Far EasTone Telecommunications Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2020 and 2019 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

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, 2020 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, 2020 and 2019, 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 as of and for the years ended December 31, 2020 and 2019. Hence, we did not prepare a separate set of consolidated financial statements of affiliates for the year ended December 31, 2020.

Very truly yours,

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

By

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February 25, 2021

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, 2020 and 2019, 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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission 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, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the consolidated financial statements for the year ended December 31, 2020 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 49% of the Group's total revenue for the year ended December 31, 2020. 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 which make the calculation of revenue more complex and directly affect the accuracy and timing of revenue recognition. Due to the complexity 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 IT specialists to perform the corresponding audit procedures which are listed as follows. The IT specialists:

1. Reviewed the contracts of mobile subscribers to confirm the accuracy of the information in the billing system.

2. Tested the accuracy of the billing calculation.

3. Tested the completeness and accuracy of the calculation and billing of monthly fees and airtime fees.

4. Tested the completeness and accuracy of the calculation and billing of value-added service fees.

In coordination with the IT specialists, we performed dialing tests to verify the accuracy and completeness of the traffic and information in the switch equipment.

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

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

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

Other Matter

We have also audited the parent company only financial statements of Far EasTone Telecommunications Co., Ltd. as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the 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, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 34)	$ 5,713,875	3	$ 7,874,817	6
Financial assets at fair value through profit or loss - current (Notes 4, 33 and 34)	690,639	-	629,338	-
Financial assets at amortized cost - current (Notes 4, 8 and 34)	856,480	1	485,587	-
Contract assets - current (Notes 4 and 24)	4,840,684	3	4,186,206	3
Notes receivable, net (Notes 4 and 9)	20,446	-	517,177	-
Accounts receivable, net (Notes 4, 9 and 34)	8,081,801	5	7,896,860	6
Inventories (Notes 4 and 10)	3,116,812	2	2,968,819	2
Prepaid expenses	823,266	-	826,392	1
Other financial assets - current (Notes 4, 34 and 35)	760,953	-	1,725,496	1
Other current assets (Notes 4, 24 and 34)	247,501	-	146,525	-
Total current assets	25,152,457	14	27,257,217	19
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 7 and 33)	809,560	-	447,735	-
Investments accounted for using the equity method (Notes 4, 12 and 34)	1,681,518	1	1,519,761	1
Contract assets - noncurrent (Notes 4 and 24)	3,221,916	2	2,333,037	2
Property, plant and equipment, net (Notes 4, 13, 34 and 35)	38,205,535	22	36,257,748	27
Right-of-use assets (Notes 4, 14 and 34)	8,633,704	5	8,312,232	6
Investment properties (Notes 4 and 15)	838,564	1	983,635	1
Concessions, net (Notes 1, 4 and 16)	75,032,771	43	35,852,369	27
Goodwill (Notes 4, 16 and 28)	11,176,831	6	11,176,831	8
Other intangible assets (Notes 4 and 16)	3,180,169	2	3,505,317	3
Deferred income tax assets (Notes 4 and 26)	835,461	1	822,228	1
Incremental costs of obtaining a contract - noncurrent (Notes 4 and 24)	3,490,644	2	3,398,107	3
Other noncurrent assets (Notes 4, 9, 17, 22, 34 and 35)	1,170,190	1	2,296,719	2
Total noncurrent assets	148,276,863	86	106,905,719	81
TOTAL	$ 173,429,320	100	$ 134,162,936	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 18)	$ 377,764	-	$ 490,000	-
Short-term bills payable (Notes 4 and 18)	389,715	-	354,635	-
Contract liabilities - current (Notes 4 and 24)	2,190,246	1	2,040,678	2
Notes payable	12,561	-	19,563	-
Accounts payable (Note 34)	6,366,459	4	5,040,089	4
Other payables (Note 20)	6,136,912	4	6,096,770	5
Current tax liabilities (Note 4)	2,630,252	1	1,478,938	1
Provisions - current (Notes 4 and 21)	184,512	-	180,249	-
Lease liabilities - current (Notes 4, 14 and 34)	2,758,815	2	2,753,214	2
Current portion of long-term borrowings (Notes 4 and 19)	-	-	2,499,356	2
Other current liabilities (Notes 20 and 34)	1,032,311	1	1,178,723	1
Total current liabilities	22,079,547	13	22,132,215	17
NONCURRENT LIABILITIES				
Contract liabilities - noncurrent (Notes 4 and 24)	189,322	-	210,600	-
Bonds payable (Notes 4 and 19)	33,771,854	20	27,772,106	21
Long-term borrowings (Notes 4 and 18)	39,734,159	23	4,400,000	3
Provisions - noncurrent (Notes 4 and 21)	1,049,170	1	961,398	1
Deferred income tax liabilities (Notes 4 and 26)	2,173,850	1	2,173,100	2
Lease liabilities - noncurrent (Notes 4, 14 and 34)	5,397,645	3	5,146,503	4
Net defined benefit liabilities - noncurrent (Notes 4 and 22)	509,089	-	486,495	-
Guarantee deposits received - noncurrent	269,462	-	274,099	-
Other noncurrent liabilities	8,013	-	-	-
Total noncurrent liabilities	83,102,564	48	41,424,301	31
Total liabilities	105,182,111	61	63,556,516	48
EQUITY ATTRIBUTABLE TO OWNERS OF FAR EASTONE				
Capital stock				
Common stock	32,585,008	19	32,585,008	24
Capital surplus	5,701,421	3	5,820,041	4
Retained earnings				
Legal reserve	20,299,484	11	19,425,986	15
Special reserve	598,988	-	606,730	-
Unappropriated earnings	8,228,676	5	11,322,981	8
Total retained earnings	29,127,148	16	31,355,697	23
Other equity	(99,883)	-	3,209	-
Total equity attributable to owners of Far EasTone	67,313,694	38	69,763,955	51
NONCONTROLLING INTERESTS	933,515	1	842,465	1
Total equity	68,247,209	39	70,606,420	52
TOTAL	$ 173,429,320	100	$ 134,162,936	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, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 24 and 34)	$ 79,500,965	100	$ 83,865,872	100
OPERATING COSTS (Notes 4, 10, 25 and 34)	53,567,102	67	57,109,348	68
GROSS PROFIT	25,933,863	33	26,756,524	32
OPERATING EXPENSES (Notes 4, 25 and 34)				
Marketing	9,981,804	13	9,645,456	12
General and administrative	4,623,619	6	4,916,643	6
Expected credit losses	290,741	-	268,947	-
Total operating expenses	14,896,164	19	14,831,046	18
OPERATING INCOME	11,037,699	14	11,925,478	14
NONOPERATING INCOME AND EXPENSES (Notes 4, 25, 33 and 34)				
Other income	188,607	-	160,844	-
Other gains and losses	271,543	-	131,455	-
Financial costs	(694,520)	-	(513,698)	-
Share of the gains of associates	138,707	-	86,929	-
Losses on disposal of property, plant and equipment and intangible assets	(749,568)	(1)	(779,489)	(1)
Total nonoperating income and expenses	(845,231)	(1)	(913,959)	(1)
INCOME BEFORE INCOME TAX	10,192,468	13	11,011,519	13
INCOME TAX (Notes 4 and 26)	1,747,846	2	2,203,776	3
NET INCOME	8,444,622	11	8,807,743	10
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(32,521)	-	13,514	-
Unrealized (losses) gains on investments in equity instruments designated as at fair value through other comprehensive income	(122,168)	-	21,248	-
Share of the other comprehensive income of associates accounted for using the equity method	21,057	-	2,953	-
	(133,632)	-	37,715	-

(Continued)

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	$ (10,814)	-	$ (13,785)	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	8,710	-	(38,777)	-
	(2,104)	-	(52,562)	-
Total other comprehensive loss, net of income tax	(135,736)	-	(14,847)	-
TOTAL COMPREHENSIVE INCOME	$ 8,308,886	11	$ 8,792,896	10
NET INCOME ATTRIBUTABLE TO:				
Owners of Far EasTone	$ 8,354,128	11	$ 8,734,984	10
Noncontrolling interests	90,494	-	72,759	-
	$ 8,444,622	11	$ 8,807,743	10
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of Far EasTone	$ 8,218,606	11	$ 8,720,589	10
Noncontrolling interests	90,280	-	72,307	-
	$ 8,308,886	11	$ 8,792,896	10
EARNINGS PER SHARE, IN NEW TAIWAN DOLLARS (Note 27)				
Basic	$ 2.56		$ 2.68	
Diluted	$ 2.56		$ 2.68	

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, 2020 AND 2019
(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 (Note 23)	Unappropriated Earnings (Notes 4, 23 and 30)	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	Non-controlling Interests (Notes 4, 23, 28, 29 and 30)	Total Equity
BALANCE AT JANUARY 1, 2019	$ 32,585,008	$ 5,820,041	$ 18,487,851	$ 626,328	$ 15,766,913	$ 4,197	$ 808	$ 26,352	$ 73,317,498	$ 718,685	$ 74,036,183
Effects of retrospective application and retrospective restatement	-	-	-	-	(54,754)	-	-	-	(54,754)	(560)	(55,314)
BALANCE AT JANUARY 1, 2019 AS RESTATED	32,585,008	5,820,041	18,487,851	626,328	15,712,159	4,197	808	26,352	73,262,744	718,125	73,980,869
Appropriation of the 2018 earnings											
Legal reserve	-	-	938,135	-	(938,135)	-	-	-	-	-	-
Special reserve	-	-	-	(19,598)	19,598	-	-	-	-	-	-
Cash dividends - NT$3.75 per share	-	-	-	-	(12,219,378)	-	-	-	(12,219,378)	-	(12,219,378)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(11,276)	(11,276)
Net income for the year ended December 31, 2019	-	-	-	-	8,734,984	-	-	-	8,734,984	72,759	8,807,743
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	13,753	(13,914)	24,372	(38,606)	(14,395)	(452)	(14,847)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	133,333	133,333
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(70,024)	(70,024)
BALANCE AT DECEMBER 31, 2019	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)
Cash dividends from capital surplus - NT$0.041 per share	-	(133,599)	-	-	-	-	-	-	(133,599)	-	(133,599)
Changes in equity from investments in associates accounted for using the equity method	-	14,979	-	-	(8,499)	-	-	-	6,480	-	6,480
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

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 10,192,468	$ 11,011,519
Adjustments for:		
Depreciation	11,647,403	13,382,243
Amortization	1,052,571	1,008,140
Amortization of concessions	3,861,598	2,835,884
Expected credit losses	290,741	268,947
Net gains on fair value changes of financial assets at fair value through profit or loss	(61,301)	(47,325)
Financial costs	694,520	513,698
Interest income	(66,543)	(83,565)
Dividend income	(60,768)	(9,932)
Share of the gains of associates	(138,707)	(86,929)
Losses on disposal of property, plant and equipment and intangible assets	749,568	779,489
Impairment loss on nonfinancial assets	1,510	-
Reversal of write-down of inventories	(41,344)	(12,353)
(Gains) losses on changes in fair value of investment properties	(38,230)	8,911
Gains on modifications of lease arrangements	(1,064)	(1,062)
Losses on disposal of a subsidiary	-	773
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	-	150,885
Financial assets for hedging	-	1,868
Contract assets	(1,543,357)	(1,221,316)
Notes receivable	50,440	(16,145)
Accounts receivable	(504,796)	(52,537)
Inventories	(106,649)	845,339
Prepaid expenses	3,126	(214,210)
Other current assets	(102,101)	(21,376)
Incremental costs of obtaining a contract	(92,537)	(1,595,944)
Contract liabilities	128,290	(262,490)
Notes payable	(7,002)	(4,477)
Accounts payable	1,334,383	503,917
Other payables	(446,530)	(477,589)
Provisions	(2,531)	(10,141)
Other current liabilities	(44,232)	(719,100)
Net defined benefit liabilities	(17,794)	(158,278)
Cash generated from operations	26,731,132	26,316,844
Interest received	86,878	64,234
Dividends received	60,768	9,932
Interest paid	(665,105)	(459,763)
Income taxes paid	(167,600)	(4,457,471)
Net cash generated from operating activities	26,046,073	21,473,776

