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中華電信
Chunghwa Telecom

Annual Report 2022

Advancing Taiwan's Sustainability for Future Generations



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Contents

1	Letter to Shareholders	2
2	Company Profile	14
3	Corporate Governance Report	16
4	Capital Review	96
5	Operational Highlights	106
6	Review and Analysis of Financial Position, Financial Performance, and Risk Management	132
7	Special Disclosures	150
8	Financial Information	166

1 Letter to Shareholders

1. Operating Performance in 2022
2. Business Plan Highlights for 2023



Letter to Shareholders

Dear Shareholders,

We are pleased to share that, our company, in 2022, operated under a new customer-centric organizational structure following our successful execution of a comprehensive strategic transformation, "Rise on, Together 2021." Despite the rapid rise in geopolitical and economic uncertainty as well as the disruption from the pandemic, we, with the support and hard work of all our employees, delivered solid results. In 2022, our consolidated revenue reached NT\$216.7 billion, net income attributable to stockholders of the parent company was NT\$36.5 billion, and basic earnings per share was NT\$4.70, all of which beat the high end of our financial forecasts. Notably, our revenue and profit measures not only continue the growth momentum but also set a five-year high.

Under our new customer-centric organizational structure, we continued to implement our business strategy, "Transformation x 5G x Sustainability." Our three business groups, Consumer, Enterprise, and International Business Groups, with the full support of our three technical groups, Network Group, Information Group, Research Lab, delivered impressive results. Meanwhile, we made great progress in ESG sustainability practices, thanks to the concerted efforts of our employees and strategic partners.

Fastest Network Speeds and Captivating Content

Create Value for Individuals and Families

In 2022, building on our customer-centric strategy and quality-first guideline, we continued to actively deploy 5G networks and base stations across Taiwan, including remote areas, to provide customers with best network and entertainment experience and assist hundreds of enterprises across various industries to upgrade to 5G. The Company has been recognized and awarded by Speedtest® and Opensignal as Taiwan's number one operator with fastest 5G speed and the most extensive mobile coverage, enabling customers to enjoy innovative video, music, AR/VR, and metaverse applications and enterprise customers to upgrade in their value chain. After rebound in 2021, our overall mobile service revenue continued to grow steadily year over year in 2022. The average mobile monthly fee uplift resulting from 4G to 5G upgrades grew 38% year over year, taking the lead in the

industry. In addition, both of mobile postpaid revenue and subscriber number increased and roaming and pre-paid business also grew for the first time since the pandemic, resulting in the mobile service revenue increase of 5.9% year over year, leading the industry.

In view of the significant increase in demand for digital entertainment, online learning and remote work, we provided incentives to our fixed broadband business customers to upgrade to higher speeds so as to accelerate the penetration of high-speed fixed broadband. Specifically, we launched a special higher-speed promotion package in 2022, and successfully fast-tracked the customer penetration for sign-ups of service speeds of 500 Mbps+ and 1 Gbps, and also increased the average revenue per user (ARPU) growth. Additionally, we had focused on promoting our multiple-play package plan that comprised of Fixed-Broadband + Mobile + Wi-Fi services to offer customers with seamless internet access anywhere, anytime, which successfully drew a considerable number of users. Residential Wi-Fi installations doubled, which not only contributed to revenue, but also helped to accelerate smart home and streaming service adoption. In 2022, in order to provide best content to customers, we acquired exclusive right to broadcast the Beijing Winter Olympics and Qatar World Cup; meanwhile, we broadcasted the Chinese Professional Baseball League (CPBL) and invested into drama and movie content, driving the steady growth of IPTV/MOD ARPU. Together with the growth of our mobile OTT service, Hami Video, we are confident in maintaining our leading position as the largest video platform in Taiwan.

Further Industry Efforts and Build Innovative Application Ecosystems

We observed that, the wave of digital transformation prompted by the pandemic continued to drive up business opportunities in the enterprise business sector, especially the 5G + AIoT application demand. In 2022, our 5G private network services for enterprise businesses continued to exhibit rapid growth momentum, and was expanded overseas, setting precedence in the industry. We launched a new "rent-to-own" model to increase the accessibility of private networks and accelerate industry transformation and innovation, which was particularly well-received among the electronics industry. In addition, by leveraging our technological capability and innovation, we focused on

A professional portrait of two men, Chi-Mau Sheih and Shui-Yi Kuo, standing side-by-side. Both are wearing dark pinstriped suits, white shirts, and red patterned ties. Chi-Mau Sheih, on the left, has dark hair and glasses, and his hands are clasped in front of him. Shui-Yi Kuo, on the right, has short grey hair and glasses, and his hands are clasped in front of him. The background is split: light beige curtains on the left and a dark green textured wall on the right.

Chi-Mau Sheih
Chairman and
Chief Executive Officer

Shui-Yi Kuo
President

furthering our efforts in developing replicable applications across verticals and building ecosystems to accelerate popularity of innovative applications. We have achieved to maintain the greatest number of smart applications, the widest industry coverage, and the deepest footprint in Information, Communications, and Technology (ICT) realm. Furthermore, we successfully launched innovative platforms and applications for the transportation, finance/insurance, manufacturing, healthcare, and other ecosystems, which have been highly recognized and adopted by our enterprise customers and in the end will bring more convenient and smarter life for general consumers. In 2022, the percentage of revenue contributions from both ICT and enterprise business group grew year over year respectively and net profits of these increased as well.

