021, shall present 2 times
Committee member	Ta-Sung Lee	1	0	100%	On board on July 30, 2021, shall present 1 times
Committee member	Joann Chang	1	0	100%	On board on July 30, 2021, shall present 1 times

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

Remuneration Committee	Mater to be discussed	Resolution
The 7th meeting of the 4th term 2021.02.24	To discuss and approve the 2020 directors' and employees' compensation of the Company	Approved by all attending members without objection.
The 8th meeting of the 4th term 2021.05.05	The Introduction of Performance Incentive Plan for Non-Sales (PIPNS) in 2021.	Noted by all attending members.
The 1st meeting of the 5th term 2022.02.22	To discuss and approve the 2021 directors' and employees' compensation of the Company	Approved by all attending members without objection.

Other matters of importance:

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

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

Title	Name	The 7th meeting of the 4th Term (2021.02.24)	The 8th meeting of the 4th Term (2021.05.05)	The 1st meeting of the 5th Term (2022.02.22)	Remark
Convener	Lawrence Juen-Yee LAU	V	V	V	
Committee member	Tim Pan	V	V	N/A	Expiration of the term on July 22, 2021,
Committee member	Edward Y. Way	V	V		Expiration of the term on July 22, 2021,
Committee member	Ta-Sung Lee	N/A		V	On Board on July 30, 2021,
Committee member	Joann Chang			V	On Board on July 30, 2021,

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

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

3-6. Implementation of Internal Control System

(1) The declaration of internal control system

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

Date: February 25, 2022

Based on the self-examination results of the internal control system for the year ended December 31, 2021, Far Eastone Telecommunications Co., Ltd. (The Company) therefore declares the following:

I. The Company's board of directors and management understand their responsibilities of developing, implementing and maintaining the internal control system and such a system has been well established. The purpose of establishing the internal control system is to reasonably assure the following objectives:
   1. Effectiveness and efficiency of business operations (including earnings, operating performance and the safeguard of company assets);
   2. Reliability, timeliness, transparency, and regulatory compliance of reporting;
   3. Compliance with applicable laws, regulations, and bylaws.

II. The internal control system has its inherent limitations, no matter how well designed, effective internal control system can only provide reasonable assurance on the foresaid three objectives. Moreover, the effectiveness of internal control system may vary with changes in the environment. However, the Company management develops self-monitoring mechanism to detect deficiency and take corrective actions.

III. The evaluation of effectiveness of the internal control system design and implementation is performed in accordance with "Regulations Governing Establishment of Internal Control Systems by Public Companies" (the Regulations). The Regulations examine the following components throughout the internal control process: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Details could be referred to the Regulations.

IV. The Company management has assessed the effectiveness of the internal control system design and implementation based on the above Regulations.

V. The Company management declares that the internal control system (including Subsidiary Governance) has effectively assured that the following objectives have been reasonably achieved during the assessment period:
   1. Effectiveness and efficiency of business operations (including earnings, operating performance and the safeguard of company assets);
   2. Reliability, timeliness, transparency, and regulatory compliance of reporting;
   3. Compliance with applicable laws, regulations, and bylaws.

VI. This Declaration is a significant item in the Parent Company (Far Eastern New Century Corporation) annual report and prospectus available to the general public. If it contains false information or omits any material contents, the company is in violation of Articles 20, Articles 32, Articles 171 and Articles 174 set forth in the ROC Securities and Exchange Law.

VII. The Declaration of Internal Control System has been approved by the Company's board of directors on February 25,2022.

Far EasTone Telecommunications Co., Ltd.

Douglas Hsu
Chairman

Chee Ching
President

(2) The special audit of the Company's internal control systems conducted by CPA retained by the company:

None.

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

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

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

Date	Resolutions of Shareholders' Meeting	Execution
July 22, 2021	Resolutions in the Annual Shareholders' Meeting of Year 2021 **Matters to be reported** 1.Business report of Year 2020. 2.Financial report of Year 2020. 3.The 2020 Audit Committee's review report. 4.The 2020 directors' and employees' compensation. 5.The issuance of corporate bonds for the 2020. **Matters to be approved** 1. Approval of the Year 2020 closing report (Including business report). 2. Approval of the proposal regarding Year 2020 earnings distribution.	July 31, 2021 was fixed as the record date of ex-cash dividends, and cash dividends were paid on August 19, 2021. (Cash dividend per share is NT$2.234)
	Matters to be discussed 1. Approval of the Cash distribution from Capital Surplus.	July 31, 2021 was fixed as the record date of ex-cash dividends, and cash dividends were paid on August 19, 2021. (Cash dividend per share is NT$1.016)
	2. Approval of the amendment to "Articles of Incorporation" of the Company.	The Company has released the amended Procedure on the official website on July 22, 2021 and proceeded accordingly.
	3. Election of new Directors of the Company (The term of the newly elected eleven Directors, including three Independent Directors)	List of elected board of directors: 11 directors (including 3 independent directors) 8 directors (1)Douglas Hsu, Representative of Yuan Ding Investment Co., Ltd. (2)Peter Hsu, Representative of Yuan Ding Investment Co., Ltd. (3)Jeff Hsu, Representative of Yuan Ding Co., Ltd. (4)Jan Nilsson, Representative of Yuan Ding Investment Co., Ltd. (5)Nobutaka Kurata, Representative of U-Ming Marine Transport Corp. (6)Champion Lee, Representative of Yuan Ding Co., Ltd. (7)Bonnie Peng, Representative of Asia Investment Corp. (8)Toon Lim, Representative of Ding Yuan International Investment Co., Ltd. 3 Independent directors list (1)Lawrence Juen-Yee LAU (2)Jyuo-Min Shyu (3)Ta-Sung Lee
	4. Approval of the non-competition restriction on directors in accordance with Article 209 of the Company Law	Made announcement at the MOPS at July 22, 2021.

(2) Major Resolutions of Board Meetings

Date	Resolutions of the Board Meetings
January 22, 2021	(1) Approval of the appointment of the Remuneration Committee Member of the Company. (2) Approval of the appointment of the Risk Management Committee Member of the Company. (3) Approval of the amendments to the "Corporate Governance Best Principles" of the Company.
February 25, 2021	(1) Approval of the 2020 directors' and employees' compensation of the Company. (2) Approval of the 2020 annual financial statements and consolidated financial statements and other matters of the Company. (3) Approval to distribute cash dividend retained earnings and capital surplus of 2020. (4) Approval of the 2020 business report of the Company. (5) Approval of the re-election of the Board of Directors of the Company. (6) Approval of the dates and agenda of the Company's 2021 Annual Shareholders' Meeting. (7) Approval of the Year 2021 business plan and consolidated financial forecast. (8) Approval New Century InfoComm Tech Co., Ltd (NCIC), the Company's major subsidiary, for asset activation to sell Building located at 218, Ruiguang Road, Neihu District, Taipei. (9) Approval of the Ericsson 5G equipment purchasing proposal. (10)Approval of the Declaration of Internal Control System of the Company.
May 6, 2021	(1) Approval of the amendments to the "Articles of Incorporation" and other related regulations of the Company. (2) Approval of the Director candidates' qualifications. (3) Approval of the release of the non-competition restriction on directors in accordance with Article 209 of the Company Act.. (4) Approval of the additions to the agenda of the 2021 Annual Shareholders' Meeting. (5) Approval of the tax policy of the Company. (6) Approval of the issuance of domestic unsecured corporate bond not exceeding NT$10 billion. (7) Approval of loan agreements to be executed with financial institutions. (8) Approval to terminate the listing of the Global Depositary Receipt (GDR) on Luxemburg Stock Exchange.
June 30, 2021	(1) Approval of the rescheduled date and venue of the 2021 Annual Shareholders' Meeting and further to authorize Chairman to decide ex-dividend date and other related matters.
July 22, 2021	(1) To elect the Chairman and Vice Chairman of the ninth term Board of Directors of the Company. (2) Approval to sign a part-time project contract for university-industry cooperation personnel with National Yang Ming Chiao Tung University.
July 30, 2021	(1) Approval of the merger with Yuan Bao Fintech Co., Ltd. (2) Approval of the appointment of the Remuneration Committee Members of the Company. (3) Approval of the appointment of the Risk Management Committee Members of the Company.
November 4, 2021	(1) Approval of the 2022 Audit Plan. (2) Approval of the amendments to the "Internal Control System" of the Company. (3) Approval of the acquisition of Tainan MSC real estate from Far Eastern International Leasing Corp. to save rental expenses. (4) Approval of the acquisition of preferred shares of i-Staging Inc. in the amount of USD$10.32M. (5) Approval of the major Capital Expenditure budget for Q1 2022. (6) Approval of loan agreements to be executed with financial institutions. (7) Approval of the release of recent dual employments and competition restriction on managerial officers of the Company.
February 25, 2022	(1) Approval to merge Asia Pacific Telecom Co., Ltd. ("APTC"). (2) Approval of the amendment of Company's issuance of new shares in exchange for the part of Asia Pacific Telecom Co., Ltd. ("APTC") shares held by Hon Hai Precision Industry Co., Ltd. ("Hon Hai"). (3) Approval of the 2021 directors' and employees' compensation of the Company. (4) Approval of the 2021 annual financial statements and consolidated financial statements of the Company. (5) Approval to distribute cash dividend of 2021 from retained earnings, capital surplus and legal reserve. (6) Approval of the 2021 business report of the Company. (7) Approval of the dates and agenda of the Company's 2022 Annual Shareholders' Meeting. (8) Approval of the Year 2022 business plan and consolidated financial forecast. (9) Approval of the change of auditing Certified Public Accountant as from 2022and the independent assessment result. (10) Approval of the Declaration of Internal Control System of the Company.

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

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

4. Certified Public Accountant (CPA) Professional Fee Information

4-1. Information of CPA

2021/12/31; Unit: NT$'000

Accounting Firm	Name of CPA	Audit Period	Audit Fees	Non-audit Fees	Total	Note
Deloitte & Touche	An-Hwei Lin	2021.01.01~2021.12.31	9,520	1,640	11,160	Non-audit public expenses are mainly tax visas , Review Opinion Service Public Fee
	Yung-Hsiang Chao	2021.01.01~2021.12.31				

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

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

5. Change of Certified Public Accountant (CPA)

5-1. Regarding the former CPA:

2022/3/31

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

5-2 Regarding the succeeding CPA:

2022/3/31

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

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

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

None.

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

7-1. Shareholding Variation:

2022/4/16

Title	Name	2021		2022/01/01 ~ 2022/04/16	
		Shares Increased (Decreased)	Pledged Shares Increased (Decreased)	Shares Increased (Decreased)	Pledged Shares Increased (Decreased)
Chairman	Douglas Hsu, Representative of Yuan Ding Investment Co., Ltd. (Note 1)	0 *0	0 *0	0 *0	0 *0
Vice Chairman	Peter Hsu, Representative of Yuan Ding Investment Co., Ltd. (Note 1)	0 *0	0 *0	0 *0	0 *0
Director	Jan Nilsson, Representative of Yuan Ding Investment Co., Ltd. (Note 1)	0 *0	0 *0	0 *0	0 *0
Independent Director	Lawrence Juen-Yee LAU	0	0	0	0
Independent Director	Jyuo-Min Shyu	0	0	0	0
Independent Director	Ta-Sung Lee	0	0	0	0
Director	Champion Lee, Representative of Yuan Ding Co., Ltd.	0 *0	0 *0	0 *0	0 *0
Director	Jeff Hsu, Representative of Yuan Ding Co., Ltd.	0 *0	0 *0	0 *0	0 *0
Director	Jiann-Chyuan Wang, Representative of U-Ming Marine Transport Corp.	0 *0	0 *0	0 *0	0 *0
Director	Bonnie Peng, Representative of Representative of Asia investment Corp.	0 *0	0 *0	0 *0	0 *0
Director	Toon Lim, Representative of Ding Yuan International Investment Co., Ltd.	0 *0	0 *0	0 *0	0 *0
President	Chee Ching	0	0	60,000	0
Executive VP	Philip Tseng	0	0	20,000	0
Executive VP	Herman Rao	0	0	0	0
Executive VP	Peter Hu	0	0	20,000	0
Executive VP & CFO	Sharon Lin	0	0	0	0
Sr. VP	Eric Chu	0	0	0	0

Title	Name	2021		2022/01/01 ~ 2022/04/16	
		Shares Increased (Decreased)	Pledged Shares Increased (Decreased)	Shares Increased (Decreased)	Pledged Shares Increased (Decreased)
Sr. VP	Brian Chao	0	0	0	0
Sr. VP	Andy Tu	0	0	0	0
Sr. VP	Vivian Lee	0	0	0	0
Sr. VP	Charlene Lin	0	0	0	0
VP	Lopes Lu	0	0	0	0
VP	Belinda Chen	0	0	0	0
VP	Jessie Teng	0	0	0	0
VP	Jessica Sung	0	0	0	0
VP	Roger Lin	0	0	0	0
VP	Andy Kuo	0	0	0	0
VP	Mark Lee	0	0	0	0
VP	James Lee	0	0	0	0
VP	Eddie Kao	0	0	0	0
VP	Jason Kuo	0	0	0	0
VP	Dave Lu	0	0	0	0
VP	Barry Chang	0	0	0	0
VP	David Tsai	0	0	0	0
Senior Director	Peggy Peng	0	0	0	0
Senior Director	Maurice Tsai	0	0	0	0
Senior Director	Kay Huang	0	0	0	0
Senior Director of Sales	Adam Wong	0	0	0	0
Senior Director	TK Han	0	0	0	0
Senior Director	Milly Lin	0	0	0	0
Senior Director	Paul Yang	0	0	0	0
Senior Director	Joyce Chen	0	0	0	0
Senior Director	Anson Tsai	0	0	0	0
Senior Director	Vivian Chiang	0	0	0	0
Senior Director	James Yen	0	0	0	0
Senior Director	Leon Li	0	0	0	0
Senior Director	Kai Lin	0	0	0	0
Senior Director	Linda Chang	0	0	0	0
Senior Director	Allan Lee	0	0	0	0
Senior Director	Ann Chang	0	0	0	0
Senior Director	Gary Lai	0	0	0	0
Senior Director	Stacy Chang	0	0	0	0
Senior Director	Jason Chen	0	0	0	0
Senior Director	Kevin Chang	0	0	0	0
Senior Director	Iris Su	0	0	0	0
Senior Director	Jason Chu	0	0	0	0
Senior Director	Ada Lin	0	0	0	0

*Number of shares held and shareholding percentage of the individual representative.
Note 1: Who are the major shareholders that hold over 10% share.

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

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

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

2022/04/16

Name	Current Shareholding		Spouse & Minor Children's Shareholding		Shareholding in Name of Others		Name, relationship of top ten shareholders are Spouses of within 2 degrees of consanguinity to each other		Note
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Yuan Ding Investment Co., Ltd.	1,066,657,614	32.73	N/A	N/A	0	0.00	Yuan Tung Investment Co., Ltd. An Ho Garment Co., Ltd. Kai Yuang Investment Corp.	Same ultimate parent company Same ultimate parent company Same ultimate parent company	None
Chairman & Representative: Douglas Hsu	0	0.00	0	0.00	0	0.00	Peter Hsu	Brother	None
Representative: Peter Hsu	0	0.00	0	0.00	0	0.00	Douglas Hsu	Brother	None
Representative: Jan Nilsson	0	0.00	0	0.00	0	0.00	None	None	None
Shin Kong Life Insurance Co., Ltd.	239,957,000	7.36	N/A	N/A	0	0.00	None	None	None
Chairman: Po-Tseng Pan	0	0.00	0	0.00	0	0.00	None	None	None
Cathay Life Insurance Co., Ltd.	237,287,230	7.28	N/A	N/A	0	0.00	None	None	None
Chairman: Tiao-Kuei Huang	0	0.00	0	0.00	0	0.00	None	None	None
NTT DOCOMO Inc.	153,543,573	4.71	N/A	N/A	0	0.00	None	None	None
Chairman: Motoyuki Ii	0	0.00	0	0.00	0	0.00	None	None	None
Yuan Tong Investment Co., Ltd.	100,237,031	3.08	N/A	N/A	0	0.00	Yuan Ding Investment Co., Ltd. An Ho Garment Co., Ltd. Kai Yuang Investment Corp.	Same ultimate parent company Same ultimate parent company Same ultimate parent company	None
Chairman: David Wang	0	0.00	0	0.00	0	0.00	None	None	None
Chunghwa Post Co., Ltd.	90,927,696	2.79	N/A	N/A	0	0.00	None	None	None
Chairman: Hong-Mo Wu	0	0.00	0	0.00	0	0.00	None	None	None
An Ho Garment Co., Ltd.	40,817,592	1.25	N/A	N/A	0	0.00	Yuan Ding Investment Co., Ltd. Yuan Tong Investment Co., Ltd. Kai Yuang Investment Corp.	Same ultimate parent company Same ultimate parent company Same ultimate parent company	None
Chairman: Alan Tsai	0	0.00	0	0.00	0	0.00	None	None	None
Labor Pension Fund(New Scheme)	38,473,600	1.18	N/A	N/A	0	0.00	None	None	None
Taiwan Life Insurance Co., Ltd.	36,574,000	1.12	N/A	N/A	0	0.00	None	None	None
Chairman: Su-Kuo Huang	0	0.00	0	0.00	0	0.00	None	None	None
Kai Yuang Investment Corp.	35,558,031	1.09	N/A	N/A	0	0.00	Yuan Ding Investment Co., Ltd. Yuan Tong Investment Co., Ltd. An Ho Garment Co., Ltd.	Same ultimate parent company Same ultimate parent company Same ultimate parent company	None
Chairman: Humphrey Cheng	0	0.00	0	0.00	0	0.00	None	None	None

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

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

2022/03/31; Unit: share; %

Affiliated Company (Note 1)	Investment of Far EasTone		Directors, Managements and Direct or Indirect Investment of the Affiliated company		Consolidated Investment	
	Shares	%	Shares	%	Shares	%
New Century InfoComm Tech Co., Ltd.	2,100,000,000	100.00	-	-	2,100,000,000	100.00
FarEastern Electronic Toll Collection Co,. Ltd	118,250,967	39.42	44,796,239	14.93	163,047,206	54.35
Yuanshi Digital Technology Co., Ltd.	107,004,329	96.18	2,248,299	2.02	109,252,628	98.20
ARCOA Communication Co., Ltd.	82,762,221	61.63	8,350,424	6.22	91,112,645	67.85
KGEx.com Co., Ltd.	68,897,234	99.99	-	-	68,897,234	99.99
Yuan Hsin Digital Payment Co., Ltd.	12,342,478	18.11	15,287,973	22.43	27,630,451	40.54
Ding Ding Integrated Marketing Service Co., Ltd.	5,446,644	15.00	23,602,125	65.00	29,048,769	80.00
IDEAWORKS Entertainment Co., Ltd.	4,125,000	50.00	-	-	4,125,000	50.00
Yuan Cing Co., Ltd.	2,000,000	100.00	-	-	2,000,000	100.00
Far Eastone Property Insurance Agency Co., Ltd.	500,000	100.00	-	-	500,000	100.00
Far Eastern Info Service (Holding) Ltd.	1,200	100.00	-	-	1,200	100.00
DataExpress Infotech Co., Ltd.	-	-	15,285,235	70.00	15,285,235	70.00
New Diligent Co., Ltd.	-	-	54,000,000	100.00	54,000,000	100.00
Information Security Service Digital United Inc.	-	-	11,195,034	100.00	11,195,034	100.00
Digital United (Cayman) Ltd.	-	-	10,320,000	100.00	10,320,000	100.00
Prime EcoPower Co., Ltd.	-	-	16,000,000	100.00	16,000,000	100.00
Drive Catalyst SPC-SP Tranche One	-	-	4,000	25.00	4,000	25.00
Drive Catalyst SPC-SP Tranche Two	-	-	8,000	25.00	8,000	25.00
Drive Catalyst SPC-SP Tranche Three	-	-	8,000	25.00	8,000	25.00
Sino Lead Enterprise Limited	-	-	30,000	100.00	30,000	100.00
Nextlink Technology Co., Ltd.	-	-	3,430,000	70.00	3,430,000	70.00
Microfusion Technology Co., Ltd.	-	-	2,900,000	100.00	2,900,000	100.00
JuAn Long-Age Co.,Ltd	-	-	1,000,000	25.00	1,000,000	25.00
FarEastern New Diligent Company Ltd.	-	-	-	100.00*	-	100.00*
New Diligent Hong Kong Company Ltd.	-	-	-	100.00*	-	100.00*
Home Master Technology Ltd.	-	-	-	100.00*	-	100.00*
Digital United Information Technology Co., Ltd. (Shanghai)	-	-	-	100.00*	-	100.00*
Nextlink (HK) Technology Co., Ltd.	-	-	-	100.00*	-	100.00*
Nextlink (Shanghai) Technology Co., Ltd.	-	-	-	100.00*	-	100.00*
Microfusion (HK) Technology Co., Ltd.	-	-	-	100.00*	-	100.00*

*The ratio is based on the proportion of investor company's contributions to the registered capital.
Note 1: Investment accounted for using equity-method.

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V Fund Raising Status

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

1. Capital and Shares

1-1 History of Capitalization

2022/04/16

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

Note 1: 2008.1.22 MOEA Ruling Ref.No.09701015390

Current Capital Sources : Unit:NT$'000

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

2022/04/16; Unit:'000 Shares

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

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

1-2 Information for Shelf Registration: Not Applicable.

1-3 Shareholder Structure

2022/04/16

Quantity \ Shareholder Structure	Government Institutions	Financial Institutions	Other Institutional Shareholders	Individual Shareholders	Foreign Institutions and Individual Shareholders	Total
Numbers	5	66	180	45,860	786	46,987
Shares	113,334,411	793,786,607	1,440,421,534	183,000,132	727,958,126	3,258,500,810
Shareholding ratio (%)	3.48%	24.36%	44.21%	5.62%	22.33%	100%

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

1-4 Share Distribution-Common Stock

2022/04/16

Level	Number of shareholders	Shares	%
1 - 999	10,105	1,929,491	0.06%
1,000 - 5,000	29,214	58,771,631	1.80%
5,001 - 10,000	3,848	30,541,230	0.94%
10,001 - 15,000	1,070	13,794,632	0.42%
15,001 - 20,000	694	12,887,676	0.40%
20,001 - 30,000	550	14,037,322	0.43%
30,001 - 40,000	287	10,206,828	0.31%
40,001 - 50,000	195	9.073,178	0.28%
50,001 - 100,000	320	22,793,355	0.70%
100,001 - 200,000	186	26,362,349	0.81%
200,001 - 400,000	135	37,789,905	1.16%
400,001 - 600,000	53	25,739,146	0.79%
600,001 - 800,000	37	25,737,092	0.79%
800,001 - 1,000,000	124	21,839,738	0.67%
1,000,001 and above	179	2,946,997,237	90.44%
Total	46,897	3,258,500,810	100.00%

Note: The Company has not yet issued any preferred shares until April 16, 2022.

1-5 Top 10 Major Shareholders

2022/04/16

Major Shareholders \ Shares	Shares	%
Yuan Ding Investment Co., Ltd.	1,066,657,614	32.73
Shin Kong Life Insurance Co., Ltd.	239,957,000	7.36
Cathay Life Insurance Co., Ltd.	237,287,230	7.28
NTT DOCOMO INC.	153,543,573	4.71
Yuan Tung Investment Co., Ltd.	100,237,031	3.08
Taiwan Post Co., Ltd.	90,927,696	2.97
An Ho Garment Co., Ltd.	40,817,592	1.25
Labor Pension Fund(New Scheme)	38,473,600	1.18
Taiwan Life Insurance Co., Ltd.	36,574,000	1.12
Kai Yuang Investment Corp.	35,558,031	1.09

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

Unit: NT$; shares

Item \ Year			2020	2021	2022 (as of March 31)
Share price (Note 1)	High		72.60	66.80	75.70
	Low		58.20	59.80	63.30
	Average		64.22	62.90	68.90
Net Value per share	Before distribution		20.66	19.99	20.50
	After distribution		17.41	(Note 2)	(Note 2)
Earnings per share	Weighted-average outstanding shares		3,258,500,810	3,258,500,810	3,258,500,810
	Earnings per share	Before adjustment	2.56	2.80	0.71
		After adjustment (Note3)	2.56	2.80	0.71
Dividend per share	Cash dividend		3.25 (Note 7)	3.25 (Note 8)	Not Applicable
	Stock dividend	Distribution of surplus	0	0	Not Applicable
		Additional Paid-In Capital	0	0	Not Applicable
	Accumulated un-distributed dividend		0	0	Not Applicable
Return on Investment	Price/Earnings Ratio (Note 4)		25.08	22.46	Not Applicable
	Price/Dividend Ratio (Note 5)		19.76	19.35	Not Applicable
	Cash dividend yield (Note 6)		5.06%	5.17%	Not Applicable

Note 1: High/Low means the highest/lowest share price for the period and average share price is calculated based on transaction amount and volume for the period.
Note 2: Earnings distribution shall be resolved by Shareholders' Meeting in the subsequent year.
Note 3: Earnings per share after stock dividend is distributed.
Note 4: Price/Earnings Ratio = Average closing share price of the period/Earnings per share.
Note 5: Price/Dividend Ratio = Average closing share price of the period/Cash dividend per share.
Note 6: Cash dividend yield = Cash dividend per share/average closing share price of the year.
Note 7: The cash dividend of year 2020 distribution NT$3.25 per share was based on 3,258,500,810 shares.
Note 8: The cash dividend of year 2021 has not been approved by the Shareholder's Meeting.

1-7 Dividend Policy

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

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

With pay-out dividends over past three years, the dividend payout ratios from 2019-2021 were 121% , 127% and 116% respectively. All dividend payout ratios are all in accordance with the Articles of Incorporation of FET that outline that the cash dividend declared by the Company shall be no less than fifty percent (50%) of the total dividends distributed that year. Please see the below table for details:

Unit: NT/share

Year	EPS after income tax (A)	Cash Dividend from retained earnings (B)	Cash Dividend from the capital surplus and legal reserve (C)	Total of the Cash Dividend (B+C=D)	Payout Ratio(D/A)	Cash Payout Ratio(B+C)/D
2019	2.68	3.209	0.041	3.25	121%	100%
2020	2.56	2.234	1.016	3.25	127%	100%
2021	2.80	2.349	0.901	3.25	116%	100%

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

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

The 2021 cash dividend distribution proposal resolved by the Board of Directors on February 25, 2022 will be proposed to the 2022 Annual Shareholders' Meeting as follows: Distributes cash dividend of NT$ 7,654,218,402 from retained earnings, NT$2.349 per share, and distributes cash of NT$ 2,935,909,229 from capital surplus at NT$0.901 per share which comprises NT$ 2,375,447,090 from business combination, NT$0.729 per share, and NT$ 560,462,139 from legal reserve, NT$ 0.172 per share, totaling cash NT$ 3.25 per share of 2021.

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

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

1-9 Employees and Directors' Remuneration

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

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

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

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

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

(1) The differences between employees and Directors' remuneration distributed from the 2021 earnings by cash resolved by the Board of Directors on February 25, 2022, and the accrued amount in the year the remunerations were recognized as expenses are as follows:

Unit: NT$'000

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

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

1-9-4 Remuneration to employees and Directors of Year 2020:

The difference between cash remuneration actual distributed to employees and Directors from the 2020 earnings, which has been resolved by the Board of Directors on February 25, 2021, and the accrued remuneration amount recognized as expenses are as follows:

Unit: NT$'000

Item / Amount	Remuneration to Employees	Remuneration to Directors	Treatment of Discrepancy
Recognized Accrued Amount (A)	$205,762	$74,074	None
Actual Distribution（B）	$205,762	$74,074	
Variance（B）-（A）	$0	$0	

1-10 Shares buyback by the Company: None.

2. Issuance of Corporate Bonds

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

Until the Annual Report being published, the Company has issued corporate bonds with total outstanding amount NT$28 billion, terms and impacts on shareholders' equity disclosed as below. The Company's subsidiaries currently do not issue corporate bond.

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

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2019 Domestic 2nd Unsecured Corporate Bond	2020 Domestic 1st Unsecured Corporate Bond	2020 Domestic 2nd Unsecured Corporate Bond	2021 Domestic 1st Unsecured Corporate Bond	2022 Domestic 1st Unsecured Corporate Bond(Social Bond)
2019.12.20	2020.03.16	2020.06.02	2021.06.04	2022.03.29
NT$10,000,000	NT$10,000,000	NT$10,000,000	NT$10,000,000	NT$10,000,000
At par value	At par value	At par value	At par value	At par value
NT$3,100,000,000 (A Issue: NT$2,600,000,000) (B Issue: NT$500,000,000)	NT$5,000,000,000 (A Issue: NT$1,500,000,000) (B Issue: NT$2,500,000,000) (C Issue: NT$1,000,000,000)	NT$1,000,000,000	NT$1,200,000,000	NT$2,700,000,000
A Issue:0.80% B Issue:0.85%	A Issue:0.67% B Issue:0.70% C Issue:0.77%	0.73%	0.55%	0.88%
A Issue: 7 years Maturity: 2026.12.20 B Issue: 10 years Maturity: 2029.12.20	A Issue: 5 years Maturity: 2025.03.16 B Issue: 7 years Maturity: 2027.03.16 C Issue: 10 years Maturity: 2030.03.16	7 years Maturity: 2027.06.02	7 years Maturity: 2028.06.04	5 years Maturity: 2027.03.29
None	None	None	None	None
Chinatrust Commercial Bank	Chinatrust Commercial Bank	Chinatrust Commercial Bank	Mega International Commercial Bank	Mega International Commercial Bank
Capital Securities Corp.	Entrust Securities Co., Ltd.	KGI Securities	KGI Securities	CTBC Securities
Lee and Li Attorney Grace Wang	Lee and Li Attorney Grace Wang	Lee and Li Attorney Grace Wang	Lee and Li Attorney Grace Wang	Lee and Li Attorney Abe Sung
Deloitte & Touche CPA, An-Hwei Lin	Deloitte & Touche CPA, An-Hwei Lin	Deloitte & Touche CPA, An-Hwei Lin	Deloitte & Touche CPA, An-Hwei Lin	Deloitte & Touche CPA, Yung-Hsiang Chao
Taiwan Ratings Corp. twAA- (2019.01.25)	Taiwan Ratings Corp. twA+ (2020.01.21)	Taiwan Ratings Corp. twA+ (2020.01.21)	Taiwan Ratings Corp. twA+ (2021.02.04)	Taiwan Ratings Corp. twA+ (2022.01.27)
A issue: Repay 50% of principal each in the 6th & 7th year. B Issue: Repay 50% of principal each in the 9th & 10th year.	Bullet repayment	Bullet repayment	Bullet repayment	Repay 50% of principal each in the 4th year 6 Month & 5th year.
NT$3,100,000,000	NT$5,000,000,000	NT$1,000,000,000	NT$1,200,000,000	NT$2,700,000,000

2-2 Corporate Bonds to be due within one year upon Publication of the Annual Report: None.

2-3 Convertible Bond: None.

2-4 Exchangeable Bond: None.

2-5 Shelf Registrations for Issuing Corporate Bonds: None.

2-6 Bond with Warrants: None.

2-7 Issuance of Corporate Bonds through Private Placement in Recent 3 Years: None.

3. Preferred Shares

None.

4. Issuance of Overseas Depository Receipt

Since 2004, part of Far EasTone's issued common stock have been trading on the Luxemburg Stock Exchange in the form of GDRs. One GDR unit represents 15 shares of Far EasTone's common stock. The holders of GDRs have the same rights and obligations as the holders of common stock. However, on May 6, 2021, the board of directors of Far EasTone resolved to cease the trading of Far EasTone's issued common stock on the Luxemburg Stock Exchange in the form of GDRs. The GDRs have been delisted on July 26, 2021. The GDR holders have until at least July 28,2022 to surrender their GDRs for delivering of the underlying shares.

5. Employee Stock Options

None.

6. Employee Restricted Stock Options

None.

7. Share Issued for Mergers or Acquisitions

7-1 Information from Completed Merger or Acquisition from last year up to the Annual Report being published:

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

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

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

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

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

Company as result of the merger shall be same as the right of original common shares in issue.

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

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

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

8. Fund Utilization Plans and Status

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

Unit: NT$'000

Bond Name	Issue amount	Issue date	Use of Funds	Planned execution date	Actual execution status
Far EasTone 2021 Domestic 1st Unsecured Corporate Bond	1,200,000	2021.06.04	To repay bank loan	2021 Q2	Issued executed on 2021.06.04
Far EasTone 2022 Domestic 1st Unsecured Corporate Bond (Social Bond)	2,700,000	2022.03.29	To repay bank loan which follow FarEastone Telecommunications Company Social Bond Framework in 2022.	2022 Q1	Issued executed on 2022.03.29

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

V Operational Highlights

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

1. Business Activities

1-1 Business Scope

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

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

(2) Operating Revenue Breakdowns

Unit: NT$'000

Item \ Year	2020		2021	
	Amount	%	Amount	%
Telecommunication Service Revenue	45,541,683	57	45,333,985	53
Others	33,959,282	43	39,986,023	47
Total	79,500,965	100	85,320,008	100

Note: The figures are on consolidated base.

(3) Existing Products and Services

A. Consumer Business

- Wireless Telecommunication Services:
  Provide mobile services, including voice calls, data communication services. Those services are categorized into postpaid and prepaid according to payment methods.
- Fixed Line Communication Services:
  Include domestic phone call service, long-distance call service, 007 international call service, 070 softphone, etc.
- New Economy:
  friDay digital services include friDay Video, friDay Omusic, friDay shopping, and friDay Finance. And also provides financial services like direct carrier billing of payment service, handset insurance, and smart speaker and smart kids watch of consumer IoT product.

B. Enterprise Business

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

(4) New Products or Services under Development

A. Consumer Business

Based on the brand spirit of FET and friDay, we continue to develop diversified digital services to meet consumers' needs and satisfactions. FET launched "Mobile Circle", the first comprehensive customer loyalty program among telecom company in Taiwan in 2020. With the core value of "enhancing customer benefits and providing the best selected privilege offer for consumers, "Mobile Circle" app is designed as an one-stop Super App that fulfill consumers' needs of life, entertainment and telecom. To strengthen customer engagement and to meet the digital transformation

strategy of the company, FET implements AI engine to optimize "Mobile Circle" user experience and continuously upgrade to provide the best customer benefits in 2021.

B. Enterprise Business

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

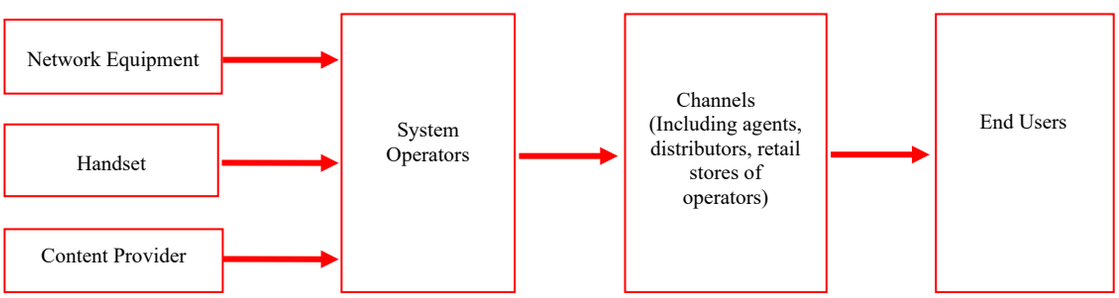
1-2 Industry Overviews

A. Consumer Business

(1) Industry Status and Development

According to the report issued by TWNIC (Taiwan Network Information Center) and NCC (National Communications Commission) , Taiwan's mobile internet usage rate surpassed 80% and mobile data usage increased 17% in 2021, which drove people's lives towards digital mobility. Also, 5G network and COVID-19 pandemic boost the telecom industry.

(2) Industry Value Chain:



Telecom companies adopt diversification strategy to drive revenue growth. In alliance with domestic, international professional and top partners, FET fulfills consumer daily life needs by linking innovative techknowledge with big data and provide smart life solution to our users. These telecom plus services are expected to become the growth momentum of FET business.

(3) Products and Services Development Trends

FET spends a lot of efforts in developing 5G network after acquiring the best 5G spectrum in the auction. Due to thoughtful development of quality network, FET was ranked at the top in the world for its 5G service and according to Opensignal for its 5G download speed, upload speed, and 5G user experience in 2021. And FET will continuously enhance our network quality, dedicate ourselves in developing innovative services, which would work greatly with our excellent network quality. Moreover, through integrating group resources and partnership with diverse company, FET will strive to innovate in the fields of big data, artificial intelligence, and IoT, and lead the 5G revolution in Taiwan.

(4) Product Competitions Landscape

The telecom market in Taiwan continues to be dominated by three large and two small players. As the two small operators unceasingly offer competitive rate plans to acquire customers, competition intensifies. However, 5G leads ARPU turnaround, and leads to wireless revenue growth. Because of heavy investment in 5G spectrum and infrastructure, operators expect to encourage 5G adoption by better network quality, 5G handset and 5G innovative applications to minimize the price competition.

B. Enterprise Business

(1) Industry Status and Development

I.Foreign economy

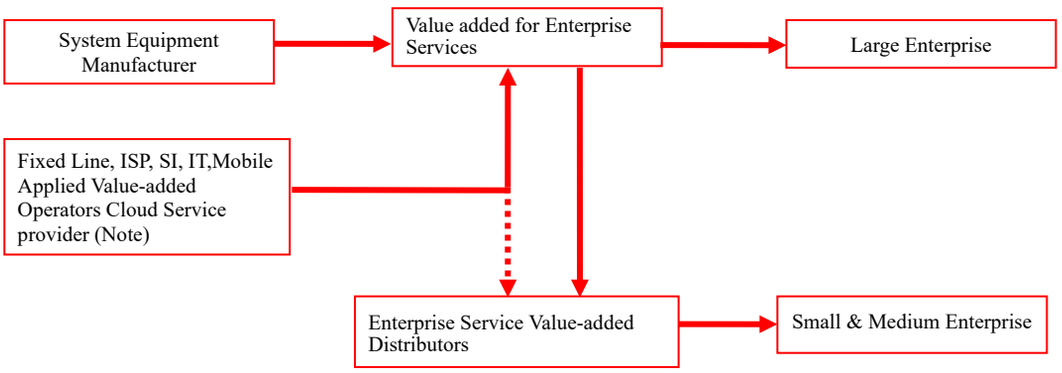
Despite the impacts of the pandemic last year (2021), the global economical growth rate was estimated to be 5.6% according to HIS Markit on January 18, 2022. Looking forward to this year, the global economical growth rate is estimated to be 4.2% considering the global economy was still able to grow during the high base period last year. Yet, uncertain factors such as the rampant variants, supply chain bottlenecks, and the inflationary pressure raise the global economical downside risks.

II.Domestic economy

Benefiting from the business opportunities of 5G, HPC, automotive electronics and the high prices of raw materials, the domestic export value and manufacturing IPI both hit a record high last year. With the pandemic ease in Taiwan,

the return of people to the physical stores, and the business opportunities for end-of-year festive gatherings, retail and restaurant turnover in December reached a record high for the same month of the previous year.
Looking forward to the future, the pace of global economical trade recovery will keep up. The continuous expansion of emerging technology applications such as 5G, HPC, automotive electronics also helps with the stable growth of export orders and manufacturing. The turnover of retail and restaurants are expected to continue to grow due to pre-Lunar New Year purchase and gathering season. Yet, the recent pandemic has become more severe and some of the customers have suspended gatherings and year-end banquets, which may weaken the growth momentum.

(2) Industry Value Chain:



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

(3) Products and Services Development Trends

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

(4) Product Competitions Landscape

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

1-3 Technology Development Overviews

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

2022/03/31; Unit: NT$'000

Item \ Year	2021	2022 Q1
R&D Expenditure	513,145	137,682(Note)
Total Operating Revenue	85,320,008	21,904,025
R&D Expenditure as percentage of Total Operating Revenue (%)	0.60	0.63

Note: 2022 Q1 R&D expenditure is an estimated amount.

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

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

Year	Service	Key highlights
2021	friDay Video	friDay Video provides exclusive content to meet the diverse needs of consumers and recommends personalized content using content curation. Moreover, friDay Video rolled out multi-view and 4K videos since 5G launch to provide diverse entertaining options to consumers.
	friDay Omusic	Consumers can have their music playlists under different scenario. friDay Omusic persistently improves its user experience and content.
	friDay Shopping	With group synergy, friDay Shopping enlist hundreds of thousands of goods from Far East Department Store, SOGO Department Store, A-Mart and FET. In Y2021, friDay Shopping also aggressively increase product SKUs in the warehouse to provide customers fast delivery and one-stop shopping service
	friDay Finance	friDay Finance will integrate bank accounts, on-line investment, data analysis, and the Open Banking progress to provide new multi-channel financial experience to end users.
	Smart Plus	The professional team provides 24-hour service, and solves technical problems of mobile phones and 3C equipment with remote tools.
	Smart Kids Watch	A smart watch with personal AI assistant. This watch offers parents a device choice, which can secure and communicate with their children with positioning and voice alarm functions.
	Smart Pole	Based on the experiences in smart street lights, FET joined 5G Smart Pole Standard Promotion Alliance, jointly promoting smart pole standard establishment and application service verification in cities and sites and pursuing the blue ocean business opportunities of global 5G smart poles.
	Energy Management System	In 2021, FET became Taiwan's biggest energy management system provider (managing the air conditioners of 42,000 classrooms), actively assisting cities and counties with the deployment. Besides helping TaiPower with the integration of Open ADR 2.0b, FET also introduced AI application to reduce 3.5% of AC power consumption by estimation.
	5G Remote Diagnosis	Continuing to develop medical IoT application and narrow the medical gap between urban and rural areas through technologies to realize the vision of gap-free healthcare. Also, FET premiered its 5G emergency healthcare solution on the Healthcare+ Expo Taiwan in 2021. The solution integrates 5G telehealth platform with head-mounted smart glasses and makes use of 5G technology to transit real-time first-person images, achieving multi-party real-time telehealth in the ambulance.
	5G Smart Factory	FET, Delta Electronics and Microsoft jointly built the first 5G intelligent factory in Taiwan. 5G technology and smart device applications can improve production yield and productivity, and mixed reality applications can achieve remote plant management and improve education and training effects. Three months after the 5G smart factory was launched, it has achieved substantial benefits such as a 75% increase in output value per unit area and a 69% increase in per capita output value.
	Traffic Analysis	Assisting with urban planning and development with big data technology: FET integrated telecommunications big data for people flow analysis and AI technology in July, 2021, and rapidly launched "Kaohsiung tourism people flow warning light system" for Tourism Bureau of Kaohsiung City Government, offering online search for real-time people flow status at attractions. It can serve as not only the reference for competent authority to conduct prevention measures and people flow control but also the travel reference for the public

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

A. Consumer Business

(1) Short-term plans

- Improve network quality and speed up 5G infrastructure to provide complete 5G coverage for consumers.
- Form an alliance with cross-industry partners to deliver diverse new products and value-added mobile services to the market.
- Establish a digital circle, and leverage telecom core business and innovative new services to acquire high quality and loyal customers.

(2) Long-term plans

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

B. Enterprise Business

- Short-term plans

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

- Long-term plans

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

2. Markets and Sales Overview

2-1 Market Analysis

A. Consumer Business

(1) Main Products and Service Area

FET persistently integrate online and offline sales services and introduce various smart 3C products. Apart from introducing integrated services for the ICT market, we will improve the service quality of local stores to enhance customers' experience with innovative services including communication devices, voice calls, broadband and value-added services. By the end of 2021, the total number of store is around 770, comprising FET and Data Express, enabled customers to enhance experience professional service and care via wide store coverage.

(2) Market Share

With the 4G penetration being saturated, the mobile market in Taiwan has been very challenging. Benefited from 5G, the mobile operators managed to maintain its users under COVID-19. In 2021, according to NCC statistics, mobile user market share as follows: CHT: 36.1%, FET: 23.8%, TWM: 24.0%; Asia Pacific Telecom and Taiwan Star together account for 16.1%. The market share changes in the future shall be determined by not only consumer market but also enterprise business, Hopefully, when 5G becomes available and there are more consumer-related applications becomes available, then operators would have the chances to increase the revenue. *(Source: Mobile user is sourced from public information released by NCC website.)*

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

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

(4) Competitive Advantages

- Sufficient 5G spectrum bandwidth and the fastest 5G speed endorsed by international institutions:

  FET not only have the best spectrum that suited for 5G services in terms of coverage and capacity, FET but also have an advanced and proactive 5G deployment which leads to Global No.1 of download, upload 5G speed and 5G video experience certified by OpenSignal in September, 2021.

- Excellent customer service with professional certification:

  FET has won the Gold Medal for Telecommunication Service Industry in the "Best Service Evaluation" organized by the Commercial Times for 10 years in a row. Considering customers' needs as the top priority for our service, FET revamped the original client service app into "Mobile Circle" app to provide the best promotion and points reward system for our consumers.

- Place a high degree of importance on customers' personal information:

  FET is committed to continually improving the quality of our services. We provide services that exceed our customers' expectations. With customer service philosophy built on the principle of empathy, we promote personal data protection concerning customers and enhance our problem solving capabilities. FET garnered the SGS ISO18295:2017 customer service center management certification and become the first and only authenticate carrier in Asia. With our ISO 10002 customer complaints management system, we have set up a special consumer complaints mechanism by using a systematized, logical procedure to manage complaints. FET also enhance existing service processes to ensure our customers with safeguarded, consistent and A+ service level. We place a high degree of importance on customers' personal information, not only upholding awareness via internal training, but also being continuously awarded the international certifications including ISO 27001(Information Security Management System), BS10012(Personal Information Management System), ISO20000 (Service Management System) and CSA STAR (Security, Trust &Assurance Registry) certifications; All these efforts are intended to demonstrate FET's determination to implement information security policy and protect customers' personal information.

- Marketing Channel:

  Currently, the total number of FET retail stores – including retail sellers, franchise and Data Express stores, is around

770. FET promises to ensure that FET retail and franchise sales representatives 3 thousand are able to serve 2.5 million of customers monthly and expect to bring customers caring, proactive and professional services. With the vision of "FET Connects and Enriches Life", FET will continue to introduce the best services, products and pricing plans to be the leading brand amongst Taiwanese consumer.

- New Economy:

  The friDay services focus on developing various and customized digital contents. After the launch of 5G with a wealth of applications, driving the growth of telecom users and revenue.

(5) Advantages and Disadvantages of Future Developments and Countermeasures

Advantages of Future Developments:

Excellent 5G network quality and the fastest 5G speed. The 5G network will further drive consumer and enterprise business.