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FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

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

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	$ (400,000)	$ -
Remittance of cash due to capital reduction of financial assets at fair value through other comprehensive income	13,500	-
Acquisition of financial assets at amortized cost	(370,893)	-
Proceeds from the disposal of financial assets at amortized cost	-	40,613
Increase in prepayments for an investment	-	(100,000)
Net cash outflow on acquisition of a subsidiary	-	(351,804)
Net cash outflow on disposal of a subsidiary	-	(39,803)
Acquisition of investments accounted for using the equity method	-	(122,300)
Acquisition of property, plant and equipment	(10,127,684)	(5,449,121)
Proceeds from the disposal of property, plant and equipment	34,142	21,445
Increase in refundable deposits	(322,026)	(572,848)
Decrease in refundable deposits	382,009	344,546
Acquisition of intangible assets	(42,770,937)	(769,123)
Proceeds from the disposal of intangible assets	-	72
Decrease in other financial assets	964,012	4,989
Increase in other noncurrent assets	(3,800)	(1,001,500)
Net cash used in investing activities	(52,601,677)	(7,994,834)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(112,236)	(1,630,000)
Increase (decrease) in short-term bills payable	35,080	(914,738)
Proceeds from the issuance of bonds payable	5,991,480	8,088,850
Repayment of bonds payable	(2,500,000)	(3,200,000)
Proceeds from long-term borrowings	53,131,453	4,400,000
Repayment of long-term borrowings	(17,797,294)	(700,000)
Increase in guarantee deposits received	81,326	58,122
Decrease in guarantee deposits received	(188,587)	(68,634)
Repayment of the principal portion of lease liabilities	(3,572,180)	(3,593,362)
Cash dividends paid	(10,674,577)	(12,289,402)
Net cash generated from (used in) financing activities	24,394,465	(9,849,164)
EFFECT OF EXCHANGE RATE CHANGES	197	(3,306)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,160,942)	3,626,472
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	7,874,817	4,248,345
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 5,713,875	$ 7,874,817

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, 2020 AND 2019
(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, 2020 and 2019, Far Eastern New Century Corporation ("Far Eastern New Century") and its affiliates directly and indirectly owned 38.28% of Far EasTone's stock. Since Far Eastern New Century and its subsidiaries have the power to cast the majority of votes at the board of directors' meeting of Far EasTone, Far Eastern New Century has control over Far EasTone's finance, operations and personnel affairs. Thus, Far Eastern New Century is the ultimate parent company of Far EasTone.

Far EasTone provides second-generation (2G) wireless communications services under type I licenses issued by the Directorate General of Telecommunications (DGT) of the ROC. These licenses allowed Far EasTone to provide services for 15 years starting from 1997. The National Communications Commission (NCC) approved the renewal of the licenses when they were due. However, 2G wireless communications services were terminated on June 30, 2017. In 1997, the DGT also issued Far EasTone a type II license to provide internet and ISR services until December 2021. Through the completion of the merger with Yuan-Ze Telecommunications Co., Ltd. on May 2, 2005, Far EasTone acquired a third-generation (3G) wireless communications license, which was issued by the DGT and was valid through December 31, 2018.

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 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, 2021.

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 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021

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

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

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

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

   Note 2: The amendments to IFRS 9 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 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments 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 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: 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.

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.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

See Note 11, Schedule G and Schedule H 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 except for exchange differences on transactions entered into in order to hedge against certain foreign currency risks.

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 33.

      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) When a financial asset is more than 120 days past due, 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.

d. Derivative financial instruments

The Group uses a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange swap contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of the derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of the derivative financial instrument is negative, the derivative is recognized as a financial liability.

Hedge Accounting

The Group designates certain hedging instruments, which include derivatives, as fair value hedges.

<u>Fair value hedges</u>

Gains or losses on derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

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.

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, 2021, 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.

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.

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 about 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 about the risk of default and expected loss rates. 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, a material impairment loss may arise.

d. Income tax

As of December 31, 2020 and 2019, the realizability of the deferred tax assets (liabilities) mainly depends on whether sufficient future profits 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 (liabilities) may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	**2019**
Cash on hand	$ 10,444	$ 11,650
Checking and demand deposits	5,335,282	5,091,170
Cash equivalents		
Commercial paper purchased under resale agreements	226,803	2,674,812
Certificates of deposits	141,346	97,185
	$ 5,713,875	$ 7,874,817

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2020	**2019**
Noncurrent		
Investments in equity instruments at FVTOCI	$ 809,560	$ 447,735

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

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2020	**2019**
Current		
Certificates of deposits with original maturities of more than 3 months	$ 856,480	$ 485,587

9. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31	
	2020	2019
Notes receivable		
At amortized cost		
Gross carrying amount	$ 20,446	$ 517,177
Less: Allowance for impairment loss	-	-
	$ 20,446	$ 517,177
Notes receivable - operating	$ 20,446	$ 70,886
Notes receivable - non-operating	-	446,291
Less: Allowance for impairment loss	-	-
	$ 20,446	$ 517,177
Accounts receivable (including noncurrent portions)		
At amortized cost		
Gross carrying amount	$ 8,951,670	$ 8,683,994
Less: Allowance for impairment loss	(725,460)	(679,136)
Less: Unrealized interest income	(8,862)	(7,873)
Less: Unearned finance income	(5,949)	-
	$ 8,211,399	$ 7,996,985

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	
	2020	2019
Gross amount of installment accounts receivable	$ 152,552	$ 130,025
Allowance for impairment loss	(3,483)	-
Unrealized interest income	(8,862)	(7,873)
	$ 140,207	$ 122,152
Current	$ 52,099	$ 22,027
Noncurrent	88,108	100,125
	$ 140,207	$ 122,152

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 finance lease were as follows:

	December 31, 2020
Gross amount of finance lease receivables	$ 53,841
Unearned finance income	(5,949)
	$ 47,892

	December 31, 2020
Undiscounted lease payments	
Year 1	$ 7,976
Year 2	7,976
Year 3	7,976
Year 4	7,976
Year 5	7,976
Year 6 onwards	13,961
	53,841
Less: Unearned finance income	(5,949)
Less: Allowance for impairment loss	-
Finance lease receivables	$ 47,892
Current	$ 6,402
Noncurrent	41,490
	$ 47,892

The Group entered into a finance lease agreement with a client to lease out its data center equipment as part of the project business services provided to the client. The term of the finance lease entered into was 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 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 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%-7.00% and 6.57%-100%, respectively.

The following table details the loss allowance of notes receivable and accounts receivable based on the Group's allowance matrix.

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

December 31, 2019

	Not Overdue	Overdue Up to 60 Days	Overdue 61 Days or More	Total
Gross carrying amount	$ 8,070,798	$ 813,239	$ 309,261	$ 9,193,298
Loss allowance (lifetime ECLs)	(362,150)	(90,843)	(226,143)	(679,136)
Amortized cost	$ 7,708,648	$ 722,396	$ 83,118	$ 8,514,162

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 679,136	$ 632,681
Add: Acquisitions through business combinations	-	5,205
Add: Amounts recovered	196,717	158,117
Add: Net remeasurement of loss allowance	290,741	268,947
Less: Amounts written off	(440,775)	(385,545)
Foreign exchange gains and losses	(359)	(269)
Balance at December 31	$ 725,460	$ 679,136

Sale of Overdue Accounts Receivable

In the years ended December 31, 2020 and 2019, 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, 2020 and 2019 was as follows:

Counterparty	Amount of Accounts Receivable Sold	Proceeds from the Sale of Accounts Receivable (Excluding Value-added Tax)
2020		
Chenxu Enterprise Management Consultants Co., Ltd.	$ 554,240	$ 38,816
2019		
Good Management Consultant Co., Ltd.	$ 1,199,682	$ 86,190

10. INVENTORIES

	December 31	
	2020	2019
Cellular phone equipment and accessories	$ 2,663,920	$ 2,518,999
Others	452,892	449,820
	$ 3,116,812	$ 2,968,819

Costs of inventories sold were $24,189,248 thousand and $27,553,926 thousand for the years ended December 31, 2020 and 2019, respectively.

The reversal of write-down of inventories amounting to $41,344 thousand and $12,353 thousand were included in the cost of sales for the years ended December 31, 2020 and 2019, 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 2020	2019	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	86.41	
	Yuan Cing	Call center services	100.00	100.00	
	FEIS	Investment	100.00	100.00	
	Omusic	Electronic information services	-	-	Disposed of on April 30, 2019
	Yuan Bao	Data processing services and electronic information services	100.00	100.00	
	FEPIA	Property insurance agent	100.00	-	
FEIS	FETI	Computer software, data processing and network information services	-	41.67	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	2.40	
	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	-	58.33	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	-	100.00	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	-	
Microfusion Technology	Microfusion Technology (HK)	Electronic information services	-	-	Dissolved in 2019 with the approval of the local government
Nextlink (HK) Technology	Nextlink (SH) Technology	Electronic information services	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. 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 2020	December 31 2019
Material associate		
Far Eastern Electronic Toll Collection Co., Ltd.	$ 1,269,488	$ 1,051,441
Associates that are not individually material	412,030	468,320
	$ 1,681,518	$ 1,519,761

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 2020 and 2019, and was the largest single stockholder of Yuan Hsin Digital Payment Co., Ltd. (YHDP) with 30% of voting rights in 2019. The holdings of the other stockholders of FETC and YHDP are not widely dispersed. Despite having the largest holding, the Group cannot direct the relevant activities of FETC and YHDP and does not have control over FETC and YHDP. However, management of the Group considered the Group as exercising significant influence over FETC and YHDP and, therefore, classified FETC and YHDP as associates of the Group.

a. Material associates

Name of Associate	Nature of Activities	Main Place of Business	Interests and Voting Rights December 31 2020	Interests and Voting Rights December 31 2019
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 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.