Export Smart Applications Overseas with a Focus on the Asia-Pacific Market

We continued to explore business opportunities and successfully promoted our digital innovation applications and ecosystems overseas. In 2022, following the footprint of our Taiwanese enterprise customers, we offered integrated ICT services in the United States and Japan. In Vietnam, we cooperated via a joint venture partnership to promote public cloud and 5G+ smart solutions. In Thailand, we provided 5G private network and smart manufacturing services to customers, and at the same time, we built a smart inpatient ward demo site for Thonburi Hospital. In Singapore and Indonesia, we actively developed international data and innovation services, further expanding the Asia-Pacific market.

Commit to Working on ESG Deploy a New Layout for Sustainability

Low carbon emission and Net-Zero are our commitments to environmental sustainability. To realize our commitments, we submitted a Science-Based Target (SBTi) carbon

reduction commitment and joined RE100, pledging to use 100% renewable energy by 2040. We entered into a green electricity transfer agreement that provides us with 50 million kWh per year, in total equivalent to the volume of carbon absorbed by 68 Daan Forest Parks in Taipei. In addition, together with 35 key suppliers and partners, we have committed to reduce carbon emissions by 50% by 2030 and to achieve net-zero carbon emissions by 2050, across the entire supply chain. Leveraging our exceptional technical capabilities, we worked with our partners to jointly build the Asia's first mobile private network for offshore wind power, which is expected to provide clean energy for up to one million families in Taiwan in the future.

In addition to efforts made to reduce carbon emissions, we continued to develop "digital empowerment" and further implemented "Technology for the Greater Good." In 2022, together with the Chunghwa Telecom Foundation, we established the "Tech4Good Digital Empowerment Ecosystem" to bridge the digital divide, using high-quality and high-speed telecommunication services to provide life-changing opportunities to students in remote areas. Meanwhile, we leveraged our 5G private network to deliver emergency medical care services, improving the quality and capacity of medical care in remote areas. To be the best supporter for our employees, we provide favorable parenting policies in an effort to create a friendly and inclusive workplace and culture, and to support our employees' childcare needs. For this purpose, we established 16 workplace child care centers in Taiwan. We are also the sole employer in our industry to implement flexible working hours, offering employees with children under the age of 3 the option to apply to take one-hour off per working day with no impact on review and evaluation of salary, performance and attendance. In 2022, a total of 1,130 employees benefited from this policy with a cumulative total of 86,683 hours of work time reallocated to parenting.

To embed ESG into our DNA, we internalize it through our executive compensation structure. We have made definitive steps to link the variable component of executive compensation to ESG results to demonstrate our dedication to implement and integrate ESG practices into our daily operations. In addition, we are the first among Taiwan peers to introduce an internal carbon pricing mechanism, and to set up a carbon fee fund to encourage energy-saving initiatives. We also established an internal sustainability management system to strengthen sustainability data tracking management. We issued NT\$3.5 billion of

sustainable development bonds for environmental protection and social development investment, the first in Taiwan's telecommunications industry. We also introduced a "data governance" system to ensure the safety and quality of data operations at the stage of system development, in order to protect the Company and stakeholder's rights and interests. We have received recognitions globally for our comprehensive sustainability efforts; in addition to being included in the Dow Jones Sustainability Index (DJSI), "World Index (DJSI-World)" and "Emerging Markets Index (DJSI-Emerging Markets)" for 11 consecutive years, in 2022, we once again won the Jade Award, the highest honor from The Asset ESG Corporate Awards, becoming the only cross-industry award-winning enterprise in Taiwan.

Solid Financial Performance, Shareholder Paybacks and Future Investments

Thanks to the steady growth of our core business and the improved profitability of emerging business, our EBITDA increased by 3.5% year-over-year in 2022. Along with effective resource allocation, we maintained healthy financial strength and strong cash flows. We maintained an "AA" credit rating from Standard & Poor's, which is the best and only one in the global telecom industry. Adhering to our intent to return surplus to our shareholders, our cash dividend payout ratio remained almost 100% in 2022. Looking forward, we plan to maintain a stable dividend policy to meet shareholder expectations.

Stable financial health is the cornerstone of our ongoing investments in the future. In 2022, our capital expenditures totaled NT\$31.5 billion, mainly used for the deployment of 5G and core access networks, the construction of IDC, and the layout of international submarine cables in response to opportunities driven by OTT digital content. Meanwhile, we continued to retire high-energy-consuming equipment to accelerate to achieve our carbon reduction goals.

Future Outlook

Looking to the future, we believe Taiwan's telecom market will develop healthier with industry consolidation. With the fastest 5G network, technology development capabilities including IOWN, our absolute leading position in mobile revenue market share and mobile customer number market share, abundant innovative applications, and close corporate customer relationships, we are fully confident that we will continue to lead the communications industry in this changing market, both on a local and global scale.



▲ Senior executive team photo taken at Ren'ai Mutual-help Education and Health Center in Workplace.

In 2023, to achieve our sustainability goals, we modify our strategic direction from "Transformation x 5G x Sustainability" to "Sustainability x 5G x Innovative Transformation." We work to actively develop 5G and drive innovation, and continue to lead enterprise transformation and development through innovation. At the same time, we actively compete for and attract talents. Although the macro-economic environment remains uncertain in the foreseeable future, we will continue to expand high-tech talent recruitment to strengthen our capabilities and strive to seize digital transformation and net-zero business opportunities.