Disadvantages of Future Developments:

Overall revenue shrunk due to intense competition in market. CHT's (Chunghwa Telecom) "Last-mile" advantage on broadband network and fixed net services.

Countermeasures:

- Deploy 5G business aggressively to seize the market opportunities.
- Focus on enhancing 5G coverage and optimizing 4G network quality.
- Based on the combination of mobile communication and internet, to build up multi-media services of communication and internet and then provide integrated mobile internet services.
- Provide the complete 5G one-stop service from integrate the upstream and downstream industry chains.

B. Enterprise Business

(1) Main Products and Service Areas

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

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

(2) Market Share

As of December 31, 2021, sales from enterprise customers account for 23% of our overall revenue in 2021. We are committed to provide better services in the future.

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

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

(4) Competitive Advantages

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

New Economics: For enterprise users, the marketing philosophy centers around "customer orientation". FET provides integrated solutions customized by various industry features and develops solutions, such as mobile applications, Internet

of Things, cloud computing, big data and AI, for different market types. We aim to broaden our collaboration with customers concerning 5G application development in the 5G era.

(5) Advantages and Disadvantages of Future Developments and Countermeasures

Advantages of Future Developments

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

Disadvantages of Future Developments

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

Countermeasures

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

2-2 Main Features and Production Process of Major Products

(1) Main Features of Major Services

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

(2) Production Process:

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

2-3 Supply of Raw Material

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

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

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

2022/03/31; Unit: NT$'000, %

Year / Item	2020				2021				2022Q1			
	Company	Amount	% of Total Operating Cost	Relations with the Company	Company	Amount	% of Total Operating Cost	Relations with the Company	Company	Amount	% of Total Operating Cost	Relations with the Company
1	Company A	15,167,111	28.31	None	Company A	18,492,872	30.88	None	Company A	3,530,010	23.0	None

Note: The figures are on consolidated base.

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

2022/03/31; Unit: NT$'000, %

Year / Item	2020				2021				2022Q1			
	Company	Amount	% of Total Operating Cost	Relations with the Company	Company	Amount	% of Total Operating Cost	Relations with the Company	Company	Amount	% of Total Operating Cost	Relations with the Company
	None				None				None			

Note: The figures are on consolidated base.

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

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

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

2-6 Sales Volumes for Recent 2 Years

Year / Quantity / Item	2020		2021	
	Quantity	Revenue (NT$'000)	Quantity	Revenue (NT$'000)
Mobile telecom service revenue	7,069,489 Subscriber number as of the end of the year	39,297,490	7,057,355 Subscriber number as of the end of the year	39,555,050
Domestic fixed communication service revenue	483,094 Thousand minutes	895,360	433,867 Thousand minutes	869,198
International communication service revenue	198,339 Thousand minutes	1,513,088	133,952 Thousand minutes	949,577
Data telecommunication service revenue	224 Thousand Lines	3,835,745	232 Thousand Lines	3,960,160
Sales & other operating revenue	Not Applicable	33,959,282	Not Applicable	39,986,023
Total	Not Applicable	79,500,965	Not Applicable	85,320,008

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

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

2022/03/31

Year		2020	2021	2022Q1
Number of Employees	Total	5,630	5,472	5,353
Average Age		39.1	40.1	40.5
Average Years of Service		10.1	10.9	11.2
Breakdown of Educational Level (%)	Ph.D.	0.23	0.26	0.26
	Master	14.46	14.99	15.02
	College	70.48	70.39	70.71
	High School	14.76	14.31	13.95
	Below High School	0.07	0.05	0.06

4. Environmental Protection Expenditure

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

5. Employee Relations

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

5-1-1 Welfare Policy

(1) Compensation and Benefit

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

(2) Advanced Studies and Training

According to internal diagnosis, external market trend and customer demands, the Company added current and future elements needed in learning and development journey. Following the Company's 3-year digital transformation strategy and talent development direction, B.A.I.(Big Data, Artificial Intelligence, IoT) have been set as goals since 2019 and the completeness and suitability of training courses is reviewed on annual basis to ensure the operation goal is closely tight with corporate strategy

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

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

Due to the impact of COVID-19, a total of 1,425 training courses were conducted in 2021 with 36.4 training hours in employee's average. Total training related expense is NT$14,475,000 and averaged NT$2,600 for each employee in 2021. Although the scale of 2021 is not as large as previous year, a lot of endeavors were made to strategize the learning contents, digitalize the learning model and enrich the learning resources during the COVID-19 period. These have been setting up a good foundation of digital transformation in learning and development.

(3) Two-way Communications

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

- In order to understand and reflect employees' opinions on areas for improvement, an outsourced employee engagement survey is conducted when necessary.
- The annual staff meeting provides an opportunity two-way communication between staff and senior executives.
- The "United Employee Welfare Committee" holds meetings quarterly, or whenever necessary, to plan and conduct employee activities that increase and enhance employees' welfare.
- At quarterly Town Hall meeting with employees, the operational policies and implementation effectiveness are communicated. Employees propose operation-related issues for discussion, and higher-level officers respond to these issues at the meeting, as a way of developing interactive communication."
- The company share the information through the e-News and monthly e-Newsletter are issued electronically on the intranet, in order to assist employees in understanding Company events and, at the same time, to express their opinions.
- To share interesting and must-know internal events, projects, issues, and also introduce the responsibilities of all divisions, so employees can understand more about the organization and company culture.
- Employees are also able to voice their creative proposals or seek assistances through the Employee Suggestion Box or Appeal Letter Boxes on the Intranet.
- The departmental communication meeting was held either regularly or irregularly for employees in the same department to directly communicate their ideas, so as to promote mutual trust and cooperation among employees.

5-1-2 Retirements

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

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

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

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

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

(1) Physical safeguard

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

- Operations management: The Company has established a safety control center, providing 24-hour protection to offices and MSC/IDC. Besides ensuring the stability and reliability of systems' daily operations, as incidents occur, it can alert, take preventive measures and respond effectively to manage risks.

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

(2) Equipment Maintenance

- Fire Safety: The Company regularly commissions fire equipment companies to maintain and repair fire-fighting equipment (e.g. fire alarms, fire extinguishers) and has dedicated personnel conducting regular reviews and keeping records. There are periodic fire and emergency drills held at workplace annually to raise employees' awareness on preventive measures.
- Environmental Safety: To maintain the quality of drinking water and air, the Company commissions vendors to monitor the water quality and carbon dioxide quarterly. The offices are cleaned and disinfected periodically to maintain workplace safety and comfort.
- Each office site is equipped with an automated external defibrillator and staffed with a sufficient number of first-aid personnel.

(3) Disaster Prevention and Response:

- The Company is also committed to providing a hazard-free work environment to all employees and stakeholders. The company headquarter building implemented Occupational Safety and Health Management System in 2018 and passed ISO 45001:2018 and CNS 15506: 2011 (TOSHMS) Taiwan Occupational Safety and Health Management System certification in 2019. FET also passed the review in 2021. (The current validity of our ISO45001:2018 certificate is from January 25, 2022 to Janaury 24, 2025) Through the PDCA systematic management mode, improve the managenment of occupational safety and health.
- The "Safety and Health Work Rules" and "Emergency Preparedness & Disaster Management Plan" are established to specify the responsibilities and tasks of all personnel in major incidents and emergencies.
- FET has set up the "Occupational Health and Safety Committee" (OHS Committee) as well as dedicated labor safety and health units to make improvements to the working environment and ensure work safety. The OHS Committee is made up of 18 members, including the business operator or their agent, OHS personnel, department heads, supervision, controllers, OHS engineering or medical personnel, and labor representatives. The Committee has 9 labor representatives, which accounted for 50% of all seats.
- The Committee holds a meeting quarterly. Its responsibility is to oversee the formulation of the occupational disaster prevention plan and the self-inspection plan; discuss, examine, and analyze related occupational disasters and review OHS improvements as it engages in communication and management related to disaster prevention. In addition, OHS units communicate the concepts of disaster prevention to employees and contractors on an ad hoc basis, whilst various types of safety training are also often held. In 2021, a total of 6,309 people took part in a total of 104 education training for labor health and safety. In the meantime, an inspection for 229 items of working environment and construction security were also completed; the improvement rate for irregular items reached 100% and thus guaranteed the prevention of occupational disaster and hazard.

(4) Physical and Mental Health:

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

- FET organized a "weight loss competition" in 2021, where 465 employees participated and lost 972 kgs. From 2018 to 2021, 2,450 employees completed the event, a total weight loss of 4,288 kgs.
- Since 1995, The Company has established 32 clubs, of which 23 clubs belong to sports clubs. The company subsidies each club up to NT$80,000 per year . In 2021, a total of 570 activities with 5,603 people participated.
- During theepidemic prevention for Covid-19, In addition to advocating that employees pay attention to personal

hygiene and external protection, it is also very important to maintain proper exercise and improve their immunity, FET's employees are able to obtained any health related or medical related information and resources from the Intranet. Through the Intranet, employees are educated on diseases, common health problems at workplace, healthy diet, and exercises. We also provide exercises routine designed for office workers so employees can easily access health related information and conveniently exercises at workplace. A total of 3,000 views in one year.

- FET commissioned 18 visually-impaired massage therapists to provide free massage sessions for employees to relieve their work stress and relax their skeletal muscle. A total of 21,336 sessions were given in one year.
- Neihu, Banqiao, Taichung and Kaohsiung office got the "A Badge of accredited health workplace" by Health Promotion Administration, Ministry of Health and Welfare.
- The Company provides employee assistance programs (EAP) through contracted professional consultation firms, aiming to assist employees to solve issues pertaining to family, marriage, pressure and interpersonal relationships in order to maintain their physical/mental well-being and ensure work safety, quality and productivity.

5-1-5 Precautionary measures of sexual harassment

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

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

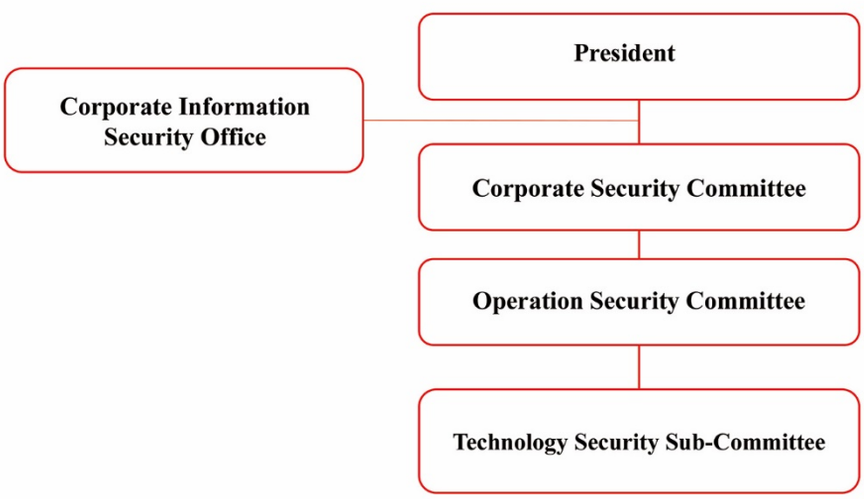
6. Information Security Management

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

To demonstrate its emphasis on and commitment to information security and customer privacy, FET has set forth its vision of information security: "treasuring customer trust, protecting customer information, winning the trust of customers, and maintaining sustainable services." Following these principles, FET has established corporate security organization. It has more than 30 members including the President and the representatives from all business units. In addition, FET has developed security policies and frameworks that include operational information security, technical security, physical security, and personnel security management, with consideration given to government regulations, personal data protection, and risk and crisis management. The relevant policies and regulations are regularly reviewed and revised according to internal and external requirements. FET also conducts security risk assessments annually to identify high-risk issues such as cyberattacks, and incorporates the assessments result into annual plans by taking countermeasures of risk avoidance, risk reduction, and/or risk transfer to manage relevant risks. Moreover, FET has set up a specific area on the intranet website, and arrange information security training courses periodically to enhance the security awareness of all employees. Two courses are conducted in 2021- “Information Security Protection and Privacy Risk Management” with a total of 5,831 participants and “Social Engineering and Email Security” with a total of 5,698 participants. (The number includes both full-time and contract staffs.)

The Corporate Security Organization and responsibilities are as follows:

FET Corporate Security Organization



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

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

In 2021, FET has held 4 meetings of Corporate Security Committee and 7 meetings of Operation Security Committee. The major discussion topics including security policy review and revision, global major risks and trend analysis, relevant regulation review such as the revision of Cyber Security Management Act, high-risk issues identification, the

response strategies and reinforcement plans. For high-risk issues, it is also timely reported to the board members in the Risk Management Committee

To continuously improve overall operational security, FET's relevant divisions had completed a number of projects, including risk management and security awareness promotion of all employees, enhancement of cyber-attack protection, physical security management, information security testing, and the drills of business continuity plans, etc. In addition to strengthening management, FET continues to conduct international standard verification through external third-party organizations. Up to 2021, FET has passed ISO 27001 information security management certification for 17 consecutive years(The certification regularly reviewed every three years, the latest valid until April 30, 2024), passed ISO 20000 service management certification for 13 consecutive years, passed BS10012 personal data management certification for 9 consecutive years, and passed CSA STAR cloud security certification for 8 consecutive years. FET also passed ISO 27017 cloud service information security certification and ISO 27018 cloud personal information protection certification for 3 consecutive years; those demonstrate the results of FET's efforts in information security and personal data management.

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

7. Major Contracts and Agreements

2022/03/31

Contract Type	Counter Party	Contract Period	Description	Restricted Clauses
Procurement (FET)	Ericsson Taiwan Ltd.	2015.04.16 ~ Present	Purchase for 4G and 5G cell site, mobile phone system and network equipment, software, installation, system construction and technical service	Confidential Clause
	Apple Asia LLC	2010.01.29 ~ Present 2010.09.30 ~ Present	Procurement contract for iPhone Wireless Service License for Apple's iPad Products	
	Taiwan International Standard Electronics LTD.	2021.05.20 ~ Present	Purchase Agreement for equipment.	
Strategic Alliance (FET)	NTT DOCOMO, Inc. Star Hub Mobile FET Group (FET and KGT) Hutchison (Hong Kong)	2006.02.13 ~ Present	Strategic alliance among Asia Pacific Telecommunication operators	Confidential Clause
	All Conexus Members	2007.03.01 ~ Present	Collaboration Agreement with Conexus Members	
		2010.06.15 ~ Present	Collaboration Agreement with Conexus Members	
		2010.06.15 ~ Present	Supplemental Agreement #4 to Conexus Mobile Alliance Agreement	
		2010.07.01 ~ Present	Amended and Restated Conexus Mobile Alliance Agreement	
Commercial Cooperation (FET)	China Mobile Limited	2013.04.18 ~ Present	It's a business cooperation framework agreement. Based on Business Cooperation Frame Agreement, the Company and China Mobile Limited will continue exploring opportunities for long-term extensive cooperation between both parties in various fields of mobile communication business, and after the Taiwan laws and regulations permit investment in Type I Telecommunications Enterprise by China investors, both parties may reconsider the possibility of equity cooperation.	Confidential Clause
	Line Financial Taiwan Limited Taipei Fubon Commercial Bank Co., Ltd. Union Bank of Taiwan CTBC Bank Co., Ltd Standard Chartered Bank (Taiwan) Ltd. Taiwan Mobile Co., Ltd.	2018.12.26 ~ present	To create a new economy for cross-border financial services, and to deploy the net banking business, the Company chose to join the group led by Line Financial Taiwan Limited to incorporate a company, the Company acquire a 5% stake to obtain the FSC's approval for incorporation of the Digital-Only Bank. The group has obtained the FSC's approval for incorporation of the Digital-Only Bank on July 30, 2019, named the incorporation LINE Financial Taiwan.	

Contract Type	Counter Party	Contract Period	Description	Restricted Clauses
	Asia Pacific Telecom Co., Ltd	2020.09.04~ 2040.12.31	After being approved by the competent authority, the Company will share its 3.5G spectrum with APTC to cooperate in co-frequency and co-network matters, which APTC will share two ninths of the cost for the right to use two ninths of the spectrum capacity.	
		2020.11.05~ 2030.12.31	Either company agrees to share its 700MHz spectrum with another to cooperate in co-frequency and co-network matters or spectrum swap, if the competent authority approval co-frequency and co-network matters, the spectrum swap will automatically expire.	
Share trading (FET)	Asia Pacific Telecom Co., Ltd	2020.09.04	After being approved by the competent authority, the Company will subscribe 500 million ordinary shares of Asia Pacific Telecom Co., Ltd with unit price NT$10 per share via private placement.	Confidential Clause
	Hon Hai Precision Industry Co., Ltd.	2022.02.25	Due to the merger agreement between FET and Asia Pacific Telecom Co., Ltd., FET and Hon Hai signed a supplementary agreement for suspending shares exchange regulated in section 1 of article 3 in the share exchange agreement. FET and Hon Hai would take relative actions depend on the circumstances that happens.	
Inter Company Loan (Subsidiary-NCIC)	Far EasTone Telecommunications Co., Ltd.	2021.05.06 ~ Present	NCIC loans FET	Confidential Clause
Transactions in Real Estate (Subsidiary-NCIC)	Mediatek Inc.	2021.4.28	NCIC sold the building and land located on No.216, 218, 220, Ruiguang Rd., Neihu Dist., Taipei to Mediatek Inc.	Confidential Clause
Transactions in Real Estate (FET)	Far Eastern International Leasing Corp.	2021.11.04	FET purchase Tainan MSC and office from Far Eastern International Leasing Corp.	Confidential Clause
Merger (FET)	Asia Pacific Telecom Co., Ltd	2022.02.25	FET plans to absorb and merger with Asia Pacific Telecom Co., Ltd., with FET as the surviving company and Asia Pacific Telecom Co., Ltd. as the dissolved company, the two parties signed a merger agreement.	Confidential Clause

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

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

1. Financial Condition

Review and Analysis of Financial Condition

2021/12/31; Unit: NTD'000

Item \ Year	December 31, 2020	December 31, 2021	Variance	
			Amount	%
Current Assets	$25,152,457	$26,174,565	$1,022,108	4
Properties, Plants and Equipment	38,205,535	40,142,014	1,936,479	5
Intangible Assets	89,389,771	83,848,280	(5,541,491)	(6)
Other Assets	20,681,557	25,378,722	4,697,165	23
Total Assets	173,429,320	175,543,581	2,114,261	1
Current Liabilities	22,079,547	33,398,206	11,318,659	51
Non-current Liabilities	83,102,564	76,044,595	(7,057,969)	(8)
Total Liabilities	105,182,111	109,442,801	4,260,690	4
Capital Stocks	32,585,008	32,585,008	0	0
Capital Surplus	5,701,421	2,389,840	(3,311,581)	(58)
Retained Earnings	29,127,148	30,995,246	1,868,098	6
Other Equity	(99,883)	(834,378)	(734,495)	735
Non-controlling Interest	933,515	965,064	31,549	3
Total Shareholders' Equity	68,247,209	66,100,780	(2,146,429)	(3)

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

(1)The increase in other assets was mainly due to the increase in financial assets measured at fair value through other comprehensive income.

(2)The increase in current liabilities was mainly due to the increase in long-term borrowings to be due within one year.

(3)The decrease in capital surplus was due to the distribution of cash dividends.

(4)The decrease in other equity was mainly due to the recognition of unrealized losses on financial assets at fair value through other comprehensive income.

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

1-3 Future response plans: Not applicable.

2. Financial Performance

Analysis of Financial Performance

2021/12/31; Unit: NTD '000; %

Item \ Year	2020	2021	Variance	
	Amount	Amount	Amount	(%)
Operating Revenues	$79,500,965	$85,320,008	$5,819,043	7
Operating Costs and Expenses	68,463,266	75,177,567	6,714,301	10
Other Income and Expenses	0	218,680	218,680	-
Operating Income	11,037,699	10,361,121	(676,578)	(6)
Non-Operating Incomes and (Expenditures):				
Financial Costs	(694,520)	(677,354)	17,166	(2)
Losses on Disposal of Property, Plant, Equipment and Intangible Assets	(749,568)	1,120,155	1,869,723	(249)
Share of the gains (losses) of associates	138,707	88,270	(50,437)	(36)
Other Profits or Losses	460,150	188,593	(271,557)	(59)
Income Before Income Tax	10,192,468	11,080,785	888,317	9
Income Tax Expense	1,747,846	1,846,904	99,058	6
Net Income	8,444,622	9,233,881	789,259	9
Other Comprehensive Income (Loss)	(135,736)	(710,716)	(574,980)	424
Total Comprehensive Income	8,308,886	8,523,165	214,279	3
Net Income (loss) Attributable to:				
Owners of Far EasTone	8,354,128	9,123,795	769,667	
Non-controlling interests	90,494	110,086	19,592	
Comprehensive Income (loss) Attributable to:				
Owners of Far EasTone	8,218,606	8,413,094	194,488	
Non-controlling interests	90,280	110,071	19,791	

2-1 Analysis of variation

(1)The increase in other income and expenses was due to the recognition of governmental subsidies.

(2)The increase in the disposal of properties, plants and equipment and intangible assets was due to the income from the disposal of properties, plants and equipment of New Century InfoComm Tech Co., Ltd., FET's subsidiary.

(3)The decrease in share of gain/loss of associates accounted for using the equity method was primarily due to an decrease in investment gains of an associate, Far Eastern Electronic Toll Collection Co., Ltd.

(4)The decrease in other gains and losses was primarily due to the decrease in dividend income and other income.

(5)The increase in other comprehensive income was mainly due to the recognition of the increase in unrealized losses on financial assets at fair value through other comprehensive income (FVOCI).

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

3. Cash Flow

3-1 2021 Cash Flow Analysis

Unit: NT$ '000; %

Item	2020	2021	Variance	Variance%
Net cash flow from operating activities	26,026,051	35,315,268	9,289,217	35.7
Net cash flow from (used in) investing activities	(52,581,655)	(11,555,281)	41,026,374	78.0
Net cash flow from (used in) financing activities	24,394,465	(24,827,125)	(49,221,590)	(201.8)
Effect of exchange rate changes	197	(1,063)	(1,260)	(639.6)
Net decrease in cash	(2,160,942)	(1,068,201)	1,092,741	50.6

1. Operating activities: The increase in cash inflow was from 2021 operating profit increase and benefits of the spectrum & network collaboration with Asia Pacific Telecom on 3.5GHz bandwidth.
2. Investing activities: The decrease in cash outflow was mainly from 5G concession fee in 2020.
3. Financing activities: Financing activities showed cash outflow in 2021 mainly due to the repayment of bank borrowings and cash dividend distribution.

3-2 Remedy plans for insufficient liquidity: Not Applicable

3-3 Estimated Cash Flow Analysis for 2022

Unit: NT$ '000

Cash and Cash Equivalents in the Beginning (1)	Forecast Net Cash Inflow from Operating Activities (2)	Forecast Total Cash Outflow (3)	Forecast Balance of Cash and Cash Equivalents (1) + (2) - (3)	Expected Remedy Plans for Negative Balance of Cash and Cash Equivalents	
				Investment Plan	Financing Plan
4,645,674	25,577,989	24,220,678	6,002,985	-	-

1. Operating activities: 2022 projected cash inflow from operating activities is expected to remain stable.
2. Investing activities: Mainly for Network deployment and other enhancement.
3. Financing activities: Mainly for cash dividend distribution and payment of lease liabilities.

4. Key Performance Indicator (KPI)

Unit: NT$ Mio

KPI	2021 Target	2021 Actual	KPI Achievement Ratio
Total Revenue	$82,276	$85,320	103.7%
EBITDA	$27,485	$28,170	102.5%
Net Income	$8,368	$9,124	109.0%

5. Analysis of Major Capital Expenditure and Sources of Funding

5-1 Major Capital Expenditure and Sources of Funding in 2021

Company	Plan Item	Actual or Estimated Source of Capital	Actual or Estimated Fund Utilization Schedule	Total Capital Needed (Unit: NT$ '000)
FET and its Subsidiaries	Network Expansion: including 5G network deployment and other enhancement	Working Capital	2021	12,123,292

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

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

The Company's long-term investments are for strategic purpose or new business development. In 2021, the performance of long-term investment was stable. On the consolidated basis, the Company's investment income from long-term investments under the equity method amounted to NT$88,270 thousand. In the future, the Company will continue to evaluate investment plans prudently in accordance with the long-term business strategy.

7. Risk Issues

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

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

The Company performs its financial operations in a conservative manner. In an attempt to manage interest rate fluctuation risk, the Company's current outstanding liabilities are partially back up by long-term fixed-rate corporate bonds issuance.(At the end of 2021, 73% of the debt portfolio is fix rated, including Corp. Bond and bank loan.). Therefore, current interest expenses of the Company and its subsidiaries shall not be significantly impacted by interest rate fluctuations.

7-1-2 Exchange Rate Analyses and Response strategy

(1) Sources of Exchange Gains/Losses

The foreign currency position was mainly to pay the charges of global roaming services and revenue from value-added services. The percentage of foreign exchange gains/losses over operating revenue and operating income in 2021 and Q1-2022 are as follows:

2022/03/31; Unit: NT$'000

Item \ Year	2021	2022 (as of March 31)
Foreign Exchange Gains (Losses) (A)	(22,718)	5,562
Operating Revenue (B)	85,320,008	21,904,025
% of Operating Revenue (A)/(B)	(0.027%)	0.025%
Operating Income (C)	10,361,121	3,019,211
% of Operating Income (A)/(C)	(0.219%)	0.184%

As shown in the above table, the foreign exchange gains/losses accounted for a small percentage of operating revenue were (0.027%) in 2021 and 0.025% in Q1 2022 and operating income were (0.219%) in 2021 and 0.184% in Q1 2022.

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

As of March 31, 2022, FET's subsidiary, New Century InfoComm Tech Co., Ltd. ("NCIC"), held financial assets denominated in foreign currency as short-term investments in the amount of US$23.695 million. Investment as well as foreign exchange gains or losses from the disposal of financial assets are expected to affect the net income of FET and NCIC. NCIC has stopped hedging for the aforementioned foreign-currency assets since the end of January 2019 for the considerations of range-bound fluctuations of exchange rate and the hedging costs.

(3) Actions in Response to Exchange Rate Fluctuation

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

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

In spite of the constant impact of the COVID-19 pandemic, countries all over the world have increased their vaccination rate, gradually loosened their prevention measures, and learned to coexist with the virus, which in turn reactivate the global economy and gradually take trading activities back to normal. However, international finances will remain volatile due to the progress in controlling the pandemic outbreak and the accelerated tapering of accommodative monetary policy by the Fed. According to the Central Bank of the Republic of China (Taiwan) Board of Directors meeting in December, 2021, though the rising costs of human resources and materials lead to the increase in commodity prices and a push-up of prices, the rise in global oil prices in 2022 is expected to slow down. CPI and its annual growth rate in 2022 are estimated to increase to 2.37% and 1.93% respectively, and the inflation outlook remains moderate. Considering the increased vaccination coverage, the reactivated economic growth momentum of countries all over the world, and uncertain risks of geopolitics, major economies such as Europe and the United States have started adopting rate hike policy to cope with the trends commodity prices on the rise. Since global central banks will closely monitor economic recovery and commodity price change, and the company will also actively manage its operating costs, future inflation is expected to be effectively controlled and will not cause material impacts on the company's profits and losses.

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

1. High-risk or highly-leveraged investments: The Company and its subsidiaries did not engage in high-risk or high-leverage investments in 2021 and up to the date of publication of the annual report.
2. Financing provided to others: At the end of 2021, the balance of loans from NCIC to the Company was NT$ 11 billion. However, there was no financing provided as of the date of publication of the annual report.
3. Endorsements and guarantees: The Company and its subsidiaries did not engage in endorsement and guarantees in 2021 and up to the date of publication of the annual report.
4. Derivative transactions: The Company and its subsidiaries did not engage in derivative transactions in 2021 and up to the date of publication of the annual report.

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

(1) R&D Plans

A. Strategic Projects

2022/03/31

Project Name	Description	Mass Production Date
5G-network new technology and new functionality research and trials	This is a joint project undertaken in partnership with telecom vendors to verify the performance of 5G NR base station and NW design/construction plan, as well as to plan the 5G NW, then leading-in 5G private NW. Local vendors have also been invited to take part in 5G network design in order to obtain more knowledge and information.	This plan is continuing in 2022.
FET 5G laboratory	After 5G POC research, the main achievements are as follows: 1. Cooperated with Ericsson to establish the first "dual-mode full 5G core network laboratory" in Taiwan, successfully built a 5G	This plan is continuing in 2022.

Project Name	Description	Mass Production Date
	standalone (SA) test platform, and led the industry in completing the first 5G SA data call in Taiwan . 2. Cooperated with Ericsson to complete the world's first multi-slice test in 5G SA network, successfully built the URSP (UE route selection policy) function in Android devices, and performed dynamic control of multi-slices, achieving a 5G new milestone in global record! 3. Cooperate with East Asia University of Science and Technology to hold the "2021 Industry-University Cooperation Achievement Exhibition" to show the world's most powerful 5G technology POC (Proof of Concept), including the combination of 5G big data, artificial intelligence, Internet of Things, AR/VR/MR technology, creating advanced technology applications such as Metaverse, UAV intelligent transportation, pyramid 3D holographic projection, showing abundant energy for industry-university cooperation, and injecting R&D momentum into Taiwan's 5G industry. 4. The Big Dipper project, cross-team collaboration, and inheritance of technology. a. Experts in various fields cooperate to upgrade relevant advanced technologies, share the knowledge management system (KMS) and the sharing web page of the book club, so as to continue the technological transformation in the next year. b. Complete the latest system tools. Refer to the ONF open source architecture, learn the software tools on the architecture, and open up the competitiveness of new open source network applications and network integration in the next year. c. Accelerate the introduction of new architectures. Open-source network software and hardware network access testing and verification to accelerate internal open network technology. ● Complete the first set of ACE (Aether Connected Edge) test platform in Taiwan telecom industry － 13 sites in the world, 3rd in Asia ● Establish an open source core network by FET ● Perform the open source SD-RAN (software-defined RAN) tandem process.	

B. System Projects

Project Name	Description	Mass Production Date
4G NB IOT network software upgrade and optimization	FET continued to NB IOT network software upgrade and optimization in 2021. In addition, FET conducted access compatibility tests on network devices for enterprise users in the NW Device IoT project, in order to diminish the impact on users and networks. This significantly reduced network access time for IoT devices and improved the success rate for device access and data transmittance.	This plan is continuing in 2022.
4G/4.5G LRAN network expansion and upgrade	Expand 4G /4.5G LRAN capacities and enhance coverage in weak area, new-build community & public area	This plan is continuing in 2022.
5G NR network rollout	In 2021, 5G base station construction focuses on the high-traffic metropolitan area, the entire Taiwan business district, the expressway rest area, the airport, the Taiwan Railway & high-speed rail and other important transportation facilities, as well as the key scenic spots. Total 9,000 NR 3.5G base stations have been constructed, and the population coverage rate has reached 90%.	This plan is continuing in 2022.
ROADM Backbone Expansion	Keep enlarging and building ROADM (2nd Backbone) to enhance its bandwidth (Up to 400G per port) and efficiency of Transmission Backbone.	Plan to complete by the end of 2022.
Intelligent Transport Capability deployment Wide Area Network Software - Defined Networking) , (WAN SDN),	To deploy transmission intelligence capability of carrier-grade Ethernet (CEN) backbone to improve the efficiency of the transmission backbone network usage and to apply to related 5G private network application.	This plan is continuing in 2022.

Project Name	Description	Mass Production Date
Core Network Virtualization	FET continued to build the flexible and efficient 4G/5G core network with NFV (Network Function Virtualization) technology to provide customers with rich content services and innovative applications.	This plan is continuing in 2022.
5G Open RAN Trial	Complete several Taiwanese RAN/O-RAN integration test with independent 5G private network core. Will deploy flexible and low-cost 5G domestic base station solutions in enterprise vertical applications.	This solution will be commercialized in 2022.

C. Digital Content, Mobile Applications, E-Commerce and Financial service:

Project Name	Description	Mass Production Date
friDay Video	Product revamp. Improve product features and put customer satisfaction as top priority. Increase the product function and optimize the usage process.	This plan is continuing in 2022.
friDay Shopping	1. Re-construct shopping site IT framework and interface to enhance User Experience and use AI capability to assist shopping operations and improve workflow processes. 2. Use Machine Learning methodology along with shopping domain knowledge and philosophy to improve recommendation system and real-time calculation ability. 3. Leverage Google Trend and Artificial Intelligence to predict hot selling products and achieve personalized recommendation.	1.This plan is continuing in 2022. 2.This plan is continuing in 2022. 3.Completed in the fourth quarter of 2021.
friDay Finance	Provide new integrated financial services to meet customers' digital financial needs.	Completed in the end of 2021.

(2) The projected R&D expense is estimated at around NT$550,729 thousand in 2022.

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

(1) Legislation of the Telecommunication Management Act

The enacted "Telecommunications Management Act (TMA)" and more than 80 relevant regulations have successively come into force since July 1, 2020. Despite the Company had done its best endeavors to minimize the impact during the legislative procedures of the TMA and those relevant regulations, the Company will also proceed to pay close attention to telecom market should it have any influence brought by TMA as well as its relevant regulations.

(2) 5G network deployment and related services

Taiwan's first 5G auction ended on February 21, 2020 and the Company acquired 80MHz in 3.5GHz band and 400MHz in 28GHz band. Such 80MHz bandwidth of primary 3.5GHz band is in excellent strategic location among rivals. With competitive spectrum resources, the Company is hitting our stride to deploy 5G network, providing diverse 5G related services toward business and general customers. On top of that, in September 2021, Opensignal released the "5G Global Mobile Network Experience Report", the Company was ranked No. 1 in the three key indicators of "5G download speed", "5G upload speed" and "5G Video experience" in the world. Moreover, in November 2021, the Company announced that it works with Ericsson to complete the world's first 5G SA multi Network Slicing test, and successfully introduced the "URSP, UE route selection policy" function in Android terminal devices, and conducted the dynamic control of multi-Network Slicing at the same time which sets a new milestone in global 5G. The Company is dedicated to optimize network performance and will keep bringing the best 4G and 5G network experience to our client.

Furthermore, the Company not only keeps catching up with the global 5G development but also combines big data, AI, and IoT with 5G networks to promote related innovations and applications. The Company is devoting to the transformation of traditional telecom services, being the one who leads to provide various 5G services, accelerating the collaboration between telecom and vertical industries, and looking forward to be the leading 5G service providers in Taiwan.

(3) Spectrum and network sharing partnership with Asia Pacific Telecom

To maximize network and spectrum resources as well as to protect legitimate rights and interests of consumers, the Company collaborates with Asia Pacific Telecom on spectrum and network sharing based on principles of sincerity, mutual benefits, and regulatory compliance considering deregulation of the telecom market, which is the first case in Taiwan. To cease the opportunity, the Company did our utmost to make examination of the business partnership go smoothly. In addition to that, the company did seek to communicate with competent authorities and get such spectrum and network sharing project approved by NCC and FTC in March and August 2021 respectively to form a favorable competing environment for telecom industry.

(4) Investment in Asia Pacific Telecom

In order to respond to government policies of maximum benefits of network and spectrum resource, the Company, in accordance with the development and competition of telecommunications market and to echo the current trend of changes in telecommunications laws and regulations, to utilize the existing telecommunications resources effectively, to keep developing innovative applications, to improve the quality of user services, and to safeguard the interests of consumers, filed the application for investing NTD 5 billion in Asia Pacific Telecom in May 2021 after the project of spectrum and network sharing was approved by authorities to deepen such strategic cooperation with Asia Pacific Telecom. The application was approved by NCC in September 2021. It helps to deepen such cooperation and to fund Asia Pacific Telecom for more network constructions and user services.

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

In the 5G bidding in 2020, FarEasTone obtained the 3.5GHz and 28GHz mid-high frequency bands for 5G development, 80MHz and 400MHz respectively, combining with the already acquired 700/1800/2100/2600MHz spectrum spanning low, medium and high frequency for UMTS and LTE networks covering the whole island. Continued to build 5G network in 2021 and by the end of the year, a total of 9,000 NR 3.5G base stations in Taiwan have been built, and the population coverage rate has reached 90%. AR/VR、4K/8K and other ultra-high-definition audio and video streaming services continue to comprehensively promote the development of innovative applications related to "Big Data + AI + IoT" (big data, artificial intelligence, Internet of Things), and become the main driver for Taiwan to move towards the 5G era.

In terms of 5G new technology applications:

FarEasTone actively invests in the construction of 5G networks in rural areas, and is deeply involved in the field of smart medical care. With the world's first 5G combined with "FarEasTone (big data, artificial intelligence, Internet of Things)" and cloud technology, it develops Taiwan's first 5G remote Distance diagnosis and treatment solutions. Since the 5G commercial transition in 2020, FarEasTone has cooperated with the Ministry of Health and Welfare, the National Institutes of Health, county and city governments, and medical institutions to rapidly deploy 5G remote diagnosis and treatment services. And by 2021, it has expanded to the entire district of Taitung County and New Taipei City. Shiding, Wanli, and Nanzhuang Township, Miaoli County all have 5G telediagnosis and treatment services built by Telefonica. FarEasTone continues to replace roads with the Internet, and uses technology to bring medical resources to remote villages.

FarEasTone and Ericsson jointly established the first "dual-mode full 5G core network laboratory" in Taiwan, successfully established a 5G standalone networking test platform, and completed the first "5G independent networking data connection telephone" in Taiwan (1st data call), launched a series of technology and application scenario tests, setting a new milestone for Taiwan's 5G process! FarEasTone comprehensively promotes the 5G network from non-standalone networking to standalone networking architecture, and subsequently integrates the resources of both parties, and successfully completed the 5G standalone networking multi-slice test on terminal devices equipped with the latest operating system Android 12, setting the world's first case. Integrating network slicing technology in the 5G standalone networking architecture is the key to unlocking the unlimited potential of 5G and realizing killer applications such as 5G AR/VR multi-view, Internet of Vehicles, and remote surgery. FarEasTone deploys the latest "Open Networking & ORAN Architecture" (Open Networking & ORAN Architecture) for the next generation of 5G ahead of schedule, and continues to combine the energy of ecosystem partners to actively expand 5G enterprise private network applications. In the future, FarEasTone will make every effort to accelerate The development of business models leads Taiwan's 5G industry to keep pace with the world.

In terms of 5G Private Network applications:

In February 2021, FarEasTone and MediaTek announced the collaboration on 5G millimeter-wave (mmWave) testing field at MediaTek's R&D headquarters to accelerate MediaTek's 5G mmWave chipset development. FarEasTone deployed a 5G private network for MediaTek and collaborated with MediaTek on enhancing Taiwan's competitiveness on global 5G value chain.

FarEasTone supports the government's policy of deploying 5G networks with Taiwanese vendors' 5G base stations and collaborates with seven major Taiwanese base station manufacturers including Compal, Delta, Foxconn, Lite-On, Pegatron, Sercomm, and WNC to form a 5G private network RAN ecosystem. For the ecosystem, FarEasTone deployed a SA (Standalone) mode 5G core network, exclusively for private network business, with the world's top notch Nokia solutions, and launched in September 2021 the integration testing between Taiwanese vendors' base stations and the core network. The collaboration greatly advances the development of Taiwanese 5G supply chain and accelerates Taiwan's 5G network evolution to SA. Members in the ecosystem works closely together to elevate Taiwan's position in the global 5G value chain.

In terms of 5G network deployment:

The initial construction of 5G base stations focused on the high-traffic metropolitan area, the entire Taiwan business district, expressway rest areas, airports and other important transportation facilities. In Taiwan's key scenic spots, a total of 9,000 NR 3.5G base stations have been built in Taiwan, and the population coverage rate has reached 90% by the end of 2021. The latest "Global 5G Mobile Network Experience Report" was released by Opensignal on September 20, 2021, an international mobile network research authority. The data statistics period is the first half of 2021, ranking of user experience brought by 5G services of global telecom operators is selected. The report pointed out that FarEasTone won the world's first honor in the three key indicators of "5G download speed", "5G upload speed" and "5G video experience"! Among them, "5G download speed" has reached a peak after the 2020 global competition. The average speed soared to 447.8Mbps, surpassing the 417.6Mbps of South Korea's SK Telecom, which ranked second, showing the world the strong strength of Taiwan's telecom brand!

It is expected that in the new year ahead, FarEasTone will continue to promote 5G construction and expand the coverage of 5G service population. FarEasTone will actively cooperate with manufacturing, high-end technology industry and precision manufacturing partners to promote cross-industry and cross-field cooperation, including medical, transportation, manufacturing, retail and other fields, and looks forward to assisting and improving the international competitiveness of the industry with 5G. Lay a more solid foundation for the subsequent application of various commercial services.

In terms of information security risks:

The new mobile broadband 5G technology facilitates the flexible deployment of network services, but it also brings more diverse and complex threats to the security of mobile broadband networks. Therefore, risk assessment of potential threats and impacts must be carried out in advance, including the risks that threaten the confidentiality, integrity, or availability of the Company's information assets due to natural, human, or technical factors. As a result of information security risk assessment in 2021, cyberattacks is still the major threat. In response, FET adopted countermeasures including the establishment of overall defense strategies and technology, enhancing cyberattack protection mechanisms, improving the security awareness of all employees, and setting risk management indicators to continuously strengthen security risk control and to reduce potential impact on customers as well as the company's finance and business.

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

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

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

The Board of Directors approved and signed the merger agreement with Asia Pacific Telecom Co., Ltd (APTC) on February 25, 2022, in order to enhance competitiveness, grow business and gain synergy. Far EasTone Telecommunications will be the surviving company. The target effective date for the merger is September 30, 2022, and the swap ratio is set that each APTC share is exchanged for 0.0934406 FET shares. The company is expected to issue 356,681 thousand shares for the merger. The merger is subject to the approval of Fair Trade Commission (FTC) and National Communications Commission (NCC).

For acquiring the shares of APTC held by Hon Hai, the company signed share swap contract with Hon Hai on September 4, 2020. After the company signed the merger agreement with APTC, the share swap agreement on Jun 30, 2022 is suspended and will be terminated once the merger with APTC is completed.

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

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

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

1. The major supplier of the Company and its subsidiaries was Company A, which accounted for 30.88% of the total amount of supply in 2021. Although the purchase accounted for a relatively high percentage of the total purchases, Company A is a large foreign company with a certain level of product and availability, the Company has maintained a stable and good relationship with FarEastone Telecommunications and the subsidiaries. Thus, the risk associated with purchase concentration is not significant.
2. The major customer of the Company and its subsidiaries which accounted for less than 10% of the total amount of sales in 2021. Therefore, there was no issue of concentration in supply or sales.

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

7-11 Impacts and Risks from Changes of Ownership in the Recent Year until the Annual Report being Published:

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

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

7-13 Other Major Risks:

A. For more information about market risk, credit risk and liquidity risk, please refer to VIII- Financial Information " 2021 Independent Auditors' Report, Consolidated Financial Statements and Notes" enclosure in the annual report.

B. The evaluation report of information security risk: Please refer to VI-Review and Analysis of the Financial Condition, Operating Performance and Risk Issues-7. Risk Issues-"7-5Technology Developments (including information security risk) and Impacts on the Company from last year up to the Annual Report being published" enclosure in the annual report.

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

None.

9. Others

None.