<u>Far Eastern Electronic Toll Collection Co., Ltd.</u>

	December 31 2020	December 31 2019
Current assets	$ 1,267,789	$ 836,693
Noncurrent assets	6,323,536	6,379,184
Current liabilities	(1,421,256)	(1,107,350)
Noncurrent liabilities	(2,949,408)	(3,441,046)
Equity	$ 3,220,661	$ 2,667,481
Proportion of the Group's ownership	39.42%	39.42%
Carrying amount	$ 1,269,488	$ 1,051,441

	For the Year Ended December 31	
	2020	2019
Operating revenue	$ 2,359,425	$ 2,221,644
Net profit for the year	$ 541,492	$ 420,815
Other comprehensive income (loss)	31,307	(90,443)
Total comprehensive income for the year	$ 572,799	$ 330,372

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 the 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.

b. Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2020	2019
The Group's share of:		
Net loss for the year	$ (67,000)	$ (77,605)
Other comprehensive income (loss)	4,229	(174)
Total comprehensive loss for the year	$ (62,771)	$ (77,779)

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Operating Equipment	Computer Equipment	Other Equipment	Construction-in-progress	Total
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

(Continued)

	Freehold Land	Buildings	Operating Equipment	Computer Equipment	Other Equipment	Construction-in-progress	Total
Cost							
Balance at January 1, 2019	$ 7,023,832	$ 7,984,142	$ 80,647,866	$ 14,592,715	$ 6,930,269	$ 1,782,104	$ 118,960,928
Adjustments on initial application of IFRS 16	-	-	(281,281)	-	(282,912)	-	(564,193)
Balance at January 1, 2019 (restated)	7,023,832	7,984,142	80,366,585	14,592,715	6,647,357	1,782,104	118,396,735
Additions	-	8,066	15,616	10,799	60,433	5,071,206	5,166,120
Disposals	-	(49,713)	(2,680,139)	(1,013,572)	(423,072)	(27,641)	(4,194,137)
Acquisition through business combinations	-	-	-	1,192	6,269	-	7,461
Effect of disposal of a subsidiary	-	-	-	(2,869)	(241)	-	(3,110)
Effects of foreign currency exchange difference	-	-	-	(1)	-	-	(1)
Adjustments and reclassification	10,560	37,789	3,703,360	491,408	137,175	(4,380,359)	(67)
Balance at December 31, 2019	$ 7,034,392	$ 7,980,284	$ 81,405,422	$ 14,079,672	$ 6,427,921	$ 2,445,310	$ 119,373,001
Accumulated depreciation and impairment							
Balance at January 1, 2019	$ (95,894)	$ (4,092,612)	$ (53,690,734)	$ (13,172,356)	$ (6,066,279)	$ -	$ (77,117,875)
Adjustments on initial application of IFRS 16	-	-	188,608	-	156,917	-	345,525
Balance at January 1, 2019 (restated)	(95,894)	(4,092,612)	(53,502,126)	(13,172,356)	(5,909,362)	-	(76,772,350)
Depreciation expense	-	(215,339)	(8,323,529)	(835,579)	(361,559)	-	(9,736,006)
Disposals	-	42,256	1,942,023	1,013,071	396,281	-	3,393,631
Acquisition through business combinations	-	-	-	(908)	(2,208)	-	(3,116)
Effect of disposal of a subsidiary	-	-	-	2,369	176	-	2,545
Adjustments and reclassification	-	(1,680)	1,680	(3,110)	3,153	-	43
Balance at December 31, 2019	$ (95,894)	$ (4,267,375)	$ (59,881,952)	$ (12,996,513)	$ (5,873,519)	$ -	$ (83,115,253)
Carrying amount at December 31, 2019	$ 6,938,498	$ 3,712,909	$ 21,523,470	$ 1,083,159	$ 554,402	$ 2,445,310	$ 36,257,748

(Concluded)

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

Buildings	
Main buildings	33-55 years
Other building equipment	3-45 years
Operating equipment	2-26 years
Computer equipment	1-11 years
Other equipment	1-20 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amounts		
Land	$ 1,368	$ -
Buildings	8,428,566	8,108,374
Other equipment	203,770	203,858
	$ 8,633,704	$ 8,312,232

	For the Year Ended December 31	
	2020	**2019**
Additions to right-of-use assets	$ 4,178,905	$ 3,644,436
Depreciation charge for right-of-use assets		
Land	$ 360	$ -
Buildings	3,464,539	3,512,282
Other equipment	129,509	133,955
	$ 3,594,408	$ 3,646,237

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

b. Lease liabilities

	December 31	
	2020	**2019**
Carrying amounts		
Current	$ 2,758,815	$ 2,753,214
Noncurrent	$ 5,397,645	$ 5,146,503

Discount rate ranges for lease liabilities were as follows:

	December 31	
	2020	**2019**
Land	0.62%	-
Buildings	0.53%-1.44%	0.71%-1.44%
Other equipment	0.53%-0.99%	0.71%-0.99%

c. Material lease activities and terms

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 2 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	
	2020	**2019**
Expenses relating to short-term leases	$ 65,769	$ 15,622
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 33,455	$ 41,932
Total cash outflow for leases	$ (3,727,798)	$ (3,687,138)

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, 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
Balance at January 1, 2019	$ 992,546
Losses on changes in fair value of investment properties	(8,911)
Balance at December 31, 2019	$ 983,635

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	
	2020	2019
Year 1	$ 13,803	$ 21,514
Year 2	10,250	15,135
Year 3	4,576	8,827
Year 4	93	3,178
Year 5	-	75
Year 6 onwards	-	-
	$ 28,722	$ 48,729

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

	December 31	
	2020	2019
Independent valuation	$ 838,564	$ 983,635

The fair values of the investment properties as of December 31, 2020 and 2019 were based on the valuations respectively carried out on January 15, 2021 and January 13, 2020 by independent qualified professional valuators Mr. Tsai, Chia-Ho and Mr. Lee, Ken-Yuan. The aforementioned valuators are from DTZ Cushman & Wakefield, a member of certified ROC real estate appraisers.

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	
	2020	**2019**
Expected future cash inflows	$ 1,048,890	$ 1,285,832
Expected future cash outflows	(31,212)	(33,976)
Expected future cash inflows, net	$ 1,017,678	$ 1,251,856
Discount rate	2.01%-2.20%	2.00%-2.29%

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 $16 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, 2020 and 2019 were $20,247 thousand and $24,409 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% and 1.04% for the years ended December 31, 2020 and 2019, respectively, and the disposal value was determined using the direct capitalization method under the income approach. The expected future cash outflows on investment properties included expenditures such as land value taxes, house taxes, insurance premium, management fee, maintenance costs, replacement allowance and depreciation. The expenditures were extrapolated on the basis of the current level of expenditures, taking into account the future adjustment to the government-announced land value and the tax rate promulgated under the House Tax Act.

The discount rate was determined by reference to the local same class product, a reasonable rental income level and the selling price of investment properties taking into consideration the liquidity, potential risk, appreciation and the complexity of management; in addition, the discount rate should not be lower than the interest rate for two-year time deposits of Chunghwa Post Co., Ltd. plus 0.75%.

16. INTANGIBLE ASSETS

	Concessions	Goodwill	Computer Software	Other Intangible Assets	Total
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
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
Cost					
Balance at January 1, 2019	$ 57,129,000	$ 10,823,401	$ 17,800,539	$ 738,727	$ 86,491,667
Additions	-	-	769,123	-	769,123
Disposals	(10,169,000)	-	(742,140)	-	(10,911,140)
Acquisition through business combinations	-	370,703	3,113	113,800	487,616
Effect of disposal of a subsidiary	-	-	(156)	-	(156)
Reclassification	-	-	67	-	67
Balance at December 31, 2019	$ 46,960,000	$ 11,194,104	$ 17,830,546	$ 852,527	$ 76,837,177
Accumulated amortization and impairment					
Balance at January 1, 2019	$ (18,440,747)	$ (17,273)	$ (14,476,664)	$ (434,298)	$ (33,368,982)
Amortization	(2,835,884)	-	(951,865)	(56,275)	(3,844,024)
Disposals	10,169,000	-	741,914	-	10,910,914
Acquisition through business combinations	-	-	(594)	-	(594)
Effect of disposal of a subsidiary	-	-	69	-	69
Reclassification	-	-	(43)	-	(43)
Balance at December 31, 2019	$ (11,107,631)	$ (17,273)	$ (14,687,183)	$ (490,573)	$ (26,302,660)
Carrying amount at December 31, 2019	$ 35,852,369	$ 11,176,831	$ 3,143,363	$ 361,954	$ 50,534,517

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 7 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 2020 and 2019, which are the mobile telecommunications service business, telecommunications equipment business, integrated network business and cloud service business.

As of December 31, 2020 and 2019, 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 $139,719,654 thousand and $98,502,604 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, 2020 and 2019: Mobile telecommunications service business - 6.72% and 6.87%, respectively; telecommunications equipment business - 7.14% and 6.73%, respectively; integrated network business - 6.92% and 7.76%, respectively; cloud service business - 18.6% and 27.25%, 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, 2020 and 2019, 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	
	2020	2019
Refundable deposits	$ 1,021,556	$ 1,081,584
Others	148,634	1,215,135
	$ 1,170,190	$ 2,296,719

The deposit for the bidding price amounting to $1,000,000 thousand used by Far EasTone to bid for a 5G wireless communication license in September 2019 was included in other noncurrent assets on December 31, 2019. In February 2020, the deposit was used to pay for a portion of the bidding price and was reclassified as intangible assets - concessions.

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
Unsecured borrowings		
Credit loans	$ 377,764	$ 490,000
Interest rate range	0.66%-1.65%	1.15%-1.65%

b. Short-term bills payable

	December 31	
	2020	2019
Commercial papers payable	$ 390,000	$ 355,000
Less: Unamortized discount	(285)	(365)
	$ 389,715	$ 354,635
Interest rate range	0.38%-1.59%	1.15%-1.59%

c. Long-term borrowings

	December 31	
	2020	2019
Unsecured borrowings		
Credit loans	$ 27,650,000	$ 4,400,000
Long-term commercial papers payable	12,000,000	-
Less: Unamortized discount on commercial papers payable	(4,072)	-
	39,645,928	4,400,000

(Continued)

	December 31	
	2020	**2019**
Secured borrowings		
Bank loans	75,535	-
Long-term commercial papers payable	12,700	-
Less: Unamortized discount on commercial papers payable	(4)	-
	88,231	-
Long-term borrowings	$ 39,734,159	$ 4,400,000
Interest rate range		
Credit loans	0.68%-0.99%	0.75%-1.05%
Unsecured commercial papers payable	0.85%-0.91%	-
Secured bank loans	1.60%-1.70%	-
Secured commercial papers payable	1.70%	-

(Concluded)

1) The credit loans are payable in New Taiwan dollars. Repayment of principal will be made in full on maturity together with interest payment. Under some contracts, loans are treated as revolving credit facilities, and the maturity dates of the loans are based on the terms as specified in the contracts. The repayment dates of the loans are no later than June 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 June 2023.

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 35.

19. BONDS PAYABLE

	December 31	
	2020	**2019**
4th unsecured domestic bonds	$ -	$ 2,499,356
2016 1st unsecured domestic bonds	5,198,304	5,196,626
2017 1st unsecured domestic bonds	4,498,076	4,496,618
2017 2nd unsecured domestic bonds	1,998,135	1,997,627
2017 3rd unsecured domestic bonds	2,997,441	2,996,623
2018 1st unsecured domestic bonds	4,996,193	4,995,136
2019 1st unsecured domestic bonds	4,995,240	4,994,066
2019 2nd unsecured domestic bonds	3,096,037	3,095,410
2020 1st unsecured domestic bonds	4,994,267	-
2020 2nd unsecured domestic bonds	998,161	-
	33,771,854	30,271,462
Less: Current portion	-	2,499,356
	$ 33,771,854	$ 27,772,106

On June 25, 2019, Far EasTone issued the first unsecured domestic bonds of 2019, with an aggregate principal amount of $5,000,000 thousand and a par value of $10,000 thousand. The bonds included five-year bonds and seven-year bonds, with principal amounts of $3,200,000 thousand and $1,800,000 thousand and with coupon interest rates of 0.75% and 0.81%, respectively. Interest is paid annually starting from the date of issuance and the principal will be repaid in full on the maturity date.

On December 20, 2019, Far EasTone issued the second unsecured domestic bonds of 2019, with an aggregate principal amount of $3,100,000 thousand and a par value of $10,000 thousand. The bonds included seven-year bonds and ten-year bonds, with principal amounts of $2,600,000 thousand and $500,000 thousand and with coupon interest rates of 0.80% and 0.85%, respectively, with simple interest due annually. For the seven-year bonds, half of the principal amount, which is equivalent to $1,300,000 thousand, is to be repaid on the sixth year and the other half is to be repaid on the seventh year after the issuance date. For the ten-year bonds, half of the principal amount, which is equivalent to $250,000 thousand, is to be repaid on the ninth year and the other half is to be repaid on the tenth year after the issuance date.

In December 2019, Far EasTone repaid $3,200,000 thousand, the amount due for the 6th unsecured domestic bonds.

On March 16, 2020, Far EasTone issued the first unsecured domestic bonds of 2020, with an aggregate principal amount of $5,000,000 thousand and a par value of $10,000 thousand. The bonds included five-year bonds, seven-year bonds and ten-year bonds, with principal amounts of $1,500,000 thousand, $2,500,000 thousand and $1,000,000 thousand and with coupon interest rates of 0.67%, 0.70% and 0.77%, respectively. Interest is paid annually starting from the date of issuance and the principal will be repaid in full on the maturity date.