We echo and fully support the government's transformation to net-zero and will continue to strengthen network security and resource security protection. Meanwhile, we also deepen our customer-insight capability to satisfy our

customers' needs and grasp business opportunities, in order to enhance our growth momentum and dynamics in our three business groups. At the same time, we continue to implement strategies of "Three Keys of Technology," which include "creating a talent pool," "creating a technology pool" and "creating a standard blueprint" in order to build robust technological capabilities and infrastructure. Meanwhile, we are also implementing the "Three Principles of Operation," which include "Embracing Customers," "Facilitating Cross-Group Collaboration" and "Building Broad Partnerships," with the active spirit of "building alliances and reciprocity" to strengthen the ecosystem. We will continue to invest in innovative application services that have growth potential and leverage the collaborative operations of the Company and its subsidiaries in order to generate strategic synergies and sustainable growth to maximize value for our shareholders and other stakeholders.

Chi-mau Sheih

Chi-Mau Sheih
Chairman and Chief Executive Officer

Shui Yi Kuo

Shui-Yi Kuo
President

1. Operating Performance in 2022

1.1 2022 Operating Review

The company is committed to providing high-quality services with the "customer-centric" concept, and has three major business groups to serve customers' demands: Consumer Business Group, Enterprise Business Group and International Business Group. Each business group provides mobile communication and fixed-line service (such as fixed broadband, internet, video service, etc.) as well as customized ICT solutions to meet customers' needs. In 2022, the Company achieved the consolidated revenue of NT\$216.7 billion, increasing by 3% and NT\$6.2 billion year over year. Among them, the revenue of Consumer Business Group reached NT\$132 billion, while the revenue of Enterprise Business Group and International Business Group reached NT\$72.2 billion and NT\$6.1 billion, increasing by 2%, 4%, and 17%, respectively. The growth momentum was mainly driven by the migration of 5G services resulted from the active promotion of Consumer Business Group, which led to an increase in mobile service revenue, as well as the success of the HiNet Higher-Speed promotion plan that drove the growth of fixed broadband service revenue. In addition, the Enterprise Business Group revenue grew owing to the increase of ICT services revenues such as IDC, cloud, cybersecurity, 5G private network and big data, as well as mobile service revenue growth driven by an increase in 5G customers. The growth of International Business Group revenue was mainly driven by the ICT revenue growth resulted from increasing demand for IDC and cloud services from international customers.

Despite the disruption related to COVID-19 in 2022, the Company demonstrated outstanding performance in revenue and profit by exceeding full year guidance. Mobile service revenues' growth is attributable to the increase in number of mobile broadband subscribers and renewals with increased subscription fees. Data communication and broadband access revenue increased due to home broadband demand for epidemic prevention and broadband promotion plan which further propelled the growth of the 300 Mbps or higher speed service adopters and fixed broadband revenue. In addition to stable financial performance, the Company continuously makes efforts in promoting ESG development. In 2022, the Company pledged to meet its goal of achieving RE100 and 100% use of renewable energy in 2040, to realize the

three sustainable visions of "green low-carbon," "digital empowerment" and "integrity and transparency."

In response to the fierce competition, rapid technological advancement and ongoing innovation of emerging service business models, the Company completed its organizational transformation with a new organizational structure and teams that upholds the "customer-centric" culture and will take a step further in gaining insights into customer needs, enhancing business efficiency and leveraging group synergies. Looking ahead in 2023, the Company continues the growth momentum of various business, improve product and service offerings with customer-centric mindset and advocate the corporate values of "innovation, accountability, customer orientation and integrity," striving to create the best customer experience and achieve the vision.

Strong customer support is a key success factor of Chunghwa Telecom's leadership. The Company continues to deliver compassionate, integrated and innovative services to maintain voice business leadership, expand broadband and value-added services (VAS), promote enterprise ICT, and grow in overseas markets. These efforts ensure the Company's leading brand and market share within the Taiwan market and solidify its revenue and customer growth.

As a leader in mobile communication, the Company launched high-speed 5G services on June 30, 2020, marking a milestone while leading the nation into a new era for telecommunication. In addition to providing high-quality telecommunication services, the Company aims to promote the integrated services of mobile and other services. Using innovative technologies such as AR, VR, AI, IoT, big data and cloud, combined with 5G's advantages of high-speed, low latency and massive connectivity, the Company developed applications in 7 categories and 13 vertical sub-sectors to form a cross-industry 5G ecosystem. With 4G/5G EN-DC technology, the Company established the most extended nationwide coverage of dual mobile network while providing high-quality services. The Company continues to develop mobile VAS and expand its mobile network infrastructure as it promotes Hami VAS. As of December 31, 2022, the nationwide penetration rate of mobile phone has reached 129.6%, of which the Company's subscribers totaled 11.04 million (excluding IoT), with a market-leading position of 36.6% market share. In addition, The Company has 1.58 million IoT subscribers which also hold the leading

position in the market.

In terms of domestic fixed communications, Taiwan local telephone penetration has reached 113.2% (according to the NCC's definition and calculation of "local telephone household subscribers as a percentage of total nationwide households"), of which the Company's subscribers totaled 9.4 million, representing a leading market share of 91.4%. In addition, the Company focuses on higher-speed optical fiber offerings by constructing a faster and more stable broadband network environment to provide customers with better quality of broadband access service. As of December 31, 2022, the total broadband subscribers of the Company are approximately 4.39 million, of which approximately 0.97 million subscribers use 300 Mbps and above, representing an increase of 51.9% year over year. In addition, FTTx subscribers are approximately 3.75 million, representing an increase of 1.7 % year over year.