VII Special Notes

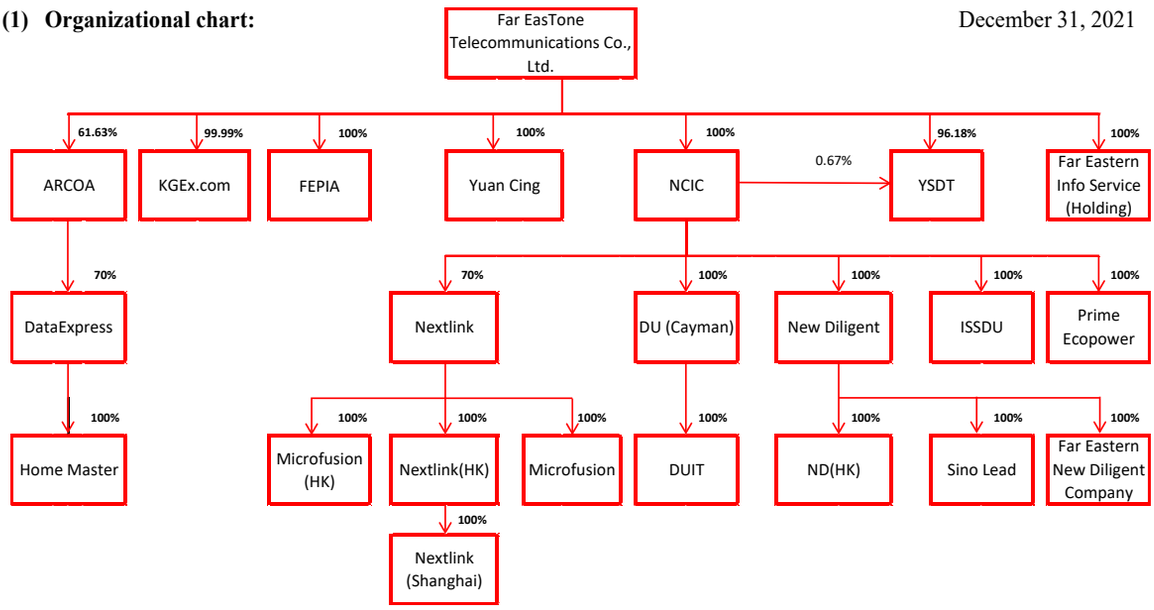
1. Affiliated Companies
2. Private Placement Securities from last year up to the Annual Report being Published
3. The Company's Shares Held or Disposed by Subsidiaries from last year up to the Annual Report being Published
4. Other Supplementary Information
5. Material Event Impact, pursuant to Article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

1. Affiliated Companies

1-1 Consolidated Business Report of FET and Affiliates

(1) Organizational chart:

December 31, 2021



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

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

Company	Date of Incorporation	Address	Common Stock Issued	Major Business Activities
Far EasTone Telecommunications Co., Ltd.	1997/4/11	28th Floor, No. 207 Tun-Hwa S. Rd., Sec. 2, Taipei, Taiwan, R.O.C.	$ 32,585,008	Wireless telecommunications service, internet services, ISR and sale of cellular phone equipment and accessories
Far Eastern Info Service (Holding) Ltd. (British Bermuda Islands)	2002/7/17	Clarendon House 2, Church Street Hamilton HM 11, Bermuda	RMB 99,240 (US$ 12,000)	Investment
KGEx.com Co., Ltd.	2000/8/9	4th Floor, No. 468, Ruei Guang Rd., Nei Hu, Taipei, Taiwan, R.O.C.	689,074	Telecommunications services
Yuan Cing Co., Ltd.	2000/8/5	28th Floor, No. 207, Tun-Hwa S. Rd., Sec. 2, Taipei, Taiwan, R.O.C.	20,000	Call center services
ARCOA Communication Co., Ltd.	1981/5/4	36th Floor, No. 207, Tun-Hwa S. Rd., Sec. 2, Taipei, Taiwan, R.O.C.	1,342,800	Sales of communications products and office equipment
DataExpress Infotech Co., Ltd.	2004/7/22	6th Floor, No. 468, Ruei Guang Rd., Nei Hu, Taipei, Taiwan, R.O.C.	218,360	Sale of communications products
Home Master Technology Ltd.	2011/8/11	6th Floor, No. 468, Ruei Guang Rd., Nei Hu, Taipei, Taiwan, R.O.C.	12,725	Sale of communications products
New Century InfoComm Tech. Co., Ltd.	2000/6/1	10th Floor, No. 220, Gangchen Rd, Nei Hu, Taipei, Taiwan, R.O.C.	21,000,000	Telecommunications services
New Diligent Co., Ltd.	2001/5/2	1st Floor, No. 207 Tun-Hwa S. Rd., Sec. 2, Taipei, Taiwan, R.O.C.	540,000	Investment

Company	Date of Incorporation	Address	Common Stock Issued	Major Business Activities
Sino Lead Enterprise Limited	2006/4/11	Hong Kong Trade Centre, 7/F 161-167 Des Voeux Road Central, Hong Kong	125 (HK$ 30,000)	Telecommunication services
Information Security Service Digital United Inc.	2004/12/22	6th Floor, No. 220, Gangchen Rd, Nei Hu, Taipei, Taiwan, R.O.C.	111,950	Security and monitoring service via Internet
Digital United (Cayman) Ltd.	2000/8/16	P.O.Box 2681, Zephyt House, Mary Street, George Town, Grand Cayman, British West Indies	RMB 74,630,969 (US$ 10,320,000)	Investment
Digital United Information Technologies (shanghai) Ltd.	2000/10/8	Area A-3, 8th Floor, No. 28, Bailianjing Road,, Pudong Sin Section, Shanghai, P.R.C.	RMB 23,552,583	Design, research, installment and maintenance of computer software and system
Far Eastern New Diligent Company Ltd.	2010/7/27	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	RMB 91,482,640 (US$ 14,300,000)	Investment
Yuan Shi Digital Technology Co., Ltd.	2013/8/8	7th Floor, No. 468, Ruei Guang Rd., Nei Hu, Taipei, Taiwan, R.O.C.	1,112,502	Electronic information services
Prime Ecopower Co., Ltd.	2018/8/1	4F.-1&2, No. 271, Sec. 4, Ximen Rd., North Dist., Tainan City 704, Taiwan R.O.C.	160,000	Energy technology services
New Diligent Hong Kong Co. Limited	2014/12/4	Hong Kong Trade Centre, 7/F 161-167 Des Voeux Road Central, Hong Kong	3,051 (US$ 100,000)	Investment
Far EasTone Property Insurance Agent Co., Ltd.	2020/02/21	2nd Floor, No. 468, Ruei Guang Rd., Nei Hu, Taipei, Taiwan, R.O.C.	5,000	Property insurance agent
Nextlink Technology Co., Ltd.	2006/10/13	5F.-8, No. 267, Lequn 2nd Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	49,000	Electronic information services
Microfusion Technology Co., Ltd.	2007/05/07	No. 275, Lequn 2nd Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	29,000	Electronic information services
Nextlink (HK) Technology Co., Ltd.	2016/05/19	20/F TOWER535 535 JAFFE ROAD CAUSEWAY BAY	973 (US$ 30,000)	Electronic information services
Microfusion (HK) Technology Co., Ltd.	2020/09/03	26/F SINO PLAZA 255-257 GLOUCESTER ROAD CAUSEWAY BAY	HKD 400,00	Electronic information services
Nextlink (Shanghai) Technologies Co., Ltd.	2018/05/24	26th floor, No. 828-838, Zhangyang Road, China (Shanghai) Pilot Free Trade Zone	RMB 499,878	Electronic information services

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

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

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

The mutual dealings and division of work among such affiliates:

a. Far EasTone leases IDC from KGEx.com. ISR services are provided between KGEx.com and Far EasTone.

b. Far EasTone purchases from/sells to ARCOA cellular phone equipments and accessories, and pays ARCOA handset subsidies and commissions due to its promotion of Far EasTone's SIM card numbers.

c. Yuan Cing provides call center services to Far EasTone, NCIC, ARCOA, DataExpress ,Far EasTone Property Insurance Agent and Yuan Shi.

d. Far EasTone sells cellular phone equipments and accessories to DataExpress and Home Master, also pays DataExpress handset subsidies and commissions due to its promotion of Far EasTone's SIM card numbers. Far EasTone purchases computers and accessories products from DataExpress and DataExpress also provides cellular phone maintenance services to Far EasTone.

e. Far EasTone rents backbone/access, office and telecommunication equipments from NCIC. Meanwhile, Far EasTone also leases telecommunication equipments to NCIC. Network interconnection services are provided between Far EasTone and NCIC.

f. Sino Lead Enterprise Limited provides international lease circuit service to NCIC.

g. Information Security Service Digital United sells security and monitoring equipments and service to Far EasTone and NCIC.

h. Far EasTone sells cellular phone equipments and accessories to Yuan Shi and Yuan Shi provides electronic information services to Far EasTone.

i. Nextlink and Microfusion provide electronic information services to Far EasTone and NCIC.

j. Far EasTone collects business promotion fees from FEPIA.

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

Unit: Number of Shares; %

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

(Continued)

Company	Title	Name of Representative	Registered Shares Owned	
			Shares	% of Owner-ship
Far Eastern Info Service (Holding) Ltd. (British Bermuda Islands)	Chairman	Far EasTone Telecommunications Co., Ltd. Chee Ching	1,200	100.00
	Director	Far EasTone Telecommunications Co., Ltd. Sharon Lin	1,200	100.00
	General manager	Chee Ching	-	-
KGEx.com Co., Ltd.	Chairman	Far EasTone Telecommunications Co., Ltd. Philip Tseng	68,897,234	99.99
	Director	Far EasTone Telecommunications Co., Ltd. Vivian Lee	68,897,234	99.99
	Director	Far EasTone Telecommunications Co., Ltd. Leon Li	68,897,234	99.99
	Supervisor	Sharon Lin	-	-
	General manager	Philip Tseng	-	-
Yuan Cing Co., Ltd.	Chairman	Far EasTone Telecommunications Co., Ltd. Max Cheng(Note 2)	2,000,000	100.00
	Director	Far EasTone Telecommunications Co., Ltd. Andy Kuo	2,000,000	100.00
	Director	Far EasTone Telecommunications Co., Ltd. Vivian Lee	2,000,000	100.00
	Supervisor	Far EasTone Telecommunications Co., Ltd. Sharon Lin	2,000,000	100.00
	General manager	Andy Kuo	-	-
ARCOA Communication Co., Ltd.	Chairman	Far EasTone Telecommunications Co., Ltd. Chee Ching	82,762,221	61.63
	Vice-chairman	Wan-Shih-Shin Co., Ltd. Gary Lin	457,325	0.34
	Director	Far EasTone Telecommunications Co., Ltd. Alan Tsai	82,762,221	61.63
	Director	Far EasTone Telecommunications Co., Ltd. Max Cheng(Note 3)	82,762,221	61.63
	Director	Far EasTone Telecommunications Co., Ltd. Brian Chao	82,762,221	61.63
	Director	Far EasTone Telecommunications Co., Ltd. Lopes Lu	82,762,221	61.63
	Director	Far EasTone Telecommunications Co., Ltd. Andy Tu	82,762,221	61.63
	Supervisor	Francies Chen	-	-
	Supervisor	David Tsai	-	-
	Supervisor	Sharon Lin	-	-
	General manager	Jessica Sung	-	-

(Continued)

Company	Title	Name of Representative	Registered Shares Owned	
			Shares	% of Owner-ship
DataExpress Infotech Co., Ltd.	Chairman	ARCOA Communication Co., Ltd. Chee Ching	15,285,235	70.00
	Director	Jing Ho Tech Grace Chu	4,146,982	18.99
	Director	ARCOA Communication Co., Ltd. Andy Tu	15,285,235	70.00
	Director	ARCOA Communication Co., Ltd. Brian Chao	15,285,235	70.00
	Supervisor	Ann Chang	-	-
Home Master Technology Ltd.	Director	DataExpress Infotech Co., Ltd. Andy Tu	-	100.00
New Century InfoComm Tech Co., Ltd.	Chairman	Far EasTone Telecommunications Co., Ltd. Douglas Hsu	2,100,000,000	100.00
	Director	Far EasTone Telecommunications Co., Ltd. Chee Ching	2,100,000,000	100.00
	Director	Far EasTone Telecommunications Co., Ltd. Philip Tseng	2,100,000,000	100.00
	Supervisor	Far EasTone Telecommunications Co., Ltd. Sharon Lin	2,100,000,000	100.00
	General manager	Chee Ching	-	-
New Diligent Co., Ltd.	Chairman	New Century InfoComm Tech Co., Ltd. Eric Li	54,000,000	100.00
	Director	New Century InfoComm Tech Co., Ltd. Philip Tseng	54,000,000	100.00
	Director	New Century InfoComm Tech Co., Ltd. James Lee	54,000,000	100.00
	Supervisor	New Century InfoComm Tech Co., Ltd. Sharon Lin	54,000,000	100.00
Sino Lead Enterprise Limited	Director	New Diligent Co., Ltd. Philip Tseng	30,000	100.00
Information Security Service Digital United	Chairman	New Century InfoComm Tech Co., Ltd. Philip Tseng	11,195,034	100.00
	Director	New Century InfoComm Tech Co., Ltd. Jason Chu	11,195,034	100.00
	Director	New Century InfoComm Tech Co., Ltd. Kai Lin	11,195,034	100.00
	Director	New Century InfoComm Tech Co., Ltd. Leon Li	11,195,034	100.00
	Supervisor	New Century InfoComm Tech Co., Ltd. Sharon Lin	11,195,034	100.00
	General manager	Andy Kuo(Note 4)	-	-
Digital United (Cayman) Ltd.	Chairman	New Century InfoComm Tech Co., Ltd. Philip Tseng	10,320,000	100.00

(Continued)

Company	Title	Name of Representative	Registered Shares Owned	
			Shares	% of Owner-ship
Digital Unite Information Technologies (Shanghai) Ltd.	Chairman	Digital United (Cayman) Ltd. Philip Tseng	-	100.00
	Director	Digital United (Cayman) Ltd. James Lee	-	100.00
	Director	Digital United (Cayman) Ltd. Milly Lin	-	100.00
	Supervisor	Digital United (Cayman) Ltd. Sharon Lin	-	100.00
Far Eastern New Diligent Company Ltd.	Director	New Diligent Co., Ltd. Sharon Lin	-	100.00
	Director	New Diligent Co., Ltd. Stacy Chang	-	100.00
Yuanshi Digital Technology Co., Ltd.	Chairman	Far EasTone Telecommunications Co., Ltd. Chee Ching	107,004,329	96.18
	Vice Chairman	Far EasTone Telecommunications Co., Ltd. Andy Tu	107,004,329	96.18
	Director	Far EasTone Telecommunications Co., Ltd. Charlene Lin	107,004,329	96.18
	Director	Far EasTone Telecommunications Co., Ltd. Philby Lee	107,004,329	96.18
	Director	Far EasTone Telecommunications Co., Ltd. Vivian Lee	107,004,329	96.18
	Supervisor	Yuan Ding Co., Ltd. Sharon Lin	1,498,414	1.35
	General manager	Vincent Hsieh	-	-
New Diligent Hong Kong Co. Limited	Director	New Diligent Co., Ltd. Sharon Lin	-	100.00
	Director	New Diligent Co., Ltd. T. Y. Yin	-	100.00
Prime Ecopower Co., Ltd.	Chairman	New Century InfoComm Tech Co., Ltd. Chee Ching	16,000,000	100.00
	Director	New Century InfoComm Tech Co., Ltd. Charlene Lin	16,000,000	100.00
	Director	New Century InfoComm Tech Co., Ltd. James Lee(Note 5)	16,000,000	100.00
	Supervisor	New Century InfoComm Tech Co., Ltd. Sharon Lin	16,000,000	100.00
	General manager	Oliver Liu	-	-

(Continued)

Company	Title	Name of Representative	Registered Shares Owned	
			Shares	% of Owner-ship
Nextlink Technology Co., Ltd.	Chairman	New Century InfoComm Tech Co., Ltd. Philip Tseng	3,430,000	70.00
	Director	New Century InfoComm Tech Co., Ltd. Peter Hu	3,430,000	70.00
	Director	New Century InfoComm Tech Co., Ltd. Vivian Lee	3,430,000	70.00
	Director	New Century InfoComm Tech Co., Ltd. Mark Lee	3,430,000	70.00
	Director	New Century InfoComm Tech Co., Ltd. Eric Lee	3,430,000	70.00
	Director	Avalion Enterprises Limited Kuan Sheng Ho	1,470,000	30.00
	Director	Avalion Enterprises Limited Family Chang	1,470,000	30.00
	Supervisor	Sharon Lin	-	-
	General manager	Kuan Sheng Ho	-	-
Microfusion Technology Co.,Ltd.	Chairman	Nextlink Technology Co., Ltd. Philip Tseng	2,900,000	100.00
	Director	Nextlink Technology Co., Ltd. Peter Hu	2,900,000	100.00
	Director	Nextlink Technology Co., Ltd. Kuan Sheng Ho	2,900,000	100.00
	Supervisor	Nextlink Technology Co., Ltd. Sharon Lin	2,900,000	100.00
Nextlink (HK) Technology Co., Ltd.	Director	Nextlink Technology Co., Ltd. Milly Lin	-	100.00
Microfusion (HK) Technology Co., Ltd.	Director	Nextlink Technology Co., Ltd. Eric Lee	-	100.00
Nextlink (Shanghai) Technologies Co., Ltd.	Director	Nextlink (HK) Technology Co. Ltd. Family Chang	-	100.00
	Supervisor	Nextlink (HK) Technology Co. Ltd. Kuan Sheng Ho	-	100.00
	General manager	Family Chang	-	-
Far EasTone Property Insurance Agent Co., Ltd.	Chairman	Far EasTone Telecommunications Co., Ltd. Frank Su(Note 6)	500,000	100.00
	Director	Far EasTone Telecommunications Co., Ltd. Vivian Lee	500,000	100.00
	Director	Far EasTone Telecommunications Co., Ltd. Jessie Teng(Note 6)	500,000	100.00
	Supervisor	Far EasTone Telecommunications Co., Ltd. Sharon Lin	500,000	100.00
	General manager	Frank Su	-	-

Note 1：Jiann-Chuang Wang succeeded as director of FarEastone Telecomunication Co., Ltd since February 15, 2022.
Note 2：Chee Ching succeeded as Chairwoman of Yuan Cing Co., Ltd since February 14, 2022.
Note 3：Charlene Lin succeeded as director of Arcoa Co., Ltd since February 11, 2022.
Note 4：Eric Li succeeded as President of Information Security Service Digital United since January 1, 2022.
Note 5：Allan Lee succeeded as Director of Prime Ecopower Co., Ltd. since March 8, 2022.
Note 6：Jessie Teng succeeded as Chairwoman of Far EasTone Property Insurance Agent Co., Ltd. since March 11th, 2021.and Frank succeeded as Director in the same day.

(6) Operation overview of Far EasTone and affiliates:

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

Company	Common Stock Issued	Total Assets	Total Liabilities	Total Stockholders' Equity	Total Operating Revenue	Operating Income (Loss)	Net Income (Loss)	Basic Earnings Per Share (NT$)
Far EasTone Telecommunications Co., Ltd.	$32,585,008	$179,201,220	$114,065,504	$65,135,716	$ 64,116,123	$ 7,781,555	$9,123,795	$2.80
Far Eastern Info Service (Holding) Ltd. (British Bermuda Islands)	RMB 99,240 (US$12,000)	RMB 1,124,015	-	RMB1,124,015	-	(RMB 670)	RMB 24,951	RMB 20.79
KGEx.com Co., Ltd.	689,074	976,209	76,170	900,039	525,433	146,738	143,712	2.09
Yuan Cing Co., Ltd.	20,000	72,504	31,799	40,705	150,398	18,308	14,693	7.35
ARCOA Communication Co., Ltd.	1,342,800	3,508,440	1,648,892	1,859,548	10,603,800	116,854	179,883	1.34
DataExpress Infotech Co., Ltd.	218,360	1,388,964	1,003,250	385,714	5,327,649	117,754	111,496	5.11
Home Master Technology Ltd.	12,725	373,338	330,478	42,860	1,794,984	28,569	20,814	N/A
New Century InfoComm Tech. Co., Ltd.	21,000,000	30,480,559	3,552,779	26,927,780	9,919,433	2,172,206	4,044,557	1.93
New Diligent Co., Ltd	540,000	81,631	100	81,531	-	(157)	(390)	(0.01)
Sino Lead Enterprise Limited	125 (HK$ 30,000)	752	431	321	2,779	38	31	1.03
New Diligent Hong Kong Co. Limited	3,051 (US$100,000)	2,156	50	2,106	-	(108)	(186)	N/A
Information Security Service Digital United Inc.	111,950	386,296	248,069	138,227	480,940	22,797	18,243	1.63
Digital United (Cayman) Ltd.	RMB 74,630,969 (US$10,320,000)	RMB 76,990,411	RMB16,137	RMB 76,974,274	-	(RMB63,257)	RMB983,446	RMB 0.10
Digital United Information Technologies (Shanghai) Ltd.	RMB 23,552,583	RMB11,112,945	RMB8,509,217	RMB2,603,728	RMB18,785,230	RMB1,377,519	RMB1,235,860	N/A
Far Eastern New Diligent Company Ltd.	RMB 91,482,640 (US$14,300,000)	RMB4,526,621	RMB16,183	RMB4,510,438	-	(RMB45,843)	(RMB74,550)	N/A
Yuan Shi Digital Technology Co., Ltd.	1,112,502	413,391	704,644	(291,253)	2,738,123	(223,971)	(222,069)	(2.00)
Prime Ecopower Co., Ltd.	160,000	411,063	285,612	125,451	132,167	289	(1,979)	(0.12)
Nextlink Technology Co., Ltd.	49,000	435,673	271,020	164,653	778,581	14,475	56,260	11.48
Microfusion Technology Co., Ltd.	29,000	335,625	288,311	47,314	784,243	22,796	17,105	5.90
Nextlink (HK) Technology Co., Ltd.	973 (US$30,000)	HKD159,682,042	HKD149,388,405	HKD10,293,637	HKD573,502,142	HKD10,699,170	HKD7,941,629	N/A
Microfusion (HK) Technology Co., Ltd.	1,494 (HKD400,000)	HKD4,098,123	HKD3,302,930	HKD 795,193	HKD9,755,435	HKD535,065	HKD489,238	N/A
Nextlink (Shanghai) Technology Co., Ltd.	RMB 499,878	RMB878,265	RMB423,067	RMB 455,198	RMB822,009	RMB153,398	RMB174,043	N/A
Yuan Bao Fintech Co., Ltd.(Note 1)	-	-	-	-	-	(6,685)	(6,574)	(1.10)
Far EasTone Property Insurance Agent Co., Ltd.	5,000	208,761	125,318	83,443	516,101	90,571	72,481	144.96

Note 1: Far EasTone Telecommunications Co., Ltd. merged with Yuan Bao Fintech Co., Ltd. on September 15, 2021. Far EasTone Telecommunications Co., Ltd. was the surviving company and Yuan Bao Fintech Co., Ltd. was the dissolved company.

1-2 Declaration of Consolidation of Financial Statements of Affiliates

February 25, 2022

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2021 are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as of and for the years ended December 31, 2021 and 2020, as provided in International Financial Reporting Standard 10 "Consolidated Financial Statements." Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

By

DOUGLAS HSU
Chairman

1-3 Affiliation Report

(1) Independent Auditor's Report

To: Far EasTone Telecommunications Co., Ltd.

According to the declaration of Far EasTone Telecommunications Co., Ltd. (the Company), the Affiliation Report of 2021 dated February 25, 2022 had been prepared in conformity with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliates Enterprises ("the Criteria") and the information in the above report has no significant inconsistency from the notes to the financial statements as of and for the year ended December 31, 2021 ("the Notes"). The declaration is shown on the next page.

We have examined the Affiliation Report of the Company against the Criteria and the Notes. As stated in the above declaration, there was no significant inconsistency found between your 2020 Affiliation Report and the Criteria and the Notes for the year ended December 31, 2021.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2022

By

Deloitte & Touche

(2) Declaration for the Affiliation Report of the Company

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

February 25, 2022

We hereby declare that the Affiliation Report of 2021 had been prepared in conformity with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliates Enterprises" and the information in the above report has no significant inconsistency from the Notes to the Financial Statements as of and for the year ended December 31, 2021.

Very truly yours,

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

By

DOUGLAS HSU
Chairman

February 25, 2022

(3) **The relationship between the subordinate company and the parent company: Schedule A.**

(4) **Purchase (sale) of goods between the subordinate company and the parent company: Schedule B.**

(5) **Property transactions between the subordinate company and the parent company: None.**

(6) **Financing between the subordinate company and the parent company: None.**

(7) **Asset leasing between the subordinate company and the parent company: Schedule C.**

(8) **Endorsements and guarantees between the subordinate company and the parent company: None.**

SCHEDULE A

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

THE RELATIONSHIP BETWEEN THE SUBORDINATE COMPANY AND THE PARENT COMPANY
DECEMBER 31, 2021

(Unit: Number of Shares, %)

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

SCHEDULE B

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

PURCHASE (SALE) OF GOODS BETWEEN THE SUBORDINATE COMPANY AND THE PARENT COMPANY FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Parent Company	Transaction Details				Transactions Between the Parent Company		Normal Transactions		Difference Reason	Accounts Receivable or (Payable)		Overdue			Notes
	Purchase (Sale)	Amount	% to Total	Gross Profit	Unit Price	Payment Terms	Unit Price	Payment Terms		Ending Balance	% to Total	Amount	Action Taken	Allowance for Doubtful Accounts	
Far Eastern New Century Corporation	Sale	$2,040	0.0032	(Note1)	The terms and conditions conformed to normal transactions		-	-	-	7	0.0001	-	-	-	
Yuan Ding Co., Ltd.	Sale	1,006	0.0016	(Note1)	The terms and conditions conformed to normal transactions		-	-	-	86	0.0013	-	-	-	

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

SCHEDULE C

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

ASSET LEASING BETWEEN THE SUBORDINATE COMPANY AND THE PARENT COMPANY FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Transaction	Target Asset		Period	Type	Rental Terms	Payment Method	Comparison with Ordinary Leasing Price Level	Rental for This Period	Other Special Stipulations
	Name	Location Lease							
Far Eastern New Century Corporation									
Leasing	Nei-Li MSC	No. 759, Yuan-Tung Section, Nei-Li District, Tao-Yuan City	2017.05.01-2022.04.30	Capital	Same as normal leasing	Bank remittance monthly	Same	$ 2,910	None
Leasing	BTS00006744	No. 180, Tu-Ti-Kung-Pu, Wen-Shan Li, Hsin-Pu Town, Hsin-Chu County	2017.07.15-2022.07.14	Capital	Same as normal leasing	Bank remittance annually	Same	282	None
Leasing	BTS00007807	No. 3, King-Chen 6th Rd., Kuan-Ying, Industrial Area, Kuan-Yin District, Tao-Yuan City	2020.11.15-2021.11.14	Operating	Same as normal leasing	Bank remittance annually	Same	200	None
Leasing	BTS00007807	No. 3, King-Chen 6th Rd., Kuan-Ying, Industrial Area, Kuan-Yin District, Tao-Yuan City	2021.11.15-2022.11.14	Operating	Same as normal leasing	Bank remittance annually	Same	40	None
Leasing	BTS00007979	No. 2, Alley 266, Desing Rd., Hu-Kuo Township, Hsin-Chu County	2020.11.15-2021.11.14	Operating	Same as normal leasing	Bank remittance monthly	Same	199	None
Leasing	BTS00007979	No. 2, Alley 266, Desing Rd., Hu-Kuo Township, Hsin-Chu County	2021.11.15-2022.11.14	Operating	Same as normal leasing	Bank remittance monthly	Same	40	None
Leasing	BTS00051486	2F., No.7, Gongye 4th Rd., Kuan-Ying, Industrial Area, Kuan-Yin District,Tao-YuanCity	2017.02.01-2022.01.31	Capital	Same as normal leasing	Bank remittance monthly	Same	255	None
Total								$ 3,926	

Transaction	Target Asset		Period	Type	Rental Terms	Payment Method	Comparison with Ordinary Leasing Price Level	Rental for This Period	Other Special Stipulations
	Name	Location Lease							
Yuan Ding Co., Ltd.									
Leasing	The Mall retail sales	1F., No.209, Sec. 2, Dunhua S. Rd., Taipei City	2020.10.01-2021.09.30	Operating	Same as normal leasing	Bank remittance monthly	Same	$4,426	None
Leasing	The Mall retail sales	1F., No.209, Sec. 2, Dunhua S. Rd., Taipei City	2021.10.01-2022.09.30	Operating	Same as normal leasing	Bank remittance monthly	Same	1,476	None
Leasing	The Mall stud	1F., No.209, Sec. 2, Dunhua S. Rd., Taipei City	2020.10.01-2021.09.30	Operating	Same as normal leasing	Bank remittance monthly	Same	270	None
Leasing	The Mall stud	1F., No.209, Sec. 2, Dunhua S. Rd., Taipei City	2021.10.01-2022.09.30	Operating	Same as normal leasing	Bank remittance monthly	Same	90	None
Leasing	The Mall Office	28F., No.209, Sec. 2, Dunhua S. Rd., Taipei City	2021.01.01-2021.12.31	Operating	Same as normal leasing	Bank remittance monthly	Same	148	None
Leasing	BT00015950	7F., No.89, Sec. W., Daxue Rd., East Dist., Tainan City	2018.09.15-2023.09.14	Capital	Same as normal leasing	Bank remittance monthly	Same	120	None
Leasing	BT00026122	23F., No.89, Sec. W., Daxue Rd., East Dist., Tainan City	2018.03.15-2023.03.14	Capital	Same as normal leasing	Bank remittance monthly	Same	120	None
Leasing	BT00015319	B1., No.203, Sec. 2, Dunhua S. Rd., Taipei City	2018.09.01-2023.08.31	Capital	Same as normal leasing	Bank remittance annually	Same	680	None
Leasing	BT00024251	No.201, Sec. 2, Dunhua S. Rd., Taipei City	2017.09.01-2022.08.31	Capital	Same as normal leasing	Bank remittance annually	Same	782	None
Leasing	BT00052216	No.16,18, Xinzhan Rd., Banqiao Dist., New Taipei City	2020.10.01-2021.09.30	Operating	Same as normal leasing	Bank remittance annually	Same	411	None
Leasing	BT00052216	No.16,18, Xinzhan Rd., Banqiao Dist., New Taipei City	2021.10.01-2022.09.30	Operating	Same as normal leasing	Bank remittance annually	Same	137	None
Leasing	BT00005250	No.207, Sec. 2, Dunhua S. Rd., Taipei City	2020.11.01-2021.10.31	Operating	Same as normal leasing	Bank remittance annually	Same	931	None
Leasing	BT00005250	No.207, Sec. 2, Dunhua S. Rd., Taipei City	2021.11.01-2022.10.31	Operating	Same as normal leasing	Bank remittance annually	Same	187	None
Total								**$ 9,778**	

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

None.

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

None.

4. Other Supplementary Information

None.

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

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

VII Financial Information

1. Condensed Financial Statement for Recent 5 Years
2. Financial Analysis for Recent 5 Years
3. 2021 Audit Committee's Review Report
4. 2021 Independent Auditors' Report, Consolidated Financial Statements and Notes
5. 2021 Independent Auditors' Report, Standalone Financial Statements and Notes

1. Condensed Financial Statement for Recent 5 Years

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

1-1-1 Condensed Balance Sheet - by Standalone

2022/03/31; Unit: NT$' 000

Item \ Year		Financial Information In Recent 5 years					2022/01/01 ~ 2022/03/31
		2017	2018	2019	2020	2021	
Current Assets		14,284,303	16,248,028	16,800,267	17,054,694	16,157,956	Not Applicable
Properties, Plants and Equipment		28,927,960	24,980,931	19,870,908	21,887,180	26,030,924	
Intangible assets		54,904,817	51,971,395	49,000,494	87,926,024	82,465,410	
Other Assets		32,167,690	36,009,814	47,027,630	48,451,557	54,546,930	
Total Assets		130,284,770	129,210,168	132,699,299	175,319,455	179,201,220	
Current Liabilities	29,247,064	29,247,064	29,255,380	22,081,795	26,111,445	38,882,814	
	41,466,442	41,466,442	41,474,758	32,671,923	36,701,573	(Note 1)	
Non-current Liabilities		31,279,294	26,637,290	40,853,549	81,894,316	75,182,690	
Total Liabilities	60,526,358	60,526,358	55,892,670	62,935,344	108,005,761	114,065,504	
	72,745,736	72,745,736	68,112,048	73,525,472	118,595,889	(Note 1)	
Capital Stocks		32,585,008	32,585,008	32,585,008	32,585,008	32,585,008	
Capital Surplus	8,143,345	8,143,345	5,820,041	5,820,041	5,701,421	2,389,840	
	5,820,034	5,820,034	5,820,041	5,686,442	2,390,784	(Note 1)	
Retained Earnings	29,011,927	29,011,927	34,881,092	31,355,697	29,127,148	30,995,246	
	19,115,860	19,115,860	22,661,714	20,899,168	21,847,657	(Note 1)	
Other Equity		18,132	31,357	3,209	(99,883)	(834,378)	
Total Shareholders' Equity	69,758,412	69,758,412	73,317,498	69,763,955	67,313,694	65,135,716	
	57,539,034	57,539,034	61,098,120	59,173,827	56,723,566	(Note 1)	

Note 1: The appropriation of 2021 earning has not been approved by the Shareholders' Meeting.

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

2022/03/31; Unit: Except EPS is NT dollar; others are NT$'000

Item \ Year	Financial Information for Recent 5 Years					2022/01/01 ~ 2022/03/31
	2017	2018	2019	2020	2021	
Operating Revenues	72,945,992	65,909,728	66,101,283	61,423,568	64,116,123	Not Applicable
Gross Profit	31,270,345	23,224,778	22,683,623	21,794,639	20,552,108	
Operating Income	12,191,454	9,977,652	10,237,396	9,072,838	7,781,555	
Non-Operating Income and Expenses	563,596	1,388,966	168,323	1,060,881	2,533,672	
Income before Tax	12,755,050	11,366,618	10,405,719	10,133,719	10,315,227	
Net Income from Operating Business	10,856,682	9,381,351	8,734,984	8,354,128	9,123,795	
Net Income (Loss)	10,856,682	9,381,351	8,734,984	8,354,128	9,123,795	
Other Comprehensive Income (Loss) (Net of income tax)	170,637	78,546	(14,395)	(135,522)	(710,701)	
Total Comprehensive Income	11,027,319	9,459,897	8,720,589	8,218,606	8,413,094	
Earnings Per Share	3.33	2.88	2.68	2.56	2.8	

1-1-3 Condensed Balance Sheet-by Consolidated

2022/03/31; Unit: NT$' 000

Item \ Year		Financial Information In Recent 5 years					2022/01/01 ~ 2022/03/31 (Note1)
		2017	2018	2019	2020	2021	
Current Assets		26,284,153	23,940,125	27,257,217	25,152,457	26,174,565	26,195,155
Properties, Plants and Equipment		46,233,707	41,843,053	36,257,748	38,205,535	40,142,014	40,431,971
Intangible assets		56,109,371	53,122,685	50,534,517	89,389,771	83,848,280	82,423,581
Other Assets		4,079,124	7,910,646	20,113,454	20,681,557	25,378,722	24,810,170
Total Assets		132,706,355	126,816,509	134,162,936	173,429,320	175,543,581	173,860,877
Current Liabilities	Before Distribution	30,391,974	25,621,259	22,132,215	22,079,547	33,398,206	35,233,130
	After Distribution	42,657,587	37,910,661	32,806,792	32,748,197	(Note 2)	(Note 2)
Non-current Liabilities		31,868,168	27,159,067	41,424,301	83,102,564	76,044,595	70,922,408
Total Liabilities	Before Distribution	62,260,142	52,780,326	63,556,516	105,182,111	109,442,801	106,155,538
	After Distribution	74,525,755	65,069,728	74,231,093	115,850,761	(Note 2)	(Note 2)
Equity Attributable to Owners of Far EasTone	Before Distribution	69,758,412	73,317,498	69,763,955	67,313,694	65,135,716	66,787,789
	After Distribution	57,539,034	61,098,120	59,173,827	56,723,566	(Note 2)	(Note 2)
Capital Stocks		32,585,008	32,585,008	32,585,008	32,585,008	32,585,008	32,585,008
Capital Surplus	Before Distribution	8,143,345	5,820,041	5,820,041	5,701,421	2,389,840	2,400,539
	After Distribution	5,820,034	5,820,041	5,686,442	2,390,784	(Note 2)	(Note 2)
Retained Earnings	Before Distribution	29,011,927	34,881,092	31,355,697	29,127,148	30,995,246	33,320,563
	After Distribution	19,115,860	22,661,714	20,899,168	21,847,657	(Note 2)	(Note 2)
Other Equity		18,132	31,357	3,209	(99,883)	(834,378)	(1,518,321)
Non-controlling Interest	Before Distribution	687,801	718,685	842,465	933,515	965,064	917,550
	After Distribution	641,566	648,661	758,016	854,993	(Note 2)	(Note 2)
Total Shareholders' Equity	Before Distribution	70,446,213	74,036,183	70,606,420	68,247,209	66,100,780	67,705,339
	After Distribution	58,180,600	61,746,781	59,931,843	57,578,559	(Note 2)	(Note 2)

Note:1 The financial statements for the first quarter of 2022 have been reviewed by CPA.

Note:2 The distribution of the 2021 earnings has not been approved by the Shareholders' Meeting

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

2022/03/31; Unit: Except EPS is NT dollar; others are NT$'000

Item \ Year	Financial Information in Recent 5 Years					2022/01/01 ~ 2022/03/31 (Note1)
	2017	2018	2019	2020	2021	
Operating Revenues	92,069,681	86,634,971	83,865,872	79,500,965	85,320,008	21,904,025
Gross Profit	35,762,919	28,002,420	26,756,524	25,933,863	25,438,004	6,555,879
Operating Income	14,216,298	12,373,173	11,925,478	11,037,699	10,361,121	3,019,211
Non-Operating Income and Expenses	(1,053,726)	(503,743)	(913,959)	(845,231)	719,664	(113,127)
Income before Tax	13,162,572	11,869,430	11,011,519	10,192,468	11,080,785	2,906,084
Net Income from Operating Business	10,853,643	9,424,776	8,807,743	8,444,622	9,233,881	2,355,102
Net Income (Loss)	10,853,643	9,424,776	8,807,743	8,444,622	9,233,881	2,355,102
Other Comprehensive Income Loss (Net of income tax)	171,098	79,024	(14,847)	(135,736)	(710,716)	(683,655)
Total Comprehensive Income	11,024,741	9,503,800	8,792,896	8,308,886	8,523,165	1,671,447
Net Income Attributable to Owners of Far EasTone	10,856,682	9,381,351	8,734,984	8,354,128	9,123,795	2,325,317
Net Income Attributable to Non-Controlling Interest	(3,039)	43,425	72,759	90,494	110,086	29,785
Comprehensive Income Attributable to Owners of Far EasTone	11,027,319	9,459,897	8,720,589	8,218,606	8,413,094	1,641,374
Comprehensive Income Attributable to Non-Controlling Interest	(2,578)	43,903	72,307	90,280	110,071	30,073
Earning Per Share	3.33	2.88	2.68	2.56	2.8	0.71

Note 1: The financial statements for the first quarter of 2022 have been reviewed by CPA.

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

Year	Audit Firm	Auditors' Name	Opinion
2017	Deloitte and Touche Co.	An-Hwei Lin ,Cheng-Hung Kuo	Unqualified opinion
2018	Deloitte and Touche Co.	An-Hwei Lin, Cheng-Hung Kuo	Unqualified opinion
2019	Deloitte and Touche Co	An-Hwei Lin, Cheng-Hung Kuo	Unqualified opinion
2020	Deloitte and Touche Co	An-Hwei Lin, Yung-Hsiang Chao	Unqualified opinion
2021	Deloitte and Touche Co	An-Hwei Lin, Yung-Hsiang Chao	Unqualified opinion

Reason of Auditor change: Due to internal job rotation of Deloitte & Touche, the former CPA Cheng-Hung Kuo was replaced by CPA Yung-Hsiang Chao in 2020.

2. Financial Analysis for Recent 5 Years

Financial Ratio Analysis -International Financial Reporting Standards

2-1. Financial Ratio Analysis- by Standalone

2022/03/31

Item	Year	Financial Ratio Analysis for Recent 5 years					2022/01/01 ~ 2022/03/31
		2017	2018	2019	2020	2021	
Financial Structure (%)	Debt to Asset Ratio	46.46	43.26	47.43	61.61	63.65	Not Applicable
	Long-term Funds to Properties, Plants and Equipment Ratio	349.27	400.12	556.68	681.71	539.05	
Liquidity Analysis (%)	Current Ratio (%)	48.84	55.54	76.08	65.32	41.56	
	Quick Ratio (%)	34.37	43.46	64.30	54.73	35.18	
	Times Interest Earned (times)	27.97	26.49	20.82	14.92	15.01	
Operating Performance	Accounts Receivable Turnover (times)	10.21	9.59	9.64	8.90	9.04	
	Average Collection Days	35.74	38.06	37.86	41.01	40.37	
	Inventory Turnover (times)	7.19	5.92	8.55	7.98	9.75	
	Accounts Payable Turnover (times)	11.96	12.46	14.63	9.87	10.03	
	Inventory Turnover Days	50.76	61.65	42.69	45.73	37.43	
	Properties, Plant and Equipment Turnover (times)	2.39	2.45	2.95	2.94	2.68	
	Total Assets Turnover (times)	0.56	0.51	0.50	0.40	0.36	
Profitability Analysis	Return on Assets (%)	8.71	7.51	6.99	5.80	5.48	
	Return on Equity (%)	15.43	13.11	12.21	12.19	13.78	
	Income before Tax to Capital ratio	39.14	34.88	31.93	31.10	31.66	
	Net Income Ratio (%)	14.88	14.23	13.21	13.60	14.23	
	Earnings per share (NT$)	3.33	2.88	2.68	2.56	2.80	
Cash flow	Cash Flow Ratio (%)	80.93	71.07	90.48	86.36	85.45	
	Cash Flow Equivalent Ratio (%)	69.36	89.84	93.21	73.04	82.44	
	Cash Reinvestment Ratio (%)	7.57	5.68	4.66	5.75	11.15	
Leverage Ratio	Operating Leverage (times)	2.57	2.96	2.79	2.94	3.41	
	Financial Leverage (times)	1.04	1.05	1.05	1.09	1.10	

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

(1) The ratio of long-term capital to properties, plants and equipment: Mainly due to the increase in corporate bonds payable to be due within one year and the decrease in long-term borrowing.
(2) Current ratio/quick ratio: Due to the increase in current liabilities caused by the long-term corporate bond to be due within one year.
(3) Inventory turnover (times): The inventory decrease was due to the increase in costs of goods sold (mobile phones and accessories).
(4) Cash reinvestment ratio: Mainly due to the increase in net cash inflow from operating activities.

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

2022/03/31

Item	Year	Financial Ratio Analysis for Recent 5 years					2022/01/01 ~ 2022/03/31 (Note)
		2017	2018	2019	2020	2021	
Financial Structure (%)	Debt to Asset Ratio	46.92	41.62	47.37	60.65	62.35	61.06
	Long-term Funds to Properties, Plants and Equipment Ratio	221.30	241.84	308.98	396.15	354.11	342.87
Liquidity Analysis (%)	Current Ratio (%)	86.48	93.44	123.16	113.92	78.37	74.35
	Quick Ratio (%)	67.94	74.87	106.01	96.07	65.51	63.59
	Times Interest Earned (times)	29.50	28.79	22.44	15.68	17.36	20.92
Operating Performance	Accounts Receivable Turnover (times)	10.43	9.74	9.58	8.97	9.08	9.15
	Average Collection Days	34.99	37.47	38.10	40.69	40.19	39.89
	Inventory Turnover (times)	7.27	6.96	8.31	7.76	9.04	10.00
	Accounts Payable Turnover (times)	10.52	10.64	12.00	9.37	9.11	8.97
	Inventory Turnover Days	50.20	52.44	43.92	47.03	40.37	36.50
	Properties, Plant and Equipment Turnover (times)	1.92	1.97	2.15	2.14	2.18	2.17
	Total Assets Turnover (times)	0.69	0.67	0.64	0.52	0.49	0.50
Profitability Analysis	Return on Assets (%)	8.46	7.53	7.06	5.85	5.60	5.66
	Return on Equity (%)	15.27	13.05	12.18	12.16	13.75	14.08
	Income before Tax to Capital ratio (%)	40.39	36.43	33.79	31.28	34.01	35.67
	Net Income Ratio (%)	11.79	10.88	10.50	10.62	10.82	10.75
	Earnings per share (NT$)	3.33	2.88	2.68	2.56	2.80	0.71
Cash flow	Cash Flow Ratio (%)	81.76	90.02	97.02	117.96	105.74	21.24
	Cash Flow Equivalent Ratio (%)	71.86	92.38	94.17	75.33	84.18	88.80
	Cash Reinvestment Ratio (%)	7.02	6.06	4.71	6.44	10.53	3.22
Leverage Ratio	Operating Leverage	2.41	2.64	2.62	2.69	2.90	2.65
	Financial Leverage	1.03	1.04	1.05	1.07	1.07	1.05

Note: The financial statements for the first quarter of 2022 have been reviewed by CPA.

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

(1) Current ratio/quick ratio: Due to the increase in current liabilities caused by the long-term corporate bond to be due within one year.
(2) Cash reinvestment ratio: Mainly due to the decrease in working capital and other non-current assets.

The formulas for the above table:

1. Financial Structure
   (1)Debts to Assets Ratio = Total Liabilities / Total Assets
   (2)Long-term Funds to Properties, Plants and Equipment Ratio = (Total Shareholders' Equity plus Noncurrent Liabilities) / Net of Properties, Plants and Equipment
2. Liquidity Analysis
   (1)Current Ratio = Current Assets / Current Liabilities
   (2)Quick Ratio = (Current Assets - Inventory - Prepaid Expense) / Current Liabilities
   (3)Times Interest Earned Ratio = (Net Income before Income Tax and Interest Expenses) / Interest Expense
3. Operating Performance
   (1)Account Receivable* Turnover = Net Sales / Average Accounts Receivable*
   (* including Accounts Receivable and Notes Receivable originated from operating)
   (2)Average Collection Days = 365/ Accounts Receivable Turnover
   (3)Inventory Turnover = Costs of Good Sold / Average Inventory
   (4)Accounts Payable** Turnover = Costs of Good Sold / Average Accounts Payable**
   (** including Accounts payable and Notes Payable originated from operating)
   (5)Inventory Turnover Days = 365 / Inventory Turnover
   (6)Properties, Plants and Equipment Assets Turnover Ratio = Net Sales / Average of Net Properties, Plants and Equipment.
   (7)Total Assets Turnover Ratio = Net Sales / Average of Total Assets
4. Profitability Analysis
   (1)Return on Assets =[Net Income +Interest Expense×(1-Tax Rate)] / Average Total Assets
   (2)Return on Shareholders' Equity =Net Income / Average Shareholders' Equity
   (3)Net Income Ratio = Net Income / Net Sales
   (4)Earnings per Share = (Net Income Attributable to Owners of Far Eastone - Preferred Stock Dividend) / Weighted average Number of Outstanding Shares
5. Cash Flow
   (1)Cash Flow Ratio = Cash Flows from Operating Activities / Current Liabilities
   (2)Cash Flow Equivalent Ratio = Net Cash Flow from Operating Activities for the past 5 years / (Capital Expenditure + Increase in Inventory + Cash Dividends) for the past 5 years
   (3)Cash Reinvestment Ratio = (Net Cash Flow from Operating Activities - Cash Dividends) / (Gross Properties, Plants and Equipment + Long-term Investment + Other Noncurrent Assets + Working Capital)
6. Leverage Ratio
   (1)Operating Leverage = (Net Sales - Variable Operating Costs and Expenses) / Operating Income
   (2)Financial Leverage = Operating Income / (Operating Income-Interest Expenses)

3. 2021 Audit Committee's Review Report

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 Business Report, the Financial Statements and the Proposal for Profit Distribution. The CPAs of Deloitte & Touche, An-Hwei Lin and Yung-Hsiang Chao have audited the Financial Statements (including the Stand-alone & the Consolidated Financial Reports) and issued the audit opinions. The Business Report, Financial Statements, and the Proposal for Profit Distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of Far EasTone Telecommunications Co., Ltd. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Far EasTone Telecommunications Co., Ltd.

Chairman of the Audit Committee:

Lawrence Juen-Yee LAU

March 14, 2022

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Far EasTone Telecommunications Co., Ltd. ("Far EasTone") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the consolidated financial statements for the year ended December 31, 2021 is described as follows:

Recognition of Mobile Telecommunications Service Revenue

Mobile telecommunications service revenue is the main source of the Group's revenue, and it accounts for 46% of the Group's total revenue for the year ended December 31, 2021. The calculation of mobile telecommunications service revenue relies heavily on automated systems and includes complicated and huge amounts of data transmission. In order to meet market demands and remain competitive, the Group often launches different combinations of products and services. The charge rates of the aforementioned products and services are set manually to systems. Since the effectiveness of the design and implementation of internal controls over systems and rate settings relevant to telecommunications service revenue directly and significantly affects the accuracy of revenue calculation, the recognition of mobile telecommunications service revenue is considered a key audit matter.

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

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

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

1. Identified key systems that processed mobile telecommunications service revenue; assessed and tested the general information technology controls of the aforementioned systems, including access controls and change controls.

2. Tested the completeness and accuracy of interface controls between the switch equipment and the billing systems.

3. Tested the access controls and change controls over the input of rates to the billing systems.

4. Tested the accuracy of the billing calculation.

5. Tested the completeness and accuracy of the calculation and billing of monthly fees, airtime fees and value-added service fees.