On June 2, 2020, Far EasTone issued the second seven-year unsecured domestic bonds of 2020, with an aggregate principal amount of $1,000,000 thousand, a par value of $10,000 thousand and a coupon interest rate of 0.73%. Interest is paid annually starting from the date of issuance and the principal will be repaid in full on the maturity date.

In June 2020, Far EasTone repaid $2,500,000 thousand, the amount due for the 4th unsecured domestic bonds.

20. OTHER LIABILITIES

	December 31	
	2020	**2019**
Current		
Other payables		
Salaries and bonuses	$ 1,619,412	$ 1,544,782
Acquisition of properties	1,361,194	889,047
Commission	864,214	1,025,834
Maintenance fees	555,498	592,618
Compensation of employees and remuneration of directors	304,824	317,250
Others	1,431,770	1,727,239
	$ 6,136,912	$ 6,096,770

21. PROVISIONS

	December 31	
	2020	2019
Current		
Dismantling obligation	$ 133,219	$ 133,304
Product warranty	51,293	46,945
	$ 184,512	$ 180,249
Noncurrent		
Dismantling obligation	$ 1,049,170	$ 961,398

	Dismantling Obligation	Product Warranty
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
Balance at January 1, 2019	$ 1,036,544	$ 44,528
Additional provisions recognized	70,716	22,752
Reductions arising from payments	(12,558)	(20,335)
Balance at December 31, 2019	$ 1,094,702	$ 46,945

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 $170,387 thousand and $213,733 thousand for the years ended December 31, 2020 and 2019, 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	
	2020	**2019**
Present value of defined benefit obligation	$ 1,664,823	$ 1,583,995
Fair value of plan assets	(1,168,939)	(1,111,010)
	$ 495,884	$ 472,985
Net defined benefit liabilities	$ 509,089	$ 486,495
Net defined benefit assets	(13,205)	(13,510)
	$ 495,884	$ 472,985

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, 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
Balance at January 1, 2019	$ 1,695,396	$ (1,048,007)	$ 647,389
Service cost			
Current service cost	9,909	-	9,909
Prior service cost	1,932	-	1,932
(Gain) loss on settlement	(152,088)	7,615	(144,473)
Net interest expense (income)	19,211	(13,135)	6,076
Recognized in profit or loss	(121,036)	(5,520)	(126,556)

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	$ (35,858)	$ (35,858)
Actuarial loss - changes in demographic assumptions	911	-	911
Actuarial loss - changes in financial assumptions	1,959	-	1,959
Actuarial loss - experience adjustments	16,862	-	16,862
Recognized in other comprehensive income	19,732	(35,858)	(16,126)
Contributions from the employer	-	(31,722)	(31,722)
Benefits paid	(10,097)	10,097	-
Balance at December 31, 2019	$ 1,583,995	$ (1,111,010)	$ 472,985

(Concluded)

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	
	2020	2019
Discount rates	0.50%-0.75%	1.00%
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	
	2020	2019
Discount rates		
0.25% increase	$ (40,391)	$ (41,343)
0.25% decrease	$ 41,823	$ 42,869
Expected rates of salary increase/decrease		
0.25% increase	$ 41,385	$ 42,527
0.25% decrease	$ (40,175)	$ (41,223)

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	
	2020	2019
The expected contributions to the plan for the next year	$ 31,820	$ 32,188
The average duration of the defined benefit obligation	9.8-14.8 years	10.7-14.9 years

23. EQUITY

a. Capital stock

1) Common stock

	December 31	
	2020	2019
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, 2020 and 2019, there were 198 thousand and 194 thousand units of GDRs outstanding, representing 2,967 thousand and 2,917 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.

b. Capital surplus

	December 31	
	2020	**2019**
From business combinations	$ 5,686,435	$ 5,820,034
Share of changes in equities of associates	14,986	7
	$ 5,701,421	$ 5,820,041

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 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 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 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. 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 2019 and 2018, which had been approved in the stockholders' meetings on June 19, 2020 and June 18, 2019, respectively, were as follows:

	For the Year Ended December 31	
	2019	**2018**
Legal reserve	$ 873,498	$ 938,135
Special reserve	(7,742)	(19,598)
Cash dividends	10,456,529	12,219,378
Cash dividends per share (NT$)	3.209	3.75

In addition to distributing cash dividends at NT$3.209 per share from the unappropriated earnings, Far EasTone's stockholders also approved the cash distribution of $133,599 thousand from the additional paid-in capital from business combinations at NT$0.041 per share. Therefore, Far EasTone's stockholders received NT$3.25 per share in 2020.

The appropriation of earnings for 2020, which had been proposed by Far EasTone's board of directors on February 25, 2021, was as follows:

	For the Year Ended December 31, 2020
Legal reserve	$ 822,798
Special reserve	124,528
Cash dividends	7,279,491
Cash dividends per share (NT$)	2.234

In addition to distributing cash dividends at NT$2.234 per share from the unappropriated earnings, Far EasTone's board of directors proposed the cash distribution of $3,310,637 thousand from the additional paid-in capital from business combinations at NT$1.016 per share. Therefore, Far EasTone's stockholders will receive NT$3.25 per share in 2021.

The appropriation of earnings for 2020 is subject to the resolution of the stockholders in the stockholders' meeting which is to be held on June 23, 2021.

d. Special reserve

	For the Year Ended December 31	
	2020	**2019**
Beginning balance	$ 606,730	$ 626,328
Reversal in respect of		
Application of the fair value model for investment properties	(7,742)	(19,598)
Ending balance	$ 598,988	$ 606,730

e. Other equity items

Adjustments to other equity items for the years ended December 31, 2020 and 2019 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, 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)
For the year ended December 31, 2019				
Beginning balance	$ 4,197	$ 808	$ 26,352	$ 31,357
Recorded as adjustments to stockholders' equity	(8,907)	21,419	-	12,512
Share of the other comprehensive income of associates	(5,007)	2,953	(38,606)	(40,660)
Ending balance	$ (9,717)	$ 25,180	$ (12,254)	$ 3,209

f. Noncontrolling interests

	For the Year Ended December 31	
	2020	2019
Beginning balance	$ 842,465	$ 718,685
Effects of retrospective application of IFRS 16	-	(560)
Beginning balance (IFRS 16)	842,465	718,125
Share of profit	90,494	72,759
Other comprehensive income during the year		
Exchange differences on translating the financial statements of foreign operations	(123)	(42)
Unrealized loss on financial assets at FVTOCI	-	(171)
Remeasurement of defined benefit plans	(91)	(239)
Noncontrolling interests arising from acquisition of a subsidiary	-	133,333
Disposal of a subsidiary	-	(11,276)
Cash dividends distributed by subsidiaries	(84,449)	(70,024)
Equity transactions	85,219	-
Ending balance	$ 933,515	$ 842,465

24. REVENUE

	For the Year Ended December 31	
	2020	2019
Contract revenue		
Sales of inventories	$ 24,417,214	$ 27,449,718
Telecommunications service revenue	45,541,683	47,518,690
Other revenue	7,835,523	7,370,769
	77,794,420	82,339,177
Other operating revenue	1,706,545	1,526,695
	$ 79,500,965	$ 83,865,872

a. Contract information

Refer to Note 4 - revenue recognition for information on revenue recognition for contracts.

b. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Contract assets			
Bundle sale of goods	$ 7,274,473	$ 6,655,168	$ 5,433,852
Others	924,052	-	-
Less: Allowance for impairment loss	(135,925)	(135,925)	(135,925)
	$ 8,062,600	$ 6,519,243	$ 5,297,927
Contract assets - current	$ 4,840,684	$ 4,186,206	$ 3,762,170
Contract assets - noncurrent	3,221,916	2,333,037	1,535,757
	$ 8,062,600	$ 6,519,243	$ 5,297,927
Contract liabilities			
Goods	$ 174,842	$ 119,538	$ 312,797
Services	2,204,726	2,131,740	2,151,475
	$ 2,379,568	$ 2,251,278	$ 2,464,272
Contract liabilities - current	$ 2,190,246	$ 2,040,678	$ 2,256,000
Contract liabilities - noncurrent	189,322	210,600	208,272
	$ 2,379,568	$ 2,251,278	$ 2,464,272

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	
	2020	2019
Contract assets		
Transfers of beginning balance to accounts receivable	$ (4,130,414)	$ (4,075,086)

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	
	2020	2019
Expected credit loss rate	0.06%-9.41%	0.08%-8.97%
Gross carrying amount	$ 8,198,525	$ 6,655,168
Allowance for impairment loss (Lifetime ECLs)	(135,925)	(135,925)
	$ 8,062,600	$ 6,519,243

The movements of the loss allowance of contract assets are as follows:

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 135,925	$ 135,925
Add: Net remeasurement of loss allowance	-	-
Balance at December 31	$ 135,925	$ 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	
	2020	2019
From contract liabilities at the start of the year		
Goods	$ 118,434	$ 311,018
Services	1,200,423	1,292,140
	$ 1,318,857	$ 1,603,158

c. Assets related to contract costs

	December 31	
	2020	2019
Current		
Costs to fulfil a contract (included in other current assets)	$ 10,554	$ -
Noncurrent		
Incremental costs of obtaining a contract	$ 3,490,644	$ 3,398,107

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 $2,971,893 thousand and $2,469,923 thousand for the years ended December 31, 2020 and 2019, respectively.

d. Disaggregation of revenue

Refer to Note 41 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	
	2020	2019
Telecommunications service contracts		
Fulfillment in 2020	$ -	$ 15,875,588
Fulfillment in 2021	15,878,531	8,770,795
Fulfillment in 2022 and beyond	11,042,895	2,185,780
	$ 26,921,426	$ 26,832,163

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	
	2020	2019
Interest income	$ 66,543	$ 83,565
Dividend income	60,768	9,932
Government grants	31,088	32,098
Rental income	30,208	35,249
	$ 188,607	$ 160,844

b. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Gains on fair value changes of financial assets at FVTPL	$ 61,301	$ 47,325
Others	210,242	84,130
	$ 271,543	$ 131,455

c. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
Property, plant and equipment	$ 8,052,995	$ 9,736,006
Right-of-use assets	3,594,408	3,646,237
Intangible assets	1,052,571	1,008,140
	$ 12,699,974	$ 14,390,383
Depreciation expense categorized by function		
Operating costs	$ 10,293,917	$ 11,822,101
Operating expenses	1,353,486	1,560,142
	$ 11,647,403	$ 13,382,243
Amortization expense categorized by function		
Operating costs	$ 239,417	$ 264,587
Marketing expenses	249,313	197,174
General and administrative expenses	563,841	546,379
	$ 1,052,571	$ 1,008,140

d. Financial costs

	For the Year Ended December 31	
	2020	2019
Interest on financial liabilities measured at amortized cost	$ 614,034	$ 359,202
Interest on lease liabilities	74,249	78,429
Interest on compensation arising from lawsuits	-	42,305
Other financial costs	6,237	33,762
	$ 694,520	$ 513,698

e. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Retirement benefits		
Defined contribution plans	$ 170,387	$ 213,733
Defined benefit plans (Note 22)	14,000	(126,556)
	184,387	87,177
Other employee benefits		
Salary	5,663,107	5,728,068
Insurance	526,034	514,934
Others	322,830	337,114
	6,511,971	6,580,116
	$ 6,696,358	$ 6,667,293
Categorized by function		
Operating costs	$ 1,086,270	$ 1,173,765
Operating expenses	5,610,088	5,493,528
	$ 6,696,358	$ 6,667,293

f. Compensation of employees and remuneration of directors

Far EasTone distributes compensation of employees and remuneration of directors at the rates of 1% to 2% and no higher than 1%, respectively, of net profit before income tax, compensation of employees and remuneration of directors. For the years ended December 31, 2020 and 2019, the compensation of employees and the remuneration of directors represented 2% and 0.72%, respectively, of net profit 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, 2020 and 2019 were as follows:

	For the Year Ended December 31	
	2020	2019
Compensation of employees	$ 205,762	$ 213,933
Remuneration of directors	$ 74,074	$ 77,016

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, 2019 and 2018.