Furthermore, the Company is actively promoting MOD services, and making an effort to introduce high-quality channels and program content with HiNet + MOD + Mobile 5G (Multiple-Play) integration, in order to provide ubiquitous and seamless digital convergence services across networks, platforms and terminals. The advance of the internet and technology has propelled the development of OTT TV service, altering the viewing habits of audience. Consumers increasingly consume streaming media directly through the internet, which has been further exacerbated by the impact of the COVID-19 pandemic and economic inflation. As a result, there has been a corresponding decrease in consumer spending, leading to a reduced willingness to subscribe to MOD services. As of December 2022, MOD subscribers reached 2.05 million, representing a year over year decrease of 10,000. However, the number of CATV customers decreased by 92,000 from 4.74 million to 4.65 million, which indicates that MOD is relatively resistant.

For internet services, the Company continues to promote HiNet broadband access and CHT Home Wi-Fi services for FTTx customers as well as enhanced VAS, including video/audio offerings. In addition, the Company focuses on enhancing customer relations and membership operations with integrated content services to increase customer satisfaction and to enhance its product portfolio's competitive advantages.

For ICT business, the Company continues to uphold the customer-centric culture, to provide standardized and

customized information with communication integration services such as IDC, cloud, Internet of Things (iEN, IVS, ITS, IGB, etc.), information security, mobile application and, 5G private network, etc. The Company actively improves service quality and capacity, and has been awarded various prizes, such as "2022 Best Data Center Service Provider in Taiwan" from Frost & Sullivan for five consecutive years for the "IDC Service," "Smart Places Project of the Year" from the 2022 Asia Communications Award for our "5G Intelligent Ports," "Service Innovation Award" from the Ministry of Transportation for the "5G Smart Vehicle Road Cloud Service" and the "2022 Cloud IoT Innovation Award" for the AI-based "Cloud Technology Law Enforcement" solution. The Company will continue to apply emerging technologies to provide digital transformation solutions for enterprise customers. In addition, the Company is actively expanding into overseas markets, strengthening international ICT business and promoting the overseas 5G and smart solution services for international customers to enrich international business revenue.

For international business, the Company continues to improve service quality of the international fixed-line, reduce churn rates, promote international leased lines and value-added services and strengthen integrated marketing of the overseas transnational business.

The Company continues to strengthen operating efficiency of physical channels by introducing systematic information and big data analysis, and dynamically adjust service location and operating hours according to changes in commercial areas and regional customer service needs. At the same time, the Company promotes measures such as on-site observation of service quality, service process optimization, paper use reduction and mobile phone recycling (including old and waste mobile phones), to provide more convenient and better-quality telecommunication services while also making efforts to environmental protection. In addition, the Company combines local culture to establish regional characteristics and implements the ESG policies.

In terms of digital channels, the Company continues to uphold a customer-centric culture to make full use of digital channels, which are open all year round with queue-free and no-phone-waiting characteristics and optimizes online sales and services with the customer-centric concept to improve customer experience and satisfaction. Meanwhile, driven by digital technology, the Company was able to

intelligently recommend telecom tariff plans according to the needs of various customer groups. In addition, the Company launched new services and solutions for the online store to meet the needs of customers for immediate application.

1.2 Capital Expenditure

The Company's total CAPEX for 2022 was NT\$31.53 billion, including NT\$13.81 billion for mobile communications, and NT\$17.72 billion for non-mobile communications.

1.3 Revenue, Expenditure & Profit Analysis

Fiscal Year Financial Metrics		Unit: NT\$ millions	
		2021	2022
Revenue & Expenditure	Revenues	210,478	216,739
	Gross Profit	75,367	80,022
	Income from Operations	44,930	46,825
	Non-Operating Income and Expenses	1,137	404
	Income before Income Tax	46,067	47,229
	Net Income	37,195	38,000
	Net Income attributable to Stockholders of the Parent	35,754	36,477
Profitability	Return on Assets (%)	7.33	7.37
	Return on Equity (%)	9.53	9.68
	Pre-tax Income to Paid-in Capital (%)	59.38	60.88
	Net Income Ratio (%)	17.67	17.53
	Earnings Per Share (NT\$)	4.61	4.70

Note: The above table is based on consolidated financial reports.

1.4 Research & Development

The Company actively invests in the capacity of research and development. Through innovative R&D by collaborating with domestic and international partners, the Company developed technologies and applications such as 5G, Low-Earth Orbit satellites network, cloud computing, internet of things, metaverse, artificial intelligence, big data, blockchain/NFT, cybersecurity, and ESG energy conservation, to meet customer needs in a timely manner

and support business development, and realize future growth momentum.

To implement plans across various R&D fields, Chunghwa Telecom and its subsidiaries invested a total of NT\$3.77 billion in R&D in 2022, accounted for 1.74% of consolidated revenues.

2. Business Plan Highlights for 2023

2.1 Operation & Strategy Outlook

In response to the development of medium to long-term new technology, aging and urbanization, as well as challenges such as climate, energy, the metaverse, the epidemic era and competition for talent, etc., the Company's operating strategy for 2023 focuses on "sustainability + 5G + innovation transformation," integrating ESG sustainable development into operations, actively promoting and accelerating the construction of 5G networks, and strengthening innovation and transformation to create a new growth curve. The Company also focuses on business development with three major business groups: Consumer Business Group, Enterprise Business Group and International Business Group, combined with three major technology groups: Network Technology Group, Information Technology Group and Telecommunication Laboratories, to promote empowerment in technology and operation, enhance core capabilities and infrastructure, strengthen customer demand insights, improve talent development and reinvestment in operations, and seize business opportunities such as 5G (including enterprise private networks), forward-looking construction 2.0, national sustainable development, post-epidemic era, smart applications, and other business opportunities, while upholding the corporate mission of becoming "the Leading Provider of Smart Life and the Enabler of the Digital Economy" to realize "customer-centric value creation." The Company strives to achieve the development vision of "becoming the most valuable and trustworthy information and communication company."