In coordination with the internal IT specialists, we:

1. Performed dialing tests to verify the accuracy and completeness of the traffic and information in the switch equipment.

2. Sampled user contracts to confirm the accuracy of the billing system information.

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

1. For the billed amounts, we compared whether there is any difference between the reports generated from the accounting system and the billing system.

2. For the unbilled amounts, we recalculated the service revenue for services provided as of the balance sheet date based on the applied charge rates to confirm the accuracy of the amounts.

Accounting Treatment of Frequency and Network Sharing Services

In 2021, the Group had a business cooperation with Asia-Pacific Telecom Co., Ltd. (APTC) which provided frequency and network sharing services. The contract total amount was significant and the transaction content was complex, including lots of additional conditions. There was no similar transaction for reference in the past. Therefore, it required complicated processes to determine a proper accounting treatment. If the accounting treatment of the transaction was improper, it would directly affect the accuracy of the calculation and recognition of the relevant assets, liabilities and the amounts of profit and loss. Thus, the appropriate application of the accounting treatment of the transaction is considered a key audit matter.

In our audit of the frequency and network sharing services, we:

1. Obtained the contracts and minutes of board meetings relevant to the business cooperation of frequency and network sharing between the Group and APTC and confirmed that the business cooperation had been approved by the board of directors of Far EasTone.

2. Obtained the documents of the management's assessment and decision-making processes for accounting treatment of the transaction and confirmed that the decision was properly reviewed and approved.

3. Reviewed contracts relevant to the frequency and network sharing services and confirmed that the accounting treatment adopted by the management was appropriate.

4. Tested whether the actual accounting treatments were the same as those decided by the management and recalculated and confirmed the accuracy of the amount of assets, liabilities and profit and loss related to the transaction.

Other Matter

We have also audited the parent company only financial statements of Far EasTone Telecommunications Co., Ltd. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are An-Hwei Lin and Yung-Hsiang Chao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2022

Notice to Readers

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

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

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 32)	$ 4,645,674	3	$ 5,713,875	3
Financial assets at fair value through profit or loss - current (Notes 4, 31 and 32)	699,174	-	690,639	-
Financial assets at amortized cost - current (Notes 4, 8 and 32)	1,393,778	1	856,480	1
Contract assets - current (Notes 4 and 24)	5,268,830	3	4,840,684	3
Notes receivable, net (Notes 4 and 9)	24,087	-	20,446	-
Accounts receivable, net (Notes 4 and 9)	8,491,862	5	7,752,189	5
Accounts receivable - related parties (Notes 9 and 32)	386,374	-	329,612	-
Inventories (Notes 4 and 10)	3,072,540	2	3,116,812	2
Prepaid expenses	1,224,173	1	823,266	-
Other financial assets - current (Notes 4, 32 and 33)	788,811	-	760,953	-
Other current assets (Notes 4, 24 and 32)	179,262	-	247,501	-
Total current assets	26,174,565	15	25,152,457	14
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 7 and 31)	5,059,853	3	809,560	-
Investments accounted for using the equity method (Notes 4, 12 and 32)	2,060,768	1	1,681,518	1
Contract assets - noncurrent (Notes 4 and 24)	3,362,670	2	3,221,916	2
Property, plant and equipment, net (Notes 4, 13, 32 and 33)	40,142,014	23	38,205,535	22
Right-of-use assets (Notes 4, 14 and 32)	8,264,265	5	8,633,704	5
Investment properties (Notes 4 and 15)	624,731	-	838,564	1
Concessions, net (Notes 1, 4 and 16)	69,939,207	40	75,032,771	43
Goodwill (Notes 4 and 16)	11,176,831	6	11,176,831	6
Other intangible assets (Notes 4 and 16)	2,732,242	2	3,180,169	2
Deferred income tax assets (Notes 4 and 26)	885,312	-	835,461	1
Incremental costs of obtaining a contract - noncurrent (Notes 4 and 24)	3,908,968	2	3,490,644	2
Other noncurrent assets (Notes 4, 9, 17, 22, 32 and 33)	1,212,155	1	1,170,190	1
Total noncurrent assets	149,369,016	85	148,276,863	86
TOTAL	$ 175,543,581	100	$ 173,429,320	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 18)	$ 210,000	-	$ 377,764	-
Short-term bills payable (Notes 4 and 18)	351,490	-	389,715	-
Contract liabilities - current (Notes 4 and 24)	2,981,709	2	2,190,246	1
Notes payable	7,362	-	12,561	-
Accounts payable (Note 32)	6,766,131	4	6,366,459	4
Other payables (Note 20)	6,645,446	4	6,136,912	4
Current tax liabilities (Note 4)	2,530,449	1	2,630,252	1
Provisions - current (Notes 4 and 21)	189,250	-	184,512	-
Lease liabilities - current (Notes 4, 14 and 32)	2,764,961	2	2,758,815	2
Current portion of long-term borrowings (Notes 4, 18 and 19)	9,709,248	5	-	-
Other current liabilities (Note 32)	1,242,160	1	1,032,311	1
Total current liabilities	33,398,206	19	22,079,547	13
NONCURRENT LIABILITIES				
Contract liabilities - noncurrent (Notes 4 and 24)	10,619,613	6	189,322	-
Bonds payable (Notes 4 and 19)	25,278,622	14	33,771,854	20
Long-term borrowings (Notes 4 and 18)	28,065,621	16	39,734,159	23
Provisions - noncurrent (Notes 4 and 21)	1,149,926	1	1,049,170	1
Deferred income tax liabilities (Notes 4 and 26)	2,139,556	1	2,173,850	1
Lease liabilities - noncurrent (Notes 4, 14 and 32)	4,984,281	3	5,397,645	3
Net defined benefit liabilities - noncurrent (Notes 4 and 22)	533,046	-	509,089	-
Guarantee deposits received - noncurrent	256,502	-	269,462	-
Other noncurrent liabilities (Note 20)	3,017,428	2	8,013	-
Total noncurrent liabilities	76,044,595	43	83,102,564	48
Total liabilities	109,442,801	62	105,182,111	61
EQUITY ATTRIBUTABLE TO OWNERS OF FAR EASTONE				
Capital stock				
Common stock	32,585,008	19	32,585,008	19
Capital surplus	2,389,840	1	5,701,421	3
Retained earnings				
Legal reserve	21,122,282	12	20,299,484	11
Special reserve	723,516	-	598,988	-
Unappropriated earnings	9,149,448	5	8,228,676	5
Total retained earnings	30,995,246	17	29,127,148	16
Other equity	(834,378)	-	(99,883)	-
Total equity attributable to owners of Far EasTone	65,135,716	37	67,313,694	38
NONCONTROLLING INTERESTS	965,064	1	933,515	1
Total equity	66,100,780	38	68,247,209	39
TOTAL	$ 175,543,581	100	$ 173,429,320	100

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

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 32)	$ 85,320,008	100	$ 79,500,965	100
OPERATING COSTS (Notes 4, 10, 25 and 32)	59,882,004	70	53,567,102	67
GROSS PROFIT	25,438,004	30	25,933,863	33
OPERATING EXPENSES (Notes 4, 25 and 32)				
Marketing	10,189,588	12	9,981,804	13
General and administrative	4,812,695	6	4,623,619	6
Expected credit losses	293,280	-	290,741	-
Total operating expenses	15,295,563	18	14,896,164	19
Other Income and Expenses (Note 4)	218,680	-	-	-
OPERATING INCOME	10,361,121	12	11,037,699	14
NONOPERATING INCOME AND EXPENSES (Notes 4, 25, 31 and 32)				
Other income	132,279	-	188,607	-
Other gains and losses	56,314	-	271,543	-
Financial costs	(677,354)	-	(694,520)	-
Share of the gains of associates	88,270	-	138,707	-
Gains (losses) on disposal of property, plant and equipment and intangible assets	1,120,155	1	(749,568)	(1)
Total nonoperating income and expenses	719,664	1	(845,231)	(1)
INCOME BEFORE INCOME TAX	11,080,785	13	10,192,468	13
INCOME TAX (Notes 4 and 26)	1,846,904	2	1,747,846	2
NET INCOME	9,233,881	11	8,444,622	11
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(34,169)	-	(32,521)	-
Unrealized losses on investments in equity instruments designated as at fair value through other comprehensive income	(680,106)	(1)	(122,168)	-
Share of the other comprehensive income of associates accounted for using the equity method	15,075	-	21,057	-
	(699,200)	(1)	(133,632)	-

(Continued)

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	$ (15,882)	-	$ (10,814)	-
Share of the other comprehensive income of associates accounted for using the equity method	4,366	-	8,710	-
	(11,516)	-	(2,104)	-
Total other comprehensive loss, net of income tax	(710,716)	(1)	(135,736)	-
TOTAL COMPREHENSIVE INCOME	$ 8,523,165	10	$ 8,308,886	11
NET INCOME ATTRIBUTABLE TO:				
Owners of Far EasTone	$ 9,123,795	11	$ 8,354,128	11
Noncontrolling interests	110,086	-	90,494	-
	$ 9,233,881	11	$ 8,444,622	11
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of Far EasTone	$ 8,413,094	10	$ 8,218,606	11
Noncontrolling interests	110,071	-	90,280	-
	$ 8,523,165	10	$ 8,308,886	11
EARNINGS PER SHARE, IN NEW TAIWAN DOLLARS (Note 27)				
Basic	$ 2.80		$ 2.56	
Diluted	$ 2.80		$ 2.56	

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

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of Far EasTone										
			Retained Earnings			Other Equity (Notes 4 and 23)					
	Capital Stock (Notes 4 and 23)	Capital Surplus (Notes 4 and 23)	Legal Reserve (Notes 4 and 23)	Special Reserve (Notes 4 and 23)	Unappropriated Earnings (Notes 4, 23 and 28)	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Gains (Losses) on Hedging Instruments	Total	Noncontrolling Interests (Notes 4, 23 and 28)	Total Equity
BALANCE AT JANUARY 1, 2020	$ 32,585,008	$ 5,820,041	$ 19,425,986	$ 606,730	$ 11,322,981	$ (9,717)	$ 25,180	$ (12,254)	$ 69,763,955	$ 842,465	$ 70,606,420
Appropriation of the 2019 earnings											
Legal reserve	-	-	873,498	-	(873,498)	-	-	-	-	-	-
Special reserve	-	-	-	(7,742)	7,742	-	-	-	-	-	-
Cash dividends - NT$3.209 per share	-	-	-	-	(10,456,529)	-	-	-	(10,456,529)	-	(10,456,529)
Changes in equity from investments in associates accounted for using the equity method	-	14,979	-	-	(8,499)	-	-	-	6,480	-	6,480
Cash dividends from capital surplus - NT$0.041 per share	-	(133,599)	-	-	-	-	-	-	(133,599)	-	(133,599)
Net income for the year ended December 31, 2020	-	-	-	-	8,354,128	-	-	-	8,354,128	90,494	8,444,622
Other comprehensive (loss) income for the year ended December 31, 2020	-	-	-	-	(32,430)	(10,881)	(101,111)	8,900	(135,522)	(214)	(135,736)
Change in ownership interest of a subsidiary	-	-	-	-	(85,219)	-	-	-	(85,219)	85,219	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(84,449)	(84,449)
BALANCE AT DECEMBER 31, 2020	32,585,008	5,701,421	20,299,484	598,988	8,228,676	(20,598)	(75,931)	(3,354)	67,313,694	933,515	68,247,209
Appropriation of the 2020 earnings											
Legal reserve	-	-	822,798	-	(822,798)	-	-	-	-	-	-
Special reserve	-	-	-	124,528	(124,528)	-	-	-	-	-	-
Cash dividends - NT$2.234 per share	-	-	-	-	(7,279,491)	-	-	-	(7,279,491)	-	(7,279,491)
Changes in equity from investments in associates accounted for using the equity method	-	(944)	-	-	-	-	-	-	(944)	-	(944)
Cash dividends from capital surplus - NT$1.016 per share	-	(3,310,637)	-	-	-	-	-	-	(3,310,637)	-	(3,310,637)
Net income for the year ended December 31, 2021	-	-	-	-	9,123,795	-	-	-	9,123,795	110,086	9,233,881
Other comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	(34,261)	(16,149)	(665,031)	4,740	(710,701)	(15)	(710,716)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(78,522)	(78,522)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	58,055	-	(58,055)	-	-	-	-
BALANCE AT DECEMBER 31, 2021	$ 32,585,008	$ 2,389,840	$ 21,122,282	$ 723,516	$ 9,149,448	$ (36,747)	$ (799,017)	$ 1,386	$ 65,135,716	$ 965,064	$ 66,100,780

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

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 11,080,785	$ 10,192,468
Adjustments for:		
Depreciation	11,624,589	11,647,403
Amortization	1,090,647	1,052,571
Amortization of concessions	5,093,564	3,861,598
Expected credit losses	293,280	290,741
Net gains on fair value changes of financial assets at fair value through profit or loss	(8,535)	(61,301)
Financial costs	677,354	694,520
Interest income	(44,480)	(66,543)
Dividend income	(29,880)	(60,768)
Share of the gains of associates	(88,270)	(138,707)
(Gains) losses on disposal of property, plant and equipment and intangible assets	(1,120,155)	749,568
Impairment loss on nonfinancial assets	-	1,510
Reversal of write-down of inventories	(13,463)	(41,344)
Losses (gains) on changes in fair value of investment properties	16,515	(38,230)
Gains on modifications of lease arrangements	(306)	(1,064)
Net changes in operating assets and liabilities		
Contract assets	(581,490)	(1,543,357)
Notes receivable	(3,641)	50,440
Accounts receivable	(984,228)	(420,122)
Accounts receivable - related parties	(56,762)	(84,674)
Inventories	57,735	(106,649)
Prepaid expenses	(400,907)	3,126
Other current assets	72,711	(102,101)
Incremental costs of obtaining a contract	(418,324)	(92,537)
Contract liabilities	11,221,754	128,290
Notes payable	(5,199)	(7,002)
Accounts payable	391,659	1,334,383
Other payables	42,817	(446,530)
Provisions	(4,072)	(2,531)
Other current liabilities	205,342	(64,254)
Net defined benefit liabilities	(17,390)	(17,794)
Other noncurrent liabilities	(146,327)	-
Cash generated from operations	37,945,323	26,711,110
Interest received	42,410	86,878
Dividends received	29,880	60,768
Interest paid	(678,264)	(665,105)
Income taxes paid	(2,024,081)	(167,600)
Net cash generated from operating activities	35,315,268	26,026,051

(Continued)

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	$ (5,050,000)	$ (400,000)
Proceeds from the disposal of financial assets at fair value through other comprehensive income	97,300	-
Remittance of cash due to capital reduction of financial assets at fair value through other comprehensive income	21,450	13,500
Acquisition of financial assets at amortized cost	(537,298)	(370,893)
Acquisition of investments accounted for using the equity method	(286,138)	-
Acquisition of property, plant and equipment	(11,456,692)	(10,127,684)
Proceeds from the disposal of property, plant and equipment	3,266,680	34,142
Increase in refundable deposits	(366,837)	(322,026)
Decrease in refundable deposits	286,426	382,009
Acquisition of intangible assets	(666,600)	(42,770,937)
(Increase) decrease in other financial assets	(27,327)	964,012
Increase in other noncurrent assets	-	(3,800)
Other investing activities	3,163,755	20,022
Net cash used in investing activities	(11,555,281)	(52,581,655)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(167,764)	(112,236)
(Decrease) increase in short-term bills payable	(38,225)	35,080
Proceeds from the issuance of bonds payable	1,197,485	5,991,480
Repayment of bonds payable	-	(2,500,000)
Proceeds from long-term borrowings	10,305,586	53,131,453
Repayment of long-term borrowings	(21,964,392)	(17,797,294)
Increase in guarantee deposits received	68,334	81,326
Decrease in guarantee deposits received	(74,062)	(188,587)
Repayment of the principal portion of lease liabilities	(3,485,437)	(3,572,180)
Cash dividends paid	(10,668,650)	(10,674,577)
Net cash (used in) generated from financing activities	(24,827,125)	24,394,465
EFFECT OF EXCHANGE RATE CHANGES	(1,063)	197
DECREASE IN CASH AND CASH EQUIVALENTS	(1,068,201)	(2,160,942)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	5,713,875	7,874,817
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 4,645,674	$ 5,713,875

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

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(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 provides wireless communications, internet and international simple resale (ISR) services and also sells cellular phone equipment and accessories. As of December 31, 2021 and 2020, Far Eastern New Century Corporation ("Far Eastern New Century") and its affiliates directly and indirectly owned 38.33% and 38.28%, 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 approved by the board of directors of Far EasTone on February 25, 2022.

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

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

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

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

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

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

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
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, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Preparation

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

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

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

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

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

Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within 12 months after the reporting period; and

c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within 12 months after the reporting period; and

c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

Basis of Consolidation

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

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

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

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

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

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

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

Business Combinations

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

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

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

Foreign Currencies

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

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

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

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

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

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

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

Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price under normal conditions less estimated selling expenses. Cost is determined using the weighted-average method.

Investments in Associates

An associate is an entity over which the Group has significant influence and which is not a subsidiary.

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

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

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

When the Group subscribes for additional new stock of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Group's share of equity of associates accounted for using the equity method. If the Group's ownership interest is reduced due to the additional subscription of the new stock of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, which forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

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

Property, Plant and Equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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

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

Investment Properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are measured initially at cost, including transaction costs, and are subsequently measured using the fair value model. Changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

For a transfer of classification from investment properties to property, plant and equipment, the property's deemed cost for subsequent accounting is its fair value at the commencement of owner-occupation.

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

Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating unit or groups of cash-generating units (referred to as cash-generating units) that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangible Assets

a. Intangible assets acquired separately

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

b. Intangible assets acquired in a business combination

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

c. Derecognition of intangible assets

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

Assets Related to Contract Costs

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

Costs to fulfill a contract are the direct costs which are used to fulfill future performance obligations and are recognized as assets within the expected recoverable scope.

Impairment of Property, Plant and Equipment, Right-of-Use Assets, Intangible Assets (Other Than Goodwill) and Assets Related to Contract Costs

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

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

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

Financial Instruments

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

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

a. Financial assets

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

1) Measurement category

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

a) Financial assets at FVTPL

A financial asset is classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include mutual funds held by the Group.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on the financial asset. Fair value is determined in the manner described in Note 31.

b) Financial assets at amortized cost

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

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable at amortized cost and other financial assets, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

i. Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

ii. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i. Significant financial difficulty of the issuer or the borrower;

ii. Breach of contract, such as a default;

iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv. The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in equity instruments at FVTOCI

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

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

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

2) Impairment of financial assets and contract assets

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

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

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

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

b) Failure of the debtors to discharge their obligation within their credit periods, unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

3) Derecognition of financial assets

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

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

b. Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

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

c. Financial liabilities

1) Subsequent measurement

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

2) Derecognition of financial liabilities

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

Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

a. Decommissioning, restoration and similar liabilities

The cost of an item of property, plant and equipment comprises:

1) Its purchase price;

2) Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and

3) The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a right-of-use asset comprises:

1) The initial measurement of lease liabilities;

2) The initial estimate of the costs of dismantling and removing the right-of-use asset and restoring the site on which it is located.

b. Warranties

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products, at the Group's best estimate of the expenditure required to settle the Group's obligation.

c. Levies

Levies imposed by a government are accrued as provisions when the obligating events that trigger the payment of such levies occur.

Revenue Recognition

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

Revenue from the sale of goods comes from sales of mobile telecommunication devices and accessories and internet sales of goods. Sales of mobile telecommunication devices and accessories are recognized as revenue when the goods are delivered to the customer because that is the time when the customer obtains control of the goods and bears the risks of obsolescence. Accounts receivable are recognized concurrently. For internet sales of goods, revenue is recognized when the goods are delivered to the customer's specific location. When the customer initially purchases the goods online, the transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

Telecommunications service revenue from fixed network services, cellular services and interconnection and call transfer fees from other telecommunications companies and carriers are billed in arrears and are recognized based upon minutes of traffic processed when the services are provided in accordance with contract terms. Telecommunications service revenue is recognized as follows: (a) monthly fees are recognized as income when services are rendered at the amount allocated from the transaction price of the related contracts on a relative stand-alone selling price basis, and (b) prepaid and recharge services are recognized as income based upon actual usage by customers. As the Group provides telecommunication value-added services, the customer simultaneously receives and consumes the benefits provided by the Group's satisfaction of performance obligations. Consequently, related revenue is recognized when services are rendered.

For project business services, the Group identifies performance obligations in accordance with the commitments stated in the related service contract and recognizes revenue when performance obligations are satisfied. Payments for project business services are made at several time points specified in the service contract. The Group recognizes the difference between the revenue recognized and the collectible amounts from the customer as contract assets after the performance obligations have been satisfied, and the contract assets are reclassified to accounts receivable when the amounts become collectible.

A bundle sales contract consists of the rendering of air time services and the sale of goods. The rendering of services and the sale of goods are accounted for as distinct performance obligations. The Group allocates the transaction price to each performance obligation identified in a bundle sales contract on a relative stand-alone selling price basis and recognizes sales and service revenue in accordance with the aforesaid principles of revenue recognition.

Under the Group's Customer Loyalty Program, the Group offers award credits when customers purchase goods or services. The award credits provide a material right to customers. The transaction price allocated to the award credits is recognized as a contract liability when collected and will be recognized as revenue when the award credits are redeemed or have expired.

Leases

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

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

a. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

b. The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for an estimate of costs needed to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term resulting in a change in future lease payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

For other rent concessions in which practical expedient is not applied, the Group will assess whether to account for the rent concessions as lease modifications.

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

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government Grants

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

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire noncurrent assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and gains and losses on settlements) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur or when the settlement occurs. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

c. Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

Taxation

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

a. Current tax

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

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for as income tax in the year the stockholders approve to retain earnings.

b. Deferred tax

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

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

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred taxes

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

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Frequency and Network Sharing Services

The Group provides frequency and network sharing services for a telecommunications company through a part of 5G spectrum and related cell sites. The Group provides frequency and network sharing services as a principal because it has control over the aforementioned spectrum and cell sites. The consideration received is included in contract liabilities. Revenue is recognized on a straight-line basis over the useful lives of the assets used in providing frequency and network sharing services.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

Critical Accounting Judgments

Lease terms

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

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

The provision for impairment of accounts receivable is based on assumptions on probability of default and loss given default. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 9. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Impairment of property, plant and equipment, right-of-use assets, intangible assets (other than goodwill) and incremental costs of obtaining a contract

For impairment testing of assets, the Group evaluates and decides on certain assets' independent cash flows, the useful lives of the assets, and the probable future profit or loss which is based on subjective judgment, utilized asset mode, and telecommunications industry characteristics. Any changes in national and local economic conditions or the Group's strategy may cause significant impairment loss.

c. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of the value in use requires the Group's management to estimate the future cash flows expected to arise from each cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss may arise.

As of December 31, 2021 and 2020, the carrying amounts of goodwill are disclosed in Note 16.

d. Income tax

A key source of estimation uncertainty is the determination of the realizability of deferred tax assets, which mainly depends on whether sufficient future profit or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place. In cases where the actual future profit generated is greater than expected, a further material recognition of deferred tax assets may arise, which would be recognized in the period in which further recognition takes place.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	$ 9,732	$ 10,444
Checking and demand deposits	3,620,409	5,335,282
Cash equivalents		
Commercial paper purchased under resale agreements	659,642	226,803
Certificates of deposits	355,891	141,346
	$ 4,645,674	$ 5,713,875

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
Investments in equity instruments-noncurrent		
Stock in domestic listed company through private placement	$ 4,110,000	$ -
Domestic/foreign unlisted common stock	949,853	809,560
	$ 5,059,853	$ 809,560

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

In order to maximize the efficiency of utilizing Far EasTone's network and spectrum resources, and to enhance Far EasTone's competitiveness in the 5G markets, on September 4, 2020, the board of directors of Far EasTone resolved to acquire 11.58% ownership of Asia-Pacific Telecom Co., Ltd. (APTC) through private placement by subscribing for 500,000,000 new common stock issued by APTC with the investment amount not exceeding $5,000,000 thousand. The transaction was completed in September 2021 with a total subscription amount of $5,000,000 thousand.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
Current		
Certificates of deposits with original maturities of more than 3 months	$ 1,393,778	$ 856,480

9. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31	
	2021	2020
Notes receivable		
At amortized cost		
Gross carrying amount	$ 24,087	$ 20,446
Less: Allowance for impairment loss	-	-
	$ 24,087	$ 20,446
Notes receivable - operating	$ 24,087	$ 20,446
Accounts receivable (including related parties and noncurrent portion)		
At amortized cost		
Gross carrying amount	$ 9,795,489	$ 8,951,670
Less: Allowance for impairment loss	(815,318)	(725,460)
Less: Unrealized interest income	(4,181)	(8,862)
Less: Unearned finance income	(4,620)	(5,949)
	$ 8,971,370	$ 8,211,399

At the end of the reporting period, the Group's accounts receivable from sales and the rendering of services with payment by installments were as follows:

	December 31	
	2021	2020
Gross amount of installment accounts receivable	$ 95,638	$ 152,552
Allowance for impairment loss	(6,797)	(3,483)
Unrealized interest income	(4,181)	(8,862)
	$ 84,660	$ 140,207
Current	$ 28,737	$ 52,099
Noncurrent	55,923	88,108
	$ 84,660	$ 140,207

Accounts receivable expected to be recovered after more than one year are classified as noncurrent assets. The above-mentioned accounts receivable are expected to be recovered before 2028.

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

	December 31	
	2021	2020
Gross amount of finance lease receivables	$ 49,081	$ 53,841
Unearned finance income	(4,620)	(5,949)
	$ 44,461	$ 47,892

	December 31	
	2021	2020
Undiscounted lease payments		
Year 1	$ 8,691	$ 7,976
Year 2	8,691	7,976
Year 3	8,691	7,976
Year 4	8,691	7,976
Year 5	8,334	7,976
Year 6 onwards	5,983	13,961
	49,081	53,841
Less: Unearned finance income	(4,620)	(5,949)
Less: Allowance for impairment loss	-	-
Finance lease receivables	$ 44,461	$ 47,892
Current	$ 7,250	$ 6,402
Noncurrent	37,211	41,490
	$ 44,461	$ 47,892

The Group entered into a finance lease agreement with a client to lease out its data center equipment as part of the enterprise project services provided to the client. The term of the finance lease entered into was 5-8 years. The interest rate inherent in the lease was 3.5%, which was determined at the contract date and was fixed for the entire term of the lease.

The Group's credit period for the accounts receivable is 30 to 60 days.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of notes receivable and accounts receivable at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for all notes receivable and accounts receivable at an amount equal to lifetime expected credit losses (ECLs). The expected credit losses on notes receivable and accounts receivable are estimated using an allowance matrix prepared by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for the general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the allowance for losses based on the past due status of receivables is not further distinguished according to different segments of the Group's customer base.

The Group recognizes an allowance for impairment loss when there is information indicating that a debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivable. For notes receivable and accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The Group's expected credit loss rate ranges of receivables which were not overdue and receivables which were overdue were 0.05%-13.34% and 0.09%-100%, respectively.

The Group measures the loss allowance for finance lease receivables at an amount equal to lifetime ECLs. The respective leased equipment served as collateral for the finance lease receivables. As of December 31, 2021, and December 31, 2020, no finance lease receivable was past due. The Group has not recognized a loss allowance for finance lease receivables after taking into consideration the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these finance lease receivables.

The following table details the loss allowance of notes receivable and accounts receivable based on the Group's allowance matrix.

December 31, 2021

	Not Overdue	Overdue Up to 60 Days	Overdue 61 Days or More	Total
Gross carrying amount	$ 8,771,048	$ 741,999	$ 297,728	$ 9,810,775
Loss allowance (lifetime ECLs)	(518,404)	(87,446)	(209,468)	(815,318)
Amortized cost	$ 8,252,644	$ 654,553	$ 88,260	$ 8,995,457

December 31, 2020

	Not Overdue	Overdue Up to 60 Days	Overdue 61 Days or More	Total
Gross carrying amount	$ 8,031,117	$ 556,147	$ 370,041	$ 8,957,305
Loss allowance (lifetime ECLs)	(467,264)	(60,229)	(197,967)	(725,460)
Amortized cost	$ 7,563,853	$ 495,918	$ 172,074	$ 8,231,845

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 725,460	$ 679,136
Add: Amounts recovered	198,432	196,717
Add: Net remeasurement of loss allowance	280,690	290,741
Less: Amounts written off	(389,593)	(440,775)
Foreign exchange gains and losses	329	(359)
Balance at December 31	$ 815,318	$ 725,460

Sale of Overdue Accounts Receivable

In the years ended December 31, 2021 and 2020, the Group entered into agreements to sell its overdue accounts receivable which had been written off to asset management companies, and did not bear the risk of loss arising from uncollectible receivables.

Related information as of December 31, 2021 and 2020 was as follows:

Counterparty	Amount of Accounts Receivable Sold	Proceeds from the Sale of Accounts Receivable (Excluding Value-added Tax)
2021		
Taiwan Sex Lyon Co., Ltd.	$ 557,402	$ 39,323
2020		
Chenxu Enterprise Management Consultants Co., Ltd.	$ 554,240	$ 38,816

10. INVENTORIES

	December 31	
	2021	2020
Cellular phone equipment and accessories	$ 2,538,589	$ 2,663,920
Others	533,951	452,892
	$ 3,072,540	$ 3,116,812

Costs of inventories sold were $28,420,550 thousand and $24,189,248 thousand for the years ended December 31, 2021 and 2020, respectively.

The reversal of write-down of inventories amounting to $13,463 thousand and $41,344 thousand were included in the cost of sales for the years ended December 31, 2021 and 2020, 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 (%) December 31 2021	Percentage of Ownership (%) December 31 2020	Note
Far EasTone	NCIC	Telecommunications services	100.00	100.00	
	ARCOA	Sales of communications products and office equipment	61.63	61.63	
	KGEx.com	Telecommunications services	99.99	99.99	
	YSDT	Electronic information services	96.18	96.18	
	Yuan Cing	Call center services	100.00	100.00	
	FEIS	Investment	100.00	100.00	
	Yuan Bao	Data processing services and electronic information services	-	100.00	Dissolved on September 15, 2021 due to the merger with Far EasTone.
	FEPIA	Property insurance agent	100.00	100.00	

(Continued)

Investor Company	Investee Company	Main Businesses and Products	Percentage of Ownership (%) December 31 2021	2020	Note
FEIS	FETI	Computer software, data processing and network information services	-	-	Dissolved in 2020 with the approval of the local government
NCIC	ISSDU	Security and monitoring service via Internet	100.00	100.00	
	DU (Cayman)	Investment	100.00	100.00	
	New Diligent	Investment	100.00	100.00	
	YSDT	Electronic information services	0.67	0.67	
	Prime Ecopower	Energy technology services	100.00	100.00	
	Nextlink Technology	Electronic information services	70.00	70.00	
New Diligent	FEND	Investment	100.00	100.00	
	Sino Lead	Telecommunications services	100.00	100.00	
	New Diligent Hong Kong	Investment	100.00	100.00	
FEND	FETI	Computer software, data processing and network information services	-	-	Dissolved in 2020 with the approval of the local government
DU (Cayman)	DUIT	Design, research, installment and maintenance of computer software and systems	100.00	100.00	
ARCOA	DataExpress	Sale of communications products	70.00	70.00	
DataExpress	Linkwell	Sale of communications products	-	-	Dissolved on April 1, 2020 due to the merger with DataExpress
	Home Master	Sale of communications products	100.00	100.00	
Nextlink Technology	Microfusion Technology	Electronic information services	100.00	100.00	
	Nextlink (HK) Technology	Electronic information services	100.00	100.00	
	Microfusion Technology (HK)	Electronic information services	100.00	100.00	
Nextlink (HK) Technology	Nextlink (SH) Technology	Electronic information services	100.00	100.00	

(Concluded)

In order to enrich operating capital and speed up business expansion in the mobile ecommerce market in order to get a leading position in the industry, YSDT raised $800,000 thousand through the issuance of 80,000,000 shares of common stock at an issue price of NT$10 per share in May 2020. Far EasTone's board of directors resolved in May 2020 that Far EasTone would subscribe for the new common stock issued by YSDT with a total subscription amount of $800,000 thousand.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	December 31 2021	2020
Material associate		
Far Eastern Electronic Toll Collection Co., Ltd.	$ 1,403,595	$ 1,269,488
Associates that are not individually material	657,173	412,030
	$ 2,060,768	$ 1,681,518

All of the investments in associates listed in the table above were accounted for using the equity method.

The Group is the largest single stockholder of Far Eastern Electronic Toll Collection Co., Ltd. (FETC) with 39.42% of voting rights in 2021 and 2020. The holdings of the other stockholders of FETC are not widely dispersed. Despite having the largest holding, the Group cannot direct the relevant activities of FETC and does not have control over FETC. However, management of the Group considered the Group as exercising significant influence over FETC and, therefore, classified FETC as associates of the Group.

a. Material associates

Name of Associate	Nature of Activities	Main Place of Business	Interests and Voting Rights December 31 2021	2020
Far Eastern Electronic Toll Collection Co., Ltd.	Electronic information services and electronic toll collection services	Taiwan	39.42%	39.42%

Summarized financial information in respect of the Group's material associates is set out below. The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

Far Eastern Electronic Toll Collection Co., Ltd.

	December 31 2021	2020
Current assets	$ 1,765,193	$ 1,267,789
Noncurrent assets	5,817,446	6,323,536
Current liabilities	(1,642,344)	(1,421,256)
Noncurrent liabilities	(2,379,405)	(2,949,408)
Equity	$ 3,560,890	$ 3,220,661
Proportion of the Group's ownership	39.42%	39.42%
Carrying amount	$ 1,403,595	$ 1,269,488

	For the Year Ended December 31 2021	2020
Operating revenue	$ 2,311,325	$ 2,359,425
Net profit for the year	$ 329,099	$ 541,492
Other comprehensive income	11,543	31,307
Total comprehensive income for the year	$ 340,642	$ 572,799

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 and remanded the case to the High Court; the case is currently under trial in the High Court.

FETC failed to complete the taximeter system infrastructure within a specified period under the ETC Project requirements. The Taipei District Court Civil Division pronounced on May 20, 2016 that FETC should pay the compensation for breach of contract to TANFB. FETC filed an appeal on May 31, 2016 and accrued related penalties. The case is currently under trial in the High Court.

b. Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2021	2020
The Group's share of:		
Net loss for the year	$ (41,259)	$ (67,000)
Other comprehensive income	1,208	4,229
Total comprehensive loss for the year	$ (40,051)	$ (62,771)

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Operating Equipment	Computer Equipment	Other Equipment	Construction-in-progress	Total
Cost							
Balance at January 1, 2021	$ 7,191,408	$ 9,648,717	$ 85,563,488	$ 13,916,984	$ 6,679,501	$ 2,554,932	$ 125,555,030
Additions	-	7,567	8,800	9,145	76,446	11,986,822	12,088,780
Disposals	(1,094,244)	(1,055,162)	(2,671,988)	(215,070)	(621,377)	(3,090)	(5,660,931)
Adjustments and reclassification	50,950	509,388	10,762,699	520,575	276,535	(12,120,147)	-
Balance at December 31, 2021	$ 6,148,114	$ 9,110,510	$ 93,662,999	$ 14,231,634	$ 6,411,105	$ 2,418,517	$ 131,982,879
Accumulated depreciation and impairment							
Balance at January 1, 2021	$ (95,894)	$ (4,399,769)	$ (63,816,330)	$ (13,096,501)	$ (5,941,001)	$ -	$ (87,349,495)
Depreciation expense	-	(289,828)	(7,088,444)	(479,704)	(217,394)	-	(8,075,370)
Disposals	36,037	453,639	2,271,621	214,842	607,861	-	3,584,000
Adjustments and reclassification	-	(1,989)	-	(2,381)	4,370	-	-
Balance at December 31, 2021	$ (59,857)	$ (4,237,947)	$ (68,633,153)	$ (13,363,744)	$ (5,546,164)	$ -	$ (91,840,865)
Carrying amount at December 31, 2021	$ 6,088,257	$ 4,872,563	$ 25,029,846	$ 867,890	$ 864,941	$ 2,418,517	$ 40,142,014
Cost							
Balance at January 1, 2020	$ 7,034,392	$ 7,980,284	$ 81,405,422	$ 14,079,672	$ 6,427,921	$ 2,445,310	$ 119,373,001
Additions	-	6,038	3,696	9,164	105,874	10,519,963	10,644,735
Disposals	-	(139,273)	(3,747,566)	(532,415)	(209,801)	(16,952)	(4,646,007)
Adjustments and reclassification	157,016	1,801,668	7,901,936	360,563	355,507	(10,393,389)	183,301
Balance at December 31, 2020	$ 7,191,408	$ 9,648,717	$ 85,563,488	$ 13,916,984	$ 6,679,501	$ 2,554,932	$ 125,555,030
Accumulated depreciation and impairment							
Balance at January 1, 2020	$ (95,894)	$ (4,267,375)	$ (59,881,952)	$ (12,996,513)	$ (5,873,519)	$ -	$ (83,115,253)
Depreciation expense	-	(229,788)	(6,921,574)	(631,388)	(270,245)	-	(8,052,995)
Disposals	-	97,394	2,987,196	531,400	202,763	-	3,818,753
Balance at December 31, 2020	$ (95,894)	$ (4,399,769)	$ (63,816,330)	$ (13,096,501)	$ (5,941,001)	$ -	$ (87,349,495)
Carrying amount at December 31, 2020	$ 7,095,514	$ 5,248,948	$ 21,747,158	$ 820,483	$ 738,500	$ 2,554,932	$ 38,205,535

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	1-11 years
Other equipment	1-20 years

The board of directors of NCIC, Far EasTone's subsidiary, resolved on February 25, 2021 to sell a part of NCIC's properties and equipment located in the Neihu District of Taipei City. The aforementioned properties and equipment were sold to MediaTek Inc., a non-related party, and the transaction was completed in July 2021. The related property, plant and equipment and investment properties were derecognized. Refer to Schedule D for information about the transaction price and disposal gain or loss.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amount		
Land	$ 504	$ 1,368
Buildings	8,042,861	8,428,566
Other equipment	220,900	203,770
	$ 8,264,265	$ 8,633,704

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	$ 3,358,412	$ 4,178,905
Depreciation charge for right-of-use assets		
Land	$ 864	$ 360
Buildings	3,417,848	3,464,539
Other equipment	130,507	129,509
	$ 3,549,219	$ 3,594,408

Except for the aforementioned additions and recognized depreciation, the Group did not have any significant sublease or impairment of right-of-use assets during 2021 and 2020.

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount		
Current	$ 2,764,961	$ 2,758,815
Noncurrent	$ 4,984,281	$ 5,397,645

Discount rate ranges for lease liabilities were as follows:

	December 31	
	2021	2020
Land	0.62%	0.62%
Buildings	0.51%-1.44%	0.53%-1.44%
Other equipment	0.51%-0.99%	0.53%-0.99%

c. Material lease activities and terms (the Group is lessee)

The Group leased some of the land and buildings for cell sites, data centers, offices and retail stores and leased other equipment for operating uses with lease terms of 1 to 20 years. The Group does not have bargain purchase options to acquire the land, buildings and equipment at the end of the lease terms.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 15.

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 112,815	$ 65,769
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 33,181	$ 33,455
Total cash outflow for leases	$ (3,681,842)	$ (3,727,798)

The Group has elected to apply the recognition exemption for the lease of certain buildings and other equipment that qualify as short-term leases and thus did not recognize right-of-use assets and lease liabilities for these leases.

15. INVESTMENT PROPERTIES

	Investment Properties
Balance at January 1, 2021	$ 838,564
Disposals	(197,318)
Losses on changes in fair value of investment properties	(16,515)
Balance at December 31, 2021	$ 624,731
Balance at January 1, 2020	$ 983,635
Reclassified to property, plant and equipment	(183,301)
Gains on changes in fair value of investment properties	38,230
Balance at December 31, 2020	$ 838,564

The lease terms of investment properties range from 0.5-6 years. The rights of lease term extension contain clauses for market rental reviews. The lessee does not have a bargain purchase option to acquire the investment property at the expiry of the lease period.

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

	December 31	
	2021	2020
Year 1	$ 11,352	$ 13,803
Year 2	5,790	10,250
Year 3	4,389	4,576
Year 4	4,477	93
Year 5	1,125	-
Year 6 onwards	-	-
	$ 27,133	$ 28,722

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

	December 31	
	2021	2020
Independent valuation	$ 624,731	$ 838,564

The fair values of the investment properties as of December 31, 2021 and 2020 were based on the valuations respectively carried out on January 14, 2022 and January 15, 2021 by independent qualified professional valuators Mr. Tsai, Chia-Ho. The aforementioned valuator is from DTZ Cushman & Wakefield, a member of certified ROC real estate appraisers.

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

The fair values of investment properties were measured using level 3 unobservable inputs. The unrealized gains (losses) on the fair value changes of investment properties are recognized in other gains and losses.

The fair values of investment properties were measured using the income approach. The significant assumptions used are stated below. An increase in estimated future net cash inflows or a decrease in discount rates would result in an increase in the fair value.

	December 31	
	2021	2020
Expected future cash inflows	$ 773,981	$ 1,048,890
Expected future cash outflows	(21,933)	(31,212)
Expected future cash inflows, net	$ 752,048	$ 1,017,678
Discount rate	1.92%-2.17%	2.01%-2.20%

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 $15 thousand per ping per month.

All of the investment properties have been leased out under operating leases. The rental incomes generated for the years ended December 31, 2021 and 2020 were $15,084 thousand and $20,247 thousand, respectively.

The expected future cash inflows generated by investment properties referred to rental income, interest income on rental deposits, loss on vacancy rate of space and disposal value. The rental income was extrapolated using the comparative market rentals covering 10 years, excluding values that are overly high or overly low, taking into account the annual rental growth rate, loss on vacancy rate of space was extrapolated using the vacancy rates of the neighboring stores and factories, the interest income on rental deposits was extrapolated using the interest rate announced by the central bank for the one-year average deposit interest rate of five major banks, which was 0.77% for both of the years ended December 31, 2021 and 2020, 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%.

16. INTANGIBLE ASSETS

	Concessions	Goodwill	Computer Software	Other Intangible Assets	Total
Cost					
Balance at January 1, 2021	$ 90,002,000	$ 11,194,104	$ 18,531,583	$ 852,527	$ 120,580,214
Additions	-	-	657,076	9,524	666,600
Disposals	-	-	(179,160)	-	(179,160)
Balance at December 31, 2021	$ 90,002,000	$ 11,194,104	$ 19,009,499	$ 862,501	$ 121,067,654
Accumulated amortization and impairment					
Balance at January 1, 2021	$ (14,969,229)	$ (17,273)	$ (15,654,384)	$ (549,557)	$ (31,190,443)
Amortization	(5,093,564)	-	(1,031,663)	(58,984)	(6,184,211)
Disposals	-	-	155,280	-	155,280
Balance at December 31, 2021	$ (20,062,793)	$ (17,273)	$ (16,530,767)	$ (608,541)	$ (37,219,374)
Carrying amount at December 31, 2021	$ 69,939,207	$ 11,176,831	$ 2,478,732	$ 253,510	$ 83,848,280
Cost					
Balance at January 1, 2020	$ 46,960,000	$ 11,194,104	$ 17,830,546	$ 852,527	$ 76,837,177
Additions	43,042,000	-	728,937	-	43,770,937
Disposals	-	-	(27,900)	-	(27,900)
Balance at December 31, 2020	$ 90,002,000	$ 11,194,104	$ 18,531,583	$ 852,527	$ 120,580,214

(Continued)

	Concessions	Goodwill	Computer Software	Other Intangible Assets	Total
Accumulated amortization and impairment					
Balance at January 1, 2020	$ (11,107,631)	$ (17,273)	$ (14,687,183)	$ (490,573)	$ (26,302,660)
Amortization	(3,861,598)	-	(993,587)	(58,984)	(4,914,169)
Disposals	-	-	27,896	-	27,896
Impairment loss	-	-	(1,510)	-	(1,510)
Balance at December 31, 2020	$ (14,969,229)	$ (17,273)	$ (15,654,384)	$ (549,557)	$ (31,190,443)
Carrying amount at December 31, 2020	$ 75,032,771	$ 11,176,831	$ 2,877,199	$ 302,970	$ 89,389,771

(Concluded)

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

Concessions	14 to 21 years
Computer software	1 to 6 years
Other intangible assets	4 to 15.5 years

In order to enhance the Group's operating effectiveness and integrate its telecommunications resources, the Group was divided into four identifiable cash-generating units in 2021 and 2020, which are the mobile telecommunications service business, telecommunications equipment business, integrated network business and cloud service business.

As of December 31, 2021 and 2020, the carrying amount of the property, plant and equipment, right-of-use assets, intangible assets and the incremental costs of obtaining a contract used by the Group was $136,163,527 thousand and $139,719,654 thousand, respectively. The Group's management estimated the recoverable amounts of core assets based on their value in use and considered the expected useful lives and thus based the cash flow forecast on the following discount rates as of December 31, 2021 and 2020: Mobile telecommunications service business - 6.87% and 6.72%, respectively; telecommunications equipment business - 6.49% and 7.14%, respectively; integrated network business - 7.60% and 6.92%, respectively; cloud service business - 19.83% and 18.60%, respectively. The operating revenue forecast was based on the expected effective customer base, expected sales and the Group's operating strategies and goals, taking into account the expected future growth rate of the telecom industry along with the projected advancement of the Group's own businesses. The Group's management believes that any reasonable change in the principal assumptions used in the calculation of the recoverable amounts would not result in the carrying amounts exceeding the recoverable amounts. The principal assumptions and the relevant measurement of the recoverable amounts of the Group are summarized as follows:

a. Expected future growth rate of the Group's own businesses

1) Mobile voice service (MVS): The anticipated MVS is measured based on the actual effective customer base and minutes of usage of previous years, taking into account the market trend.

2) Mobile data service (MDS): The anticipated MDS is measured based on the proportion of MDS to the total telecommunications service revenue of previous years, taking into account the demands and changes of the market.

3) Business of selling cellular phone units: The anticipated sales of cellular phones is based on the historical sales revenue and quantities of previous years, taking into account the market trend.

4) Integrated network business (INB): The anticipated market growth of INB is measured based on the actual effective customer base and service revenue of previous years, taking into account the market trend.

5) Cloud service business (CSB): The anticipated market growth of CSB is measured based on the actual effective customer base and service revenue of previous years, taking into account the market trend.

b. Expected ratio of service EBITDA (earnings before interest, taxes, depreciation and amortization) to operating revenue: The expected ratio is anticipated based on the historical ratio of EBITDA to operating revenue, while the possible impacts of revenue, cost and expense are taken into account individually.