Information on compensation of employees and remuneration of directors resolved by Far EasTone's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

26. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Year Ended December 31	
	2020	**2019**
Current tax	$ 1,747,821	$ 2,165,742
Deferred tax	25	38,034
Income tax expense recognized in profit or loss	$ 1,747,846	$ 2,203,776

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

	For the Year Ended December 31	
	2020	**2019**
Profit before tax	$ 10,192,468	$ 11,011,519
Income tax expense computed at the statutory tax rate	$ 2,506,097	$ 2,537,017
Add (deduct) tax effects of:		
Investments accounted for using the equity method	(457,157)	(280,842)
Others	12,239	15,584
Prior year's adjustments	(313,333)	(67,983)
Income tax expense recognized in profit or loss	$ 1,747,846	$ 2,203,776

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
Deferred tax		
In respect of the current year		
Financial assets at fair value through other comprehensive income	$ 4,336	$ (299)
Remeasurement of defined benefit plan	8,172	(2,612)
Income tax recognized in other comprehensive income	$ 12,508	$ (2,911)

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, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred income tax assets				
Allowance for impairment loss	$ 258,910	$ 41,215	$ -	$ 300,125
Defined benefit obligation	95,507	4,519	8,172	108,198
Others	467,811	(45,156)	4,483	427,138
	$ 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

For the year ended December 31, 2019

	Opening Balance	Acquisition Through Business Combinations	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred income tax assets					
Allowance for impairment loss	$ 358,623	$ -	$ (99,713)	$ -	$ 258,910
Defined benefit obligation	130,128	-	(32,009)	(2,612)	95,507
Others	365,271	11,209	91,777	(446)	467,811
	$ 854,022	$ 11,209	$ (39,945)	$ (3,058)	$ 822,228
Deferred income tax liabilities					
Amortization of goodwill	$ 2,056,606	$ -	$ -	$ -	$ 2,056,606
Investment properties	112,616	-	4	-	112,620
Others	3,376	2,560	(1,915)	(147)	3,874
	$ 2,172,598	$ 2,560	$ (1,911)	$ (147)	$ 2,173,100

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	
	2020	**2019**
Loss carryforwards		
Expiry in 2019	$ -	$ 85,124
Expiry in 2020	-	84,325
Expiry in 2021	23,459	89,324
Expiry in 2022	58,803	58,971
Expiry in 2023	47,873	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	218,315	220,455
Expiry in 2030	215,689	-
	1,901,947	1,923,880
Unrealized gains or losses on property, plant and equipment	408,404	420,905
Investment gains or losses	200,645	1,139,129
Others	208,344	143,755
	$ 2,719,340	$ 3,627,669

e. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2020 comprised:

Unused Amount	**Expiry Year**
$ 23,459	2021
58,803	2022
47,873	2023
108,659	2024
307,602	2025
247,175	2026
341,075	2027
333,297	2028
218,315	2029
215,689	2030
$ 1,901,947	

f. Income tax assessments

Income tax returns of Far EasTone through 2018 have been assessed by the tax authorities.

Income tax returns of Nextlink Technology through 2017 have been assessed by the tax authorities. Income tax returns of NCIC, KGEx.com, ARCOA, YSDT, ISSDU, Yuan Cing, Microfusion Technology, Data Express, Linkwell, Home Master and Prime Ecopower through 2018 have been assessed by the tax authorities. Income tax returns of Yuan Bao and New Diligent through 2019 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	
	2020	**2019**
Net income attributable to Far EasTone	$ 8,354,128	$ 8,734,984
Effect of potentially dilutive common stock:		
Compensation of employees	-	-
Earnings used in the calculation of diluted earnings per share	$ 8,354,128	$ 8,734,984

Weighted Average Number of Common Stock Outstanding

(In Thousands of Shares)

	For the Year Ended December 31	
	2020	**2019**
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	3,790	3,424
Weighted average number of common stock used in the calculation of diluted earnings per share	3,262,291	3,261,925

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. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired	Consideration Transferred
Nextlink Technology Co., Ltd.	Electronic information services	March 4, 2019	70%	$ 420,000

In line with Far EasTone's overall strategy of increasing the market share of the fast growing cloud services market, the board of directors of NCIC (100%-owned subsidiary of Far EasTone) resolved on November 5, 2018 to acquire Nextlink Technology Co., Ltd. (Nextlink Technology), and the acquisition was completed on March 4, 2019.

b. Considerations transferred

	Nextlink Technology
Cash	$ 420,000

c. Assets acquired and liabilities assumed at the date of acquisition

	Nextlink Technology
Current assets	$ 314,100
Noncurrent assets	146,885
Current liabilities	(267,471)
Noncurrent liabilities	(10,884)
	$ 182,630

d. Noncontrolling interests

The fair value of the noncontrolling interests of Nextlink Technology (30% of total equity of Nextlink Technology) was measured using the market approach by reference to the fair value of the noncontrolling interests on the date of acquisition, which was $133,333 thousand.

e. Goodwill recognized on the acquisition

	Nextlink Technology
Consideration transferred	$ 420,000
Plus: Noncontrolling interests (30% in Nextlink Technology)	133,333
Less: Fair value of identifiable net assets acquired	(182,630)
Goodwill recognized on the acquisition	$ 370,703

The goodwill generated from the acquisition of Nextlink Technology mainly represents the benefits of expected synergies of mergers, revenue growth, future market developments and the assembled workforces of Nextlink Technology. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

f. Net cash outflow on the acquisition of a subsidiary

	Nextlink Technology
Consideration paid in cash	$ 420,000
Less: Cash and cash equivalent balances acquired	(68,196)
	$ 351,804

g. Impact of acquisitions on the results of the Group

From March 4, 2019, the acquisition date, to December 31, 2019, the financial results of the acquiree, which are included in the consolidated statements of comprehensive income, are as follows:

	Nextlink Technology
Operating revenue	$ 1,176,325
Net loss	$ (515)

Had the business combination been in effect at the beginning of the reporting period, the Group's operating revenue and net income for the year ended December 31, 2019 would have been $84,031,913 thousand and $8,811,257 thousand, respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2019, nor is it intended to be a projection of future results.

29. DISPOSAL OF SUBSIDIARIES

On April 15, 2019, the Group entered into an agreement to dispose of Omusic Co., Ltd. (Omusic), which provides electronic information services. The disposal was completed on April 30, 2019, the date the control of Omusic was passed to the acquirer.

a. Consideration received from the disposal

	Omusic
Cash	$ 10,500

b. Analysis of assets and liabilities on the date control was lost

	Omusic
Current assets	$ 99,652
Noncurrent assets	989
Current liabilities	(78,092)
Net assets disposed of	$ 22,549

c. Loss on disposal of a subsidiary

	Omusic
Consideration received	$ 10,500
Net assets disposed of	(22,549)
Noncontrolling interests	11,276
Loss on disposal	$ (773)

d. Net cash outflow on disposal of a subsidiary

	Omusic
Consideration received in cash	$ 10,500
Less: Cash and cash equivalent balances disposed of	(50,303)
	$ (39,803)

30. 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)

31. CASH FLOW INFORMATION

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

For the years ended December 31, 2020 and 2019, changes in liabilities arising from financing activities, including noncash transactions, were as follows:

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

For the year ended December 31, 2019

	Balance on January 1, 2019	Cash Flows from Financing Activities	Changes in Noncash Transactions: New Leases	Changes in Noncash Transactions: Acquisition Through Business Combinations	Changes in Noncash Transactions: Others	Cash Flows from Operating Activities - Interest Paid	Balance on December 31, 2019
Lease liabilities (including the current and noncurrent portion)	$ 8,172,595	$ (3,593,362)	$ 3,605,538	$ 13,541	$ (220,166)	$ (78,429)	$ 7,899,717

32. 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.

33. 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			
	2020		2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities				
Bonds payable	$ 33,771,854	$ 33,972,196	$ 30,271,462	$ 30,427,690

2) Fair value hierarchy

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Bonds payable	$ 33,972,196	$ -	$ -	$ 33,972,196

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Bonds payable	$ 30,427,690	$ -	$ -	$ 30,427,690

The fair values of the financial assets included in the Level 3 category above have been determined in accordance with the discounted cash flow approach based on the discount rate of corporate bonds at the end of the reporting period.

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

1) Fair value hierarchy

	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

	December 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
Mutual funds	$ -	$ 629,338	$ -	$ 629,338
Financial assets at fair value through other comprehensive income				
Domestic/foreign unlisted common stock	$ -	$ -	$ 447,735	$ 447,735

There were no transfers of financial assets between the fair value measurements of Level 1 and Level 2 for the years ended December 31, 2020 and 2019.

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

	For the Year Ended December 31, 2020
	Financial Instruments at Fair Value Through Other Comprehensive Income
Beginning balance	$ 447,735
Additions	500,000
Recognized in other comprehensive income	(126,504)
Remittance of cash due to capital reduction	(13,500)
Effects of foreign currency exchange differences	1,829
Ending balance	$ 809,560

	For the Year Ended December 31, 2019	
	Financial Instruments for Hedging	Financial Instruments at Fair Value Through Other Comprehensive Income
Beginning balance	$ 1,868	$ 432,111
Recognized in profit or loss (included in other gains and losses)	(1,868)	-
Recognized in other comprehensive income	-	21,547
Effect of foreign currency exchange differences	-	(5,923)
Ending balance	$ -	$ 447,735

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.

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.
Foreign exchange swap contracts	Cash flow is discounted. Future cash flows are estimated based on observable spot exchange rates at the end of the reporting period and contract rates, discounted at a 0% rate; the counterparties’ high credit ratings and short contract terms indicate a low credit risk of counterparties.

c. Categories of financial instruments

	December 31			
	2020		2019	
Financial assets				
Financial assets at fair value through profit or loss	$	690,639	$	629,338
Financial assets at amortized cost (Note 1)		16,691,289		19,805,530
Financial assets at fair value through other comprehensive income		809,560		447,735
Financial liabilities				
Financial liabilities at amortized cost (Note 2)		87,273,410		47,248,091

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 seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies which were approved by the board of directors, which provide written principles on managing foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and nonderivative financial instruments, and the investment of excess liquidity. The compliance with policies and exposure limits are reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group's significant financial activities are reviewed by the board of directors of the entities in the Group in accordance with related rules and the 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 foreign exchange swap contracts and investing in foreign currency deposits at the appropriate time. The notional amounts of the aforesaid contracts do not exceed that of the hedged item.

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 positive number shown in the currency impact table below indicates an increase 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 negative.

	USD Impact	
	For the Year Ended December 31	
	2020	**2019**
5% change in profit or loss		
USD	$ (30,745)	$ (37,504)

Hedge accounting

The Group's hedging strategy is to enter into foreign exchange swap contracts to avoid exchange rate exposure for a certain portion of its foreign currency-denominated assets. Those transactions are designated as fair value hedges. The Group adjusts the portion hedged taking into consideration the market trends and hedging costs.

As of December 31, 2020 and 2019, there is no unsettled balance of financial instruments for hedging.

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	
	2020	**2019**
Fair value interest rate risk		
Financial assets	$ 2,894,941	$ 6,601,674
Financial liabilities	80,678,181	43,681,347
Cash flow interest rate risk		
Financial assets	5,592,104	5,634,662
Financial liabilities	2,110,000	200,000

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 financial assets and financial liabilities with fixed interest rates, their fair values will change as the market interest rates change. For 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, 2020 and 2019 would have increased/decreased by $8,705 thousand and $13,587 thousand, respectively, which were mainly affected by bank deposits and borrowings with floating interest rates.

c) Other price risk

The Group is exposed to equity price risks through its equity investments in mutual fund beneficiary certificates 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 and will consider hedging the risk exposure should the need arise.