- Sustainable development of ESG: With the service concept of "green low-carbon, digital empowerment, integrity and transparency," fully integrate the ESG strategy and business plans to lead smart life and promote sustainable development.
- 5G: Driven by strategies of "Quality First" and "Expanding Cooperation," continue to optimize 5G network, maintain the leading position in 5G quality,

promote private 5G enterprise network and form alliances with enterprise partners to develop innovative applications and create a new growth curve for enterprise customer business.

- **Innovation Transformation:** To become the Leading Provider of Smart Life and the Enabler of Digital Economy, the Company hopes to make good use of information and communication technology to promote the digitization and intelligence for itself and Taiwanese enterprises, to drive the innovation and transformation of Taiwanese enterprises. The Company assists people to upgrade and enjoy a smart life; assists industries to upgrade and create a digital economy; assists the government with urban governance to create a smart governance. This is the vision direction of the Company's long-term development of digital transformation.

2.2 Key Operating Metrics Outlook

The Company estimates its 2023 operating targets as listed below, based on its current evaluation of all business segments:

Key Offerings		Subscribers / Minutes in million
Mobile Communications	Mobile Broadband	12.873 Subs (Note 1)
Domestic Fixed-line	Local	9.16 Subs
	Domestic Long Distance	1282.8 Mins
	Broadband Access	4,409 Subs
	HiNet Broadband ISP	3,687 Subs
International Fixed-line	International Long Distance	101 Mins (Note 2)

Note 1: Including subscribers utilizing Internet of Things (IoT).

Note 2: Only including outgoing minutes.

2.3 Key Product & Marketing Strategy

The Company's product, pricing and channel strategies for telecommunication and ICT services are listed below:

(1) Products

While facing the challenges of a competitive market environment and industry regulatory limitations, the Company continues to integrate and innovate services to strengthen customer relationship, encourage existing 4G customers to upgrade to 5G by adopting 5G devices with various sales promotion, which further increase customer

value. Meanwhile, the Company explores attractive VAS opportunities to increase customer Average Revenue Per User (ARPU), and expands its product portfolio for digital life VAS to fulfill digital convergence consumption demands and to enhance its total revenue.

For mobile communication, the Company continues to expand its mobile internet services in order to increase the overall revenue stream. The Company continues to build its mobile network, the quality of which has received recognition and is honored by numerous domestic and international awards. The Company was honored three titles with the "Best Mobile Coverage for 2018-2022," "Best Mobile Network for 2018-2022" and "Fastest 5G Network for 2021-2022" at the 2023 Mobile World Congress (MWC) by Speedtest®. In December 2022, the Company won seven titles, including "5G Download Speed," "5G Download Speed," "5G Upload Speed," "5G Voice App Experience," "Overall Download Speed," "Overall Upload Speed," "Overall Video Experience" and "Overall Voice App Experience" as announced by Opensignal. For 2023, the Company will continue providing its high-speed broadband network, optimizing its service coverage, offering flexible rate packages, providing more diversified mobile VAS, such as music (KKBOX, ringback tone), Hami Pass, Hami Video (movie, TV), Hami Cloud Gaming, Hami VR and e-book (Hami Books, children's books), as well as promoting mobile payment service, in order to better fulfill the demands of different market segments and, consequently, to increase customer contributions to the revenue stream.

For domestic fixed communication, the Company leverages its IP network in providing integrated fixed network, data, and mobile services; and various VAS for telecommunication, entertainment, information and enterprise customers in order to increase the total revenue. In addition, MOD continues to focus on offering major sports events, industry-leading exclusive content, interactive multi-screen package, high definition (4K, HD), and other diverse features, in order to increase overall subscriptions and revenue.

For broadband services, the Company focuses on broadband access upgrades and FTTx services in order to provide customers with a higher speed and more stable broadband network environment. Under the trend of digital convergence development, the Company will continue to actively offer FTTx promotions and integrated services such as broadband + mobile + Wi-Fi and broadband + MOD,

allowing customers to enjoy the convenience of one-stop services for their internet access and media entertainment needs everywhere. In the future, the Company plans to develop more innovative VAS and diverse digital home services to fulfill customer demands for a smart life.

For ICT services, the Company leverages its ICT product portfolio as the core in developing advanced solutions, such as IoT (Intelligent Energy Network (iEN), Intelligent Video Surveillance Service (IVS), Intelligent Transportation System (ITS), and Intelligent Green Building (IGB)), cybersecurity, IDC integration, cloud computing, mobile application, 5G private networks for enterprises and governments. The Company is also continuing research efforts for innovative enterprise applications in emerging services, such as CHT IoT smart platform, AI, big data, blockchain, AR/VR, smart healthcare and intelligent customer service in order to increase its medium- to long-term revenue growth momentum.

For international business, the Company actively invests in international submarine cables and deploys global networks, providing international communications, international circuits, international data networks, IDC, information security, cloud-network integration solutions, information and communication integration and smart solutions to assist Taiwan companies and international enterprise customers in global operations, digital transformation and service innovation.