The Group's management believes that any reasonable change in the principal assumptions used in the calculation of the recoverable amounts would not result in the carrying amounts exceeding the recoverable amounts. For the years ended December 31, 2021 and 2020, there was no indication of impairment loss after comparing the recoverable amounts with the carrying amounts of the Group's operating assets and goodwill in accordance with the principal assumptions.

17. OTHER NONCURRENT ASSETS

	December 31	
	2021	2020
Refundable deposits	$ 1,101,948	$ 1,021,556
Others	110,207	148,634
	$ 1,212,155	$ 1,170,190

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Unsecured borrowings		
Credit loans	$ 210,000	$ 377,764
Interest rate range	1.05%-1.60%	0.66%-1.65%

b. Short-term bills payable

	December 31	
	2021	2020
Unsecured borrowings		
Commercial papers payable	$ 340,000	$ 390,000
Less: Unamortized discount	(606)	(285)
	339,394	389,715

(Continued)

	December 31	
	2021	2020
Secured borrowings		
Commercial papers payable	$ 12,100	$ -
Less: Unamortized discount	(4)	-
	12,096	-
Short-term bills payable	$ 351,490	$ 389,715
Interest rate range		
Unsecured commercial papers payable	1.04%-1.59%	0.38%-1.59%
Secured commercial papers payable	1.70%	-

(Concluded)

c. Long-term borrowings

	December 31	
	2021	2020
Unsecured borrowings		
Credit loans	$ 6,550,000	$ 27,650,000
Long-term commercial papers payable	21,400,000	12,000,000
Less: Unamortized discount on commercial papers payable	(11,908)	(4,072)
	27,938,092	39,645,928
Secured borrowings		
Bank loans	137,261	75,535
Less: Current portion	(9,732)	-
Long-term commercial papers payable	-	12,700
Less: Unamortized discount on commercial papers payable	-	(4)
	127,529	88,231
Long-term borrowings	$ 28,065,621	$ 39,734,159
Interest rate range		
Credit loans	0.65%-0.82%	0.68%-0.99%
Unsecured commercial papers payable	0.60%-0.91%	0.85%-0.91%
Secured bank loans	1.50%-1.70%	1.60%-1.70%
Secured commercial papers payable	-	1.70%

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 December 2023.

2) The unsecured commercial papers payable are treated as revolving credit facilities under contracts. The repayment dates of the long-term commercial papers payable are no later than November 2024.

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.

19. BONDS PAYABLE

	December 31 2021	December 31 2020
Unsecured domestic bonds	$ 35,000,000	$ 33,800,000
Unamortized costs of issuance	(21,862)	(28,146)
	34,978,138	33,771,854
Less: Current portion	(9,699,516)	-
	$ 25,278,622	$ 33,771,854

Period	Maturity	Annual Rate (%)	Issued Amount	December 31 2021	December 31 2020	Repayment
Company						
Unsecured domestic bonds						
2016 1st unsecured domestic bonds	2017.01.05-2022.01.05	1.17	$ 5,200,000	$ 5,199,982	$ 5,198,304	Note A
2017 1st unsecured domestic bonds	2017.04.26-2022.04.26	1.17	4,500,000	4,499,534	4,498,076	Note A
2017 2nd unsecured domestic bonds	2017.09.04-2024.09.04	1.17	2,000,000	1,998,642	1,998,135	Note A
2017 3rd unsecured domestic bonds - type A	2017.12.20-2023.06.20	0.95	1,500,000	1,499,328	1,498,869	Note A
2017 3rd unsecured domestic bonds - type B	2017.12.20-2024.12.20	1.09	1,500,000	1,498,932	1,498,572	Note A
2018 1st unsecured domestic bonds - type A	2018.05.07-2023.05.07	0.85	1,500,000	1,499,464	1,499,068	Note A
2018 1st unsecured domestic bonds - type B	2018.05.07-2025.05.07	1.01	3,500,000	3,497,786	3,497,125	Note A
2019 1st unsecured domestic bonds - type A	2019.06.25-2024.06.25	0.75	3,200,000	3,197,921	3,197,084	Note A
2019 1st unsecured domestic bonds - type B	2019.06.25-2026.06.25	0.81	1,800,000	1,798,492	1,798,156	Note A
2019 2nd unsecured domestic bonds - type A	2019.12.20-2026.12.20	0.80	2,600,000	2,597,256	2,596,704	Note B
2019 2nd unsecured domestic bonds - type B	2019.12.20-2029.12.20	0.85	500,000	499,407	499,333	Note C
2020 1st unsecured domestic bonds - type A	2020.03.16-2025.03.16	0.67	1,500,000	1,498,746	1,498,355	Note A
2020 1st unsecured domestic bonds - type B	2020.03.16-2027.03.16	0.70	2,500,000	2,497,577	2,497,112	Note A
2020 1st unsecured domestic bonds - type C	2020.03.16-2030.03.16	0.77	1,000,000	998,931	998,800	Note A
2020 2nd unsecured domestic bonds	2020.06.02-2027.06.02	0.73	1,000,000	998,448	998,161	Note A
2021 1nd unsecured domestic bonds	2021.06.04-2028.06.04	0.55	1,200,000	1,197,692	-	Note A
Total balance				$ 34,978,138	$ 33,771,854	

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.

In June 2020, Far EasTone repaid $2,500,000 thousand, the amount due for the 4th unsecured domestic bonds.

20. OTHER LIABILITIES

	December 31 2021	December 31 2020
Current		
Other payables		
Acquisition of properties	$ 1,838,528	$ 1,361,194
Salaries and bonuses	1,690,708	1,619,412
Commission	791,301	864,214
Maintenance fees	532,388	555,498
Compensation of employees and remuneration of directors	306,584	304,824
Others	1,485,937	1,431,770
	$ 6,645,446	$ 6,136,912
Noncurrent		
Other noncurrent liabilities	$ 3,017,428	$ 8,013

Other noncurrent liabilities are comprised mainly of government grants related to assets, which are recognized as deferred revenue in accordance with the relevant accounting policy and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

21. PROVISIONS

	December 31 2021	December 31 2020
Current		
Dismantling obligation	$ 134,340	$ 133,219
Product warranty	54,910	51,293
	$ 189,250	$ 184,512
Noncurrent		
Dismantling obligation	$ 1,149,926	$ 1,049,170

	Dismantling Obligation	Product Warranty
Balance at January 1, 2021	$ 1,182,389	$ 51,293
Additional provisions recognized	109,566	10,960
Reductions arising from payments	(7,689)	(7,343)
Balance at December 31, 2021	$ 1,284,266	$ 54,910
Balance at January 1, 2020	$ 1,094,702	$ 46,945
Additional provisions recognized	94,566	17,355
Reductions arising from payments	(6,879)	(13,007)
Balance at December 31, 2020	$ 1,182,389	$ 51,293

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly wages and salaries. The subsidiaries which are registered in mainland China made contributions at a certain percentage of wages and salaries under the local government's regulations.

The pension costs recognized in total comprehensive income under the defined contribution plan amounted to $293,101 thousand and $170,387 thousand for the years ended December 31, 2021 and 2020, respectively.

b. Defined benefit plan

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

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	$ 1,721,271	$ 1,664,823
Fair value of plan assets	(1,199,998)	(1,168,939)
	$ 521,273	$ 495,884
Net defined benefit liabilities	$ 533,046	$ 509,089
Net defined benefit assets	(11,773)	(13,205)
	$ 521,273	$ 495,884

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2021	$ 1,664,823	$ (1,168,939)	$ 495,884
Service cost			
Current service cost	9,332	-	9,332
Prior service cost	2,074	-	2,074
Net interest expense (income)	12,285	(8,652)	3,633
Recognized in profit or loss	23,691	(8,652)	15,039
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(12,205)	(12,205)
Actuarial loss - changes in demographic assumptions	37,876	-	37,876
Actuarial loss - experience adjustments	17,108	-	17,108
Recognized in other comprehensive income	54,984	(12,205)	42,779
Contributions from the employer	-	(31,733)	(31,733)
Benefits paid	(22,227)	21,531	(696)
Balance at December 31, 2021	$ 1,721,271	$ (1,199,998)	$ 521,273
Balance at January 1, 2020	$ 1,583,995	$ (1,111,010)	$ 472,985
Service cost			
Current service cost	9,160	-	9,160
Prior service cost	271	-	271
Net interest expense (income)	15,718	(11,149)	4,569
Recognized in profit or loss	25,149	(11,149)	14,000
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(33,322)	(33,322)
Actuarial loss - changes in demographic assumptions	11	-	11
Actuarial loss - changes in financial assumptions	41,501	-	41,501
Actuarial loss - experience adjustments	32,503	-	32,503
Recognized in other comprehensive income	74,015	(33,322)	40,693
Contributions from the employer	-	(31,384)	(31,384)
Benefits paid	(18,336)	17,926	(410)
Balance at December 31, 2020	$ 1,664,823	$ (1,168,939)	$ 495,884

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the corporate/government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

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

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

	December 31	
	2021	2020
Discount rates	0.50%-0.75%	0.50%-0.75%
Expected rates of salary increase	1.50%-2.75%	1.50%-2.75%

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

	December 31	
	2021	2020
Discount rates		
0.25% increase	$ (44,783)	$ (40,391)
0.25% decrease	$ 46,441	$ 41,823
Expected rates of salary increase/decrease		
0.25% increase	$ 45,954	$ 41,385
0.25% decrease	$ (44,544)	$ (40,175)

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

	December 31	
	2021	2020
The expected contributions to the plan for the next year	$ 32,209	$ 31,820
The average duration of the defined benefit obligation	10.6-13.9 years	9.8-14.8 years

23. EQUITY

a. Capital stock

1) Common stock

	December 31	
	2021	2020
Stock authorized (in thousands)	4,200,000	4,200,000
Capital authorized	$ 42,000,000	$ 42,000,000
Issued and fully paid stock (in thousands)	3,258,501	3,258,501
Issued capital	$ 32,585,008	$ 32,585,008

Issued common stock, which have a par value of NT$10, entitle their holders to one vote per share and a right to dividends.

2) Global depositary receipts (GDRs)

Since 2004, part of Far EasTone's issued common stock have been trading on the Luxembourg Stock Exchange in the form of GDRs. One GDR unit represents 15 shares of Far EasTone's common stock. As of December 31, 2021 and 2020, there were 194 thousand and 198 thousand units of GDRs outstanding, representing 2,917 thousand and 2,967 thousand common stock, respectively.

The holders of GDRs have the same rights and obligations as the holders of common stock, except regarding the manner of the exercise of GDR holders' rights, which shall be handled in accordance with the terms of the Depositary Agreements and the relevant laws and regulations of the ROC. Such rights which shall be exercised through a depositary trust company, include:

a) The exercise of voting rights;

b) Conversion of GDRs into common stock; and

c) The receipt of dividends and the exercise of preemptive rights or other rights and interests.

On May 6, 2021, the board of directors of Far EasTone resolved to cease the trading of Far EasTone's issued common stock on the Luxemburg Stock Exchange in the form of GDRs. The GDRs have been delisted on July 26, 2021.

b. Capital surplus

	December 31	
	2021	2020
From business combinations	$ 2,375,798	$ 5,686,435
Share of changes in equities of associates	14,042	14,986
	$ 2,389,840	$ 5,701,421

Capital surplus from business combinations may be used to offset a deficit. When Far EasTone has no deficit, such capital surplus may be distributed as cash dividends or may be transferred to capital stock once a year within a certain percentage of Far EasTone's paid-in capital. Capital surplus from share of changes in equities of associates may be used to offset a deficit only.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in Far EasTone's articles of incorporation (the "Articles"), where Far EasTone made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses in previous years, setting aside 10% of the net profit after tax plus the items other than the net profit after tax which is included in the current year's retained earnings as legal reserve, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by Far EasTone's board of directors as the basis for proposing a distribution plan, which should be resolved in the stockholders' meeting for the distribution of dividends and bonuses to stockholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to Note 25 f. compensation of employees and remuneration of directors.

At least 50% of the balance of net income less accumulated deficit, legal reserve and special reserve should be appropriated as dividends. The cash dividends should be at least 50% of total dividends declared. The adjustment of this percentage may be approved by the stockholders depending on the cash requirement for any significant future capital expenditures or plans to improve the financial structure.

The legal reserve may be used to offset a deficit. If Far EasTone has no deficit and the legal reserve exceeds 25% of Far EasTone's paid-in capital, the excess may be transferred to capital or distributed in cash.

Under Rule No. 1090150022, Rule No. 10901500221, Rule No. 1010012865 and Rule No. 1030006415 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 2020 and 2019, which had been approved in the stockholders' meetings on July 22, 2021 and June 19, 2020, respectively, were as follows:

	For the Year Ended December 31	
	2020	2019
Legal reserve	$ 822,798	$ 873,498
Special reserve	124,528	(7,742)
Cash dividends	7,279,491	10,456,529
Cash dividends per share (NT$)	2.234	3.209

In addition to distributing cash dividends at NT$2.234 and NT$3.209 per share from the unappropriated earnings, Far EasTone's stockholders also approved the cash distribution of $3,310,637 thousand and $133,599 thousand from the additional paid-in capital from business combinations at NT$1.016 and NT$0.041 per share for the years ended December 31, 2020 and 2019, respectively. Therefore, Far EasTone's stockholders received NT$3.25 per share in both 2021 and 2020.

The appropriation of earnings for 2021, which had been proposed by Far EasTone's board of directors on February 25, 2022, was as follows:

	For the Year Ended December 31, 2021
Legal reserve	$ 914,759
Special reserve	578,021
Cash dividends	7,654,218
Cash dividends per share (NT$)	2.349

In addition to distributing cash dividends at NT$2.349 per share from the unappropriated earnings, Far EasTone's board of directors proposed the cash distribution of $2,375,447 thousand from the additional paid-in capital from business combinations and $560,462 thousand from the legal reserve at NT$0.729 and NT$0.172 per share, respectively. Therefore, Far EasTone's stockholders will receive NT$3.25 per share in 2022.

The appropriation of earnings for 2021 is subject to the resolution of the stockholders in the stockholders' meeting which is to be held on June 14, 2022.

d. Special reserve

	For the Year Ended December 31	
	2021	2020
Beginning balance	$ 598,988	$ 606,730
Appropriation (reversal) in respect of		
Application of the fair value model for investment properties	24,645	(7,742)
Debits to other equity items	99,883	-
Ending balance	$ 723,516	$ 598,988

e. Other equity items

Adjustments to other equity items for the years ended December 31, 2021 and 2020 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 Comprehen-sive Income	Gains and Losses on Hedging Instruments	Total
For the year ended December 31, 2021				
Beginning balance	$ (20,598)	$ (75,931)	$ (3,354)	$ (99,883)
Recorded as adjustments to stockholders' equity	(2,120)	(680,106)	-	(682,226)
Share of the other comprehensive income of associates	(14,029)	15,075	4,740	5,786
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	-	(58,055)	-	(58,055)
Ending balance	$ (36,747)	$ (799,017)	$ 1,386	$ (834,378)
For the year ended December 31, 2020				
Beginning balance	$ (9,717)	$ 25,180	$ (12,254)	$ 3,209
Recorded as adjustments to stockholders' equity	2,506	(122,168)	-	(119,662)
Share of the other comprehensive income of associates	(13,387)	21,057	8,900	16,570
Ending balance	$ (20,598)	$ (75,931)	$ (3,354)	$ (99,883)

f. Noncontrolling interests

	For the Year Ended December 31	
	2021	2020
Beginning balance	$ 933,515	$ 842,465
Share of profit	110,086	90,494
Other comprehensive income during the year		
Exchange differences on translating the financial statements of foreign operations	(107)	(123)
Remeasurement of defined benefit plans	92	(91)
Cash dividends distributed by subsidiaries	(78,522)	(84,449)
Equity transactions	-	85,219
Ending balance	$ 965,064	$ 933,515

24. REVENUE

	For the Year Ended December 31	
	2021	2020
Contract revenue		
Sales of inventories	$ 28,296,013	$ 24,417,214
Telecommunications service revenue	45,333,985	45,541,683
Other revenue	9,722,119	7,835,523
	83,352,117	77,794,420
Other operating revenue	1,967,891	1,706,545
	$ 85,320,008	$ 79,500,965

a. Contract information

Refer to Note 4 - revenue recognition for information on revenue recognition for contracts.

b. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Contract assets			
Bundle sale of goods	$ 7,570,619	$ 7,274,473	$ 6,655,168
Others	1,209,396	924,052	-
Less: Allowance for impairment loss	(148,515)	(135,925)	(135,925)
	$ 8,631,500	$ 8,062,600	$ 6,519,243
Contract assets - current	$ 5,268,830	$ 4,840,684	$ 4,186,206
Contract assets - noncurrent	3,362,670	3,221,916	2,333,037
	$ 8,631,500	$ 8,062,600	$ 6,519,243

(Continued)

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities			
Goods	$ 135,877	$ 174,842	$ 119,538
Services	13,465,445	2,204,726	2,131,740
	$ 13,601,322	$ 2,379,568	$ 2,251,278
Contract liabilities - current	$ 2,981,709	$ 2,190,246	$ 2,040,678
Contract liabilities - noncurrent	10,619,613	189,322	210,600
	$ 13,601,322	$ 2,379,568	$ 2,251,278

(Concluded)

For details of notes receivable and accounts receivable, refer to Note 9.

The changes in the balances of contract assets and contract liabilities primarily resulted from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment; other significant changes are as follows:

	For the Year Ended December 31	
	2021	2020
Contract assets		
Transfers of beginning balance to accounts receivable	$ (5,055,097)	$ (4,130,414)

The Group measures the loss allowance for contract assets at an amount equal to lifetime ECLs. The expected credit losses on contract assets are estimated using an allowance matrix by reference to past default experience with the debtor and an analysis of the debtor's current financial position, adjusted for the general economic conditions of the industry in which the debtor operates, the unemployment rate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

	December 31	
	2021	2020
Expected credit loss rate	0.05%-8.93%	0.06%-9.41%
Gross carrying amount	$ 8,780,015	$ 8,198,525
Allowance for impairment loss (Lifetime ECLs)	(148,515)	(135,925)
	$ 8,631,500	$ 8,062,600

The movements of the loss allowance of contract assets are as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 135,925	$ 135,925
Add: Net remeasurement of loss allowance	12,590	-
Balance at December 31	$ 148,515	$ 135,925

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year is as follows:

	For the Year Ended December 31	
	2021	2020
From contract liabilities at the start of the year		
Goods	$ 171,966	$ 118,434
Services	1,244,970	1,200,423
	$ 1,416,936	$ 1,318,857

c. Assets related to contract costs

	December 31	
	2021	2020
Current		
Costs to fulfill a contract (included in other current assets)	$ 8,120	$ 10,554
Noncurrent		
Incremental costs of obtaining a contract	$ 3,908,968	$ 3,490,644

1) Costs to fulfill a contract

The Group provides project business services, and the direct costs which are used to fulfill future performance obligations are recognized as costs to fulfill a contract within the expected recoverable scope (accounted for as other current assets). Costs to fulfill a contract are reclassified as operating costs in the contract period, in line with the revenue recognition method.

2) Incremental costs of obtaining a contract

The Group considered its past experience and believes the commission and subsidies paid for obtaining contracts are wholly recoverable. Total expenses recognized were $3,091,447 thousand and $2,971,893 thousand for the years ended December 31, 2021 and 2020, respectively.

d. Disaggregation of revenue

Refer to Note 39 for information about the disaggregation of revenue.

e. Partially completed contracts

The transaction prices, excluding any estimated amounts of variable consideration that are constrained, allocated to the performance obligations that are not fully satisfied and the expected timing for recognition of revenue are as follows:

	December 31	
	2021	2020
Telecommunications service contracts		
Fulfillment in 2021	$ -	$ 15,878,531
Fulfillment in 2022	15,536,377	8,887,742
Fulfillment in 2023 and beyond	10,898,107	2,155,153
	$ 26,434,484	$ 26,921,426

The disclosure does not include revenue from contracts of which the timing of revenue recognition is not affected by price allocation.

25. CONSOLIDATED NET INCOME

The items included in consolidated net income are as follows:

a. Other income

	For the Year Ended December 31	
	2021	2020
Interest income	$ 44,480	$ 66,543
Government grants	34,059	31,088
Dividend income	29,880	60,768
Rental income	23,860	30,208
	$ 132,279	$ 188,607

b. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Gains on fair value changes of financial assets at FVTPL	$ 8,535	$ 61,301
Others	47,779	210,242
	$ 56,314	$ 271,543

c. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	$ 8,075,370	$ 8,052,995
Right-of-use assets	3,549,219	3,594,408
Intangible assets	1,090,647	1,052,571
	$ 12,715,236	$ 12,699,974
Depreciation expense categorized by function		
Operating costs	$ 10,451,122	$ 10,293,917
Operating expenses	1,173,467	1,353,486
	$ 11,624,589	$ 11,647,403
Amortization expense categorized by function		
Operating costs	$ 215,080	$ 239,417
Marketing expenses	297,105	249,313
General and administrative expenses	578,462	563,841
	$ 1,090,647	$ 1,052,571

d. Financial costs

	For the Year Ended December 31	
	2021	2020
Interest on financial liabilities measured at amortized cost	$ 608,188	$ 614,034
Interest on lease liabilities	64,882	74,249
Other financial costs	4,284	6,237
	$ 677,354	$ 694,520

e. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Retirement benefits		
Defined contribution plans	$ 293,101	$ 170,387
Defined benefit plans (Note 22)	15,039	14,000
	308,140	184,387
Other employee benefits		
Salary	5,854,855	5,663,107
Insurance	579,583	526,034
Others	312,526	322,830
	6,746,964	6,511,971
	$ 7,055,104	$ 6,696,358
Categorized by function		
Operating costs	$ 1,104,813	$ 1,086,270
Operating expenses	5,950,291	5,610,088
	$ 7,055,104	$ 6,696,358

f. Compensation of employees and remuneration of directors

Far EasTone distributes compensation of employees and remuneration of directors at rates of 1% to 2% and no higher than 1%, respectively, of income before income tax, compensation of employees and remuneration of directors. For the years ended December 31, 2021 and 2020, the compensation of employees and the remuneration of directors represented 2 % and 0.72%, respectively, of income before income tax, compensation of employees and remuneration of directors.

The accrued compensation of employees and remuneration of directors for the years ended December 31, 2021 and 2020 were as follows:

	For the Year Ended December 31	
	2021	2020
Compensation of employees	$ 212,073	$ 205,762
Remuneration of directors	$ 76,346	$ 74,074

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

There was no difference between the amounts of the compensation of employees and the remuneration of directors resolved by the board of directors and the respective amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

Information on the compensation of employees and remuneration of directors resolved by Far EasTone's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

26. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Year Ended December 31	
	2021	2020
Current tax	$ 1,922,568	$ 1,747,821
Deferred tax	(75,664)	25
Income tax expense recognized in profit or loss	$ 1,846,904	$ 1,747,846

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

	For the Year Ended December 31	
	2021	2020
Income before tax	$ 11,080,785	$ 10,192,468
Income tax expense computed at the statutory tax rate	$ 2,216,157	$ 2,038,494
Add (deduct) tax effects of:		
Nondeductible (deductible) items in determining taxable income	(27,083)	(40,518)
Tax-exempt income	(342,962)	(12,154)
Land value incremental tax	79,125	891
Effect of different tax rates on the group entities	(2,562)	(12)
Others	35,025	52,871
Prior year's adjustments	(110,796)	(291,726)
Income tax expense recognized in profit or loss	$ 1,846,904	$ 1,747,846

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Deferred tax		
In respect of the current year		
Financial assets at fair value through other comprehensive income	$ (129)	$ 4,336
Remeasurement of defined benefit plan	8,610	8,172
Income tax recognized in other comprehensive income	$ 8,481	$ 12,508

c. Deferred income tax assets and liabilities

The movements of deferred income tax assets and deferred income tax liabilities were as follows:

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Closing Balance
Deferred income tax assets				
Allowance for impairment loss	$ 300,125	$ 33,250	$ -	$ 333,375
Defined benefit obligation	100,085	(3,879)	8,610	104,816
Others	435,251	11,999	(129)	447,121
	$ 835,461	$ 41,370	$ 8,481	$ 885,312
Deferred income tax liabilities				
Amortization of goodwill	$ 2,056,606	$ -	$ -	$ 2,056,606
Investment properties	113,511	(39,788)	-	73,723
Others	3,733	5,494	-	9,227
	$ 2,173,850	$ (34,294)	$ -	$ 2,139,556

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Closing Balance
Deferred income tax assets				
Allowance for impairment loss	$ 258,910	$ 41,215	$ -	$ 300,125
Defined benefit obligation	95,507	(3,594)	8,172	100,085
Others	467,811	(37,043)	4,483	435,251
	$ 822,228	$ 578	$ 12,655	$ 835,461
Deferred income tax liabilities				
Amortization of goodwill	$ 2,056,606	$ -	$ -	$ 2,056,606
Investment properties	112,620	891	-	113,511
Others	3,874	(288)	147	3,733
	$ 2,173,100	$ 603	$ 147	$ 2,173,850

d. Deductible temporary differences and unused loss carryforwards for which no deferred income tax assets have been recognized in the consolidated balance sheets

	December 31	
	2021	2020
Loss carryforwards		
Expiry in 2021	$ -	$ 23,459
Expiry in 2022	40,344	58,803
Expiry in 2023	25,647	47,873
Expiry in 2024	108,659	108,659
Expiry in 2025	307,602	307,602
Expiry in 2026	247,175	247,175
Expiry in 2027	341,075	341,075
Expiry in 2028	333,297	333,297
Expiry in 2029	217,996	218,315
Expiry in 2030	209,267	215,689
Expiry in 2031	223,050	-
	2,054,112	1,901,947
Unrealized gains or losses on property, plant and equipment	395,904	408,404
Investment gains or losses	197,740	200,645
Others	138,374	208,344
	$ 2,786,130	$ 2,719,340

e. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2021 comprised:

Unused Amount	Expiry Year
$ 40,344	2022
25,647	2023
108,659	2024
307,602	2025
247,175	2026
341,075	2027
333,297	2028
217,996	2029
209,267	2030
223,050	2031
$ 2,054,112	

f. Income tax assessments

Income tax returns of Far EasTone, NCIC, KGEx.com, Prime EcoPower, New Diligent, Yuan Bao, YSDT, ISSDU, ARCOA, Data Express, Home Master, Linkwell, Nextlink Technology and Microfusion Technology through 2019 have been assessed by the tax authorities. Income tax returns of Yuan Cing through 2020 have been assessed by the tax authorities.

27. EARNINGS PER SHARE

The earnings and weighted average number of common stock used in the calculation of earnings per share were as follows:

Net Income for the Year

	For the Year Ended December 31	
	2021	2020
Net income attributable to Far EasTone	$ 9,123,795	$ 8,354,128
Effect of potentially dilutive common stock:		
Compensation of employees	-	-
Earnings used in the calculation of diluted earnings per share	$ 9,123,795	$ 8,354,128

Weighted Average Number of Common Stock Outstanding

(In Thousands of Shares)

	For the Year Ended December 31	
	2021	2020
Weighted average number of common stock used in the calculation of basic earnings per share	3,258,501	3,258,501
Effect of potentially dilutive common stock:		
Compensation of employees	3,802	3,790
Weighted average number of common stock used in the calculation of diluted earnings per share	3,262,303	3,262,291

Since Far EasTone offered to settle the compensation paid to employees in cash or stock, Far EasTone assumed the entire amount of the compensation would be settled in stock and the resulting potential stock were included in the weighted average number of common stock outstanding used in the calculation of diluted earnings per share, if the effect was dilutive. Such dilutive effect of the potential stock was included in the calculation of diluted earnings per share until the number of stock to be distributed to employees is resolved in the following year.

28. EQUITY TRANSACTIONS WITH NONCONTROLLING INTERESTS

In May 2020, the Group subscribed for new common stock of Yuanshi Digital Technology Co., Ltd. (YSDT) at a percentage different from its existing ownership percentage, increasing its continuing interest from 88.81% to 96.85%.

The above transaction was accounted for as an equity transaction since the Group did not lose control over the subsidiary.

	YSDT
Cash consideration paid	$ 800,000
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from noncontrolling interests	(714,781)
Differences recognized from equity transactions	$ 85,219

	YSDT
Line items adjusted for equity transactions	
Unappropriated earnings	$ (85,219)

29. CASH FLOW INFORMATION

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

For the years ended December 31, 2021 and 2020, changes in liabilities arising from financing activities, including noncash transactions, were as follows:

For the year ended December 31, 2021

	Balance on January 1, 2021	Cash Flows from Financing Activities	Changes in Noncash Transactions		Cash Flows from Operating Activities - Interest Paid	Balance on December 31, 2021
			New Leases	Others		
Lease liabilities (including the current and noncurrent portion)	$ 8,156,460	$ (3,485,437)	$ 3,257,157	$ (114,056)	$ (64,882)	$ 7,749,242

For the year ended December 31, 2020

	Balance on January 1, 2020	Cash Flows from Financing Activities	Changes in Noncash Transactions		Cash Flows from Operating Activities - Interest Paid	Balance on December 31, 2020
			New Leases	Others		
Lease liabilities (including the current and noncurrent portion)	$ 7,899,717	$ (3,572,180)	$ 4,093,012	$ (189,840)	$ (74,249)	$ 8,156,460

30. CAPITAL MANAGEMENT

The Group is required to maintain sufficient capital to meet the minimum paid-in capital requirements for the telecommunications industry, and to finance the upgrade of its telecommunications network. Thus, the Group's capital management focuses on its operating plan to ensure good profitability and financial structure and to meet the demand for working capital, capital expenditures, debt repayment and dividends for the next 12 months.

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

	December 31			
	2021		2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities				
Bonds payable	$ 34,978,138	$ 35,137,183	$ 33,771,854	$ 33,972,196

2) Fair value hierarchy

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Bonds payable	$ 35,137,183	$ -	$ -	$ 35,137,183

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Bonds payable	$ 33,972,196	$ -	$ -	$ 33,972,196

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

1) Fair value hierarchy

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Mutual funds	$ -	$ 699,174	$ -	$ 699,174
Financial assets at fair value through other comprehensive income				
Stock in domestic listed company through private placement	$ -	$ 4,110,000	$ -	$ 4,110,000
Domestic/foreign unlisted common stock	$ -	$ -	$ 949,853	$ 949,853

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Mutual funds	$ -	$ 690,639	$ -	$ 690,639
Financial assets at fair value through other comprehensive income				
Domestic/foreign unlisted common stock	$ -	$ -	$ 809,560	$ 809,560

There were no transfers of financial assets between the fair value measurements of Level 1 and Level 2 for the years ended December 31, 2021 and 2020.

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

	Financial Instruments at Fair Value Through Other Comprehensive Income	
	For the Year Ended December 31	
	2021	2020
Beginning balance	$ 809,560	$ 447,735
Additions	50,000	500,000
Disposal	(97,300)	-
Recognized in other comprehensive income	210,023	(126,504)
Remittance of cash due to capital reduction	(21,450)	(13,500)
Effects of foreign currency exchange differences	(980)	1,829
Ending balance	$ 949,853	$ 809,560

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.

c. Categories of financial instruments

	December 31	
	2021	2020
Financial assets		
Financial assets at fair value through profit or loss	$ 699,174	$ 690,639
Financial assets at amortized cost (Note 1)	17,011,848	16,691,289
Financial assets at fair value through other comprehensive income	5,059,853	809,560
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	77,491,661	87,273,410

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable, accounts receivable (including related parties), other receivables (including related parties), refundable deposits and other financial assets.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, accounts payable (including related parties), other payables (including related parties), bonds payable (including current portion), long-term borrowings (including current portion) and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, accounts receivable, accounts payable, bonds payable and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include currency risk, interest rate risk, credit risk and liquidity risk. In order to reduce financial risk, the Group is committed to identify, assess and avoid the uncertainty of the market and reduce the potential downside effects of market changes against the Group's financial performance.

The Group's significant financial activities are reviewed by the board of directors of the entities in the Group in accordance with the related rules and internal control system. The Group should implement the overall financial management objective as well as observe the levels of delegated authority and ensure that those with delegated authority carry out their duties.

1) Market risk

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

a) Foreign currency risk

The Group owns foreign currency-denominated assets and enters into transactions where expected future purchases or payments are denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed through investing in foreign currency deposits at the appropriate time.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (NTD) against the U.S. dollar. The sensitivity rate of 5% is used when reporting foreign currency risk internally to key management personnel, and it represents management's basis for assessing the reasonably possible changes in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency-denominated monetary items, for which their translation at the end of the reporting period is adjusted for a 5% change in foreign currency rates. The negative number shown in the currency impact table below indicates a decrease in pre-tax profit associated with the NTD strengthening 5% against the U.S. dollar. For a 5% weakening of the NTD against the U.S. dollar, there would be an equal and opposite impact on pre-tax profit, and the balances below would be positive.

	USD Impact	
	For the Year Ended December 31	
	2021	2020
5% change in sensitivity rate USD	$ (31,032)	$ (30,745)

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow loans at both fixed and floating interest rates. To manage this risk, the Group maintains an appropriate mix of fixed and floating rate borrowings.

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

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	$ 4,095,804	$ 2,894,941
Financial liabilities	69,165,302	80,678,181
Cash flow interest rate risk		
Financial assets	3,911,828	5,592,104
Financial liabilities	2,551,258	2,110,000

Sensitivity analysis

The sensitivity analysis described below was based on the Group's exposure to interest rates for financial assets and financial liabilities at the end of the reporting period. An increase or decrease of 25 basis points is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. For the financial assets and financial liabilities with fixed interest rates, their fair values will change as the market interest rates change. For the financial assets and financial liabilities with floating interest rates, their effective interest rates will change as the market interest rates change.

Had interest rates been 25 basis points higher/lower and all other variables been held constant, the income before income tax for the years ended December 31, 2021 and 2020 would have increased/decreased by $3,401 thousand and $8,705 thousand, respectively, which was mainly affected by bank deposits and borrowings with floating interest rates.

c) Other price risks

The Group is exposed to equity price risks through its equity investments in mutual fund beneficiary certificates, stock in domestic listed company obtained through private placement and domestic/foreign unlisted common stock. The Group manages the risk by holding a portfolio of investments with different risk levels. In addition, the Group has appointed a special team to monitor the price risk.

Sensitivity analysis

The following sensitivity analysis was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $34,959 thousand and $34,532 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL; and the pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have increased/decreased by $252,993 thousand and $40,478 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 $62,662,074 thousand and $38,831,375 thousand as of December 31, 2021 and 2020, 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
December 31, 2021					
Short-term borrowings	$ 210,000	$ 210,367	$ 210,367	$ -	$ -
Short-term bills payable	351,490	352,100	352,100	-	-
Long-term borrowings	28,075,353	28,171,752	70,353	28,101,399	-
Bonds payable	34,978,138	35,995,890	10,028,370	19,688,095	6,279,425
Lease liabilities	7,749,242	7,838,880	2,810,634	4,971,195	57,051
	$ 71,364,223	$ 72,568,989	$ 13,471,824	$ 52,760,689	$ 6,336,476
December 31, 2020					
Short-term borrowings	$ 377,764	$ 378,543	$ 378,543	$ -	$ -
Short-term bills payable	389,715	390,000	390,000	-	-
Long-term borrowings	39,734,159	40,143,593	254,077	39,826,391	63,125
Bonds payable	33,771,854	35,071,460	321,770	26,521,735	8,227,955
Lease liabilities	8,156,460	8,267,314	2,813,456	5,400,893	52,965
	$ 82,429,952	$ 84,250,910	$ 4,157,846	$ 71,749,019	$ 8,344,045

Additional information about the maturity analysis for financial liabilities:

	December 31, 2021				
	Within 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Bonds payable	$ 10,028,370	$ 19,688,095	$ 6,279,425	$ -	$ -
Lease liabilities	2,810,634	4,971,195	56,921	81	49
	$ 12,839,004	$ 24,659,290	$ 6,336,346	$ 81	$ 49

	December 31, 2020				
	Within 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Long-term borrowings	$ 254,077	$ 39,826,391	$ 63,125	$ -	$ -
Bonds payable	321,770	26,521,735	8,227,955	-	-
Lease liabilities	2,813,456	5,400,893	49,410	1,829	1,726
	$ 3,389,303	$ 71,749,019	$ 8,340,490	$ 1,829	$ 1,726

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 (same chairman as parent company's)
Far Eastern Big City Shopping Malls Co., Ltd.	Other related party (subsidiary of SOGO)
Far Eastern Citysuper Co., Ltd.	Other related party (same chairman as parent company's)
Ya Tung Department Store Co., Ltd.	Other related party (same chairman as parent company's)
Fu Dar Transportation Corporation	Other related party (same chairman as parent company's)
Fu-Ming Transportation Co., Ltd.	Other related party (same chairman as parent company's)
YDT Technology International Co., Ltd.	Subsidiary of FENC
Nan Hwa Cement Corporation	Other related party (same chairman as parent company's)
Ya Tung Ready Mixed Concrete Co., Ltd.	Other related party (same chairman as parent company's)
Oriental Securities Corporation Ltd.	Other related party (equity-method investee of FENC)
Yuan Ding Co., Ltd.	Subsidiary of FENC
Far Eastern Department Stores Co., Ltd.	Other related party (same chairman as Far EasTone)
Asia Cement Co., Ltd.	Other related party (same chairman as Far EasTone)
Oriental Union Chemical Corporation	Other related party (same chairman as Far EasTone)
Far Eastern Ai Mai Co., Ltd.	Other related party (same chairman as Far EasTone)
Far Eastern Hospital	Other related party (same chairman as Far EasTone)
Asia Eastern University of Science and Technology (used to be known as Oriental Institute of Technology)	Other related party (same chairman as Far EasTone)

(Continued)

Related Party	Relationship with the Group
Far Eastern Plaza Hotel	Subsidiary of FENC
Yuan-Ze University	Other related party (same chairman as Far EasTone)
U-Ming Marine Transport Corporation	Other related party (same chairman as Far EasTone)
Chiahui Power Corporation	Other related party (same chairman as Far EasTone)
Far Eastern International Bank (FEIB)	Other related party (Far EasTone's chairman is FEIB's vice chairman)
Far Eastern Construction Co., Ltd.	Subsidiary of FENC
Fu Kwok Garment Manufacturing Co., Ltd.	Subsidiary of FENC
Oriental Petrochemical (Taiwan) Co., Ltd.	Subsidiary of FENC
Air Liquide Far Eastern Co., Ltd.	Other related party (equity-method investee of FENC)
Far Eastern General Contractor Inc.	Subsidiary of FENC
Oriental Resources Development Limited	Subsidiary of FENC
Far Eastern Fibertech Co., Ltd.	Subsidiary of FENC
Far Eastern Realty Management Co., Ltd.	Subsidiary of FENC
Ding & Ding Management Consultant Co., Ltd.	Other related party (substantive related party)
Yuan Hsin Digital Payment Co., Ltd.	Subsidiary of FENC
Far Eastern Polyclinic of Far Eastern Medical Foundation	Other related party (same chairman as Far EasTone's)
FETC International Co., Ltd.	Subsidiary of FENC
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 Memorial Foundation	Other related party (substantive related party)
Far Eastern Petrochemical (Yangzhou) Ltd.	Other related party (substantive related party)
Far Eastern Leasing Corporation	Other related party (substantive related party)
Far Eastern Apparel (Vietnam) Ltd.	Subsidiary of FENC
Drive Catalyst SPC-SP Tranche Two	Associate
Drive Catalyst SPC-SP Tranche Three	Associate

(Concluded)

b. Operating revenue

	For the Year Ended December 31	
	2021	2020
FENC	$ 119,912	$ 43,961
Subsidiaries of FENC	219,555	212,382
Other related parties	324,011	337,134
	$ 663,478	$ 593,477

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

c. Operating costs and expenses

	For the Year Ended December 31	
	2021	2020
Operating costs		
FENC	$ 778	$ 277
Subsidiaries of FENC	14,267	22,101
Other related parties	84,269	74,325
	$ 99,314	$ 96,703
Operating expenses		
FENC	$ 97,480	$ 110,233
Subsidiaries of FENC	250,564	224,100
Other related parties	115,924	187,298
	$ 463,968	$ 521,631

The above related parties provide telecommunications operating related services to the Group. The terms and conditions conformed to normal business practices.

d. Property transactions

	For the Year Ended December 31	
	2021	2020
Acquisition of property, plant and equipment and intangible assets		
Subsidiaries of FENC	$ 19,158	$ 23,298
Other related parties	81,144	14,574
	$ 100,302	$ 37,872
Acquisition of securities		
Subsidiaries of FENC	$ 42,358	$ -
Associate	228,280	-
	$ 270,638	$ -

In August 2021, the Group acquired a partial interest in YHDP that amounted to $42,358 thousand. In April 2021, the Group acquired a partial interest in Drive Catalyst SPC-SP Tranche Two and Drive Catalyst SPC-SP Tranche Three that each amounted to $114,140 thousand.

e. Lease arrangements - the Group is lessee

	For the Year Ended December 31	
	2021	2020
Acquisition of right-of-use assets		
Other related parties	$ 11,961	$ 32,045

	December 31	
	2021	2020
Lease liabilities - current		
FENC	$ 968	$ 2,939
Subsidiaries of FENC	1,812	30,417
Other related parties	16,838	18,294
	$ 19,618	$ 51,650
Lease liabilities - noncurrent		
FENC	$ -	$ 1,128
Subsidiaries of FENC	1,380	13,820
Other related parties	5,351	15,067
	$ 6,731	$ 30,015

	For the Year Ended December 31	
	2021	2020
Financial costs		
FENC	$ 15	$ 49
Subsidiaries of FENC	100	611
Other related parties	215	306
	$ 330	$ 966

All the terms and conditions of the above lease contracts conformed to normal business practices.

f. Bank deposits, financial assets at amortized cost and other financial assets

	December 31	
	2021	2020
Other related parties		
FEIB	$ 2,382,756	$ 4,408,565

The Group had bank deposits in FEIB. These deposits included a portion of the proceeds of Far EasTone's sale of prepaid cards and NCIC's sale of international calling cards, which were consigned to FEIB as a trust fund and included in other financial assets - current.

g. Receivables and payables - related parties

	December 31	
	2021	2020
Accounts receivable - related parties		
FENC	$ 92,518	$ 1,541
Subsidiaries of FENC	29,351	38,172
Other related parties	264,505	289,899
	$ 386,374	$ 329,612
Other receivables - related parties (included in other current assets)		
Subsidiaries of FENC	$ 3,513	$ 3,554
Other related parties	6,376	5,704
	$ 9,889	$ 9,258
Accounts payable - related parties (included in accounts payable)		
Subsidiaries of FENC	$ 10,606	$ 2,507
Other related parties	12,380	9,467
	$ 22,986	$ 11,974
Other payables - related parties (included in other current liabilities)		
FENC	$ 22,295	$ 23,153
Subsidiaries of FENC	73,214	84,929
Other related parties	9,895	9,662
	$ 105,404	$ 117,744

h. Refundable deposits (included in other noncurrent assets)

	December 31	
	2021	2020
Refundable deposits		
Subsidiaries of FENC	$ 21,011	$ 20,743
Other related parties	1,416	2,215
	$ 22,427	$ 22,958

i. Others

	For the Year Ended December 31	
	2021	2020
Interest income		
Subsidiaries of FENC	$ 17	$ 22
Other related parties		
FEIB	13,083	17,983
Others	2	4,164
	13,085	22,147
	$ 13,102	$ 22,169
Other gains		
Other related parties		
Yuan-Ze University	$ -	$ 80,000
Financial costs		
Other related parties	$ 185	$ 206

j. Remuneration of key management personnel

The remuneration of directors and other members of key management personnel during the years ended December 31, 2021 and 2020 was as follows:

	For the Year Ended December 31	
	2021	2020
Short-term benefits	$ 286,468	$ 269,082
Post-employment benefits	3,491	3,109
	$ 289,959	$ 272,191

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 inventory, for transactions with financial institutions and for litigation, were as follows:

	December 31	
	2021	2020
Other financial assets - current	$ 417,565	$ 408,912
Property, plant and equipment, net	171,453	104,461
Other noncurrent assets	-	531
	$ 589,018	$ 513,904

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

	December 31	
	2021	2020
Unpaid acquisition of property, plant and equipment and intangible assets under contracts	$ 17,104,556	$ 8,635,068
Unpaid acquisition of inventories under contracts	$ 5,134,425	$ 3,588,647

b. All lease commitments (the Group as a lessee), including short-term leases, with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2021	2020
Lease commitments	$ 337,295	$ 323,370

c. In order to maximize the efficiency of utilizing Far EasTone's network and spectrum resources, and to enhance Far EasTone's competitiveness in the 5G markets, on September 4, 2020, the board of directors of Far EasTone resolved to enter into a business cooperation agreement with APTC, which includes issuing new common stock in exchange for part of APTC's shares held by Hon Hai Precision Industry Co., Ltd. (HHPI) under a share swap arrangement on June 30, 2022 after obtaining approval from the competent authority.

d. In order to increase the efficient utilization of Far EasTone's spectrum and enhance the competitiveness of Far EasTone in maintaining consumer interests, on November 5, 2020, the board of directors of Far EasTone resolved to enter into a business cooperation agreement with APTC once approval from the competent authority has been obtained. The content of the agreement includes: (a) mutual sharing of 700MHz spectrum between Far EasTone and APTC whereby Far EasTone will bear seven-ninths and APTC will bear two-ninths of the 700MHz spectrum's related capitalized costs and expenses, this agreement will be valid from November 5, 2020 to December 31, 2030; (b) the exchange of Far EasTone's 2600 D6 spectrum with the 700 A3 spectrum held by APTC; the value of the aforementioned spectrum swap shall be determined in accordance with the agreement. If the competent authority approves the sharing of 700MHz spectrum earlier than the execution date of the spectrum swap, the spectrum swap agreement will be automatically terminated without implementation of the stated obligations.

35. OTHER ITEMS

As of the date the consolidated financial statements were authorized for issue, the Group had assessed that the COVID-19 pandemic would have no material impact on the Group's ability to continue as a going concern, asset impairment and financing risk. The Group will continue to observe and assess the possible impact that the COVID-19 pandemic will have on the Group's aforesaid aspects.

36. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In order to enhance the competitiveness, expand the business scale and achieve the operating synergy, on February 25, 2022, Far EasTone's board of directors resolved to sign a merger agreement with APTC. Far EasTone will be the surviving company. The tentative record date of the merger is September 30, 2022 and the share exchange ratio is one share of APTC for 0.0934406 share of Far EasTone. Far EasTone expects to issue 356,681 thousand shares to complete the merger. The record date of the merger and the related adjustments, if any, to the agreement will be decided after obtaining approval from the competent authority.