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, 2020 and 2019 would have increased/decreased by $34,532 thousand and $31,467 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, 2020 and 2019 would have increased/decreased by $40,478 thousand and $22,387 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 $38,831,375 thousand and $36,851,388 thousand as of December 31, 2020 and 2019, 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, 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
December 31, 2019					
Short-term borrowings	$ 490,000	$ 490,814	$ 490,814	$ -	$ -
Short-term bills payable	354,635	355,000	355,000	-	-
Long-term borrowings	4,400,000	4,475,778	37,224	4,438,554	-
Bonds payable	30,271,462	31,583,080	2,812,470	20,255,775	8,514,835
Lease liabilities	7,899,717	8,030,075	2,819,184	5,183,066	27,825
	$ 43,415,814	$ 44,934,747	$ 6,514,692	$ 29,877,395	$ 8,542,660

Additional information about the maturity analysis for lease liabilities:

	December 31, 2020				
	Within 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	$ 2,813,456	$ 5,400,893	$ 49,410	$ 1,829	$ 1,726

	December 31, 2019				
	Within 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	$ 2,819,184	$ 5,183,066	$ 27,825	$ -	$ -

34. 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)

(Continued)

Related Party	Relationship with the Group
Yuan Ding Co., Ltd.	Subsidiary of FENC
Far Eastern Department Stores Co., Ltd.	Other related party (same chairman as Far EasTone's)
Asia Cement Co., Ltd.	Other related party (same chairman as Far EasTone's)
Oriental Union Chemical Corporation	Other related party (same chairman as Far EasTone's)
Far Eastern Ai Mai Co., Ltd.	Other related party (same chairman as Far EasTone's)
Far Eastern Hospital	Other related party (same chairman as Far EasTone's)
Oriental Institute of Technology	Other related party (same chairman as Far EasTone's)
Far Eastern Plaza Hotel	Subsidiary of FENC
Yuan-Ze University	Other related party (same chairman as Far EasTone's)
U-Ming Marine Transport Corporation	Other related party (same chairman as Far EasTone's)
Chiahui Power Corporation	Other related party (same chairman as Far EasTone's)
Far Eastern International Bank (FEIB)	Other related party (Far EasTone's chairman is FEIB's vice chairman)
Far Eastern 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. (DFEAMC)	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
Yuan Ding Investment Co., Ltd	Subsidiary of FENC
Drive Catalyst SPC-SP Tranche Three	Associate

(Continued)

Related Party	Relationship with the Group
Far Eastern Memorial Foundation	Other related party (substantive related party)
Far Eastern Petrochemical (Yangzhou) Ltd.	Other related party (substantive related party)
HIM International Music Inc. (HIM)	Other related party (juristic-person supervisor of subsidiary, but no longer a related party since April 30, 2019)
Universal Music Taiwan Ltd.	Other related party (juristic-person director of subsidiary, but no longer a related party since April 30, 2019)
Forward Music Co., Ltd.	Other related party (juristic-person director of subsidiary, but no longer a related party since April 30, 2019)
Sony Music Entertainment Taiwan Ltd.	Other related party (juristic-person director of subsidiary, but no longer a related party since April 30, 2019)
Otiga Technologies Ltd. (Otiga)	Other related party (juristic-person supervisor of subsidiary, but no longer a related party since April 30, 2019)

(Concluded)

b. Operating revenue

	For the Year Ended December 31	
	2020	2019
FENC	$ 43,961	$ 38,530
Subsidiaries of FENC	212,382	137,959
Other related parties	337,134	297,948
	$ 593,477	$ 474,437

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	
	2020	2019
Operating costs		
FENC	$ 277	$ 40
Subsidiaries of FENC	22,101	19,681
Other related parties	74,325	66,393
	$ 96,703	$ 86,114
Operating expenses		
FENC	$ 110,233	$ 103,063
Subsidiaries of FENC	224,100	213,316
Other related parties	187,298	99,247
	$ 521,631	$ 415,626

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	
	2020	**2019**
Acquisition of property, plant and equipment and intangible assets		
Subsidiaries of FENC	$ 23,298	$ 20,979
Other related parties	14,574	47,706
	$ 37,872	$ 68,685
Acquisition of securities		
Other related parties		
Drive Catalyst SPC-SP Tranche Three	$ -	$ 122,300
Disposal of securities		
Other related parties		
Otiga	$ -	$ 3,255
HIM	-	2,205
Others	-	1,890
	$ -	$ 7,350
Disposal of financial assets at fair value through profit or loss		
Other related parties		
DFEAMC	$ -	$ 150,885

The Group acquired a mutual fund of DFEAMC with a carrying amount of $150,000 thousand in May 2018. In August 2019, the Group disposed of the fund with the proceeds from the disposal amounting to $150,885 thousand. The gain on disposal of the fund was $885 thousand.

In April 2019, the Group disposed of Omusic Co., Ltd. (Far EasTone's subsidiary). The consideration received from related parties amounted to $7,350 thousand and the difference between the consideration and the book value was recognized as a loss on disposal of $542 thousand.

In October 2019, the Group acquired a partial interest in Drive Catalyst SPC-SP Tranche Three for $122,300 thousand.

e. Lease arrangements - the Group is lessee

	For the Year Ended December 31	
	2020	**2019**
Acquisition of right-of-use assets		
Other related parties	$ 32,045	$ 14,550

	December 31	
	2020	2019
Lease liabilities - current		
FENC	$ 2,939	$ 3,208
Subsidiaries of FENC	30,417	37,776
Other related parties	18,294	24,456
	$ 51,650	$ 65,440
Lease liabilities - noncurrent		
FENC	$ 1,128	$ 4,493
Subsidiaries of FENC	13,820	45,484
Other related parties	15,067	26,867
	$ 30,015	$ 76,844

	For the Year Ended December 31	
	2020	2019
Financial costs		
FENC	$ 49	$ 92
Subsidiaries of FENC	611	1,107
Other related parties	306	535
	$ 966	$ 1,734

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	
	2020	2019
Other related parties		
FEIB	$ 4,408,565	$ 2,925,180

The Group had bank deposits in FEIB. These deposits included the proceeds of Far EasTone's sale of prepaid cards and NCIC's sale of international calling cards, which were consigned to FEIB as a trust fund and included in other financial assets - current.

g. Receivables and payables - related parties

	December 31	
	2020	2019
Accounts receivable - related parties (included in accounts receivable)		
FENC	$ 1,541	$ 4,726
Subsidiaries of FENC	38,172	36,001
Other related parties	289,899	204,211
	$ 329,612	$ 244,938

(Continued)

	December 31	
	2020	2019
Other receivables - related parties (included in other current assets)		
Subsidiaries of FENC	$ 3,554	$ 3,269
Other related parties	5,704	10,932
	$ 9,258	$ 14,201
Accounts payable - related parties (included in accounts payable)		
Subsidiaries of FENC	$ 2,507	$ 3,658
Other related parties	9,467	12,834
	$ 11,974	$ 16,492
Other payables - related parties (included in other current liabilities)		
FENC	$ 23,153	$ 22,506
Subsidiaries of FENC	84,929	78,829
Other related parties	9,662	8,704
	$ 117,744	$ 110,039

(Concluded)

h. Refundable deposits (included in other noncurrent assets)

	December 31	
	2020	2019
Refundable deposits		
Subsidiaries of FENC	$ 20,743	$ 66,361
Other related parties	2,215	1,451
	$ 22,958	$ 67,812

i. Others

	For the Year Ended December 31	
	2020	2019
Interest income		
Subsidiaries of FENC	$ 22	$ 22
Other related parties		
FEIB	17,983	25,695
Others	4,164	3
	22,147	25,698
	$ 22,169	$ 25,720
Other gains		
Other related parties		
Yuan-Ze University	$ 80,000	$ -
Financial costs		
Other related parties	$ 206	$ 977

j. Remuneration of key management personnel

The remuneration of directors and other members of key management personnel during the years ended December 31, 2020 and 2019 was as follows:

	For the Year Ended December 31	
	2020	**2019**
Short-term benefits	$ 269,082	$ 274,739
Post-employment benefits	3,109	3,200
	$ 272,191	$ 277,939

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

35. ASSETS PLEDGED OR MORTGAGED

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	
	2020	**2019**
Other financial assets - current	$ 408,912	$ 621,122
Other noncurrent assets	531	-
Property, plant and equipment, net	104,461	-
	$ 513,904	$ 621,122

36. 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	
	2020	**2019**
Unpaid acquisition of property, plant and equipment and intangible assets under contracts	$ 8,635,068	$ 4,241,999
Unpaid acquisition of inventories under contracts	$ 3,588,647	$ 3,895,806

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	
	2020	**2019**
Lease commitments	$ 323,370	$ 247,816

c. The Group provided $0 and $100,000 thousand as bank guarantees for its purchases from suppliers as of December 31, 2020 and 2019, respectively.

d. On September 4, 2020, the board of directors of Far EasTone resolved to enter into a business cooperation agreement with Asia-Pacific Telecom Co., Ltd. (APTC). Once approval from the competent authority is obtained, Far EasTone will cooperate with APTC on frequency and network matters whereby Far EasTone shares its 3.5GHz spectrum used for providing 5G services with APTC in exchange for the sharing of two-ninths of 3.5G spectrum's related capitalized costs and expenses by APTC. As of February 25, 2021, Far EasTone is still waiting for the approval from the competent authority regarding the aforementioned business cooperation.

   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 APTC through private placement by subscribing for 500,000,000 new common stock issued by APTC with the amount invested not exceeding $5,000,000 thousand after obtaining an approval from the competent authority, and to issue new common stock in exchange for part of APTC's shares held by Hon Hai Precision Industry Co., Ltd. under a share swap arrangement on June 30, 2022.

e. 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 20 MHz frequency band (2595MHz to 2615MHz spectrum) with 10MHz frequency band (upper segment of 723MHz to 728MHz spectrum and lower segment of 778MHz to 783MHz 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.

37. 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.

38. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In order to enhance the efficiency of the usage of assets, the board of directors of Far EasTone resolved on February 25, 2021 that NCIC, Far EasTone's subsidiary, should authorize its chairman to sell a part of its properties located in the Neihu District of Taipei City for an amount no lower than the appraised value.

39. 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, 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

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 41,079	29.98 (USD:NTD)	$ 1,231,561
Nonmonetary items			
USD	30,026	29.98 (USD:NTD)	900,192
USD	5,000	6.964 (USD:RMB)	149,900
Financial liabilities			
Monetary items			
USD	16,060	29.98 (USD:NTD)	481,471

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			
	2020		2019	
Functional Currency	**Exchange Rate**	**Net Foreign Exchange Gains (Losses)**	**Exchange Rate**	**Net Foreign Exchange Gains (Losses)**
NTD	1 (NTD:NTD)	$ (1,262)	1 (NTD:NTD)	$ (6,824)
RMB	4.282 (RMB:NTD)	(3,859)	4.472 (RMB:NTD)	788
HKD	3.809 (HKD:NTD)	(3,486)	3.945 (HKD:NTD)	(2,096)
		$ (8,607)		$ (8,132)

40. 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: None

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

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

9) Trading in derivative instruments: Note 33

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

b. Information on investees: Schedule G

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Schedule H

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: Schedule F

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

41. 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, 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

	For the Year Ended December 31, 2019				
	Mobile Services Business	Fixed-line Services Business	Sales Business	Adjustment and Elimination	Consolidation
Revenue generated from external customers	$ 45,330,653	$ 8,967,784	$ 29,567,435	$ -	$ 83,865,872
Revenue generated within the Group (Note)	292,052	2,485,998	46,613	(2,824,663)	-
Total revenue	$ 45,622,705	$ 11,453,782	$ 29,614,048	$ (2,824,663)	$ 83,865,872
Segment operating income	$ 7,023,035	$ 1,956,473	$ 3,635,602	$ (1,603,591)	$ 11,011,519

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.