(2) Pricing

The Company devises competitive product offerings with various rate plans to target customers by leveraging its comprehensive product portfolio, large customer base and service innovations. For broadband services, the Company offers broadband internet promotion, including fixed + mobile broadband bundled package, broadband + mobile + Wi-Fi bundled package, and broadband + MOD + content bundled package, in order to fulfill the demand of indoor and outdoor for internet access and entertainment. For mobile services, the Company meets customer demands by offering preferred 5G plans with multiple device solutions, which combined with the Hami Point ecosystem, to encourage upgrades to higher-quality 5G services.

(3) Sales Channel

As of December 31, 2022, the Company has 691 physical service locations, of which 447 are directly operated service

centers and 244 are exclusive service stores, in order to offer broadband, MOD, mobile and other services.

In 2022, the Company promoted the synchronization of customer contact service process information, deepened VIP reservation services and enhanced the visibility of physical channels by combining them with online marketing channels. In 2023, the Company will continue to optimize customer service, promote store upgrades and deepen the engagement of online marketing channels to provide customers with more convenient and efficient services.

For the digital channels, in 2022, the Company optimized digital channels through the revision of the online store website, digital signature service mechanism optimization, the introduction of LINE Pay mobile payment tool, and the implement automatic identification of ID card images conversion, to simplify the online application procedures for customers, enhance the customers' online service experiences and continue to create customer value and capacity of digital channels. In the future, the Company will continue to launch emerging and more diverse sales and service mechanisms in the online stores and the Chunghwa Telecom APP, combined with flagship models, Hami Points, popular and hot-selling products, also with festive events and campaigns, to launch various and valuable telecom tariff plan. Therefore, customers can quickly complete various business and service applications online at any time.

To meet customer demand, in addition to physical service locations, online stores, mobile apps and other diversified sales channels, the Company manages direct sales and services through a CRM platform, combining it with big data analysis to further improve marketing efficiency through targeted advertising. Also, the Company continues to expand its customer point reward program and membership management capabilities, as well as leverage corporate branding commercials, participate in exhibitions, and strengthen PR practices and targeted marketing in order to increase overall customer loyalty. This raises new product awareness and favorable opinions, accelerating the spread of the Company's reach.

2.4 Impact from Regulatory Changes and Competitive Development

(1) The Legislative Yuan approved a budget for the third and fourth stage of its Forward-looking Infrastructure Development Program in January 2021 and December 2022 respectively. This budget includes 5G subsidies of

NT\$15.49 billion for 2021-2022 and NT\$ 6.75 billion for 2023-2024, allocated to encourage telecom operators to speed up construction of 5G networks while promoting several projects in digital and infrastructure in urban and rural areas to further drive 5G development. The Company has received the most subsidies of the industry both in 2021 and 2022, and will continue accelerating construction in 2023.

- (2) After the announcement of “Taiwan’s Pathway to net-zero Emissions in 2050” by the National Development Council (NDC) on March 30, 2022, NDC together with relevant ministries and committees held a “Milestones and Key Strategies of net-zero Transitions” press conference to announce “The Action Plan of 12 Key Strategies ” to fully promote 2050 net-zero Transition Goals on December 28, 2022. The government is planning to invest a total of nearly NT\$900 billion before 2030 and with NT\$68.2 billion in 2023. With the establishment of a proactive carbon reduction goal of half carbon emissions in 2030 compared with 2020, the Company will continue to monitor policy developments to adjust the net-zero transformation practices and pace accordingly. The Company will also closely track relevant action plans and be committed to grasp the business opportunities of net-zero transformation by strengthening relevant business planning.
- (3) In May 2022, Chunghwa Telecom received approval from the National Communications Commission to obtain 20MHz of 900MHz low band frequency from Asia Pacific Telecom to improve the competitiveness of frequency resources.
- (4) In 2023, Taiwan Mobile proposed a merger of Taiwan Star and Far EasTone with Asia Pacific Telecom. The merger has been approved by the National Communications Commission with an additional surcharge in January 2023 and is now being reviewed by the Fair Trade Commission. After the mergers, it is expected that the telecommunications market will move towards healthy development.
- (5) The primary goals of the Executive Yuan of Taiwan’s “Digital Nation and Innovative Economic Development Program (2017-2025)” (the “DIGI+ plan”), renamed as the “Smart Country Plan (2021-2025)” in 2021, are to increase the scale of Taiwan’s digital economy, expand the broadband network, provide all Taiwanese citizens with broadband internet access, and strengthen national information technology capabilities. Specifically, the Taiwan government has set an overall broadband environment objective with a target of 90% 2 Gbps broadband service coverage by 2025. Upon further review, the Company responded affirmatively to the government’s DIGI+ gigabyte-level broadband coverage policy goal. In 2023, the Company will increase capital expenditure for its fixed broadband network to encourage customers to upgrade broadband speeds to 300 Mbps or more, further solidifying the competitive advantages of the Company’s fixed broadband network.
- (6) Since the implementation of the Hong Kong National Security Law on July 1, 2020, new rules and regulations have created uncertainty for multinational companies and OTT operators. In response to these developments, affected companies have gradually transferred their operation centers from Hong Kong to other locations. For example, LINE has moved its backup server for storing user data to Singapore. Facing the changes of new international situation, Chunghwa Telecom will build a double ring submarine cables in the Asia-Pacific region and integrate with the core capabilities of IDC, cloud computing, cybersecurity, terrestrial cables and other businesses to actively support the entry of customers and landing of new submarine cables. In addition, in response to the evolving international submarine cables transmission system and to provide a higher number of wavelength technologies, the Company has maintained its investment in new, high-bandwidth international submarine cables to provide better circuit cost advantages in the future and pursue international business opportunities.
- (7) The U.S.-China trade war has prompted China-based Taiwanese businesses to transfer their production lines and orders to Taiwan. The government has also implemented a policy that welcomes Taiwanese investment back to Taiwan. In 2023, the Company continues to refine its management of Taiwanese enterprises that may return, including plans for voice, mobile, internet, digital, PBX (including IP-Centrex), cloud backup, storage equipment, firewall and solar photovoltaic energy equipment, etc.
- (8) The initial outbreak of COVID-19 had developed into a pandemic since 2020, imposing a major burden on the medical system and causing border lockdowns in various countries, which severely affected the life and work of individuals and economic activities. Despite the various economic relief measures introduced by lawmakers around the globe, the COVID-19 impact continued to affect multiple industries, in particular transportation and tourism industry. The impact on the telecommunications industry has been relatively mild,