In order to obtain APTC shares held by HHPI, Far EasTone signed a share swap contract with HHPI on September 4, 2020. After Far EasTone and APTC have signed the merger agreement, Far EasTone will suspend the share exchange with HHPI on June 30, 2022 according to the share swap contract. After Far EasTone and APTC have obtained the approval from the competent authority and have completed the merger, the share swap contract with HHPI will be terminated.

37. 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)

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 43,411	27.68 (USD:NTD)	$ 1,201,603
Nonmonetary items			
USD	42,381	27.68 (USD:NTD)	1,173,094
USD	6,770	6.372 (USD:RMB)	187,394
Financial liabilities			
Monetary items			
USD	20,989	27.68 (USD:NTD)	580,972

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 34,237	28.48 (USD:NTD)	$ 975,082
Nonmonetary items			
USD	32,864	28.48 (USD:NTD)	935,968
USD	4,116	6.507 (USD:RMB)	117,229
Financial liabilities			
Monetary items			
USD	12,647	28.48 (USD:NTD)	360,173

The Group is mainly exposed to the U.S. dollar. The following information is aggregated by the functional currencies of the entities in the Group and the exchange rates between the respective functional currencies and the presentation currency are disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2021		2020	
Functional 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)	$ (17,817)	1 (NTD:NTD)	$ (1,262)
RMB	4.341 (RMB:NTD)	(1,315)	4.282 (RMB:NTD)	(3,859)
HKD	3.603 (HKD:NTD)	(3,586)	3.809 (HKD:NTD)	(3,486)
		$ (22,718)		$ (8,607)

38. 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 investments 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: Schedule D

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

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

9) Trading in derivative instruments: None

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

b. Information on investees: Schedule H

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 I

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

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

d. Information on major stockholders: List all stockholders with ownership of 5% or greater showing the name of the stockholder, the number of shares owned, and percentage of ownership of each stockholder: Schedule J

39. SEGMENT INFORMATION

Products and services from which reportable segments derive their revenue:

The information provided to the Group's chief operating decision maker in order to allocate resources to the segments and assess their performance focuses on the type of goods or services delivered or provided. As required by IFRS 8 "Operating Segments," the Group defined its operating segments as follows:

a. Mobile services business: Providing mobile telecommunications services

b. Fixed-line services business: Providing international direct dial, local network, long-distance network and broadband access services

c. Sales business: Selling cellular phones, computers and accessories

Segment operating income represented the profit generated by each operating segment, which included specifically attributable segment revenue, costs, expenses, interest revenue, other revenue, equity in investees' net income and loss, financial costs, other expense and general and administrative expenses. The profits were the measures reported to the chief operating decision maker to allocate resources to the segments and assess their performance. However, the measure of segment assets was not provided to the chief operating decision maker.

a. The Group's revenue and operating results analyzed by the operating segments were as follows:

	For the Year Ended December 31, 2021				
	Mobile Services Business	Fixed-line Services Business	Sales Business	Adjustment and Elimination	Consolidation
Revenue generated from external customers	$ 43,272,412	$ 10,372,645	$ 31,674,951	$ -	$ 85,320,008
Revenue generated within the Group (Note)	208,832	2,290,557	82,587	(2,581,976)	-
Total revenue	$ 43,481,244	$ 12,663,202	$ 31,757,538	$ (2,581,976)	$ 85,320,008
Segment operating income	$ 8,710,911	$ 3,813,261	$ 2,788,894	$ (4,232,281)	$ 11,080,785

	For the Year Ended December 31, 2020				
	Mobile Services Business	Fixed-line Services Business	Sales Business	Adjustment and Elimination	Consolidation
Revenue generated from external customers	$ 42,532,877	$ 9,299,217	$ 27,668,871	$ -	$ 79,500,965
Revenue generated within the Group (Note)	239,546	2,260,879	46,339	(2,546,764)	-
Total revenue	$ 42,772,423	$ 11,560,096	$ 27,715,210	$ (2,546,764)	$ 79,500,965
Segment operating income	$ 7,196,845	$ 2,033,708	$ 3,162,143	$ (2,200,228)	$ 10,192,468

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

b. Geographical information

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

Consolidated geographic information for revenues was as follows:

	For the Year Ended December 31	
	2021	2020
ROC	$ 81,676,020	$ 76,554,466
Overseas	3,643,988	2,946,499
	$ 85,320,008	$ 79,500,965

c. Information on major customers

There was no customer that accounted for at least 10% of the Group's total operating revenue in both 2021 and 2020.

SCHEDULE A

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Year	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Limit (Note)
													Item	Value		
1	New Century InfoComm Tech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Other receivables - related parties	Yes	$ 1,800,000	$ 1,800,000	$ 1,800,000	0.7337%-0.7580%	Business transaction	$ 2,298,925	-	$ -	-	$ -	$ 2,298,925	$ 13,463,890
		Far EasTone Telecommunications Co., Ltd.	Other receivables - related parties	Yes	9,200,000	9,200,000	9,200,000	0.7137%-0.7580%	Short-term financing	-	For business operations	-	-	-	10,771,112	13,463,890

Note: Where New Century InfoComm Tech Co., Ltd. (NCIC) provides loans for business transactions and short-term financing needs, the amount of loans is limited to 50% of NCIC's net worth. A) For business transactions: The individual loan amount should not exceed the business transaction amount between the two parties. The business transaction amount refers to the estimated amount in the year the loan contract was signed or the prior year's actual transaction amount. B) For loans provided due to short-term financing needs, both the financing limit for each borrower and the aggregate financing limit should not exceed 40% of NCIC's net worth.

SCHEDULE B

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note	Highest Shares/Units Held During the Year
				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	$ 138,461	11.11	$ 138,461	B	7,500,000
	CDIB Capital Innovation Accelerator Limited	-	Financial assets at fair value through other comprehensive income - noncurrent	9,000,000	105,191	10.71	105,191	B	9,000,000
	LINE Bank Taiwan Limited	-	Financial assets at fair value through other comprehensive income - noncurrent	50,000,000	396,910	5.00	396,910	B	50,000,000
	LiTV (Taiwan) Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	1,250,000	50,000	2.50	50,000	B	1,250,000
	Asia-Pacific Telecom Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	500,000,000	4,110,000	11.58	4,110,000	B	500,000,000
ARCOA Communication Co., Ltd.	Stock								
	THI consultants	-	Financial assets at fair value through other comprehensive income - noncurrent	1,213,594	12,190	18.32	12,190	B	1,213,594
	Web Point Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	160,627	1,618	0.63	1,618	B	160,627
New Century InfoComm Tech Co., Ltd.	Stock								
	Kaohsiung Rapid Transit Corporation	Other related party	Financial assets at fair value through other comprehensive income - noncurrent	8,858,191	44,645	3.18	44,645	B	8,858,191
	Bank Pro E-service Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	600,000	4,500	3.33	4,500	B	600,000
	Stock certificate								
	Changing.ai Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	500,000	8,944	2.50	8,944	B	500,000
	Overseas funds								
	Opas Fund Segregated Portfolio Tranche A	Other related party	Financial assets at fair value through profit or loss - current	13,491.781	505,428	-	505,428	A	13,491.781
	Opas Fund Segregated Portfolio Tranche B	Other related party	Financial assets at fair value through profit or loss - current	5,000	193,746	-	193,746	A	5,000
Digital United (Cayman) Ltd.	Stock certificate								
	TBCASoft, Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	726,995	187,394	4.87	187,394	B	980,435

(Continued)

Note A: The market values of the overseas funds were calculated at their net asset values as of December 31, 2021.

Note B: The fair values of financial assets at fair value through other comprehensive income were calculated using inputs and valuation methods.

(Concluded)

SCHEDULE C

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

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 YEAR ENDED DECEMBER 31, 2021
(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.	Stock Asia-Pacific Telecom Co., Ltd.'s common stock through private placement	Financial assets at fair value through other comprehensive income - noncurrent	Asia-Pacific Telecom Co., Ltd.	-	-	$ -	500,000,000	$ 5,000,000	-	$ -	$ -	$ -	500,000,000	$ 4,110,000 (Note B)

Note A: The amount is the cost of acquisition.

Note B: The amount is the fair value as of December 31, 2021.

SCHEDULE D

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
New Century InfoComm Tech Co., Ltd.	A part of properties and equipment located in the Neihu District of Taipei City	July 2021	June 2001	$ 1,857,022	$ 3,242,924	Received in full	$ 1,281,483 (Note)	MediaTek Inc.	-	To enhance the efficiency of the usage of assets	Valuation report	-

Note: Related expenses were deducted from the gain on disposal.

SCHEDULE E

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(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	$ 6,773,686	13	Based on agreement	-	-	Accounts payable and other payables	$ (558,920)	(3)
			Operating revenue	(981,828)	(2)	Based on agreement	-	-	Accounts receivable (Note C)	245,441	4
	New Century InfoComm Tech Co., Ltd.	Subsidiary	Operating costs	2,139,527	5	Based on agreement	-	-	Accounts payable and other payables (Note A)	(504,895)	(2)
			Operating revenue	(159,398)	-	Based on agreement	-	-	Accounts receivable	12,530	-
	DataExpress Infotech Co., Ltd.	Subsidiary of ARCOA Communication Co., Ltd.	Operating costs and marketing expenses	224,881	-	Based on agreement	-	-	Accounts payable and other payables	(50,098)	-
	Yuanshi Digital Technology Co., Ltd.	Subsidiary	Operating revenue	(804,332)	(1)	Based on agreement	-	-	Accounts receivable (Note C)	27,627	-
	FarEasTone Property Insurance Agency Co., Ltd.	Subsidiary	Operating revenue	(325,773)	(1)	Based on agreement	-	-	Accounts receivable	95,397	1
New Century InfoComm Tech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	Operating revenue	(2,139,527)	(22)	Based on agreement	-	-	Accounts receivable (Note B)	504,895	30
			Operating costs	159,398	3	Based on agreement	-	-	Accounts payable	(12,530)	(2)
	KGEx.com Co., Ltd.	Same parent company	Operating costs and rental expenses	135,262	2	Based on agreement	-	-	Accounts payable and other payables	(25,775)	(2)
	Far Eastern International Bank	Other related party	Operating revenue	(104,788)	(1)	Based on agreement	-	-	Accounts receivable	25,988	2
ARCOA Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	Operating revenue	(6,733,686)	(64)	Based on agreement	-	-	Accounts receivable	558,920	53
			Operating costs	981,828	10	Based on agreement	-	-	Accounts payable (Note C)	(245,441)	(20)
	Yuanshi Digital Technology Co., Ltd.	Same parent company	Operating revenue	(137,169)	(1)	Based on agreement			Accounts receivable	173,031	16
	Home Master Technology Ltd.	Subsidiary of DataExpress Infotech Co., Ltd.	Operating revenue	(996,371)	(9)	Based on agreement	-	-	Accounts receivable	113,073	11
KGEx.com Co., Ltd.	New Century InfoComm Tech Co., Ltd.	Same parent company	Operating revenue	(135,262)	(26)	Based on agreement	-	-	Accounts receivable	25,775	49
DataExpress Infotech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	Operating revenue	(224,881)	(4)	Based on agreement	-	-	Accounts receivable	50,098	10
	Yuanshi Digital Technology Co., Ltd.	Same parent company	Operating revenue	(101,262)	(2)	Based on agreement	-	-	Accounts receivable (Note C)	-	-
	Home Master Technology Ltd.	Subsidiary	Operating revenue	(103,632)	(2)	Based on agreement	-	-	Accounts receivable	22,760	5
Yuanshi Digital Technology Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	Operating costs	804,332	31	Based on agreement	-	-	Accounts payable (Note C)	(27,627)	(7)
	ARCOA Communication Co., Ltd.	Same parent company	Operating costs	137,169	5	Based on agreement	-	-	Accounts payable (Note C)	(173,031)	(46)
	DataExpress Infotech Co., Ltd.	Same parent company	Operating costs	101,262	4	Based on agreement	-	-	Accounts payable (Note C)	-	-
Home Master Technology Ltd.	ARCOA Communication Co., Ltd.	Parent company	Operating costs	996,371	63	Based on agreement	-	-	Accounts payable	(113,073)	(72)
	DataExpress Infotech Co., Ltd.	Parent company	Operating costs	103,632	7	Based on agreement	-	-	Accounts payable	(22,760)	(15)
FarEasTone Property Insurance Agency Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	Operating costs	325,773	83	Based on agreement	-	-	Accounts payable	(95,397)	(90)
Microfusion Technology Co., Ltd.	Nextlink (HK) Technology Co., Ltd.	Same parent company	Operating revenue	(103,126)	(13)	Based on agreement	-	-	Accounts receivable	23,658	13
Nextlink (HK) Technology Co., Ltd.	Microfusion Technology Co., Ltd.	Same parent company	Operating costs	103,126	5	Based on agreement	-	-	Accounts payable	(23,658)	(5)

(Continued)

Note A: All interconnection revenue, costs and collection of international direct dial revenue between Far EasTone and NCIC were settled at net amounts and were included in accounts payable - related parties.

Note B: Including the receivables collected by Far EasTone for NCIC.

Note C: Part of the revenue from Yuanshi Digital Technology Co., Ltd. is collected by ARCOA Communication Co., Ltd. on behalf of Far EasTone Telecommunications Co., Ltd. and DataExpress Infotech Co., Ltd.

(Concluded)

SCHEDULE F

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Far EasTone Telecommunications Co., Ltd.	ARCOA Communication Co., Ltd.	Subsidiary	$ 247,941	7.91	$ -	-	$ 180,840	$ -
New Century InfoComm Tech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	11,569,416	(Note)	-	-	467,748	-
ARCOA Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	558,920	9.45	-	-	558,920	-
	Yuanshi Digital Technology Co., Ltd.	Subsidiary of Far EasTone Telecommunications Co., Ltd.	173,031	6.41	-	-	172,877	-
	Home Master Technology Ltd.	Subsidiary of DataExpress Infotech Co., Ltd.	113,150	4.50	-	-	28,794	-

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 G

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(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	$ 12,530	Note E	-
				Other receivables - related parties	81,758	Note E	-
				Refundable deposits	5,266	Note E	-
				Other payables - related parties	11,569,416	Note E	7
				Lease liabilities	131,320	Note E	-
				Operating revenue	159,398	Note E	-
				Operating costs	2,139,527	Note E	3
				Operating expenses	71,180	Note E	-
				Nonoperating income and gains	46,651	Note E	-
				Nonoperating expenses	72,434	Note E	-
		ARCOA Communication Co., Ltd.	1	Accounts receivable - related parties	245,441	Note E	-
				Other receivables - related parties	2,500	Note E	-
				Accounts payable - related parties	511,554	Note E	-
				Other payables - related parties	47,366	Note E	-
				Contract liabilities	33,644	Note E	-
				Operating revenue	981,828	Note E	1
				Operating costs	6,300,528	Note E	7
				Operating expenses	498,007	Note E	1
				Nonoperating income and gains	3,325	Note E	-
		KGEx.com Co., Ltd.	1	Accounts receivable - related parties	5,679	Note E	-
				Other receivables - related parties	1,105	Note E	-
				Other payables - related parties	7,032	Note E	-
				Operating revenue	35,577	Note E	-
				Operating expenses	76,280	Note E	-
				Nonoperating income and gains	1,101	Note E	-
		Yuan Cing Co., Ltd.	1	Other receivables - related parties	9,119	Note E	-
				Accounts payable - related parties	1,319	Note E	-
				Other payables - related parties	17,466	Note E	-
				Operating costs	5,051	Note E	-
				Operating expenses	91,727	Note E	-
				Nonoperating income and gains	6,128	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)
		DataExpress Infotech Co., Ltd.	1	Other receivables - related parties	$ 3,822	Note E	-
				Accounts payable - related parties	4,111	Note E	-
				Other payables - related parties	45,987	Note E	-
				Operating revenue	98,142	Note E	-
				Operating costs	12,532	Note E	-
				Operating expenses	212,305	Note E	-
				Nonoperating income and gains	4,689	Note E	-
		Home Master Technology Ltd.	1	Other payables - related parties	10,788	Note E	-
				Operating expenses	88,620	Note E	-
		Information Security Service Digital United Inc.	1	Other receivables - related parties	3,229	Note E	-
				Accounts payable - related parties	36,534	Note E	-
				Other payables - related parties	19,420	Note E	-
				Operating revenue	1,113	Note E	-
				Operating costs	56,395	Note E	-
				Operating expenses	12,340	Note E	-
		Yuanshi Digital Technology Co., Ltd.	1	Accounts receivable - related parties	27,627	Note E	-
				Other receivables - related parties	8,287	Note E	-
				Accounts payable - related parties	8,750	Note E	-
				Other payables - related parties	15,202	Note E	-
				Operating revenue	804,332	Note E	1
				Operating expenses	17,592	Note E	-
				Nonoperating income and gains	7,449	Note E	-
		FarEasTone Property Insurance Agency Co., Ltd.	1	Accounts receivable - related parties	95,397	Note E	-
				Operating revenue	325,773	Note E	-
1	New Century InfoComm Tech Co., Ltd.	KGEx.com Co., Ltd.	3	Accounts receivable - related parties	5,605	Note E	-
				Accounts payable - related parties	16,759	Note E	-
				Other payables - related parties	9,016	Note E	-
				Operating revenue	24,198	Note E	-
				Operating costs	73,869	Note E	-
				Operating expenses	61,393	Note E	-
		Yuan Cing Co., Ltd.	3	Accounts payable - related parties	1,171	Note E	-
				Operating costs	8,164	Note E	-
				Operating expenses	4,401	Note E	-
		DataExpress Infotech Co., Ltd.	3	Operating revenue	1,462	Note E	-
		Information Security Service Digital United Inc.	3	Accounts payable - related parties	21,772	Note E	-
				Other payables - related parties	1,762	Note E	-
				Operating revenue	4,857	Note E	-
				Operating costs	61,850	Note E	-
				Operating expenses	1,039	Note E	-
				Nonoperating income and gains	4,273	Note E	-
		Yuanshi Digital Technology Co., Ltd.	3	Accounts receivable - related parties	1,615	Note E	-
				Other payables - related parties	1,169	Note E	-
				Operating revenue	6,279	Note E	-
				Operating expenses	9,939	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)
		Prime EcoPower Co., Ltd	3	Operating costs	$ 8,108	Note E	-
		Sino Lead Enterprise Limited	3	Operating costs	2,779	Note E	-
		FarEasTone Property Insurance Agency Co., Ltd.	3	Operating revenue	1,254	Note E	-
		Nextlink Technology Co., Ltd.	3	Accounts payable - related parties	8,865	Note E	-
				Operating costs	81,660	Note E	-
		Microfusion Technology Co., Ltd.	3	Accounts payable - related parties	3,275	Note E	-
				Operating costs	37,721	Note E	-
2	ARCOA Communication Co., Ltd.	KGEx.com Co., Ltd.	3	Operating expenses	1,094	Note E	-
		Yuanshi Digital Technology Co., Ltd.	3	Accounts receivable - related parties	173,031	Note E	-
				Operating revenue	137,169	Note E	-
		DataExpress Infotech Co., Ltd.	3	Accounts receivable - related parties	1,547	Note E	-
				Accounts payable - related parties	23,238	Note E	-
				Operating revenue	7,022	Note E	-
		Home Master Technology Ltd.	3	Accounts receivable - related parties	113,073	Note E	-
				Accounts payable - related parties	1,626	Note E	-
				Operating revenue	996,371	Note E	1
				Operating costs	1,956	Note E	-
3	Yuan Cing Co., Ltd.	Yuanshi Digital Technology Co., Ltd.	3	Accounts receivable - related parties	1,170	Note E	-
				Operating revenue	13,973	Note E	-
4	DataExpress Infotech Co., Ltd.	Home Master Technology Ltd.	3	Accounts receivable - related parties	22,760	Note E	-
				Other receivables - related parties	3,401	Note E	-
				Operating revenue	103,632	Note E	-
				Operating costs	4,576	Note E	-
				Nonoperating income and gains	11,310	Note E	-
		Yuanshi Digital Technology Co., Ltd.	3	Operating revenue	101,262	Note E	-
5	Nextlink Technology Co., Ltd.	Microfusion Technology Co., Ltd.	3	Other receivables - related parties	1,575	Note E	-
				Operating costs	5,459	Note E	-
				Nonoperating income and gains	15,000	Note E	-
		Nextlink (HK) Technology Co., Ltd.	3	Accounts receivable - related parties	3,654	Note E	-
				Other receivables - related parties	14,848	Note E	-
				Operating revenue	37,415	Note E	-
				Nonoperating income and gains	25,800	Note E	-
6	Microfusion Technology Co., Ltd.	Nextlink (HK) Technology Co., Ltd.	3	Accounts receivable - related parties	23,658	Note E	-
				Other receivables - related parties	2,180	Note E	-
				Operating revenue	103,126	Note E	-
7	Nextlink (HK) Technology Co., Ltd.	Microfusion (HK) Technology Co., Ltd.	3	Operating costs	1,115	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.

(Continued)

Note B: The flow of related-party transactions is as follows:

1. From the parent company to its subsidiary.
2. From a subsidiary to its parent company.
3. Between subsidiaries.

Note C: For assets and liabilities, the amount is shown as a percentage of consolidated total assets as of December 31, 2020; while revenue, costs and expenses are shown as a percentage of consolidated total operating revenue for the year ended December 31, 2021.

Note D: The information shown in the schedule represents the eliminated material intercompany transactions.

Note E: Payment terms varied depending on the related agreements.

(Concluded)

SCHEDULE H

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note	Highest Shares/Units Held During the Year
				December 31, 2021	December 31, 2020	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	$ 28,436,062	$ 4,044,557	$ 3,065,346	A	2,100,000,000
	ARCOA Communication Co., Ltd.	Taiwan	Sales of communications products and office equipment	1,305,802	1,305,802	82,762,221	61.63	698,742	179,883	113,531	A	82,762,221
	KGEx.com Co., Ltd.	Taiwan	Telecommunications services	2,340,472	2,340,472	68,897,234	99.99	902,594	143,712	143,690	A	68,897,234
	Yuanshi Digital Technology Co., Ltd.	Taiwan	Electronic information services	1,686,169	1,686,169	107,004,329	96.18	(280,137)	(222,069)	(213,594)	A	107,004,329
	Yuan Cing Co., Ltd.	Taiwan	Call center services	-	-	2,000,000	100.00	40,705	14,693	14,693	A and E	2,000,000
	Far Eastern Info Service (Holding) Ltd.	Bermuda	Investments	92,616	92,616	1,200	100.00	4,883	109	109	A	1,200
	Yuan Bao Fintech Co., Ltd.	Taiwan	Data processing services and electronic information services	-	60,000	-	-	-	(6,574)	(6,574)	A and F	6,000,000
	FarEasTone Property Insurance Agency Co., Ltd.	Taiwan	Property insurance agent	5,000	5,000	500,000	100.00	83,443	72,481	72,481	A	500,000
	Far Eastern Electronic Toll Collection Co., Ltd.	Taiwan	Electronic information services and electronic toll collection services	2,542,396	2,542,396	118,250,967	39.42	1,403,595	329,099	129,529	B	118,250,967
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	139,500	139,500	5,446,644	15.00	36,924	(15,526)	(2,694)	B	5,446,644
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	Other financing and supporting services	600,000	600,000	12,342,478	18.11	94,628	(158,993)	(32,299)	B	16,451,538
ARCOA Communication Co., Ltd.	DataExpress Infotech Co., Ltd.	Taiwan	Sale of communications products	141,750	141,750	15,285,235	70.00	278,594	111,496	-	C	15,285,235
New Century InfoComm Tech Co., Ltd.	New Diligent Co., Ltd.	Taiwan	Investments	540,000	540,000	54,000,000	100.00	81,531	(390)	-	C	54,000,000
	Information Security Service Digital United Inc.	Taiwan	Security and monitoring services via internet	148,777	148,777	11,195,034	100.00	138,226	18,243	-	C	11,195,034
	Digital United (Cayman) Ltd.	Cayman Islands	Investments	317,446	317,446	10,320,000	100.00	334,376	4,266	-	C	10,320,000
	Yuanshi Digital Technology Co., Ltd.	Taiwan	Electronic information services	20,000	20,000	749,885	0.67	(1,963)	(222,069)	-	A	749,885
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	46,500	46,500	1,815,548	5.00	12,308	(15,526)	-	B	1,815,548
	Prime EcoPower Co., Ltd.	Taiwan	Energy technology services	160,000	160,000	16,000,000	100.00	125,451	(1,979)	-	C	16,000,000
	Drive Catalyst SPC-SP Tranche One	Cayman Islands	Investments	123,220	123,220	4,000	25.00	111,666	(526)	-	B	4,000
	Drive Catalyst SPC-SP Tranche Two	Cayman Islands	Investments	114,140	-	4,000	25.00	116,861	(6,258)	-	B	4,000
	Drive Catalyst SPC-SP Tranche Three	Cayman Islands	Investments	236,440	122,300	8,000	25.00	236,449	903	-	B	8,000
	Nextlink Technology Co., Ltd.	Taiwan	Electronic information services	420,000	420,000	3,430,000	70.00	455,473	56,260	-	C	3,430,000
	JuAn Long-Age Co., Ltd.	Taiwan	Electronic information services	15,500	-	1,000,000	25.00	15,861	931	-	B	1,000,000
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	Other financing and supporting services	42,358	-	4,235,794	6.22	32,476	(158,993)	-	B	4,235,794
New Diligent Co., Ltd.	Sino Lead Enterprise Limited	Hong Kong	Telecommunications services	125	125	30,000	100.00	321	31	-	C	30,000
	Far Eastern New Diligent Company Ltd.	British Virgin Islands	Investments	330,598	330,598	-	100.00	19,593	(321)	-	C	-
	New Diligent Hong Kong Co., Ltd.	Hong Kong	Investments	3,051	3,051	-	100.00	2,106	(186)	-	C	-
DataExpress Infotech Co., Ltd.	Home Master Technology Ltd.	Taiwan	Sale of communications products	10,000	10,000	-	100.00	42,860	20,814	-	C	-
										-	C	
Nextlink Technology Co., Ltd.	Microfusion Technology Co., Ltd.	Taiwan	Electronic information services	17,000	17,000	2,900,000	100.00	47,314	17,105	-	C	2,900,000
	Nextlink (HK) Technology Co., Ltd.	Hong Kong	Electronic information services	973	973	-	100.00	36,568	28,616	-	C	-
	Microfusion (HK) Technology Co., Ltd.	Hong Kong	Electronic information services	1,494	1,494	-	100.00	2,825	1,762	-	C	-

Note A: Subsidiary.

Note B: Investee of the Group accounted for using the equity method.

Note C: Subsidiary of New Century InfoComm Tech Co., Ltd., New Diligent Co., Ltd., ARCOA Communication Co., Ltd., DataExpress Infotech Co., Ltd. or Nextlink Technology Co., Ltd.

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

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

Note F: Far EasTone Telecommunications Co., Ltd. merged with Yuan Bao Fintech Co., Ltd. on September 15, 2021. Far EasTone Telecommunications Co., Ltd. was the surviving company and Yuan Bao Fintech Co., Ltd. was the dissolved company.

SCHEDULE I

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
Digital United Information Technologies (Shanghai) Ltd.	Design, research, installment and maintenance of computer software and systems	$ 85,808 (US$ 3,100,000)	2	$ 85,808 (US$ 3,100,000)	$ -	$ -	$ 85,808 (US$ 3,100,000)	$ 5,365	100.00	$ 5,365	$ 11,311 (RMB 2,604,000)	$ -
Nextlink (Shanghai) Technology Co., Ltd.	Electronic information services	1,993 (US$ 72,000)	2	1,993 (US$ 72,000)	-	-	1,993 (US$ 72,000)	756	70.00	756	1,987 (HK$ 559,000)	-

Company Name	Accumulated Investments in Mainland China as of December 31, 2021	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)	$ 39,081,430
New Century InfoComm Tech Co., Ltd.	85,808 (US$ 3,100,000)	85,808 (US$ 3,100,000)	16,156,668
New Diligent Co., Ltd.	413,179 (US$14,927,000) (Note C)	413,179 (US$14,927,000) (Note C)	48,919
Nextlink Technology Co., Ltd.	1,993 (US$ 72,000)	1,993 (US$ 72,000)	98,792

Note A: Method of investment is as follows:

1. Far EasTone made the investment directly.
2. Far EasTone made the investment indirectly through a company registered in a third region. The companies registered in a third region are Far Eastern Info Service (Holding) Ltd., Digital United (Cayman) Ltd., Far Eastern New Diligent Company Ltd. and Nextlink (HK) Technology Co., Ltd.
3. Others.

Note B: The limit is up to 60% of the investor's net worth as stated in the Principles Governing the Review of Investment or Technical Cooperation in Mainland China, which was issued on August 29, 2008 by the Investment Commission of the MOEA.

Note C: The amount includes $92,616 thousand and US$14,927,000 from investee companies which were dissolved, but the registration of the investment amount had not been written off with the Investment Commission of the MOEA. In addition, an investment amount of US$73,000 registered with the Investment Commission of the MOEA was remitted back to Taiwan on June 27, 2012 and the same amount was written off on the same date.

SCHEDULE J

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

INFORMATION ON MAJOR STOCKHOLDERS
DECEMBER 31, 2021

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.	245,373,000	7.53
Cathay Life Insurance Co., Ltd.	234,666,230	7.20

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.

5. 2021 Independent Auditors' Report, Standalone Financial Statements and Notes

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Far EasTone Telecommunications Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the financial statements for the year ended December 31, 2021 is described as follows:

Recognition of Mobile Telecommunications Service Revenue

Mobile telecommunications service revenue is the main source of the Company's revenue, and it accounts for 61% of the Company's total revenue for the year ended December 31, 2021. The calculation of mobile telecommunications service revenue relies heavily on automated systems and includes complicated and huge amounts of data transmission. In order to meet market demands and remain competitive, the Company often launches different combinations of products and services. The charge rates of the aforementioned products and services are set manually to systems. Since the effectiveness of the design and implementation of internal controls over systems and rate settings relevant to telecommunications service revenue directly and significantly affects the accuracy of revenue calculation, the recognition of mobile telecommunications service revenue is considered a key audit matter.

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

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

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

1. Identified key systems that processed mobile telecommunications service revenue; assessed and tested the general information technology controls of the aforementioned systems, including access controls and change controls.

2. Tested the completeness and accuracy of interface controls between the switch equipment and the billing systems.

3. Tested the access controls and change controls over the input of rates to the billing systems.

4. Tested the accuracy of the billing calculation.

5. Tested the completeness and accuracy of the calculation and billing of monthly fees, airtime fees and value-added service fees.

In coordination with the internal IT specialists, we:

1. Performed dialing tests to verify the accuracy and completeness of the traffic and information in the switch equipment.

2. Sampled user contracts to confirm the accuracy of the billing system information.

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

1. For the billed amounts, we compared whether there is any difference between the reports generated from the accounting system and the billing system.

2. For the unbilled amounts, we recalculated the service revenue for services provided as of the balance sheet date based on the applied charge rates to confirm the accuracy of the amounts.

Accounting Treatment of Frequency and Network Sharing Services

In 2021, the Company had a business cooperation with Asia-Pacific Telecom Co., Ltd. (APTC) which provided frequency and network sharing services. The contract total amount was significant and the transaction content was complex, including lots of additional conditions. There was no similar transaction for reference in the past. Therefore, it required complicated processes to determine a proper accounting treatment. If the accounting treatment of the transaction was improper, it would directly affect the accuracy of the calculation and recognition of the relevant assets, liabilities and the amounts of profit and loss. Thus, the appropriate application of the accounting treatment of the transaction is considered a key audit matter.

In our audit of the frequency and network sharing services, we:

1. Obtained the contracts and minutes of board meetings relevant to the business cooperation of frequency and network sharing between the Company and APTC and confirmed that the business cooperation had been approved by the board of directors of the Company.

2. Obtained the documents of the management's assessment and decision-making processes for accounting treatment of the transaction and confirmed that the decision was properly reviewed and approved.

3. Reviewed contracts relevant to the frequency and network sharing services and confirmed that the accounting treatment adopted by the management was appropriate.

4. Tested whether the actual accounting treatments were the same as those decided by the management and recalculated and confirmed the accuracy of the amount of assets, liabilities and profit and loss related to the transaction.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are An-Hwei Lin and Yung-Hsiang Chao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2022

Notice to Readers

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

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

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 29)	$ 1,367,587	1	$ 2,611,028	2
Financial assets at amortized cost - current (Notes 4 and 29)	11,685	-	5,692	-
Contract assets - current (Notes 4 and 21)	5,169,580	3	4,778,317	3
Accounts receivable, net (Notes 4 and 8)	6,170,177	4	5,666,628	3
Accounts receivable - related parties (Notes 4, 8 and 29)	392,976	-	551,558	-
Other receivables - related parties (Note 29)	119,056	-	134,239	-
Inventories (Notes 4 and 9)	1,855,243	1	2,196,145	2
Prepaid expenses	621,933	-	567,564	-
Other financial assets - current (Notes 4, 29 and 30)	424,435	-	403,038	-
Other current assets (Notes 4 and 21)	25,284	-	140,485	-
Total current assets	16,157,956	9	17,054,694	10
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 7 and 28)	4,800,562	3	615,852	-
Investments accounted for using the equity method (Notes 4, 10 and 29)	31,701,576	18	30,151,615	17
Contract assets - noncurrent (Notes 4 and 21)	3,362,670	2	3,221,916	2
Property, plant and equipment, net (Notes 4, 11 and 29)	26,030,924	15	21,887,180	13
Right-of-use assets (Notes 4, 12 and 29)	7,982,176	4	8,221,872	5
Investment properties (Notes 4 and 13)	624,731	-	641,246	-
Concessions, net (Notes 1, 4 and 14)	69,939,207	39	75,032,771	43
Goodwill (Notes 4 and 14)	10,283,031	6	10,283,031	6
Other intangible assets (Notes 4 and 14)	2,243,172	1	2,610,222	2
Deferred income tax assets (Notes 4 and 23)	765,213	-	732,516	-
Refundable deposits (Note 29)	733,090	-	709,645	-
Incremental costs of obtaining a contract - noncurrent (Notes 4 and 21)	4,571,612	3	4,151,595	2
Other noncurrent assets	5,300	-	5,300	-
Total noncurrent assets	163,043,264	91	158,264,761	90
TOTAL	$ 179,201,220	100	$ 175,319,455	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 15)	$ -	-	$ 100,000	-
Short-term bills payable (Notes 4 and 15)	-	-	99,986	-
Contract liabilities - current (Notes 4 and 21)	2,515,910	1	1,814,415	1
Notes payable	6,240	-	10,564	-
Accounts payable	3,456,554	2	3,807,435	2
Accounts payable - related parties (Note 29)	562,416	-	844,952	1
Other payables (Note 17)	5,348,889	3	5,058,878	3
Other payables - related parties (Note 29)	11,830,191	7	8,887,035	5
Current tax liabilities (Notes 4 and 23)	1,907,646	1	2,177,529	1
Lease liabilities - current (Notes 4, 12 and 29)	2,620,794	2	2,603,141	2
Current portion of long-term borrowings (Notes 4 and 16)	9,699,516	6	-	-
Guarantee deposits received - current	47,916	-	41,121	-
Other current liabilities (Notes 4 and 18)	886,742	-	666,389	-
Total current liabilities	38,882,814	22	26,111,445	15
NONCURRENT LIABILITIES				
Contract liabilities - noncurrent (Notes 4 and 21)	10,451,330	6	-	-
Bonds payable (Notes 4 and 16)	25,278,622	14	33,771,854	20
Long-term borrowings (Notes 4 and 15)	27,938,092	16	39,645,928	23
Provisions - noncurrent (Notes 4 and 18)	566,917	-	469,390	-
Deferred income tax liabilities (Notes 4 and 23)	2,073,354	1	2,072,862	1
Lease liabilities - noncurrent (Notes 4, 12 and 29)	4,867,828	3	5,167,004	3
Net defined benefit liabilities - noncurrent (Notes 4 and 19)	533,046	-	509,089	-
Guarantee deposits received - noncurrent	177,740	-	191,646	-
Other noncurrent liabilities (Notes 4, 10 and 17)	3,295,761	2	66,543	-
Total noncurrent liabilities	75,182,690	42	81,894,316	47
Total liabilities	114,065,504	64	108,005,761	62
EQUITY				
Capital stock				
Common stock	32,585,008	18	32,585,008	18
Capital surplus	2,389,840	1	5,701,421	3
Retained earnings				
Legal reserve	21,122,282	12	20,299,484	12
Special reserve	723,516	-	598,988	-
Unappropriated earnings	9,149,448	5	8,228,676	5
Total retained earnings	30,995,246	17	29,127,148	17
Other equity	(834,378)	-	(99,883)	-
Total equity	65,135,716	36	67,313,694	38
TOTAL	$ 179,201,220	100	$ 175,319,455	100

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

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 29)	$ 64,116,123	100	$ 61,423,568	100
OPERATING COSTS (Notes 4, 9, 22 and 29)	43,564,015	68	39,628,929	64
GROSS PROFIT	20,552,108	32	21,794,639	36
OPERATING EXPENSES (Notes 4, 21, 22 and 29)				
Marketing	9,011,875	14	8,650,790	14
General and administrative	3,710,245	6	3,806,196	6
Expected credit losses	267,098	-	264,815	1
Total operating expenses	12,989,218	20	12,721,801	21
Other Income and Expenses (Note 4)	218,665	-	-	-
OPERATING INCOME	7,781,555	12	9,072,838	15
NONOPERATING INCOME AND EXPENSES (Notes 4, 13, 22 and 29)				
Other income	173,205	-	210,752	-
Other gains and losses	52,479	-	146,812	-
Financial costs	(736,269)	(1)	(727,899)	(1)
Share of the gains of subsidiaries and associates	3,284,218	5	2,155,984	3
Losses on disposal of property, plant and equipment and intangible assets	(239,961)	-	(724,768)	(1)
Total nonoperating income and expenses	2,533,672	4	1,060,881	1
INCOME BEFORE INCOME TAX	10,315,227	16	10,133,719	16
INCOME TAX (Notes 4 and 23)	1,191,432	2	1,779,591	3
NET INCOME	9,123,795	14	8,354,128	13

(Continued)

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 19, 20 and 28)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ (34,683)	-	$ (32,453)	-
Unrealized losses on investments in equity instruments designated as at fair value through other comprehensive income	(843,840)	(1)	(69,349)	-
Share of the other comprehensive income (loss) of subsidiaries and associates	179,231	-	(31,739)	-
	(699,292)	(1)	(133,541)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(37)	-	78	-
Share of the other comprehensive loss of subsidiaries and associates	(11,372)	-	(2,059)	-
	(11,409)	-	(1,981)	-
Total other comprehensive loss, net of income tax	(710,701)	(1)	(135,522)	-
TOTAL COMPREHENSIVE INCOME	$ 8,413,094	13	$ 8,218,606	13
EARNINGS PER SHARE, IN NEW TAIWAN DOLLARS (Note 24)				
Basic	$ 2.80		$ 2.56	
Diluted	$ 2.80		$ 2.56	

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

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Capital Stock			Retained Earnings			Other Equity (Notes 4 and 20)			
	Number of Shares (In Thousands)	Amount	Capital Surplus (Notes 4 and 20)	Legal Reserve (Notes 4 and 20)	Special Reserve (Notes 4 and 20)	Unappropriated Earnings (Notes 4 and 20)	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Gains (Losses) on Hedging Instruments	Total
BALANCE AT JANUARY 1, 2020	3,258,501	$ 32,585,008	$ 5,820,041	$ 19,425,986	$ 606,730	$ 11,322,981	$ (9,717)	$ 25,180	$ (12,254)	$ 69,763,955
Appropriation of the 2019 earnings										
Legal reserve	-	-	-	873,498	-	(873,498)	-	-	-	-
Special reserve	-	-	-	-	(7,742)	7,742	-	-	-	-
Cash dividends - NT$3.209 per share	-	-	-	-	-	(10,456,529)	-	-	-	(10,456,529)
Changes in equity from investments in associates accounted for using the equity method	-	-	14,979	-	-	(8,499)	-	-	-	6,480
Cash dividends from capital surplus - NT$0.041 per share	-	-	(133,599)	-	-	-	-	-	-	(133,599)
Net income for the year ended December 31, 2020	-	-	-	-	-	8,354,128	-	-	-	8,354,128
Other comprehensive (loss) income for the year ended December 31, 2020	-	-	-	-	-	(32,430)	(10,881)	(101,111)	8,900	(135,522)
Changes in ownership interests of a subsidiary	-	-	-	-	-	(85,219)	-	-	-	(85,219)
BALANCE AT DECEMBER 31, 2020	3,258,501	32,585,008	5,701,421	20,299,484	598,988	8,228,676	(20,598)	(75,931)	(3,354)	67,313,694
Appropriation of the 2020 earnings										
Legal reserve	-	-	-	822,798	-	(822,798)	-	-	-	-
Special reserve	-	-	-	-	124,528	(124,528)	-	-	-	-
Cash dividends - NT$2.234 per share	-	-	-	-	-	(7,279,491)	-	-	-	(7,279,491)
Changes in equity from investments in associates accounted for using the equity method	-	-	(944)	-	-	-	-	-	-	(944)
Cash dividends from capital surplus - NT$1.016 per share	-	-	(3,310,637)	-	-	-	-	-	-	(3,310,637)
Net income for the year ended December 31, 2021	-	-	-	-	-	9,123,795	-	-	-	9,123,795
Other comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	-	(34,261)	(16,149)	(665,031)	4,740	(710,701)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by a subsidiary	-	-	-	-	-	58,055	-	(58,055)	-	-
BALANCE AT DECEMBER 31, 2021	3,258,501	$ 32,585,008	$ 2,389,840	$ 21,122,282	$ 723,516	$ 9,149,448	$ (36,747)	$ (799,017)	$ 1,386	$ 65,135,716

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

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 10,315,227	$ 10,133,719
Adjustments for:		
Depreciation	9,665,037	9,519,215
Amortization	925,975	881,253
Amortization of concessions	5,093,564	3,861,598
Expected credit losses	267,098	264,815
Financial costs	736,269	727,899
Interest income	(26,704)	(37,670)
Dividend income	(27,066)	(55,618)
Share of the gains of subsidiaries and associates	(3,284,218)	(2,155,984)
Losses on disposal of property, plant and equipment and intangible assets	239,961	724,768
Reversal of write-down of inventories	(4,123)	(48,399)
Losses on changes in fair value of investment properties	16,515	24,565
Gains on modifications of lease arrangements	(24)	(840)
Net changes in operating assets and liabilities		
Contract assets	(544,607)	(1,484,860)
Notes receivable	-	36,623
Accounts receivable	(758,057)	125,941
Accounts receivable - related parties	158,582	(353,898)
Other receivables - related parties	16,590	(66,107)
Inventories	345,025	(91,644)
Prepaid expenses	(54,369)	(21,474)
Other current assets	115,438	(95,984)
Incremental costs of obtaining a contract	(420,017)	(151,610)
Contract liabilities	11,152,825	139,716
Notes payable	(4,324)	(5,696)
Accounts payable	(350,881)	1,428,007
Accounts payable - related parties	(282,536)	(122,563)
Other payables	44,238	(469,359)
Other payables - related parties	(59,082)	15,343
Provisions	(3,298)	(1,589)
Other current liabilities	216,737	(135,971)
Net defined benefit liabilities	(19,397)	(17,972)
Other noncurrent liabilities	(147,127)	-
Cash generated from operations	33,323,251	22,566,224
Interest received	25,312	39,436
Dividends received	2,096,324	1,589,731
Interest paid	(735,034)	(700,293)
Income taxes paid	(1,484,849)	(945,116)
Net cash generated from operating activities	33,225,004	22,549,982

(Continued)

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	$ (5,050,000)	$ (400,000)
Remittance of cash due to capital reduction of financial assets at fair value through other comprehensive income	21,450	13,500
Proceeds from the disposal of financial assets at amortized cost	8,807	56,704
Acquisition of property, plant and equipment	(10,431,864)	(8,332,484)
Proceeds from the disposal of property, plant and equipment	19,533	27,808
Increase in refundable deposits	(204,458)	(196,154)
Decrease in refundable deposits	181,013	225,908
Acquisition of intangible assets	(574,165)	(42,668,385)
Cash received through a merger	25,297	-
(Increase) decrease in other financial assets	(19,996)	1,009,619
Increase in other noncurrent assets	-	(3,799)
Other investing activities	3,162,751	20,022
Net cash used in investing activities	(12,861,632)	(50,247,261)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(100,000)	100,000
(Decrease) increase in short-term bills payable	(99,986)	99,986
Proceeds from the issuance of bonds payable	1,197,485	5,991,480
Repayment of bonds payable	-	(2,500,000)
Proceeds from long-term borrowings	10,240,156	53,043,222
Repayment of long-term borrowings	(21,947,992)	(17,797,294)
Increase in guarantee deposits received	38,495	34,349
Decrease in guarantee deposits received	(45,606)	(156,274)
Increase in financing obtained from other payables - related parties	3,000,000	4,100,000
Repayment of the principal portion of lease liabilities	(3,299,237)	(3,350,756)
Cash dividends paid	(10,590,128)	(10,590,128)
Acquisition of partial interest of a subsidiary	-	(800,000)
Net cash (used in) generated from financing activities	(21,606,813)	28,174,585
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,243,441)	477,306
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	2,611,028	2,133,722
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 1,367,587	$ 2,611,028

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

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

Far EasTone Telecommunications Co., Ltd. (the "Company") was incorporated in the Republic of China (ROC) on April 11, 1997 and began commercial operations on January 20, 1998. The Company's stock was initially listed and commenced trading on the over-the-counter (OTC) securities exchange (also known as the Taipei Exchange, TPEx) of the ROC on December 10, 2001, but later ceased trading on the TPEx and transferred listing of its stock on the Taiwan Stock Exchange (TWSE) on August 24, 2005. The Company provides wireless communications, internet and international simple resale (ISR) services and also sells cellular phone equipment and accessories. As of December 31, 2021 and 2020, Far Eastern New Century Corporation ("Far Eastern New Century") and its affiliates directly and indirectly owned 38.33% and 38.28%, respectively, of the Company's stock. Since Far Eastern New Century and its subsidiaries have the power to cast the majority of votes at the meeting of the Company's board of directors, Far Eastern New Century has control over the Company's finances, operations and personnel affairs. Thus, Far Eastern New Century is the ultimate parent company of the Company.

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on February 25, 2022.