Consolidated geographic information for revenues was as follows:

	For the Year Ended December 31	
	2020	2019
ROC	$ 76,554,466	$ 80,621,126
Overseas	2,946,499	3,244,746
	$ 79,500,965	$ 83,865,872

c. Information on major customers

There was no customer that accounted for at least 10% of the Group's total operating revenue in both 2020 and 2019.

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(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.	Yuanshi Digital Technology Co., Ltd.	Other receivables - related parties	Yes	$ 300,000	$ -	$ -	1.28%-1.53%	Short-term financing	$ -	For business operations	$ -	-	$ -	$ 9,794,950	$ 12,243,687
		Far EasTone Telecommunications Co., Ltd.	Other receivables - related parties	Yes	1,500,000	1,500,000	1,500,000	0.58%-0.83%	Business transaction	2,294,182	-	-	-	-	2,294,182	12,243,687
		Far EasTone Telecommunications Co., Ltd.	Other receivables - related parties	Yes	9,500,000	8,500,000	6,500,000	0.58%-0.83%	Short-term financing	-	For business operations	-	-	-	9,794,950	12,243,687

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.

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(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, 2020				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	7,500,000	$ 68,251	11.11	$ 68,251	B	8,850,000
	CDIB Capital Innovation Accelerator Limited	-	Financial assets at fair value through other comprehensive income - noncurrent	9,000,000	91,491	10.71	91,491	B	9,000,000
	LINE Bank Taiwan Limited	-	Financial assets at fair value through other comprehensive income - noncurrent	50,000,000	456,110	5.00	456,110	B	50,000,000
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	49,872	3.18	49,872	B	8,858,191
	Bank Pro E-service Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	450,000	4,500	3.33	4,500	B	450,000
	Stock certificate								
	Changing.ai Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	500,000	8,299	2.50	8,299	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	498,042	-	498,042	A	13,491.781
	Opas Fund Segregated Portfolio Tranche B	Other related party	Financial assets at fair value through profit or loss - current	5,000.000	192,597	-	192,597	A	5,000.000
Digital United (Cayman) Ltd.	Stock certificate								
	TBCASoft, Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	980,435	117,229	6.77	117,229	B	980,435

Note A: The market values of the overseas funds were calculated at their net asset values as of December 31, 2020.

Note B: The fair values of financial assets at fair value through other comprehensive income were calculated using inputs and valuation methods.

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, 2020
(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													
	LINE Bank Taiwan Limited	Financial assets at fair value through other comprehensive income - noncurrent	LINE Bank Taiwan Limited	-	-	$ 100,000 (Note A)	50,000,000	$ 400,000	-	$ -	$ -	$ -	50,000,000	$ 456,110 (Note B)
	Yuanshi Digital Technology Co., Ltd.	Investments accounted for using the equity method	Yuanshi Digital Technology Co., Ltd.	Subsidiary	90,014,424	(582,357) (Note C)	80,000,000	800,000	-	-	-	-	107,004,329 (Note D)	(66,543) (Note C)

Note A: The amount is the cost of acquisition.

Note B: The amount is the fair value as of December 31, 2020.

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

Note D: A total of 63,010,095 shares were deducted from the ending balance of the number of shares held, which were eliminated due to Yuanshi Digital Technology Co., Ltd.'s capital reduction to offset its accumulated deficit.

SCHEDULE D

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, 2020
(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	$ 6,506,929	13	Based on agreement	-	-	Accounts payable and other payables $ (874,204)	(5)
			Operating revenue	(1,133,697)	(2)	Based on agreement	-	-	Accounts receivable 408,678	7
	New Century InfoComm Tech Co., Ltd.	Subsidiary	Operating revenue	(176,957)	-	Based on agreement	-	-	Accounts receivable 1,320	-
			Operating costs	2,117,225	5	Based on agreement	-	-	Accounts payable and other payables (Note A) (522,915)	(3)
	DataExpress Infotech Co., Ltd.	Subsidiary of ARCOA Communication Co., Ltd.	Operating costs and marketing expenses	122,754	-	Based on agreement	-	-	Accounts payable and other payables (66,155)	-
	Yuanshi Digital Technology Co., Ltd.	Subsidiary	Operating revenue	(149,779)	-	Based on agreement	-	-	Accounts receivable 26,541	-
	Far EasTone Property Insurance Agent Co., Ltd.	Subsidiary	Operating revenue	(282,045)	-	Based on agreement	-	-	Accounts receivable 95,990	2
New Century InfoComm Tech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	Operating revenue	(2,117,225)	(21)	Based on agreement	-	-	Accounts receivable (Note B) 522,915	33
			Operating costs	176,957	3	Based on agreement	-	-	Accounts payable (1,320)	-
	KGEx.com Co., Ltd.	Same parent company	Operating costs and rental expenses	140,701	2	Based on agreement	-	-	Accounts payable and other payables (30,336)	(2)
ARCOA Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	Operating revenue	(6,506,929)	(64)	Based on agreement	-	-	Accounts receivable 874,204	56
			Operating costs	1,133,697	12	Based on agreement	-	-	Accounts payable (408,678)	(31)
	Home Master Technology Ltd.	Subsidiary of DataExpress Infotech Co., Ltd.	Operating revenue	(923,095)	(9)	Based on agreement	-	-	Accounts receivable 330,027	21
KGEx.com Co., Ltd.	New Century InfoComm Tech Co., Ltd.	Same parent company	Operating revenue	(140,701)	(25)	Based on agreement	-	-	Accounts receivable 30,336	52
DataExpress Infotech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	Operating revenue	(122,754)	(3)	Based on agreement	-	-	Accounts receivable 66,155	13
Yuanshi Digital Technology Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	Operating costs	149,779	7	Based on agreement	-	-	Accounts payable (26,541)	(10)
Home Master Technology Ltd.	ARCOA Communication Co., Ltd.	Parent company	Operating costs	923,095	66	Based on agreement	-	-	Accounts payable (330,027)	(97)
Far EasTone Property Insurance Agent Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	Operating costs	282,045	90	Based on agreement	-	-	Accounts payable (95,990)	(97)
Microfusion Technology Co., Ltd.	Nextlink (HK) Technology Co., Ltd.	Same parent company	Operating revenue	(143,525)	(23)	Based on agreement	-	-	Accounts receivable 44,558	29
Nextlink (HK) Technology Co., Ltd.	Microfusion Technology Co., Ltd.	Same parent company	Operating costs	143,525	15	Based on agreement	-	-	Accounts payable (44,558)	(19)

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.

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, 2020
(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	$ 410,620	8.78	$ -	-	$ 410,620	$ -
	Far EasTone Property Insurance Agent Co., Ltd.	Subsidiary	102,682	5.49	-	-	34,294	-
New Century InfoComm Tech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	8,584,937	(Note)	-	-	211,710	-
ARCOA Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	874,204	7.05	-	-	421,719	-
	Yuanshi Digital Technology Co., Ltd.	Subsidiary of Far EasTone Telecommunications Co., Ltd.	110,406	9.81	-	-	110,395	-
	Home Master Technology Ltd.	Subsidiary of DataExpress Infotech Co., Ltd.	330,303	3.11	-	-	97,755	-

Note: All interconnection revenue, costs and collection of revenue from international direct dialing between Far EasTone and NCIC were settled in net amounts and included in accounts receivable/payable-related parties. The turnover rate was unavailable as the receivables from related parties were due to the collection of telecommunications bills by Far EasTone on behalf of NCIC and the financing provided by NCIC to Far EasTone.

SCHEDULE F

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(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	$ 1,320	Note F	-
				Other receivables - related parties	90,885	Note F	-
				Refundable deposits	3,532	Note F	-
				Accounts payable - related parties	6,657	Note F	-
				Other payables - related parties	8,578,280	Note F	5
				Contract liabilities	22,214	Note F	-
				Operating revenue	176,957	Note F	-
				Operating costs	2,117,225	Note F	3
				Operating expenses	64,982	Note F	-
				Nonoperating income and gains	54,306	Note F	-
				Nonoperating expenses	50,405	Note F	-
		ARCOA Communication Co., Ltd.	1	Accounts receivable - related parties	408,678	Note F	-
				Other receivables - related parties	1,942	Note F	-
				Accounts payable - related parties	818,720	Note F	-
				Other payables - related parties	55,484	Note F	-
				Contract liabilities	21,168	Note F	-
				Operating revenue	1,133,697	Note F	1
				Operating costs	6,040,011	Note F	8
				Operating expenses	486,455	Note F	1
				Nonoperating income and gains	3,614	Note F	-
		KGEx.com Co., Ltd.	1	Accounts receivable - related parties	7,635	Note F	-
				Other receivables - related parties	1,216	Note F	-
				Other payables - related parties	8,228	Note F	-
				Operating revenue	46,138	Note F	-
				Operating expenses	75,311	Note F	-
				Nonoperating income and gains	1,233	Note F	-
		Yuan Cing Co., Ltd.	1	Other receivables - related parties	11,629	Note F	-
				Other payables - related parties	18,366	Note F	-
				Operating expenses	92,642	Note F	-
				Nonoperating income and gains	8,438	Note F	-
		DataExpress Infotech Co., Ltd.	1	Other receivables - related parties	2,033	Note F	-
				Other payables - related parties	65,430	Note F	-
				Operating revenue	28,888	Note F	-
				Operating costs	4,652	Note F	-
				Operating expenses	118,102	Note F	-
		Linkwell Tech. Ltd.	1	Operating expenses	8,199	Note F	-

(Continued)

Number (Note A)	Company Name	Counterparty	Flow of Transactions (Note B)	Transaction Details: Financial Statement Account	Amount	Payment Terms	% of Consolidated Assets/Revenue (Note C)
		Home Master Technology Ltd.	1	Other payables - related parties	$ 31,075	Note F	-
				Operating expenses	73,140	Note F	-
		Information Security Service Digital United Inc.	1	Other receivables - related parties	3,338	Note F	-
				Accounts payable - related parties	10,219	Note F	-
				Other payables - related parties	18,248	Note F	-
				Operating revenue	1,223	Note F	-
				Operating costs	19,139	Note F	-
				Operating expenses	14,087	Note F	-
		Yuanshi Digital Technology Co., Ltd.	1	Accounts receivable - related parties	26,541	Note F	-
				Other receivables - related parties	7,643	Note F	-
				Accounts payable - related parties	8,631	Note F	-
				Other payables - related parties	6,341	Note F	-
				Operating revenue	149,779	Note F	-
				Operating costs	3,406	Note F	-
				Operating expenses	3,401	Note F	-
				Nonoperating income and gains	2,332	Note F	-
		Yuan Bao Fintech Co., Ltd.	1	Other receivables - related parties	1,478	Note F	-
				Operating revenue	2,308	Note F	-
		Far EasTone Property Insurance Agent Co., Ltd.	1	Accounts receivable - related parties	95,990	Note F	-
				Other receivables - related parties	6,692	Note F	-
				Operating revenue	282,045	Note F	-
1	New Century InfoComm Tech Co., Ltd.	KGEx.com Co., Ltd.	3	Accounts receivable - related parties	2,386	Note F	-
				Accounts payable - related parties	11,594	Note F	-
				Other payables - related parties	18,742	Note F	-
				Operating revenue	26,218	Note F	-
				Operating costs	79,308	Note F	-
				Operating expenses	61,393	Note F	-
		Sino Lead Enterprise Limited	3	Operating costs	73,982	Note F	-
		Yuan Cing Co., Ltd.	3	Operating costs	9,538	Note F	-
				Operating expenses	3,853	Note F	-
		Information Security Service Digital United Inc.	3	Other receivables - related parties	1,349	Note F	-
				Accounts payable - related parties	32,861	Note F	-
				Other payables - related parties	2,978	Note F	-
				Operating revenue	1,747	Note F	-
				Operating costs	78,251	Note F	-
				Operating expenses	5,042	Note F	-
				Nonoperating income and gains	5,540	Note F	-
		Yuanshi Digital Technology Co., Ltd.	3	Accounts receivable - related parties	1,028	Note F	-
				Operating revenue	6,433	Note F	-
				Nonoperating income and gains	7,922	Note F	-
		DataExpress Infotech Co., Ltd.	3	Other receivables - related parties	1,015	Note F	-
				Operating revenue	1,516	Note F	-
				Nonoperating income and gains	3,525	Note F	-
		Nextlink Technology Co., Ltd.	3	Accounts payable - related parties	5,339	Note F	-
				Operating costs	47,225	Note F	-