mainly due to the impact to mobile international roaming service revenue; however, with the reopening of the borders, the mobile roaming business is expected to recover in 2023. The Company will actively pursue business opportunities in the “new normal,” such as the stay-at-home economy, zero-touch and accelerated digital transformation of enterprises.

2 Company Profile

1. Date of Incorporation
2. Company Milestones



Company Profile

Chunghwa Telecom is the largest integrated telecommunication service provider in Taiwan, with leading offerings in fixed communication, mobile communication, broadband, and internet services. In addition, the Company also provides information and communication technology services to enterprise customers with big data, cybersecurity and IDC capabilities, and is expanding businesses into emerging technology services such as IoT, AI, etc. All of these capabilities and offerings aim to create an excellent communication environment and a convenient digital lifestyle for customers, as well as to actively develop our partnership with international telecommunication service providers to promote international businesses.

In recent years, the Company has been actively involved in sustainable development initiatives and has attained various domestic and international awards and recognition. The Company aims to realize its ambitions and engage in full scale corporate sustainability management by implementing Sustainable Development Best-Practice Principles under a legalized governance framework to uphold the highest standards of governance principles.

1. Date of Incorporation

The company was officially established on July 1, 1996.

2. Company Milestones

2.1 Merger and Acquisitions, Strategic Investments in Affiliated Enterprises for the Most Recent Year and Up To the Publication Date of this Annual Report

- (1) The Company invested in Taiwan Capital Buffalo Fund VI, L.P. in June 2022 with a mid-to-long term strategy layout to support the development of emerging and future technology businesses.
- (2) The Company invested in Top Taiwan XIV Venture Capital Co., Ltd. in July 2022 to strengthen a short, mid-to-long term ESG strategy development.
- (3) The Company completed the liquidation of Chunghwa Telecom (China) Co., Ltd. (CTC) in October 2022.

2.2 Status of Corporate Reorganization for the Most Recent Year and Up To the Publication Date of this Annual Report

None.

2.3 Significant Shareholding Changes in Directors, Supervisors, or Shareholders with Greater than 10% Shareholding for the Most Recent Year and Up To the Publication Date of this Annual Report

None.

2.4 Changes in Managerial Control for the Most Recent Year and Up To the Publication Date of this Annual Report

None.

2.5 Material Changes in Business Operation, or Service Offerings for the Most Recent Year and Up To the Publication Date of this Annual Report

Since 2022, the Company launched a customer oriented organizational structure and established three business groups and three technology groups to fulfill a customer centric management concept. Please refer to page 17, Chapter 3, 1, 1.1, "Organization Chart."

2.6 Other Matters of Material Significance that could Affect Shareholders' Interest for the Most Recent Year and Up To the Publication Date of this Annual Report

None.