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

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

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

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

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

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

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
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, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Preparation

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

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

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

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

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

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

Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within 12 months after the reporting period; and

c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within 12 months after the reporting period; and

c. Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

Foreign Currencies

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

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

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

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

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

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

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price under normal conditions less estimated selling expenses. Cost is determined using the weighted-average method.

Investments in Subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and is adjusted thereafter to recognize the Company's share of the gains or losses and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment in the subsidiary accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the fair value of the net identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of the acquisition is recognized immediately in profit or loss.

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

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

Investments in Associates

An associate is an entity over which the Company has significant influence and which is not a subsidiary.

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

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

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

When the Company subscribes for additional new stock of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Company's share of equity of associates accounted for using the equity method. If the Company's ownership interest is reduced due to the additional subscription of the new stock of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, which forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

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

Property, Plant and Equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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

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

Investment Properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are measured initially at cost, including transaction costs, and are subsequently measured using the fair value model. Changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

For a transfer of classification from investment properties to property, plant and equipment, the property's deemed cost for subsequent accounting is its fair value at the commencement of owner-occupation.

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

Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating unit or groups of cash-generating units (referred to as cash generating units) that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangible Assets

a. Intangible assets acquired separately

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

b. Intangible assets acquired in a business combination

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

c. Derecognition of intangible assets

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

Assets Related to Contract Costs

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

Costs to fulfill a contract are the direct costs which are used to fulfill future performance obligations and are recognized as assets within the expected recoverable scope.

Impairment of Property, Plant and Equipment, Right-of-use Assets, Intangible Assets (Other Than Goodwill) and Assets Related to Contract Costs

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

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

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

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

a. Financial assets

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

1) Measurement category

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

a) Financial assets at amortized cost

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

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable at amortized cost and other financial assets, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

i. Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

ii. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i. Significant financial difficulty of the issuer or the borrower;

ii. Breach of contract, such as a default;

iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv. The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Investments in equity instruments at FVTOCI

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

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

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

2) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and contract assets.

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable and contract assets. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

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

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

b) Failure of the debtors to discharge their obligation within their credit periods, unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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

3) Derecognition of financial assets

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

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

b. Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

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

c. Financial liabilities

1) Subsequent measurement

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

2) Derecognition of financial liabilities

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

Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

a. Decommissioning, restoration and similar liabilities

The cost of an item of property, plant and equipment comprises:

1) Its purchase price;

2) Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and

3) The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a right-of-use asset comprises:

1) The initial measurement of lease liabilities;

2) The initial estimate of the costs of dismantling and removing the right-of-use asset and restoring the site on which it is located.

b. Warranties

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products, at the Company's best estimate of the expenditure required to settle the Company's obligation.

Revenue Recognition

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

Revenue from the sale of goods comes from sales of mobile telecommunication devices and accessories. Sales of mobile telecommunication devices and accessories are recognized as revenue when the goods are delivered to the customer because that is the time when the customer obtains control of the goods and bears the risks of obsolescence. Accounts receivable are recognized concurrently.

Telecommunications service revenue from cellular services and call transfer fees from other telecommunications companies and carriers are billed in arrears and are recognized based upon minutes of traffic processed when the services are provided in accordance with contract terms. Telecommunications revenue is recognized as follows: (a) monthly fees are recognized as income when services are rendered at the amount allocated from the transaction price of the related contracts on a relative stand-alone selling price basis, and (b) prepaid and recharge services are recognized as income based upon actual usage by customers. As the Company provides telecommunication value-added services, the customer simultaneously receives and consumes the benefits provided by the Company's satisfaction of performance obligations. Consequently, related revenue is recognized when services are rendered.

For project business services, the Company identifies performance obligations in accordance with the commitments stated in the related service contract and recognizes revenue when performance obligations are satisfied. Payments for project business services are made at several time points specified in the service contract. The Company recognizes the difference between the revenue recognized and the collectible amounts from the customer as contract assets after the performance obligations have been satisfied, and the contract assets are reclassified to accounts receivable when the amounts become collectible.

A bundle sales contract consists of the rendering of air time services and the sale of goods. The rendering of services and the sale of goods are accounted for as distinct performance obligations. The Company allocates the transaction price to each performance obligation identified in a bundle sales contract on a relative stand-alone selling price basis and recognizes sales and service revenue in accordance with the aforesaid principles of revenue recognition.

Under the Company's Customer Loyalty Program, the Company offers award credits when customers purchase goods or services. The award credits provide a material right to customers. The transaction price allocated to the award credits is recognized as a contract liability when collected and will be recognized as revenue when the award credits are redeemed or have expired.

Leasing

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

For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

a. The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

b. The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for an estimate of costs needed to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term resulting in a change in future lease payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

The Company negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Company elects to apply the practical expedient to rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Company recognizes the reduction in lease payment in profit or loss, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

For other rent concessions in which practical expedient is not applied, the Company will assess whether to account for the rent concessions as lease modifications.

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

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government Grants

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

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire noncurrent assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and gains and losses on settlements) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur or when the settlement occurs. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

c. Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the Company recognizes any related restructuring costs.

Taxation

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

a. Current tax

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

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for as income tax in the year the stockholders approve to retain earnings.

b. Deferred tax

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

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

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

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

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

c. Current and deferred taxes

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

Where current or deferred tax arises from the initial accounting for the acquisition of a subsidiary, the tax effect is included in the accounting for the investments in the subsidiary.

Frequency and Network Sharing Services

The Company provides frequency and network sharing services for a telecommunications company through a part of 5G spectrum and related cell sites. The Company provides frequency and network sharing services as a principal because it has control over the aforementioned spectrum and cell sites. The consideration received is included in contract liabilities. Revenue is recognized on a straight-line basis over the useful lives of the assets used in providing frequency and network sharing services.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical Accounting Judgments

Lease terms

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

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

The provision for impairment of accounts receivable is based on assumptions on probability of default and loss given default. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 8. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Impairment of property, plant and equipment, right-of-use assets, intangible assets (other than goodwill) and incremental costs of obtaining a contract

For impairment testing of assets, the Company evaluates and decides on certain assets' independent cash flows, the useful lives of the assets, and the probable future profit or loss which is based on subjective judgment, utilized asset mode, and telecommunications industry characteristics. Any changes in national and local economic conditions or the Company's strategy may cause significant impairment loss.

c. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of the value in use requires the Company's management to estimate the future cash flows expected to arise from each cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss may arise.

As of December 31, 2021 and 2020, the carrying amounts of goodwill are disclosed in Note 14.

d. Income tax

A key source of estimation uncertainty is the determination of the realizability of deferred tax assets, which mainly depends on whether sufficient future profit or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place. In cases where the actual future profit generated is greater than expected, a further material recognition of deferred tax assets may arise, which would be recognized in the period in which further recognition takes place.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	$ 7,616	$ 7,991
Checking and demand deposits	1,359,971	2,603,037
	$ 1,367,587	$ 2,611,028

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
Investments in equity instruments-noncurrent		
Stock in domestic listed company through private placement	$ 4,110,000	$ -
Domestic unlisted common stock	690,562	615,852
	$ 4,800,562	$ 615,852

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

In order to maximize the efficiency of utilizing the Company's network and spectrum resources, and to enhance the Company's competitiveness in the 5G markets, on September 4, 2020, the board of directors of the Company resolved to acquire 11.58% ownership of Asia-Pacific Telecom Co., Ltd. (APTC) through private placement by subscribing for 500,000,000 new common stock issued by APTC with the investment amount not exceeding $5,000,000 thousand. The transaction was completed in September 2021 with a total subscription amount of $5,000,000 thousand.

8. ACCOUNTS RECEIVABLE

	December 31	
	2021	2020
Accounts receivable (including related parties)		
At amortized cost		
Gross carrying amount	$ 7,303,033	$ 6,882,504
Less: Allowance for impairment loss	(739,880)	(664,318)
	$ 6,563,153	$ 6,218,186

The Company's credit period for the accounts receivable is 30 to 60 days.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of accounts receivable at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for all accounts receivable at an amount equal to lifetime expected credit losses (ECLs). The expected credit losses on accounts receivable are estimated using an allowance matrix prepared by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for the general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the allowance for losses based on the past due status of receivables is not further distinguished according to different segments of the Company's customer base.

The Company recognizes an allowance for impairment loss when there is information indicating that a debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivable. For accounts receivable that has been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The Company's expected credit loss rate ranges of receivables which were not overdue and receivables which were overdue were 0.70%-7.29% and 11.85%-100%, respectively.

The following table details the loss allowance of accounts receivable based on the Company's allowance matrix.

December 31, 2021

	Not Overdue	Overdue Up to 60 Days	Overdue 61 Days or More	Total
Gross carrying amount	$ 6,593,096	$ 491,394	$ 218,543	$ 7,303,033
Loss allowance (lifetime ECLs)	(480,317)	(83,445)	(176,118)	(739,880)
Amortized cost	$ 6,112,779	$ 407,949	$ 42,425	$ 6,563,153

December 31, 2020

	Not Overdue	Overdue Up to 60 Days	Overdue 61 Days or More	Total
Gross carrying amount	$ 6,355,950	$ 325,970	$ 200,584	$ 6,882,504
Loss allowance (lifetime ECLs)	(444,023)	(59,370)	(160,925)	(664,318)
Amortized cost	$ 5,911,927	$ 266,600	$ 39,659	$ 6,218,186

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 664,318	$ 633,993
Add: Amounts recovered	196,741	195,577
Add: Net remeasurement of loss allowance	254,508	264,815
Less: Amounts written off	(375,687)	(430,067)
Balance at December 31	$ 739,880	$ 664,318

Sale of Overdue Accounts Receivable

In the years ended December 31, 2021 and 2020, the Company entered into agreements to sell its overdue accounts receivable which had been written off to asset management companies, and did not bear the risk of loss arising from uncollectible receivables.

Related information as of December 31, 2021 and 2020 was as follows:

Counterparty	Amount of Accounts Receivable Sold	Proceeds from the Sale of Accounts Receivable (Excluding Value-added Tax)
2021		
Taiwan Sex LYon Co., Ltd.	$ 557,402	$ 39,323
2020		
Chenxu Enterprise Management Consultants Co., Ltd.	$ 554,240	$ 38,816

9. INVENTORIES

	December 31	
	2021	2020
Cellular phone equipment and accessories	$ 1,746,357	$ 2,064,415
Others	108,886	131,730
	$ 1,855,243	$ 2,196,145

Costs of inventories sold were $19,941,226 thousand and $17,329,247 thousand for the years ended December 31, 2021 and 2020, respectively.

The reversal of write-down of inventories amounting to $4,123 thousand and $48,399 thousand were included in the cost of sales for the years ended December 31, 2021 and 2020, respectively.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2021	2020
Investments in subsidiaries	$ 30,166,429	$ 28,720,021
Investments in associates	1,535,147	1,431,594
	$ 31,701,576	$ 30,151,615

a. Investments in subsidiaries

	December 31	
	2021	2020
Unlisted companies		
New Century InfoComm Tech Co., Ltd.	$ 28,436,062	$ 26,974,867
ARCOA Communication Co., Ltd.	698,742	679,411
KGEx.com Co., Ltd.	902,594	903,588
Yuan Cing Co., Ltd.	40,705	40,712
Far Eastern Info Service (Holding) Ltd.	4,883	4,811
Yuanshi Digital Technology Co., Ltd.	(280,137)	(66,543)
Yuan Bao Fintech Co., Ltd.	-	52,045
FarEasTone Property Insurance Agency Co., Ltd.	83,443	64,587
	29,886,292	28,653,478
Credit balance on carrying amounts of investments accounted for using the equity method reclassified to other liabilities	280,137	66,543
	$ 30,166,429	$ 28,720,021

	Proportion of Ownership and Voting Rights	
	December 31	
	2021	2020
New Century InfoComm Tech Co., Ltd.	100.00%	100.00%
ARCOA Communication Co., Ltd.	61.63%	61.63%
KGEx.com Co., Ltd.	99.99%	99.99%
Yuan Cing Co., Ltd.	100.00%	100.00%
Far Eastern Info Service (Holding) Ltd.	100.00%	100.00%
Yuanshi Digital Technology Co., Ltd.	96.18%	96.18%
Yuan Bao Fintech Co., Ltd.	-	100.00%
FarEasTone Property Insurance Agency Co., Ltd.	100.00%	100.00%

In order to enrich operating capital and speed up business expansion in the mobile ecommerce market in order to get a leading position in the industry, YSDT raised $800,000 thousand through the issuance of 80,000,000 shares of common stock at an issue price of NT$10 per share in May 2020. The Company's board of directors resolved in May 2020 that the Company would subscribe for the new common stock issued by YSDT with a total subscription amount of $800,000 thousand.

In order to focus on the main business and to optimize the utilization of resources, the Company's board of directors resolved on July 30, 2021 the merger of the Company with Yuan Bao. The Company became the surviving company while Yuan Bao was dissolved after it merged with the Company. The record date of the merger was September 15, 2021.

Refer to Note 35 for the details of subsidiaries indirectly held by the Company.

b. Investments in associates

	December 31	
	2021	2020
Material associates		
Far Eastern Electronic Toll Collection Co., Ltd.	$ 1,403,595	$ 1,269,488
Associates that are not individually material	131,552	162,106
	$ 1,535,147	$ 1,431,594

All of the investments in associates listed in the table above were accounted for using the equity method.

The Company is the largest single stockholder of Far Eastern Electronic Toll Collection Co., Ltd. (FETC) with 39.42% of voting rights in 2021 and 2020. The holdings of the other stockholders of FETC are not widely dispersed. Despite having the largest holding, the Company cannot direct the relevant activities of FETC and does not have control over FETC. However, management of the Company considered the Company as exercising significant influence over FETC and, therefore, classified FETC as associates of the Company.

1) Material associates

Name of Associate	Nature of Activities	Main Place of Business	Interests and Voting Rights December 31	
			2021	2020
Far Eastern Electronic Toll Collection Co., Ltd.	Electronic information services and electronic toll collection services	Taiwan	39.42%	39.42%

Summarized financial information in respect of each of the Company's material associates is set out below. The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

Far Eastern Electronic Toll Collection Co., Ltd.

	December 31	
	2021	2020
Current assets	$ 1,765,193	$ 1,267,789
Noncurrent assets	5,817,446	6,323,536
Current liabilities	(1,642,344)	(1,421,256)
Noncurrent liabilities	(2,379,405)	(2,949,408)
Equity	$ 3,560,890	$ 3,220,661
Proportion of the Company's ownership	39.42%	39.42%
Carrying amount	$ 1,403,595	$ 1,269,488

	For the Year Ended December 31	
	2021	2020
Operating revenue	$ 2,311,325	$ 2,359,425
Net profit for the year	$ 329,099	$ 541,492
Other comprehensive income	11,543	31,307
Total comprehensive income for the year	$ 340,642	$ 572,799

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 and remanded the case to the High Court; the case is currently under trial in the High Court.

FETC failed to complete the taximeter system infrastructure within a specified period under the ETC Project requirements. The Taipei District Court Civil Division pronounced on May 20, 2016 that FETC should pay the compensation for breach of contract to TANFB. FETC filed an appeal on May 31, 2016 and accrued related penalties. The case is currently under trial in the High Court.

2) Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2021	2020
The Company's share of:		
Net loss for the year	$ (34,993)	$ (58,064)
Other comprehensive income (loss)	54	(149)
Total comprehensive loss for the year	$ (34,939)	$ (58,213)

The Company has one or more representation on the board of directors of some associates that are not individually material according to the original agreement or other agreements; therefore, the Company has significant influence over these associates.

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Operating Equipment	Computer Equipment	Other Equipment	Construction-in-progress	Total
Cost							
Balance at January 1, 2021	$ 1,218,294	$ 2,323,884	$ 60,775,573	$ 10,516,285	$ 3,611,889	$ 2,229,225	$ 80,675,150
Additions	-	-	-	-	-	10,842,880	10,842,880
Disposals	-	(5,827)	(2,214,675)	(132,815)	(444,002)	(2,479)	(2,799,798)
Reclassification	50,949	89,520	10,169,514	433,065	216,532	(10,959,580)	-
Balance at December 31, 2021	$ 1,269,243	$ 2,407,577	$ 68,730,412	$ 10,816,535	$ 3,384,419	$ 2,110,046	$ 88,718,232
Accumulated depreciation							
Balance at January 1, 2021	$ -	$ (1,244,550)	$ (44,405,726)	$ (9,872,706)	$ (3,264,988)	$ -	$ (58,787,970)
Depreciation expense	-	(53,167)	(5,741,299)	(384,657)	(127,320)	-	(6,306,443)
Disposals	-	5,827	1,832,064	132,687	436,527	-	2,407,105
Balance at December 31, 2021	$ -	$ (1,291,890)	$ (48,314,961)	$ (10,124,676)	$ (2,955,781)	$ -	$ (62,687,308)
Carrying amount at December 31, 2021	$ 1,269,243	$ 1,115,687	$ 20,415,451	$ 691,859	$ 428,638	$ 2,110,046	$ 26,030,924
Cost							
Balance at January 1, 2020	$ 1,161,082	$ 2,256,489	$ 56,891,346	$ 10,703,007	$ 3,634,289	$ 1,041,297	$ 75,687,510
Additions	-	-	-	-	-	8,891,749	8,891,749
Disposals	-	(71,749)	(3,250,461)	(449,335)	(187,475)	(14,222)	(3,973,242)
Reclassification	57,212	139,144	7,134,688	262,613	165,075	(7,689,599)	69,133
Balance at December 31, 2020	$ 1,218,294	$ 2,323,884	$ 60,775,573	$ 10,516,285	$ 3,611,889	$ 2,229,225	$ 80,675,150
Accumulated depreciation							
Balance at January 1, 2020	$ -	$ (1,208,959)	$ (41,508,596)	$ (9,820,974)	$ (3,278,073)	$ -	$ (55,816,602)
Depreciation expense	-	(65,612)	(5,415,749)	(500,320)	(168,469)	-	(6,150,150)
Disposals	-	30,021	2,518,619	448,588	181,554	-	3,178,782
Balance at December 31, 2020	$ -	$ (1,244,550)	$ (44,405,726)	$ (9,872,706)	$ (3,264,988)	$ -	$ (58,787,970)
Carrying amount at December 31, 2020	$ 1,218,294	$ 1,079,334	$ 16,369,847	$ 643,579	$ 346,901	$ 2,229,225	$ 21,887,180

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	6-10 years
Operating equipment	3-9 years
Computer equipment	1-6 years
Other equipment	2-11 years

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	Buildings	Other Equipment	Total
Cost			
Balance at January 1, 2021	$ 15,525,530	$ 309,059	$ 15,834,589
Additions	3,191,175	99,687	3,290,862
Disposals	(3,003,152)	(84,090)	(3,087,242)
Balance at December 31, 2021	$ 15,713,553	$ 324,656	$ 16,038,209

(Continued)

	Buildings	Other Equipment	Total
Accumulated depreciation			
Balance at January 1, 2021	$ (7,453,798)	$ (158,919)	$ (7,612,717)
Depreciation expense	(3,268,455)	(90,139)	(3,358,594)
Disposals	2,831,728	83,550	2,915,278
Balance at December 31, 2021	$ (7,890,525)	$ (165,508)	$ (8,056,033)
Carrying amount at December 31, 2021	$ 7,823,028	$ 159,148	$ 7,982,176
Cost			
Balance at January 1, 2020	$ 15,747,415	$ 300,463	$ 16,047,878
Additions	3,831,198	110,552	3,941,750
Disposals	(4,053,083)	(101,956)	(4,155,039)
Balance at December 31, 2020	$ 15,525,530	$ 309,059	$ 15,834,589
Accumulated depreciation			
Balance at January 1, 2020	$ (7,971,776)	$ (170,438)	$ (8,142,214)
Depreciation expense	(3,279,667)	(89,398)	(3,369,065)
Disposals	3,797,645	100,917	3,898,562
Balance at December 31, 2020	$ (7,453,798)	$ (158,919)	$ (7,612,717)
Carrying amount at December 31, 2020	$ 8,071,732	$ 150,140	$ 8,221,872

(Concluded)

b. Lease liabilities

Item	Lease Term	Discount Rate	December 31, 2021
Buildings	2007.07.15-2039.12.31	0.51%-1.44%	$ 7,326,735
Other equipment	2019.01.05-2024.08.31	0.51%-0.86%	161,887
			$ 7,488,622
Lease liabilities - current			$ 2,620,794
Lease liabilities - noncurrent			4,867,828
			$ 7,488,622

Item	Lease Term	Discount Rate	December 31, 2020
Buildings	2007.07.15-2040.09.30	0.53%-1.44%	$ 7,619,107
Other equipment	2018.01.18-2023.09.02	0.53%-0.89%	151,038
			$ 7,770,145
Lease liabilities - current			$ 2,603,141
Lease liabilities - noncurrent			5,167,004
			$ 7,770,145

c. Material lease activities and terms

The Company leased some of the buildings for cell sites, data centers, offices and retail stores and leased other equipment for operating uses with lease terms of 1 to 20 years. The Company does not have bargain purchase options to acquire the buildings and equipment at the end of the lease terms.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 13.

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 140,342	$ 104,943
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 614,766	$ 611,116
Total cash outflow for leases	$ (4,126,926)	$ (4,126,540)

The Company has elected to apply the recognition exemption for the lease of certain buildings and other equipment that qualify as short-term leases and thus did not recognize right-of-use assets and lease liabilities for these leases.

13. INVESTMENT PROPERTIES

	Investment Properties
Balance at January 1, 2021	$ 641,246
Losses on changes in fair value of investment properties	(16,515)
Balance at December 31, 2021	$ 624,731
Balance at January 1, 2020	$ 734,944
Reclassified to property, plant and equipment	(69,133)
Losses on changes in fair value of investment properties	(24,565)
Balance at December 31, 2020	$ 641,246

The lease terms of investment properties range from 0.5-6 years. The rights of lease term extension contain clauses for market rental reviews. The lessee does not have a bargain purchase option to acquire the investment property at the expiry of the lease period.

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

	December 31	
	2021	2020
Year 1	$ 11,352	$ 9,566
Year 2	5,790	7,160
Year 3	4,389	1,486
Year 4	4,477	-
Year 5	1,125	-
Year 6 onwards	-	-
	$ 27,133	$ 18,212

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

	December 31	
	2021	2020
Independent valuation	$ 624,731	$ 641,246

The fair values of the investment properties as of December 31, 2021 and 2020 were based on the valuations respectively carried out on January 14, 2022 and January 15, 2021 by independent qualified professional valuators Mr. Tsai, Chia-Ho. The aforementioned valuator is from DTZ Cushman & Wakefield, a member of certified ROC real estate appraisers.

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

The fair values of investment properties were measured using level 3 unobservable inputs. The unrealized gains (losses) on the fair value changes of investment properties are recognized in other gains and losses.

The fair values of investment properties were measured using the income approach. The significant assumptions used are stated below. An increase in estimated future net cash inflows or a decrease in discount rates would result in an increase in the fair value.

	December 31	
	2021	2020
Expected future cash inflows	$ 773,981	$ 800,262
Expected future cash outflows	(21,933)	(19,632)
Expected future cash inflows, net	$ 752,048	$ 780,630
Discount rate	1.92%-2.17%	2.01%-2.20%

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 $15 thousand per ping per month.

All of the investment properties have been leased out under operating leases. The rental incomes generated for the years ended December 31, 2021 and 2020 were $12,655 thousand and $13,033 thousand, respectively.

The expected future cash inflows generated by investment properties referred to rental income, interest income on rental deposits, loss on vacancy rate of space and disposal value. The rental income was extrapolated using the comparative market rentals covering 10 years, excluding values that are overly high or overly low, taking into account the annual rental growth rate, loss on vacancy rate of space was extrapolated using the vacancy rates of the neighboring stores and factories, the interest income on rental deposits was extrapolated using the interest rate announced by the central bank for the one-year average deposit interest rate of five major banks, which was 0.77% for both of the years ended December 31, 2021 and 2020, and the disposal value was determined using the direct capitalization method under the income approach. The expected future cash outflows on investment properties included expenditures such as land value taxes, house taxes, insurance premium, management fee, maintenance costs, replacement allowance and depreciation. The expenditures were extrapolated on the basis of the current level of expenditures, taking into account the future adjustment to the government-announced land value and the tax rate promulgated under the House Tax Act.

The discount rate was determined by reference to the local same class product, a reasonable rental income level and the selling price of investment properties taking into consideration the liquidity, potential risk, appreciation and the complexity of management; in addition, the discount rate should not be lower than the interest rate for two-year time deposits of Chunghwa Post Co., Ltd plus 0.75%.

14. INTANGIBLE ASSETS

	Concessions	Goodwill	Computer Software and Other Intangible Assets	Total
Cost				
Balance at January 1, 2021	$ 90,002,000	$ 10,283,031	$ 15,717,416	$ 116,002,447
Additions	-	-	574,165	574,165
Acquisitions through business combinations	-	-	3,896	3,896
Disposals	-	-	(163,493)	(163,493)
Balance at December 31, 2021	$ 90,002,000	$ 10,283,031	$ 16,131,984	$ 116,417,015
Accumulated amortization				
Balance at January 1, 2021	$ (14,969,229)	$ -	$ (13,107,194)	$ (28,076,423)
Amortization	(5,093,564)	-	(925,975)	(6,019,539)
Acquisitions through business combinations	-	-	(731)	(731)
Disposals	-	-	145,088	145,088
Balance at December 31, 2021	$ (20,062,793)	$ -	$ (13,888,812)	$ (33,951,605)
Carrying amount at December 31, 2021	$ 69,939,207	$ 10,283,031	$ 2,243,172	$ 82,465,410
Cost				
Balance at January 1, 2020	$ 46,960,000	$ 10,283,031	$ 15,103,405	$ 72,346,436
Additions	43,042,000	-	626,385	43,668,385
Disposals	-	-	(12,374)	(12,374)
Balance at December 31, 2020	$ 90,002,000	$ 10,283,031	$ 15,717,416	$ 116,002,447

(Continued)

	Concessions	Goodwill	Computer Software and Other Intangible Assets	Total
Accumulated amortization				
Balance at January 1, 2020	$ (11,107,631)	$ -	$ (12,238,311)	$ (23,345,942)
Amortization	(3,861,598)	-	(881,253)	(4,742,851)
Disposals	-	-	12,370	12,370
Balance at December 31, 2020	$ (14,969,229)	$ -	$ (13,107,194)	$ (28,076,423)
Carrying amount at December 31, 2020	$ 75,032,771	$ 10,283,031	$ 2,610,222	$ 87,926,024

(Concluded)

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

Concessions	14 to 21 years
Computer software and other intangible assets	1 to 6 years

The Company has identified the smallest group of cash-generating units on a reasonable and consistent basis of allocation. The Company has identified only one cash-generating unit, the mobile telecommunications service business.

As of December 31, 2021 and 2020, the carrying amount of property, plant and equipment, right-of-use assets, intangible assets and the incremental costs of obtaining a contract used by the Company was $121,050,122 thousand and $122,186,671 thousand, respectively. The Company's management estimated the recoverable amounts of core assets based on their value in use and considered the expected useful lives and thus based the cash flow forecast on the discount rates of 6.87% and 6.72% on December 31, 2021 and 2020, respectively. The operating revenue forecast was based on the expected effective customer base, expected sales and the Company's operating strategies and goals, taking into account the expected future growth rate of the telecom industry along with the projected advancement of the Company's own business. The Company's management believes that any reasonable change in the principal assumptions used in the calculation of the recoverable amounts would not result in the carrying amounts exceeding the recoverable amounts. The principal assumptions and the relevant measurement of the recoverable amounts of the Company are summarized as follows:

a. Expected future growth rate of the telecommunications industry

   1) Mobile voice service (MVS): The anticipated MVS is measured based on the actual effective customer base and minutes of usage of previous years, taking into account the market trend.

   2) Mobile data service (MDS): The anticipated MDS is measured based on the proportion of MDS to the total telecommunications service revenue of previous years, taking into account the demands and changes of the market.

b. Expected ratio of service EBITDA (earnings before interest, taxes, depreciation and amortization) to operating revenue: The expected ratio is anticipated based on the historical ratio of EBITDA to operating revenue, while the possible impacts of revenue, cost and expense are taken into account individually.

The Company's management believes that any reasonable change in the principal assumptions used in the calculation of the recoverable amounts would not result in the carrying amounts exceeding the recoverable amounts. For the years ended December 31, 2021 and 2020, there was no indication of impairment loss after comparing the recoverable amounts with the carrying amounts of the Company's operating assets and goodwill in accordance with the principal assumptions.

15. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Unsecured borrowings		
Credit loans	$ -	$ 100,000
Interest rate range	-	0.66%

b. Short-term bills payable

	December 31	
	2021	2020
Commercial papers payable	$ -	$ 100,000
Less: Unamortized discount	-	(14)
	$ -	$ 99,986
Interest rate range	-	0.38%

c. Long-term borrowings

	December 31	
	2021	2020
Unsecured borrowings		
Credit loans	$ 6,550,000	$ 27,650,000
Long-term commercial papers payable	21,400,000	12,000,000
Less: Unamortized discount on commercial papers payable	(11,908)	(4,072)
Long-term borrowings	$ 27,938,092	$ 39,645,928
Interest rate range of credit loans	0.65%-0.82%	0.68%-0.99%
Interest rate range of commercial papers payable	0.60%-0.91%	0.85%-0.91%

1) The credit loans are payable in New Taiwan dollars. Repayment of principal will be made in full on maturity together with interest payment. Under some contracts, loans are treated as revolving credit facilities, and the maturity dates of the loans are based on the terms as specified in the contracts. The repayment dates of the loans are no later than December 2023.

2) The commercial papers payable are treated as revolving credit facilities under contracts. The repayment dates of the long-term commercial papers payable are no later than November 2024.

16. BONDS PAYABLE

	December 31	
	2021	2020
2016 1st unsecured domestic bonds	$ 5,199,982	$ 5,198,304
2017 1st unsecured domestic bonds	4,499,534	4,498,076
2017 2nd unsecured domestic bonds	1,998,642	1,998,135
2017 3rd unsecured domestic bonds	2,998,260	2,997,441
2018 1st unsecured domestic bonds	4,997,250	4,996,193
2019 1st unsecured domestic bonds	4,996,413	4,995,240
2019 2nd unsecured domestic bonds	3,096,663	3,096,037
2020 1st unsecured domestic bonds	4,995,254	4,994,267
2020 2nd unsecured domestic bonds	998,448	998,161
2021 1st unsecured domestic bonds	1,197,692	-
	34,978,138	33,771,854
Less: Current portion	(9,699,516)	-
	$ 25,278,622	$ 33,771,854

In June 2020, the Company repaid $2,500,000 thousand, the amount due for the 4th unsecured domestic bonds.

For details of bonds payable as of December 31, 2021, refer to Statements of Major Accounting Items Statement 7. There was no repayment of bonds payable in 2021.

17. OTHER LIABILITIES

	December 31	
	2021	2020
Current		
Other payables		
Salaries and bonuses	$ 1,421,640	$ 1,374,716
Acquisition of properties	1,385,219	1,126,637
Commission	772,790	846,435
Maintenance fees	321,492	348,054
Compensation of employees and remuneration of directors	288,419	279,836
Others	1,159,329	1,083,200
	$ 5,348,889	$ 5,058,878
Noncurrent		
Others noncurrent liabilities	$ 3,295,761	$ 66,543

Other noncurrent liabilities are comprised mainly of government grants related to assets, which are recognized as deferred revenue in accordance with the relevant accounting policy and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

18. PROVISIONS

	December 31	
	2021	2020
Current		
Dismantling obligation	$ 14,827	$ 14,827
Product warranty	26,385	22,769
	$ 41,212	$ 37,596
Noncurrent		
Dismantling obligation	$ 566,917	$ 469,390

	Dismantling Obligation	Product Warranty
Balance at January 1, 2021	$ 484,217	$ 22,769
Additional provisions recognized	104,441	10,959
Reductions arising from payments	(6,914)	(7,343)
Balance at December 31, 2021	$ 581,744	$ 26,385
Balance at January 1, 2020	$ 401,739	$ 18,420
Additional provisions recognized	88,416	17,355
Reductions arising from payments	(5,938)	(13,006)
Balance at December 31, 2020	$ 484,217	$ 22,769

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

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

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

	December 31	
	2021	2020
Present value of defined benefit obligation	$ 1,689,542	$ 1,632,994
Fair value of plan assets	(1,156,496)	(1,123,905)
Net defined benefit liabilities	$ 533,046	$ 509,089

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2021	$ 1,632,994	$ (1,123,905)	$ 509,089
Service cost			
Current service cost	9,332	-	9,332
Net interest expense (income)	12,126	(8,427)	3,699
Recognized in profit or loss	21,458	(8,427)	13,031
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(11,615)	(11,615)
Actuarial loss - changes in demography assumptions	37,173	-	37,173
Actuarial loss - experience adjustments	17,796	-	17,796
Recognized in other comprehensive income	54,969	(11,615)	43,354
Contributions from the employer	-	(31,733)	(31,733)
Benefits paid	(19,879)	19,184	(695)
Balance at December 31, 2021	$ 1,689,542	$ (1,156,496)	$ 533,046
Balance at January 1, 2020	$ 1,549,967	$ (1,063,472)	$ 486,495
Service cost			
Current service cost	9,084	-	9,084
Net interest expense (income)	15,377	(10,673)	4,704
Recognized in profit or loss	24,461	(10,673)	13,788
Remeasurement			
Return on plan assets (excluding amounts included in net interest)		(31,826)	(31,826)
Actuarial loss - changes in financial assumptions	39,231	-	39,231
Actuarial loss - experience adjustments	33,161	-	33,161
Recognized in other comprehensive income	72,392	(31,826)	40,566
Contributions from the employer	-	(31,350)	(31,350)
Benefits paid	(13,826)	13,416	(410)
Balance at December 31, 2020	$ 1,632,994	$ (1,123,905)	$ 509,089

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the corporate/government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

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

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

	December 31	
	2021	2020
Discount rate	0.75%	0.75%
Expected rate of salary increase	1.50%	1.50%

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

	December 31	
	2021	2020
Discount rates		
0.25% increase	$ (43,696)	$ (39,230)
0.25% decrease	$ 45,304	$ 40,605
Expected rates of salary increase/decrease		
0.25% increase	$ 44,858	$ 40,210
0.25% decrease	$ (43,490)	$ (39,048)

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

	December 31	
	2021	2020
The expected contributions to the plan for the next year	$ 32,209	$ 31,820
The average duration of the defined benefit obligation	10.6 years	9.8 years

20. EQUITY

a. Capital stock

1) Common stock

	December 31	
	2021	2020
Stock authorized (in thousands)	4,200,000	4,200,000
Capital authorized	$ 42,000,000	$ 42,000,000
Issued and fully paid stock (in thousands)	3,258,501	3,258,501
Issued capital	$ 32,585,008	$ 32,585,008

Issued common stock, which have a par value of NT$10, entitle their holders to one vote per share and a right to dividends.

2) Global depositary receipts (GDRs)

Since 2004, part of the Company's issued common stock have been trading on the Luxembourg Stock Exchange in the form of GDRs. One GDR unit represents 15 shares of the Company's common stock. As of December 31, 2021 and 2020, there were 194 thousand and 198 thousand units of GDRs outstanding, representing 2,917 thousand and 2,967 thousand common stock, respectively.

The holders of GDRs have the same rights and obligations as the holders of common stock, except regarding the manner of the exercise of GDR holders' rights, which shall be handled in accordance with the terms of the Depositary Agreements and the relevant laws and regulations of the ROC. Such rights which shall be exercised through a depositary trust company include:

a) The exercise of voting rights;

b) Conversion of GDRs into common stock; and

c) The receipt of dividends and the exercise of preemptive rights or other rights and interests.

On May 6, 2021, the board of directors of the Company resolved to cease the trading of the Company's issued common stock on the Luxemburg Stock Exchange in the form of GDRs. The GDRs have been delisted on July 26, 2021.

b. Capital surplus

	December 31	
	2021	2020
From business combinations	$ 2,375,798	$ 5,686,435
Share of changes in equities of associates	14,042	14,986
	$ 2,389,840	$ 5,701,421

Capital surplus from business combinations may be used to offset a deficit. When the Company has no deficit, such capital surplus may be distributed as cash dividends or may be transferred to capital stock once a year within a certain percentage of the Company's paid-in capital. Capital surplus from share of changes in equities of associates may be used to offset a deficit only.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's articles of incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses in previous years, setting aside 10% of the net profit after tax plus the items other than the net profit after tax which is included in the current year's retained earnings as legal reserve, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the stockholders' meeting for the distribution of dividends and bonuses to stockholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to Note 22 f. compensation of employees and remuneration of directors.

At least 50% of the balance of net income less accumulated deficit, legal reserve and special reserve should be appropriated as dividends. The cash dividends should be at least 50% of total dividends declared. The adjustment of this percentage may be approved by the stockholders depending on the cash requirements for any significant future capital expenditures or plans to improve the financial structure.

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

Under Rule No. 1090150022, Rule No. 10901500221, Rule No. 1010012865 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse a special reserve.

The appropriations of earnings for 2020 and 2019, which had been approved in the stockholders' meetings on July 22, 2021 and June 19, 2020, respectively, were as follows:

	For the Year Ended December 31	
	2020	2019
Legal reserve	$ 822,798	$ 873,498
Special reserve	124,528	(7,742)
Cash dividends	7,279,491	10,456,529
Cash dividends per share (NT$)	2.234	3.209

In addition to distributing cash dividends at NT$2.234 and NT$3.209 per share from the unappropriated earnings, the Company's stockholders also approved the cash distribution of $3,310,637 thousand and $133,599 thousand from the additional paid-in capital from business combinations at NT$1.016 and NT$0.041 per share for the years ended December 31, 2020 and 2019, respectively. Therefore, the Company's stockholders received NT$3.25 per share in both 2021 and 2020.

The appropriation of earnings for 2021, which had been proposed by the Company's board of directors on February 25, 2022, was as follows:

	For the Year Ended December 31, 2021
Legal reserve	$ 914,759
Special reserve	578,021
Cash dividends	7,654,218
Cash dividends per share (NT$)	2.349

In addition to distributing cash dividends at NT$2.349 per share from the unappropriated earnings, the Company's board of directors proposed the cash distribution of $2,375,447 thousand from the additional paid-in capital from business combinations and $560,462 thousand from the legal reserve at NT$0.729 and NT$0.172 per share, respectively. Therefore, the Company's stockholders will receive NT$3.25 per share in 2022.

The appropriation of earnings for 2021 is subject to the resolution of the stockholders in the stockholders' meeting which is to be held on June 14, 2022.

d. Special reserve

	For the Year Ended December 31	
	2021	2020
Beginning balance	$ 598,988	$ 606,730
Appropriation (reversal) in respect of		
Application of the fair value model for investment properties	24,645	(7,742)
Debits to other equity items	99,883	-
Ending balance	$ 723,516	$ 598,988

e. Other equity items

Adjustments to other equity items for the years ended December 31, 2021 and 2020 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	Total
For the year ended December 31, 2021				
Beginning balance	$ (20,598)	$ (75,931)	$ (3,354)	$ (99,883)
Recorded as adjustments to stockholders' equity	-	(843,840)	-	(843,840)
Share of the other comprehensive income of subsidiaries and associates	(16,149)	178,809	4,740	167,400
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal by subsidiaries	-	(58,055)	-	(58,055)
Ending balance	$ (36,747)	$ (799,017)	$ 1,386	$ (834,378)
For the year ended December 31, 2020				
Beginning balance	$ (9,717)	$ 25,180	$ (12,254)	$ 3,209
Recorded as adjustments to stockholders' equity	-	(69,349)	-	(69,349)
Share of the other comprehensive income of subsidiaries and associates	(10,881)	(31,762)	8,900	(33,743)
Ending balance	$ (20,598)	$ (75,931)	$ (3,354)	$ (99,883)

21. REVENUE

	For the Year Ended December 31	
	2021	2020
Contract revenue		
Sales of inventories	$ 19,109,980	$ 16,911,336
Telecommunications service revenue	39,109,106	38,865,154
Other revenue	4,129,698	4,082,328
	62,348,784	59,858,818
Other operating revenue	1,767,339	1,564,750
	$ 64,116,123	$ 61,423,568

a. Contract information

Refer to Note 4 - revenue recognition for information on revenue recognition for contracts.

b. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Contract assets			
Bundle sale of goods	$ 7,570,619	$ 7,274,473	$ 6,651,298
Others	1,110,146	861,685	-
Less: Allowance for impairment loss	(148,515)	(135,925)	(135,925)
	$ 8,532,250	$ 8,000,233	$ 6,515,373
Contract assets - current	$ 5,169,580	$ 4,778,317	$ 4,182,336
Contract assets - noncurrent	3,362,670	3,221,916	2,333,037
	$ 8,532,250	$ 8,000,233	$ 6,515,373
Contract liabilities			
Goods	$ 121,930	$ 161,462	$ 106,475
Services	12,845,310	1,652,953	1,568,224
	$ 12,967,240	$ 1,814,415	$ 1,674,699
Contract liabilities - current	$ 2,515,910	$ 1,814,415	$ 1,674,699
Contract liabilities - noncurrent	10,451,330	-	-
	$ 12,967,240	$ 1,814,415	$ 1,674,699

For details of accounts receivable, refer to Note 8.

The changes in the balances of contract assets and contract liabilities primarily resulted from the timing difference between the Company's satisfaction of performance obligations and the respective customer's payment; other significant changes are as follows:

	For the Year Ended December 31	
	2021	2020
Contract assets		
Transfers of beginning balance to accounts receivable	$ (4,992,730)	$ (4,126,544)

The Company measures the loss allowance for contract assets at an amount equal to lifetime ECLs. The expected credit losses on contract assets are estimated using an allowance matrix by reference to past default experience with the debtor and an analysis of the debtor's current financial position, adjusted for the general economic conditions of the industry in which the debtor operates, the unemployment rate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

	December 31	
	2021	2020
Expected credit loss rate	0.05%-8.93%	0.06%-9.41%
Gross carrying amount	$ 8,680,765	$ 8,136,158
Allowance for impairment loss (Lifetime ECLs)	(148,515)	(135,925)
	$ 8,532,250	$ 8,000,233

The movements of the loss allowance of contract assets are as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 135,925	$ 135,925
Add: Net remeasurement of loss allowance	12,590	-
Balance at December 31	$ 148,515	$ 135,925

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year is as follows:

	For the Year Ended December 31	
	2021	2020
From contract liabilities at the start of the year		
Goods	$ 158,585	$ 105,370
Services	907,555	937,264
	$ 1,066,140	$ 1,042,634

c. Assets related to contract costs

	December 31	
	2021	2020
Current		
Costs to fulfill a contract (included in other current assets)	$ 8,120	$ 10,554
Noncurrent		
Incremental costs of obtaining a contract	$ 4,571,612	$ 4,151,595

1) Costs to fulfill a contract

The Company provides project business services, and the direct costs which are used to fulfill future performance obligations are recognized as costs to fulfill a contract within the expected recoverable scope (accounted for as other current assets). Costs to fulfill a contract are reclassified as operating costs in the contract period, in line with the revenue recognition method.

2) Incremental costs of obtaining a contract

The Company considered its past experience and believes the commission and subsidies paid for obtaining contracts are wholly recoverable. Total expenses recognized were $3,697,696 thousand and $3,496,743 thousand for the years ended December 31, 2021 and 2020, respectively.

d. Disaggregation of revenue

Refer to Statements of Major Accounting Items Statement 8 for information about the disaggregation of revenue.

e. Partially completed contracts

The transaction prices, excluding any estimated amounts of variable consideration that are constrained, allocated to the performance obligations that are not fully satisfied and the expected timing for recognition of revenue are as follows:

	December 31	
	2021	2020
Telecommunications service contracts		
Fulfillment in 2021	$ -	$ 15,878,531
Fulfillment in 2022	15,536,377	8,887,742
Fulfillment in 2023 and beyond	10,898,107	2,155,153
	$ 26,434,484	$ 26,921,426

The disclosure does not include revenue from contracts of which the timing of revenue recognition is not affected by price allocation.

22. NET INCOME

The items included in net income are as follows:

a. Other income

	For the Year Ended December 31	
	2021	2020
Management service revenue	$ 46,892	$ 48,163
Rental income	40,133	39,670
Government grants	32,410	29,631
Dividend income	27,066	55,618
Interest income	26,704	37,670
	$ 173,205	$ 210,752

b. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Communication records and others	$ 52,479	$ 146,812

c. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	$ 6,306,443	$ 6,150,150
Right-of-use assets	3,358,594	3,369,065
Intangible assets	925,975	881,253
	$ 10,591,012	$ 10,400,468
Depreciation expense categorized by function		
Operating costs	$ 8,850,267	$ 8,494,808
Operating expenses	814,770	1,024,407
	$ 9,665,037	$ 9,519,215
Amortization expense categorized by function		
Operating costs	$ 133,904	$ 149,913
Marketing expenses	256,142	211,603
General and administrative expenses	535,929	519,737
	$ 925,975	$ 881,253

d. Financial costs

	For the Year Ended December 31	
	2021	2020
Interest on financial liabilities measured at amortized cost	$ 669,580	$ 655,078
Interest on lease liabilities	62,420	70,780
Other financial costs	4,269	2,041
	$ 736,269	$ 727,899

e. Employee benefits expense

	For the Year Ended December 31, 2021			
	Operating Costs	Operating Expenses	Costs or Expenses Deduction	Total
Retirement benefits				
Defined contribution plans	$ 34,815	$ 172,950	$ 33,158	$ 240,923
Defined benefit plans	2,184	10,847	-	13,031
Other employee benefits				
Salary	558,678	3,550,820	1,179,848	5,289,346
Insurance	54,311	360,835	82,329	497,475
Remuneration of directors	-	80,918	-	80,918
Others	14,532	198,222	31,463	244,217
	$ 664,520	$ 4,374,592	$ 1,326,798	$ 6,365,910

	For the Year Ended December 31, 2020			
	Operating Costs	Operating Expenses	Costs or Expenses Deduction	Total
Retirement benefits				
Defined contribution plans	$ 29,825	$ 58,580	$ 33,997	$ 122,402
Defined benefit plans	4,652	9,136	-	13,788
Other employee benefits				
Salary	559,694	3,472,753	1,139,350	5,171,797
Insurance	50,126	325,554	75,892	451,572
Remuneration of directors	-	78,995	-	78,995
Others	14,470	210,858	31,586	256,914
	$ 658,767	$ 4,155,876	$ 1,280,825	$ 6,095,468

The average numbers of employees of the Company were 5,494 and 5,665, both of which include 11 directors not serving concurrently as employees, for the years ended December 31, 2021 and 2020, respectively.