(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)
		Microfusion Technology Co., Ltd.	3	Accounts payable - related parties	$ 6,838	Note F	-
				Operating costs	17,722	Note F	-
2	ARCOA Communication Co., Ltd.	KGEx.com Co., Ltd.	3	Operating expenses	1,055	Note F	-
		Yuanshi Digital Technology Co., Ltd.	3	Accounts receivable - related parties	110,406	Note F	-
				Other payables - related parties	3,691	Note F	-
				Operating revenue	34,109	Note F	-
		DataExpress Infotech Co., Ltd.	3	Accounts receivable - related parties	1,541	Note F	-
				Accounts payable - related parties	10,739	Note F	-
				Operating revenue	5,569	Note F	-
				Operating costs	17,729	Note F	-
				Nonoperating income and gains	1,376	Note F	-
		Home Master Technology Ltd.	3	Accounts receivable - related parties	330,027	Note F	-
				Operating revenue	923,095	Note F	1
						Note F	
3	Yuan Cing Co., Ltd.	Yuanshi Digital Technology Co., Ltd.	3	Accounts receivable - related parties	1,071	Note F	-
				Operating revenue	13,939	Note F	-
		Yuan Bao Fintech Co., Ltd.	3	Accounts receivable - related parties	2,902	Note F	-
				Operating revenue	2,902	Note F	-
4	DataExpress Infotech Co., Ltd.	Linkwell Tech. Ltd.	3	Operating revenue	20,776	Note F	-
				Operating costs	41,025	Note F	-
				Nonoperating income and gains	1,281	Note F	-
		Home Master Technology Ltd.	3	Accounts receivable - related parties	1,337	Note F	-
				Other receivables - related parties	3,598	Note F	-
				Accounts payable - related parties	1,329	Note F	-
				Operating revenue	11,975	Note F	-
				Operating costs	3,332	Note F	-
				Nonoperating income and gains	11,310	Note F	-
5	Linkwell Tech. Ltd. (Note E)	Home Master Technology Ltd.	3	Operating revenue	3,683	Note F	-
6	Yuanshi Digital Technology Co., Ltd.	Information Security Service Digital United Inc.	3	Other payables - related parties	1,000	Note F	-
				Operating expenses	1,601	Note F	-
		Nextlink Technology Co., Ltd.	3	Operating expenses	1,219	Note F	-
		Microfusion Technology Co., Ltd.	3	Operating expenses	1,498	Note F	-
7	Nextlink Technology Co., Ltd.	Microfusion Technology Co., Ltd.	3	Other receivables - related parties	17,784	Note F	-
				Operating revenue	2,142	Note F	-
				Operating costs	6,585	Note F	-
				Nonoperating income and gains	18,737	Note F	-
		Nextlink (HK) Technology Co., Ltd.	3	Accounts receivable - related parties	6,015	Note F	-
				Other receivables - related parties	22,000	Note F	-
				Operating revenue	35,840	Note F	-
				Nonoperating income and gains	22,000	Note F	-

(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)
8	Microfusion Technology Co., Ltd.	Nextlink (HK) Technology Co., Ltd.	3	Accounts receivable - related parties	$ 44,558	Note F	-
				Operating revenue	143,525	Note F	-
				Operating costs	1,538	Note F	-
		Nextlink (Shanghai) Technology Co., Ltd.	3	Accounts receivable - related parties	4,984	Note F	-

Note A: Parties to the intercompany transactions are identified and numbered as follows:

1. "0" for Far EasTone Telecommunications Co., Ltd. ("Far EasTone").
2. "1" onward for subsidiaries.

Note B: The flow of related-party transactions is as follows:

1. From the parent company to its subsidiary.
2. From a subsidiary to its parent company.
3. Between subsidiaries.

Note C: For assets and liabilities, 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, 2020.

Note D: The information shown in the schedule represents the eliminated material intercompany transactions.

Note E: DataExpress Infotech Co., Ltd. merged with Linkwell Tech. Ltd. on April 1, 2020. DataExpress Infotech Co., Ltd. was the surviving company and Linkwell Tech. Ltd. was the dissolved company.

Note F: Payment terms varied depending on the related agreements.

(Concluded)

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(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, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note	Highest Shares/Units Held During the Year
				December 31, 2020	December 31, 2019	Number of Shares	Percentage of Ownership (%)	Carrying Amount				
Far EasTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	Taiwan	Telecommunications services	$ 22,249,283	$ 22,249,283	2,100,000,000	100.00	$ 26,974,867	$ 2,016,549	$ 1,912,998	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	679,411	168,637	46,948	A	82,762,221
	KGEx.com Co., Ltd.	Taiwan	Telecommunications services	2,340,472	2,340,472	68,897,234	99.99	903,588	160,925	160,901	A	68,897,234
	Yuanshi Digital Technology Co., Ltd.	Taiwan	Electronic information services	1,686,169	886,169	107,004,329	96.18	(66,543)	(195,262)	(180,688)	A	107,004,329
	Yuan Cing Co., Ltd.	Taiwan	Call center services	-	-	2,000,000	100.00	40,712	16,326	16,326	A and E	2,000,000
	Far Eastern Info Service (Holding) Ltd.	Bermuda	Investments	92,616	92,616	1,200	100.00	4,811	(96)	(96)	A	1,200
	Yuan Bao Fintech Co., Ltd.	Taiwan	Data processing services and electronic information services	60,000	60,000	6,000,000	100.00	52,045	(7,635)	(7,635)	A	6,000,000
	Far EasTone Property Insurance Agent Co., Ltd.	Taiwan	Property insurance agent	5,000	-	500,000	100.00	64,587	59,587	59,587	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	1,269,488	541,492	205,707	B	118,250,967
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	139,500	139,500	5,446,644	15.00	38,681	(15,685)	(1,990)	B	5,446,644
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	Other financing and supporting services	600,000	600,000	16,451,538	21.98	123,425	(186,923)	(56,074)	B	23,302,111
ARCOA Communication Co., Ltd.	DataExpress Infotech Co., Ltd.	Taiwan	Sale of communications products	141,750	141,750	13,895,664	70.00	246,341	95,205	-	C	13,895,664
New Century InfoComm Tech Co., Ltd.	New Diligent Co., Ltd.	Taiwan	Investments	540,000	540,000	54,000,000	100.00	82,075	(4,630)	-	C	54,000,000
	Information Security Service Digital United Inc.	Taiwan	Security and monitoring services via internet	148,777	148,777	10,249,047	100.00	129,170	17,482	-	C	10,249,047
	Digital United (Cayman) Ltd.	Cayman Islands	Investments	317,446	317,446	10,320,000	100.00	163,344	3,691	-	C	10,320,000
	Yuanshi Digital Technology Co., Ltd.	Taiwan	Electronic information services	20,000	20,000	749,885	0.67	(466)	(195,262)	-	A	2,499,617
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	46,500	46,500	1,815,548	5.00	12,894	(15,685)	-	B	1,815,548
	Prime EcoPower Co., Ltd.	Taiwan	Energy technology services	160,000	160,000	16,000,000	100.00	127,430	(13,018)	-	C	16,000,000
	Drive Catalyst SPC-SP Tranche One	Cayman Islands	Investments	123,220	123,220	4,000	25.00	108,173	(27,519)	-	B	4,000
	Drive Catalyst SPC-SP Tranche Three	Cayman Islands	Investments	122,300	122,300	4,000	25.00	128,857	(5,572)	-	B	4,000
	Nextlink Technology Co., Ltd.	Taiwan	Electronic information services	420,000	420,000	3,430,000	70.00	428,018	43,098	-	C	3,430,000
New Diligent Co., Ltd.	Sino Lead Enterprise Limited	Hong Kong	Telecommunications services	125	125	30,000	100.00	290	(4)	-	C	30,000
	Far Eastern New Diligent Company Ltd.	British Virgin Islands	Investments	330,598	330,598	-	100.00	20,068	(4,369)	-	C	-
	New Diligent Hong Kong Co., Ltd.	Hong Kong	Investments	3,051	3,051	-	100.00	2,291	(418)	-	C	-
DataExpress Infotech Co., Ltd.	Linkwell Tech. Ltd.	Taiwan	Sale of communications products	-	10,000	-	-	-	1,443	-	C and F	-
	Home Master Technology Ltd.	Taiwan	Sale of communications products	10,000	10,000	-	100.00	47,290	28,050	-	C	-
Nextlink Technology Co., Ltd.	Microfusion Technology Co., Ltd.	Taiwan	Electronic information services	17,000	17,000	2,600,000	100.00	30,209	13,747	-	C	2,600,000
	Nextlink (HK) Technology Co., Ltd.	Hong Kong	Electronic information services	973	973	-	100.00	8,463	3,331	-	C	-
	Microfusion (HK) Technology Co., Ltd.	Hong Kong	Electronic information services	1,494	-	-	100.00	1,109	(341)	-	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: DataExpress Infotech Co., Ltd. merged with Linkwell Tech. Ltd. on April 1, 2020. DataExpress Infotech Co., Ltd. was the surviving company and Linkwell Tech. Ltd. was the dissolved company.

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(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, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outward	Inward						
Digital United Information Technologies (Shanghai) Ltd.	Design, research, installment and maintenance of computer software and systems	$ 88,288 (US$ 3,100,000)	2	$ 88,288 (US$ 3,100,000)	$ -	$ -	$ 88,288 (US$ 3,100,000)	$ 6,398	100.00	$ 6,398	$ 5,987 (RMB 1,368,000)	$ -
Far Eastern Tech-info Ltd. (Shanghai)	Computer software, data processing and network information services	170,880 (US$ 6,000,000)	2	192,296 (Note D)	-	-	192,296 (Note D)	(201)	-	(201)	- (Note E)	-
Nextlink (Shanghai) Technologies Co., Ltd.	Electronic information services	2,051 (US$ 72,000)	2	2,051 (US$ 72,000)	-	-	2,051 (US$ 72,000)	(218)	70.00	(218)	1,207 (HK$ 333,000)	-

Company Name	Accumulated Investments in Mainland China as of December 31, 2020	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)	$ 40,388,216
New Century InfoComm Tech Co., Ltd.	88,288 (US$ 3,100,000)	88,288 (US$ 3,100,000)	14,692,425
New Diligent Co., Ltd.	425,121 (US$14,927,000) (Note C)	425,121 (US$14,927,000) (Note C)	49,245
Nextlink Technology Co., Ltd.	2,051 (US$ 72,000)	2,051 (US$ 72,000)	65,250

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.

Note D: The amount includes US$3,500,000.

Note E: The investee was dissolved in 2020 with the approval of the local government.

<u>**SCHEDULE I**</u>

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

INFORMATION ON MAJOR STOCKHOLDERS
DECEMBER 31, 2020

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.	285,465,000	8.76
Cathay Life Insurance Co., Ltd.	218,778,230	6.71

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.