The average employee benefit expenses were $1,146 thousand and $1,064 thousand for the years ended December 31, 2021 and 2020, respectively. The average salary expenses were $965 thousand and $915 thousand for the years ended December 31, 2021 and 2020, respectively. The average salary expenses increased by 5.5% in 2021 compared to the previous year.

The remuneration of directors and management personnel are evaluated and reviewed by the remuneration committee periodically. For compensation of employees, the Company conducts salary surveys annually and reviews employees' salary levels regularly to offer its employees competitive compensation.

f. Compensation of employees and remuneration of directors

The Company distributes compensation of employees and remuneration of directors at rates of 1% to 2% and no higher than 1%, respectively, of income before income tax, compensation of employees and remuneration of directors. For the years ended December 31, 2021 and 2020, the compensation of employees and the remuneration of directors represented 2% and 0.72%, respectively, of income before income tax, compensation of employees and remuneration of directors.

The accrued compensation of employees and remuneration of directors for the years ended December 31, 2021 and 2020 were as follows:

	For the Year Ended December 31	
	2021	2020
Compensation of employees	$ 212,073	$ 205,762
Remuneration of directors	$ 76,346	$ 74,074

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

There was no difference between the amounts of compensation of employees and the remuneration of directors resolved by the board of directors and the respective amounts recognized in the financial statements for the years ended December 31, 2020 and 2019.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

23. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Year Ended December 31	
	2021	2020
Current tax	$ 1,214,966	$ 1,847,015
Deferred tax	(23,534)	(67,424)
Income tax expense recognized in profit or loss	$ 1,191,432	$ 1,779,591

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

	For the Year Ended December 31	
	2021	2020
Income before tax	$ 10,315,227	$ 10,133,719
Income tax expense computed at the statutory tax rate	$ 2,063,045	$ 2,026,744
Add (deduct) tax effects of:		
Nondeductible (deductible) items in determining taxable income	(675,298)	(420,948)
Tax-exempt dividends	(5,413)	(11,124)
Others	470	620
Prior year's adjustments	(191,372)	184,299
Income tax expense recognized in profit or loss	$ 1,191,432	$ 1,779,591

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Deferred tax		
In respect of the current year		
Remeasurement of defined benefit plan	$ 8,671	$ 8,113

c. Deferred income tax assets and liabilities

The movements of deferred income tax assets and deferred income tax liabilities were as follows:

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred income tax assets				
Allowance for impairment loss	$ 284,370	$ 31,230	$ -	$ 315,600
Defined benefit obligation	100,244	(3,880)	8,671	105,035
Others	347,902	(3,324)	-	344,578
	$ 732,516	$ 24,026	$ 8,671	$ 765,213
Deferred income tax liabilities				
Amortization of goodwill	$ 2,056,606	$ -	$ -	$ 2,056,606
Investment properties	16,256	492	-	16,748
	$ 2,072,862	$ 492	$ -	$ 2,073,354

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred income tax assets				
Allowance for impairment loss	$ 255,558	$ 28,812	$ -	$ 284,370
Defined benefit obligation	95,725	(3,594)	8,113	100,244
Others	305,099	42,803	-	347,902
	$ 656,382	$ 68,021	$ 8,113	$ 732,516
Deferred income tax liabilities				
Amortization of goodwill	$ 2,056,606	$ -	$ -	$ 2,056,606
Investment properties	15,659	597	-	16,256
	$ 2,072,265	$ 597	$ -	$ 2,072,862

d. Income tax assessments

Income tax returns of the Company through 2019 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

The earnings and weighted average number of common stock used in the calculation of earnings per share were as follows:

Net Income for the Year

	For the Year Ended December 31	
	2021	2020
Net income	$ 9,123,795	$ 8,354,128
Effect of potentially dilutive common stock:		
Compensation of employees	-	-
Earnings used in the calculation of diluted earnings per share	$ 9,123,795	$ 8,354,128

Weighted Average Number of Common Stock Outstanding

(In Thousands of Shares)

	For the Year Ended December 31	
	2021	2020
Weighted average number of common stock used in the calculation of basic earnings per share	3,258,501	3,258,501
Effect of potentially dilutive common stock:		
Compensation of employees	3,802	3,790
Weighted average number of common stock used in the calculation of diluted earnings per share	3,262,303	3,262,291

Since the Company offered to settle compensation paid to employees in cash or stock, the Company assumed the entire amount of the compensation would be settled in stock and the resulting potential stock were included in the weighted average number of common stock outstanding used in the calculation of diluted earnings per share, if the effect was dilutive. Such dilutive effect of the potential stock was included in the calculation of diluted earnings per share until the number of stock to be distributed to employees is resolved in the following year.

25. ACQUISITION OR DISPOSAL OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

In May 2020, the Company subscribed for new common stock of Yuanshi Digital Technology Co., Ltd. (YSDT) at a percentage different from its existing ownership percentage, increasing its total direct and indirect continuing interest from 88.81% to 96.85%.

The above transaction was accounted for as an equity transaction since the Company did not lose control over the subsidiary. Refer to Note 28 of the consolidated financial statements of the Company as of and for the year ended December 31, 2021 for related information.

26. CASH FLOW INFORMATION

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

For the years ended December 31, 2021 and 2020, changes in liabilities arising from financing activities, including noncash transactions, were as follows:

For the year ended December 31, 2021

	Balance on January 1, 2021	Cash Flows from Financing Activities	Changes in Noncash Transactions		Cash Flows from Operating Activities - Interest Paid	Balance on December 31, 2021
			New Leases	Others		
Lease liabilities (including the current and noncurrent portion)	$ 7,770,145	$ (3,299,237)	$ 3,189,702	$ (109,568)	$ (62,420)	$ 7,488,622

For the year ended December 31, 2020

	Balance on January 1, 2020	Cash Flows from Financing Activities	Changes in Noncash Transactions		Cash Flows from Operating Activities - Interest Paid	Balance on December 31, 2020
			New Leases	Others		
Lease liabilities (including the current and noncurrent portion)	$ 7,522,038	$ (3,350,756)	$ 3,856,180	$ (186,537)	$ (70,780)	$ 7,770,145

27. CAPITAL MANAGEMENT

The Company is required to maintain sufficient capital to meet the minimum paid-in capital requirements for the telecommunications industry, and to finance the upgrade of its telecommunications network. Thus, the Company's capital management focuses on its operating plan to ensure good profitability and financial structure and to meet the demand for working capital, capital expenditures, debt repayment and dividends for the next 12 months.

28. FINANCIAL INSTRUMENTS

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

1) Financial liabilities recognized in the financial statements with material differences between their carrying amounts and their fair values

	December 31			
	2021		2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities				
Bonds payable	$ 34,978,138	$ 35,137,183	$ 33,771,854	$ 33,972,196

2) Fair value hierarchy

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Bonds payable	$ 35,137,183	$ -	$ -	$ 35,137,183

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Bonds payable	$ 33,972,196	$ -	$ -	$ 33,972,196

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

1) Fair value hierarchy

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Stock in domestic listed company through private placement	$ -	$4,110,000	$ -	$4,110,000
Domestic unlisted common stock	$ -	$ -	$ 690,562	$ 690,562

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Domestic unlisted common stock	$ -	$ -	$ 615,852	$ 615,852

There were no transfers of financial assets between the fair value measurements of Level 1 and Level 2 for the years ended December 31, 2021 and 2020.

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

	Financial Instruments at Fair Value Through Other Comprehensive Income	
	For the Year Ended December 31	
	2021	2020
Beginning balance	$ 615,852	$ 198,701
Additions	50,000	500,000
Recognized in other comprehensive income	46,160	(69,349)
Remittance of cash due to capital reduction	(21,450)	(13,500)
Ending balance	$ 690,562	$ 615,852

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

Financial Instrument	Valuation Techniques and Inputs
Stock in domestic listed company through private placement	Transaction method of market approach referring to the weighted average of stock prices, net worth and the ratio of stock price to net worth of comparable companies traded in active market, and with consideration of liquidity premium.

4) Valuation techniques and inputs used for Level 3 fair value measurement

Financial Instrument	Valuation Techniques and Inputs
Domestic 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.

c. Categories of financial instruments

	December 31	
	2021	2020
Financial assets		
Financial assets at amortized cost (Note 1)	$ 9,235,309	$ 10,153,844
Financial assets at fair value through other comprehensive income	4,800,562	615,852
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	84,346,176	92,459,399

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 Company's major financial instruments include equity and debt investments, accounts receivable, accounts payable, bonds payable and borrowings. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include currency risk, interest rate risk, credit risk and liquidity risk. In order to reduce financial risk, the Company is committed to identify, assess and avoid the uncertainty of the market and reduce the potential downside effects of market changes against the Company's financial performance.

The Company's significant financial activities are reviewed by the Company's board of directors in accordance with the related rules and internal control system. The Company should implement the overall financial management objective as well as observe the levels of delegated authority and ensure that those with delegated authority carry out their duties.

1) Market risk

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

a) Foreign currency risk

The Company owns foreign currency-denominated assets and enters into transactions where expected future purchases or payments are denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed through investing in foreign currency deposits at the appropriate time.

Sensitivity analysis

The Company was mainly exposed to the U.S. dollar.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar (NTD) against the U.S. dollar. The sensitivity rate of 5% is used when reporting foreign currency risk internally to key management personnel, and it represents management's basis for assessing the reasonably possible changes in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, for which their translation at the end of the reporting period is adjusted for a 5% change in foreign currency rates. The negative number shown in the currency impact table below indicates a decrease in pre-tax profit associated with the NTD strengthening 5% against the U.S. dollar. For a 5% weakening of the NTD against the U.S. dollar, there would be an equal and opposite impact on pre-tax profit, and the balances below would be positive.

	USD Impact	
	For the Year Ended December 31	
	2021	2020
5% change in profit or loss		
USD	$ (32,866)	$ (30,084)

b) Interest rate risk

The Company is exposed to interest rate risk because it borrows loans at both fixed and floating interest rates. To manage this risk, the Company maintains an appropriate mix of fixed and floating rate borrowings.

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

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	$ 1,019,575	$ 999,037
Financial liabilities	68,630,508	79,620,680
Cash flow interest rate risk		
Financial assets	1,484,290	2,696,985
Financial liabilities	13,000,000	10,000,000

Sensitivity analysis

The sensitivity analysis described below was based on the Company's exposure to interest rates for financial assets and financial liabilities at the end of the reporting period. An increase or decrease of 25 basis points is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. For the financial assets and financial liabilities with fixed interest rates, their fair values will change as the market interest rates change. For the financial assets and financial liabilities with floating interest rates, their effective interest rates will change as the market interest rates change.

Had interest rates been 25 basis points higher/lower and all other variables been held constant, the income before income tax for the years ended December 31, 2021 and 2020 would have decreased/increased by $28,789 thousand and $18,258 thousand, respectively, which were mainly affected by bank deposits and borrowings with floating interest rates.

c) Other price risk

The Company is exposed to equity price risks through its equity investments in stock in domestic listed company obtained through private placement and domestic unlisted common stock. The Company manages the risk by holding a portfolio of investments with different risk levels. In addition, the Company has appointed a special team to monitor the price risk.

Sensitivity analysis

The following sensitivity analysis was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have increased/decreased by $240,028 thousand and $30,793 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to the failure of the counterparties to discharge their obligation and due to the financial guarantees provided by the Company arises from the carrying amounts of the respective recognized financial assets as stated in the balance sheets.

The Company has a policy of dealing only with creditworthy counterparties. The credit lines of those counterparties were granted through credit analysis and investigation based on the information supplied by independent rating agencies. The counterparties' transaction type, financial position and collateral are also taken into consideration. All credit lines have expiration dates and are subject to reexamination before any extension is granted.

The Company transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, the management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. The Company's unutilized overdraft and bank loan facilities amounted to $57,998,936 thousand and $34,225,535 thousand as of December 31, 2021 and 2020, respectively.

The table below summarizes the maturity profile of the Company's financial liabilities based on undiscounted contractual payments but does not include the financial liabilities with carrying amounts that approximated contractual cash flows:

	Carrying Amount	Contractual Cash Flows	Within 1 Year	1-5 Years	More than 5 Years
December 31, 2021					
Other payables - related parties	$ 11,000,000	$ 11,036,546	$ 11,036,546	$ -	$ -
Long-term borrowings	27,938,092	28,026,693	58,482	27,968,211	-
Bonds payable	34,978,138	35,995,890	10,028,370	19,688,095	6,279,425
Lease liabilities	7,488,622	7,576,139	2,665,504	4,857,004	53,631
	$ 81,404,852	$ 82,635,268	$ 23,788,902	$ 52,513,310	$ 6,333,056
December 31, 2020					
Short-term borrowings	$ 100,000	$ 100,056	$ 100,056	$ -	$ -
Short-term bills payable	99,986	100,000	100,000	-	-
Other payables - related parties	8,000,000	8,034,092	8,034,092	-	-
Long-term borrowings	39,645,928	40,045,954	252,800	39,793,154	-
Bonds payable	33,771,854	35,071,460	321,770	26,521,735	8,227,955
Lease liabilities	7,770,145	7,876,948	2,656,397	5,171,757	48,794
	$ 89,387,913	$ 91,228,510	$ 11,465,115	$ 71,486,646	$ 8,276,749

Additional information about the maturity analysis for financial liabilities:

	December 31, 2021				
	Within 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Bonds payable	$ 10,028,370	$ 19,688,095	$ 6,279,425	$ -	$ -
Lease liabilities	2,665,504	4,857,004	53,501	81	49
	$ 12,693,874	$ 24,545,099	$ 6,332,926	$ 81	$ 49

	December 31, 2020				
	Within 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Bonds payable	$ 321,770	$ 26,521,735	$ 8,227,955	$ -	$ -
Lease liabilities	2,656,397	5,171,757	45,239	1,829	1,726
	$ 2,978,167	$ 31,693,492	$ 8,273,194	$ 1,829	$ 1,726

29. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in other notes, details of transactions between the Company and its related parties are disclosed below.

a. The Company's related parties and their relationships

Related Party	Relationship with the Company
Far Eastern New Century Corporation (FENC)	Ultimate parent company
ARCOA Communication Co., Ltd. (ARCOA)	Subsidiary
DataExpress Infotech Co., Ltd. (DataExpress)	Subsidiary of ARCOA
Linkwell Tech. Ltd.	Subsidiary of DataExpress (dissolved on April 1, 2020 due to the merger with DataExpress)
Home Master Technology Ltd.	Subsidiary of DataExpress
Far Eastern Info Service (Holding) Ltd. (FEIS)	Subsidiary
KGEx.com Co., Ltd.	Subsidiary
Yuan Cing Co., Ltd. (Yuan Cing)	Subsidiary
Yuanshi Digital Technology Co., Ltd. (YSDT)	Subsidiary
Far EasTone Property Insurance Agent Co., Ltd	Subsidiary
Yuan Bao Fintech Co., Ltd.	Subsidiary (dissolved on September 15, 2021 due to the merger with the Company)
Far Eastern Tech-info Ltd. (Shanghai)	Subsidiary of FEIS (dissolved in 2020 with the approval of the local government)
New Century InfoComm Tech Co., Ltd. (NCIC)	Subsidiary
Nextlink Technology Co., Ltd. (Nextlink)	Subsidiary of NCIC
Microfusion Technology Co., Ltd.	Subsidiary of Nextlink
Nextlink (HK) Technology Co., Ltd. (Nextlink (HK))	Subsidiary of Nextlink
Microfusion (HK) Technology Co., Ltd.	Subsidiary of Nextlink
Nextlink (Shanghai) Technology Co., Ltd.	Subsidiary of Nextlink (HK)
Prime Ecopower Co., Ltd.	Subsidiary of NCIC
Information Security Service Digital United Inc.	Subsidiary of NCIC
New Diligent Co., Ltd. (New Diligent)	Subsidiary of NCIC
Sino Lead Enterprise Limited	Subsidiary of New Diligent
New Diligent Hong Kong Co., Ltd.	Subsidiary of New Diligent
Far Eastern New Diligent Company Ltd.	Subsidiary of New Diligent
Digital United (Cayman) Ltd. (DU Cayman)	Subsidiary of NCIC
Digital United Information Technologies (Shanghai) Co., Ltd.	Subsidiary of DU Cayman
Far Eastern Electronic Toll Collection Co., Ltd.	Subsidiary of FENC
Ding Ding Integrated Marketing Service Co., Ltd.	Subsidiary of FENC
Far Eastern International Leasing Corp.	Other related party (equity-method investee of subsidiary of FENC)
Telecommunication and Transportation Foundation	Other related party (the Company's donation is over one third of the foundation's fund)
Far Eastern Apparel Co., Ltd.	Subsidiary of FENC
Far Cheng Human Resources Consultant Corp.	Subsidiary of FENC
Far Eastern Resource Development Co., Ltd.	Subsidiary of FENC
Pacific Sogo Department Stores Co., Ltd. (SOGO)	Other related party (same chairman as parent company's)

(Continued)

Related Party	Relationship with the Company
Far Eastern Big City Shopping Malls Co., Ltd.	Other related party (subsidiary of SOGO)
Far Eastern Citysuper Co., Ltd.	Other related party (same chairman as parent company's)
Ya Tung Department Store Co., Ltd.	Other related party (same chairman as parent company's)
Fu Dar Transportation Corporation	Other related party (same chairman as parent company's)
Fu-Ming Transportation Co., Ltd.	Other related party (same chairman as parent company's)
YDT Technology International Co., Ltd.	Subsidiary of FENC
Nan Hwa Cement Corporation	Other related party (same chairman as parent company's)
Ya Tung Ready Mixed Concrete Co., Ltd.	Other related party (same chairman as parent company's)
Oriental Securities Corporation Ltd.	Other related party (equity-method investee of FENC)
Yuan Ding Co., Ltd.	Subsidiary of FENC
Far Eastern Department Stores Co., Ltd.	Other related party (same chairman as the Company's)
Asia Cement Co., Ltd.	Other related party (same chairman as the Company's)
Oriental Union Chemical Corporation	Other related party (same chairman as the Company's)
Far Eastern Ai Mai Co., Ltd.	Other related party (same chairman as the Company's)
Far Eastern Hospital	Other related party (same chairman as the Company's)
Asia Eastern University of Science and Technology (used to be known as Oriental Institute of Technology)	Other related party (same chairman as the Company's)
Far Eastern Plaza Hotel	Subsidiary of FENC
Yuan-Ze University	Other related party (same chairman as the Company's)
U-Ming Marine Transport Corporation	Other related party (same chairman as the Company's)
Chiahui Power Corporation	Other related party (same chairman as the Company's)
Far Eastern International Bank (FEIB)	Other related party (the Company's chairman is FEIB's vice chairman)
Oriental Petrochemical (Taiwan) Co., Ltd.	Subsidiary of FENC
Air Liquide Far Eastern Co., Ltd.	Other related party (equity-method investee of FENC)
Far Eastern General Contractor Inc.	Subsidiary of FENC
Oriental Resources Development Limited	Subsidiary of FENC
Far Eastern Leasing Corporation	Other related party (substantive related party)
Far Eastern Fibertech Co., Ltd.	Subsidiary of FENC
Far Eastern Realty Management Co., Ltd.	Subsidiary of FENC
Ding & Ding Management Consultant Co., Ltd.	Other related party (substantive related party)
Yuan Hsin Digital Payment Co., Ltd.	Subsidiary of FENC
Far Eastern Memorial Foundation	Other related party (substantive related party)

(Continued)

Related Party	Relationship with the Company
Far Eastern Medical Foundation	Other related party (substantive related party)
Far Eastern Polyclinic of Far Eastern Medical Foundation	Other related party (same chairman as the Company's)
FETC International Co., Ltd.	Subsidiary of FENC
Kaohsiung Rapid Transit Corporation	Other related party (substantive related party)
Everest Textile Co., Ltd.	Other related party (substantive related party)
Systex Corporation	Other related party (substantive related party)
Oriental Green Materials Limited	Subsidiary of FENC

(Concluded)

b. Operating revenue

	For the Year Ended December 31	
	2021	2020
FENC	$ 2,040	$ 1,850
Subsidiaries of FENC	24,481	27,748
Subsidiaries	2,406,896	1,821,340
Other related parties	37,402	43,082
	$ 2,470,819	$ 1,894,020

Operating revenue from related parties includes revenue from sales of inventories and mobile telecommunications services, of which the terms and conditions conformed to normal business practices.

c. Operating costs and expenses

	For the Year Ended December 31	
	2021	2020
Operating costs		
FENC	$ 778	$ 277
Subsidiaries of FENC	6,830	17,044
Subsidiaries		
ARCOA	6,300,528	6,040,011
Others	2,214,174	2,145,336
	8,514,702	8,185,347
Other related parties	44,886	35,960
	$ 8,567,196	$ 8,238,628
Operating expenses		
FENC	$ 97,173	$ 109,924
Subsidiaries of FENC	107,044	117,307
Subsidiaries	1,068,050	936,320
Other related parties	30,865	110,561
	$ 1,303,132	$ 1,274,112

The above related parties provide telecommunications operating related services to the Company. The terms and conditions conformed to normal business practices.

d. Property transactions

	For the Year Ended December 31	
	2021	2020
Acquisition of investments accounted for using the equity method		
Subsidiaries		
YSDT	$ -	$ 800,000
Acquisition of property, plant and equipment and intangible assets		
Subsidiaries of FENC	$ 2,467	$ 6,996
Subsidiaries	32,551	17,694
Other related parties	80,924	846
	$ 115,942	$ 25,536

e. Lease arrangements - the Company is lessee

	For the Year Ended December 31	
	2021	2020
Acquisition of right-of-use assets		
Subsidiaries	$ 159,286	$ -
Other related parties	11,961	32,045
	$ 171,247	$ 32,045

	December 31	
	2021	2020
Lease liabilities - current		
FENC	$ 968	$ 2,939
Subsidiaries of FENC	1,755	30,361
Subsidiaries	30,444	-
Other related parties	16,477	17,638
	$ 49,644	$ 50,938
Lease liabilities - noncurrent		
FENC	$ -	$ 1,128
Subsidiaries of FENC	1,366	13,749
Subsidiaries	100,876	-
Other related parties	5,323	14,677
	$ 107,565	$ 29,554

	For the Year Ended December 31	
	2021	2020
Financial costs		
FENC	$ 15	$ 49
Subsidiaries of FENC	99	606
Subsidiaries	751	-
Other related parties	208	289
	$ 1,073	$ 944

All the terms and conditions of the above lease contracts conformed to normal business practices.

f. Bank deposits, financial assets at amortized cost and other financial assets

	December 31	
	2021	2020
Other related parties		
FEIB	$ 680,753	$ 1,859,429

The Company had bank deposits in FEIB. These deposits included a portion of the proceeds of the Company's sale of prepaid cards and international calling cards, which were consigned to FEIB as a trust fund and included in other financial assets - current.

g. Receivables and payables - related parties

	December 31	
	2021	2020
Accounts receivable - related parties		
FENC	$ 7	$ 9
Subsidiaries of FENC	1,529	2,158
Subsidiaries	386,903	540,274
Other related parties	4,537	9,117
	$ 392,976	$ 551,558
Other receivables - related parties		
Subsidiaries of FENC	$ 3,497	$ 3,537
Subsidiaries		
NCIC	81,758	90,885
Others	28,993	36,426
	110,751	127,311
Other related parties	4,808	3,391
	$ 119,056	$ 134,239

(Continued)

	December 31	
	2021	2020
Accounts payable - related parties		
Subsidiaries		
ARCOA	$ 511,555	$ 818,720
Others	50,715	26,232
	562,270	844,952
Other related parties	146	-
	$ 562,416	$ 844,952
Other payables - related parties (not including loans from related parties)		
FENC	$ 22,294	$ 23,153
Subsidiaries of FENC	66,135	73,831
Subsidiaries	732,678	781,478
Other related parties	9,084	8,573
	$ 830,191	$ 887,035

(Concluded)

h. Refundable deposits

	December 31	
	2021	2020
Refundable deposits		
Subsidiaries of FENC	$ 20,835	$ 20,534
Subsidiaries	6,164	4,430
Other related parties	1,371	2,170
	$ 28,370	$ 27,134

i. Others

	For the Year Ended December 31	
	2021	2020
Management service revenue		
Subsidiaries	$ 46,892	$ 48,163
Interest income		
Subsidiaries of FENC	$ 16	$ 22
Other related parties		
FEIB	5,445	10,904
Others	2	4,164
	5,447	15,068
	$ 5,463	$ 15,090

	For the Year Ended December 31	
	2021	2020
Rental income		
Subsidiaries of FENC	$ 48	$ 48
Subsidiaries		
NCIC	3,554	9,694
Yuan Cing	5,725	8,067
YSDT	6,991	1,765
DataExpress	4,156	-
Others	1,509	1,440
	21,935	20,966
	$ 21,983	$ 21,014
Other gains		
Other related parties		
Yuan-Ze University	$ -	$ 80,000

All the terms and conditions of the above rental contracts conformed to normal business practices.

j. Loans from related parties (included in other payables - related parties)

	December 31	
	2021	2020
Subsidiaries	$ 11,000,000	$ 8,000,000

The Company obtained loans at rates comparable to market interest rates for the loans from NCIC. The interest expense was $71,683 thousand and $50,405 thousand for the years ended December 31, 2021 and 2020, respectively.

k. Remuneration of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term benefits	$ 258,133	$ 242,119
Post-employment benefits	2,538	2,412
	$ 260,671	$ 244,531

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

30. ASSETS PLEDGED OR MORTGAGED

Assets pledged or mortgaged, i.e., used as collateral for transactions with financial institutions and for litigation, were as follows:

	December 31	
	2021	2020
Other financial assets - current	$ 89,401	$ 87,000

31. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

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

a. Significant commitments

	December 31	
	2021	2020
Unpaid acquisition of property, plant and equipment and intangible assets under contracts	$ 15,592,379	$ 7,480,029
Unpaid acquisition of inventories under contracts	$ 3,293,177	$ 2,531,588

b. All lease commitments (the Company as a lessee), including short-term leases, with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2021	2020
Lease commitments	$ 246,177	$ 465,504

c. In order to maximize the efficiency of utilizing the Company's network and spectrum resources, and to enhance the Company's competitiveness in the 5G markets, on September 4, 2020, the board of directors resolved to enter into a business cooperation agreement with APTC, which includes issuing new common stock in exchange for part of APTC's shares held by Hon Hai Precision Industry Co., Ltd. (HHPI) under a share swap arrangement on June 30, 2022 after obtaining approval from the competent authority.

d. In order to increase the efficient utilization of the Company's spectrum and enhance the competitiveness of the Company in maintaining consumer interests, on November 5, 2020, the board of directors resolved to enter into a business cooperation agreement with APTC once approval from the competent authority has been obtained. The content of the agreement includes: (a) mutual sharing of 700MHz spectrum between Far EasTone and APTC whereby the Company will bear seven-ninths and APTC will bear two-ninths of the 700MHz spectrum's related capitalized costs and expenses, this agreement will be valid from November 5, 2020 to December 31, 2030; (b) the exchange of the Company's 2600 D6 spectrum with the 700 A3 spectrum held by APTC; the value of the aforementioned spectrum swap shall be determined in accordance with the agreement. If the competent authority approves the sharing of 700MHz spectrum earlier than the execution date of the spectrum swap, the spectrum swap agreement will be automatically terminated without implementation of the stated obligations.

32. OTHER ITEMS

As of the date the financial statements were authorized for issue, the Company had assessed that the COVID-19 pandemic would have no material impact on the Company's ability to continue as a going concern, asset impairment and financing risk. The Company will continue to observe and assess the possible impact that the COVID-19 pandemic will have on the Company's aforesaid aspects.

33. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In order to enhance the competitiveness, expand the business scale and achieve the operating synergy, on February 25, 2022, the Company's board of directors resolved to sign a merger agreement with APTC. The Company will be the surviving company. The tentative record date of the merger is September 30, 2022 and the share exchange ratio is one share of APTC for 0.0934406 share of the Company. The Company expects to issue 356,681 thousand shares to complete the merger. The record date of the merger and the related adjustments, if any, to the agreement will be decided after obtaining approval from the competent authority.

In order to obtain APTC shares held by HHPI, the Company signed a share swap contract with HHPI on September 4, 2020. After the Company and APTC have signed the merger agreement, the Company will suspend the share exchange with HHPI on June 30, 2022 according to the share swap contract. After the Company and APTC have obtained the approval from the competent authority and have completed the merger, the share swap contract with HHPI will be terminated.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the functional currency of the Company and the exchange rates between the foreign currencies and the functional currency were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

(In Thousands, Except Exchange Rate)

	December 31, 2021		
	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 28,048	27.68	$ 776,373
Nonmonetary items			
USD	176	27.68	4,883
Financial liabilities			
Monetary items			
USD	4,301	27.68	119,059

	December 31, 2020		
	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 26,090	28.48	$ 743,038
Nonmonetary items			
USD	169	28.48	4,811
Financial liabilities			
Monetary items			
USD	4,963	28.48	141,354

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

	For the Year Ended December 31			
	2021		2020	
Foreign Currency	Exchange Rate (Functional Currency: Presentation Currency)	Net Foreign Exchange Gains (Losses)	Exchange Rate (Functional Currency: Presentation Currency)	Net Foreign Exchange Gains (Losses)
USD	28.009 (USD:NTD)	$ (4,630)	29.549 (USD:NTD)	$ 2,802

35. 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: Schedule D

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

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

9) Trading in derivative instruments: None

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 financing of funds.

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

d. Information on major stockholders: List all stockholders with ownership of 5% or greater showing the name of the stockholder, the number of shares owned, and percentage of ownership of each stockholder: Schedule I

SCHEDULE A

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND INVESTEES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Year	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Limits (Note)
													Item	Value		
1	New Century InfoComm Tech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Other receivables - related parties	Yes	$ 1,800,000	$ 1,800,000	$ 1,800,000	0.7337%-0.7580%	Business transaction	$ 2,298,925	-	$ -	-	$ -	$ 2,298,925	$ 13,463,890
		Far EasTone Telecommunications Co., Ltd.	Other receivables - related parties	Yes	9,200,000	9,200,000	9,200,000	0.7137%-0.7580%	Short-term financing	-	For business operations	-	-	-	10,771,112	13,463,890

Note: Where New Century InfoComm Tech Co., Ltd. (NCIC) provides loans for business transactions and short-term financing needs, the amount of loans is limited to 50% of NCIC's net worth. A) For business transactions: The individual loan amount should not exceed the business transaction amount between the two parties. The business transaction amount refers to the estimated amount in the year the loan contract was signed or the prior year's actual transaction amount. B) For loans provided due to short-term financing needs, both the financing limit for each borrower and the aggregate financing limit should not exceed 40% of NCIC's net worth.

SCHEDULE B

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND INVESTEES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				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	$ 138,461	11.11	$ 138,461	B
	CDIB Capital Innovation Accelerator Limited	-	Financial assets at fair value through other comprehensive income - noncurrent	9,000,000	105,191	10.71	105,191	B
	LINE Bank Taiwan Limited	-	Financial assets at fair value through other comprehensive income - noncurrent	50,000,000	396,910	5.00	396,910	B
	LiTV (Taiwan) Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	1,250,000	50,000	2.50	50,000	B
	Asia Pacific Telecom Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	500,000,000	4,110,000	11.58	4,110,000	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	B
	Web Point Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	160,627	1,618	0.63	1,618	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	44,645	3.18	44,645	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	B
	Stock certificate							
	Changing.ai Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	500,000	8,944	2.50	8,944	B
	Overseas funds							
	Opas Fund Segregated Portfolio Tranche A	Other related party	Financial assets at fair value through profit or loss - current	13,491.781	505,428	-	505,428	A
	Opas Fund Segregated Portfolio Tranche B	Other related party	Financial assets at fair value through profit or loss - current	5,000	193,746	-	193,746	A
Digital United (Cayman) Ltd.	Stock certificate							
	TBCASoft, Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	726,995	187,394	4.87	187,394	B

(Continued)

Note A: The market values of the overseas funds were calculated at their net asset values as of December 31, 2021.

Note B: The fair values of financial assets at fair value through other comprehensive income were calculated using inputs and valuation methods.

(Concluded)

SCHEDULE C

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND INVESTEES

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 YEAR ENDED DECEMBER 31, 2021
(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.	Stock Asia-Pacific Telecom Co., Ltd.'s common stock through private placement	Financial assets at fair value through other comprehensive income - noncurrent	Asia-Pacific Telecom Co., Ltd.	-	-	$ -	500,000,000	$ 5,000,000	-	$ -	$ -	$ -	500,000,000	$ 4,110,000 (Note B)

Note A: The amount is the cost of acquisition.

Note B: The amount is the fair value as of December 31, 2021.

SCHEDULE D

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND INVESTEES

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
New Century InfoComm Tech Co., Ltd.	A part of properties and equipment located in the Neihu District of Taipei City	July 2021	June 2001	$ 1,857,022	$ 3,242,924	Received in full	$ 1,281,483 (Note)	MediaTek Inc.	-	To enhance the efficiency of the usage of assets	Valuation report	-

Note: Related expenses were deducted from the gain on disposal.

SCHEDULE E

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND INVESTEES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(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	$ 6,773,686	13	Based on agreement	-	-	Accounts payable and other payables	$ (558,920)	(3)
			Operating revenue	(981,828)	(2)	Based on agreement	-	-	Accounts receivable (Note C)	245,441	4
	New Century InfoComm Tech Co., Ltd.	Subsidiary	Operating costs	2,139,527	5	Based on agreement	-	-	Accounts payable and other payables (Note A)	(504,895)	(2)
			Operating revenue	(159,398)	-	Based on agreement	-	-	Accounts receivable	12,530	-
	DataExpress Infotech Co., Ltd.	Subsidiary of ARCOA Communication Co., Ltd.	Operating costs and marketing expenses	224,881	-	Based on agreement	-	-	Accounts payable and other payables	(50,098)	-
	Yuanshi Digital Technology Co., Ltd.	Subsidiary	Operating revenue	(804,332)	(1)	Based on agreement	-	-	Accounts receivable (Note C)	27,627	-
	FarEasTone Property Insurance Agency Co., Ltd.	Subsidiary	Operating revenue	(325,773)	(1)	Based on agreement	-	-	Accounts receivable	95,397	1
New Century InfoComm Tech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	Operating revenue	(2,139,527)	(22)	Based on agreement	-	-	Accounts receivable (Note B)	504,895	30
			Operating costs	159,398	3	Based on agreement	-	-	Accounts payable	(12,530)	(2)
	KGEx.com Co., Ltd.	Same parent company	Operating costs and rental expenses	135,262	2	Based on agreement	-	-	Accounts payable and other payables	(25,775)	(2)
	Far Eastern International Bank	Other related party	Operating revenue	(104,788)	(1)	Based on agreement	-	-	Accounts receivable	25,988	2
ARCOA Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	Operating revenue	(6,773,686)	(64)	Based on agreement	-	-	Accounts receivable	558,920	53
			Operating costs	981,828	10	Based on agreement	-	-	Accounts payable (Note C)	(245,441)	(20)
	Yuanshi Digital Technology Co., Ltd.	Same parent company	Operating revenue	(137,169)	(1)	Based on agreement			Accounts receivable	173,031	16
	Home Master Technology Ltd.	Subsidiary of DataExpress Infotech Co., Ltd.	Operating revenue	(996,371)	(9)	Based on agreement	-	-	Accounts receivable	113,073	11
KGEx.com Co., Ltd.	New Century InfoComm Tech Co., Ltd.	Same parent company	Operating revenue	(135,262)	(26)	Based on agreement	-	-	Accounts receivable	25,775	49
DataExpress Infotech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	Operating revenue	(224,881)	(4)	Based on agreement	-	-	Accounts receivable	50,098	10
	Yuanshi Digital Technology Co., Ltd.	Same parent company	Operating revenue	(101,262)	(2)	Based on agreement	-	-	Accounts receivable (Note C)	-	-
	Home Master Technology Ltd.	Subsidiary	Operating revenue	(103,632)	(2)	Based on agreement	-	-	Accounts receivable	22,760	5
Yuanshi Digital Technology Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	Operating costs	804,332	31	Based on agreement	-	-	Accounts payable (Note C)	(27,627)	(7)
	ARCOA Communication Co., Ltd.	Same parent company	Operating costs	137,169	5	Based on agreement	-	-	Accounts payable (Note C)	(173,031)	(46)
	DataExpress Infotech Co., Ltd.	Same parent company	Operating costs	101,262	4	Based on agreement	-	-	Accounts payable (Note C)	-	-
Home Master Technology Ltd.	ARCOA Communication Co., Ltd.	Parent company	Operating costs	996,371	63	Based on agreement	-	-	Accounts payable	(113,073)	(72)
	DataExpress Infotech Co., Ltd.	Parent company	Operating costs	103,632	7	Based on agreement	-	-	Accounts payable	(22,760)	(15)
FarEasTone Property Insurance Agency Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	Operating costs	325,773	83	Based on agreement	-	-	Accounts payable	(95,397)	(90)
Microfusion Technology Co., Ltd.	Nextlink (HK) Technology Co., Ltd.	Same parent company	Operating revenue	(103,126)	(13)	Based on agreement	-	-	Accounts receivable	23,658	13
Nextlink (HK) Technology Co., Ltd.	Microfusion Technology Co., Ltd.	Same parent company	Operating costs	103,126	5	Based on agreement	-	-	Accounts payable	(23,658)	(5)

Note A: All interconnection revenue, costs and collection of international direct dial revenue between the Company and NCIC were settled at net amounts and were included in accounts payable - related parties.

Note B: Including the receivables collected by the Company for NCIC.

Note C: Part of the revenue from Yuanshi Digital Technology Co., Ltd. is collected by ARCOA Communication Co., Ltd. on behalf of Far EasTone Telecommunications Co., Ltd. and DataExpress Infotech Co., Ltd.

SCHEDULE F

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND INVESTEES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Far EasTone Telecommunications Co., Ltd.	ARCOA Communication Co., Ltd.	Subsidiary	$ 247,941	7.91	$ -	-	$ 180,840	$ -
New Century InfoComm Tech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	11,569,416	(Note A)	-	-	467,748	-
ARCOA Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	558,920	9.45	-	-	558,920	-
	Yuanshi Digital Technology Co., Ltd.	Subsidiary of Far EasTone Telecommunications Co., Ltd.	173,031	6.41	-	-	172,877	-
	Home Master Technology Ltd.	Subsidiary of DataExpress Infotech Co., Ltd.	113,150	4.50	-	-	28,794	-

Note: All interconnection revenue, costs and collection of revenue from international direct dialing between the Company and NCIC were settled in net amounts and included in accounts receivable/payable-related parties. The turnover rate was unavailable as the receivables from related parties were due to the collection of telecommunications bills by the Company on behalf of NCIC and the financing provided by NCIC to the Company.

SCHEDULE G

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND INVESTEES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	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	$ 28,436,062	$ 4,044,557	$ 3,065,346	A
	ARCOA Communication Co., Ltd.	Taiwan	Sales of communications products and office equipment	1,305,802	1,305,802	82,762,221	61.63	698,742	179,883	113,531	A
	KGEx.com Co., Ltd.	Taiwan	Telecommunications services	2,340,472	2,340,472	68,897,234	99.99	902,594	143,712	143,690	A
	Yuanshi Digital Technology Co., Ltd.	Taiwan	Electronic information services	1,686,169	1,686,169	107,004,329	96.18	(280,137)	(222,069)	(213,594)	A
	Yuan Cing Co., Ltd.	Taiwan	Call center services	-	-	2,000,000	100.00	40,705	14,693	14,693	A and E
	Far Eastern Info Service (Holding) Ltd.	Bermuda	Investments	92,616	92,616	1,200	100.00	4,883	109	109	A
	Yuan Bao Fintech Co., Ltd.	Taiwan	Data processing services and electronic information services	-	60,000	-	-	-	(6,574)	(6,574)	A and F
	FarEasTone Property Insurance Agency Co., Ltd.	Taiwan	Property insurance agent	5,000	5,000	500,000	100.00	83,443	72,481	72,481	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	1,403,595	329,099	129,529	B
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	139,500	139,500	5,446,644	15.00	36,924	(15,526)	(2,694)	B
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	Other financing and supporting services	600,000	600,000	12,342,478	18.11	94,628	(158,993)	(32,299)	B
ARCOA Communication Co., Ltd.	DataExpress Infotech Co., Ltd.	Taiwan	Sale of communications products	141,750	141,750	15,285,235	70.00	278,594	111,496	-	C
New Century InfoComm Tech Co., Ltd.	New Diligent Co., Ltd.	Taiwan	Investments	540,000	540,000	54,000,000	100.00	81,531	(390)	-	C
	Information Security Service Digital United Inc.	Taiwan	Security and monitoring services via internet	148,777	148,777	11,195,034	100.00	138,226	18,243	-	C
	Digital United (Cayman) Ltd.	Cayman Islands	Investments	317,446	317,446	10,320,000	100.00	334,376	4,266	-	C
	Yuanshi Digital Technology Co., Ltd.	Taiwan	Electronic information services	20,000	20,000	749,885	0.67	(1,963)	(222,069)	-	A
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	46,500	46,500	1,815,548	5.00	12,308	(15,526)	-	B
	Prime EcoPower Co., Ltd.	Taiwan	Energy technology services	160,000	160,000	16,000,000	100.00	125,451	(1,979)	-	C
	Drive Catalyst SPC-SP Tranche One	Cayman Islands	Investments	123,220	123,220	4,000	25.00	111,666	(526)	-	B
	Drive Catalyst SPC-SP Tranche Two	Cayman Islands	Investments	114,140	-	4,000	25.00	116,861	(6,258)	-	B
	Drive Catalyst SPC-SP Tranche Three	Cayman Islands	Investments	236,440	122,300	8,000	25.00	236,449	903	-	B
	Nextlink Technology Co., Ltd.	Taiwan	Electronic information services	420,000	420,000	3,430,000	70.00	455,473	56,260	-	C
	JuAn Long-Age Co., Ltd.	Taiwan	Electronic information services	15,500	-	1,000,000	25.00	15,861	931	-	B
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	Other financing and supporting services	42,358	-	4,235,794	6.22	32,476	(158,993)	-	B
New Diligent Co., Ltd.	Sino Lead Enterprise Limited	Hong Kong	Telecommunications services	125	125	30,000	100.00	321	31	-	C
	Far Eastern New Diligent Company Ltd.	British Virgin Islands	Investments	330,598	330,598	-	100.00	19,593	(321)	-	C
	New Diligent Hong Kong Co., Ltd.	Hong Kong	Investments	3,051	3,051	-	100.00	2,106	(186)	-	C
DataExpress Infotech Co., Ltd.	Home Master Technology Ltd.	Taiwan	Sale of communications products	10,000	10,000	-	100.00	42,860	20,814	-	C
Nextlink Technology Co., Ltd.	Microfusion Technology Co., Ltd.	Taiwan	Electronic information services	17,000	17,000	2,900,000	100.00	47,314	17,105	-	C
	Nextlink (HK) Technology Co., Ltd.	Hong Kong	Electronic information services	973	973	-	100.00	36,568	28,616	-	C
	Microfusion (HK) Technology Co., Ltd.	Hong Kong	Electronic information services	1,494	1,494	-	100.00	2,825	1,762	-	C

Note A: Subsidiary.

Note B: Investee of the Company or NCIC, accounted for using the equity method.

Note C: Subsidiary of New Century InfoComm Tech Co., Ltd., New Diligent Co., Ltd., ARCOA Communication Co., Ltd., DataExpress Infotech Co., Ltd. or Nextlink Technology Co., Ltd.

Note D: Investments in mainland China are shown in Schedule 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: Far EasTone Telecommunications Co., Ltd. merged with Yuan Bao Fintech Co., Ltd. on September 15, 2021. Far EasTone Telecommunications Co., Ltd. was the surviving company and Yuan Bao Fintech Co., Ltd. was the dissolved company.

SCHEDULE H

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND INVESTEES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
Digital United Information Technologies (Shanghai) Ltd.	Design, research, installment and maintenance of computer software and systems	$ 85,808 (US$ 3,100,000)	2	$ 85,808 (US$ 3,100,000)	$ -	$ -	$ 85,808 (US$ 3,100,000)	$ 5,365	100	$ 5,365	$ 11,311 (RMB 2,604,000)	$ -
Nextlink (Shanghai) Technology Co., Ltd.	Electronic information services	1,993 (US$ 72,000)	2	1,993 (US$ 72,000)	-	-	1,993 (US$ 72,000)	756	70	756	1,987 (HK$ 559,000)	-

Company Name	Accumulated Investment in Mainland China as of December 31, 2021	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)	$ 39,081,430
New Century InfoComm Tech Co., Ltd.	85,808 (US$ 3,100,000)	85,808 (US$ 3,100,000)	16,156,668
New Diligent Co., Ltd.	413,179 (US$14,927,000) (Note C)	413,179 (US$14,927,000) (Note C)	48,919
Nextlink Technology Co., Ltd.	1,993 (US$ 72,000)	1,993 (US$ 72,000)	98,792

Note A: Method of investment is as follows:

1. Far EasTone made the investment directly.
2. Far EasTone made the investment indirectly through a company registered in a third region. The companies registered in a third region are Digital United (Cayman) Ltd. and Nextlink (HK) Technology Co., Ltd.
3. Others.

Note B: The limit is up to 60% of the investor's net worth as stated in the Principles Governing the Review of Investment or Technical Cooperation in Mainland China, which was issued on August 29, 2008 by the Investment Commission of the MOEA.

Note C: The amount includes $92,616 thousand and US$14,927,000 from investee companies which were dissolved, but the registration of the investment amount had not been written off with the Investment Commission of the MOEA. In addition, an investment amount of US$73,000 registered with the Investment Commission of the MOEA was remitted back to Taiwan on June 27, 2012 and the same amount was written off on the same date.

SCHEDULE I

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

INFORMATION ON MAJOR STOCKHOLDERS
DECEMBER 31, 2021

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.	245,373,000	7.53
Cathay Life Insurance Co., Ltd.	234,666,230	7.20

Note: The information on major stockholders presented in the above table lists the major stockholders whose combined shareholdings of ordinary and preference shares are at least 5% of the Company's total shares, as calculated by the Taiwan Depository & Clearing Corporation based on the number of dematerialized shares (including treasury shares) which have been registered and delivered on the last working day of the current quarter. The number of shares recorded in the Company's financial statements may be different from the number of dematerialized shares which have completed registration and delivery due to differences in the basis of preparation and calculation.

遠傳五大核心價值

協作
Collaborative
創新
Innovative
關懷
Care
誠信
Trustworthy
敏捷
Agile

遠東集團
FAR EASTERN GROUP

遠傳 FET

Far EasTone
Telecommunications Co., Ltd

Chairman

Please refer to QR Code