3 Corporate Governance Report

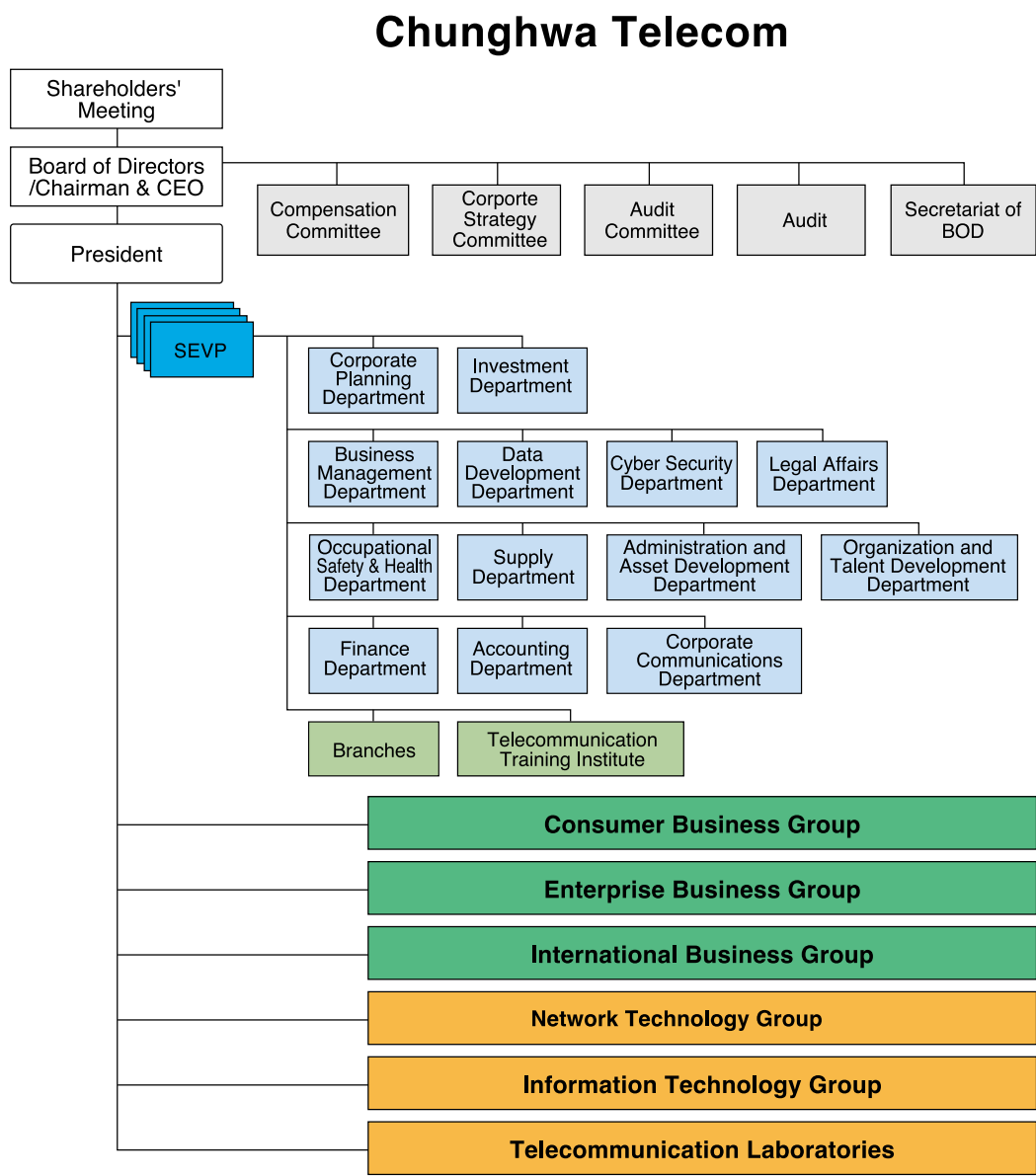
1. Organization Structure
2. Directors, President, Senior Executive Vice Presidents, Vice Presidents, Assistant Vice Presidents, Senior Directors, and Department Heads
3. 2022 Compensation of Directors (Including Independent Directors), President, Senior Executive Vice Presidents, and Other Management Officers
4. Corporate Governance
5. Certified Public Accountant (CPA) Professional Fees
6. Change of CPA
7. Audit Independence for the Most Recent Year
8. Shareholding Changes of Directors, Supervisors, Management, and Major Shareholders for the Most Recent Year and Up To the Publication Date of this Annual Report
9. Relationship Among Top Ten Shareholders
10. Comprehensive Shareholding Information Relating to Company, Directors, Management, and Companies Affiliated through Direct and Indirect Investments



Corporate Governance Report

1. Organization Structure

1.1 Organization Chart



In response to market competition, rapid technological advancement and the ongoing innovation of new business models, Chunghwa Telecom launched a new organizational structure in 2022. Combining the newly established Consumer Business Group, Network Technology Group and Information Technology Group with the Company's existing groups including the Enterprise Business Group, International Business Group, and the Telecommunication Laboratories, Chunghwa Telecom established three business groups and three technology groups based on a customer-centric concept. The customer-centric structure enables the Company to enhance overall competitiveness moving forward.

1.2 Principal Lines of Business

- **Consumer Business Group:** primarily focuses on mobile business, mobile data, short messaging services (SMS), fixed-line telephone, long distance telephone, public phone, broadband, IPTV (Multimedia on Demand) and OTT (Hami Video) plus other value-added services or digital convergence services.
- **Enterprise Business Group:** primarily focuses on providing services to enterprise clients, including overall ICT solutions, ICT project management and implementation, standardized and customized integration services for enterprise clients, cross-domain development

for emerging businesses, industry vertical application services, etc.

- International Business Group: primarily focuses on providing services to international clients, including domestic and international communication and circuits, data networks, international roaming services, cross-border IoT, IDC, cloud services, 5G private networks and applications, smart solutions and ICT integration services according to customer needs.
- Network Technology Group: primarily focuses on planning and management of company network policies/systems, including network architecture and strategic planning, network monitoring and management, network operation and maintenance, fixed network, data network, mobile network, international/satellite network, new generation intelligent cloud network, customer network services, enterprise private network and emerging technology/equipment introduction and others.
- Information Technology Group: primarily focuses on

coordinating CHT's IT policies and regulations, designing the internal BSS/MIS and providing comprehensive ICT solutions in areas such as cybersecurity, IDC/cloud, AIoT, business-related services, and outsourced projects for government agencies.

- Telecommunication Laboratories: focus on forward-looking innovation and core technologies, conducting research and development on innovative ICT applications, cloud-network convergence, and ESG energy conservation technologies, including vehicle-to-everything and smart transportation, telemedicine and e-health, unmanned aerial vehicles applications, metaverse platform and applications, AI platform and smart applications, blockchain and NFT platform, public and hybrid cloud management, 5G private network and edge computing, low-earth orbit satellites network, all-photon network, energy conservation of data centers, base stations and network equipment, etc.

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

2.1 Directors

(1) Director Profile

Title (Note 1)	Nationality	Name	Gender/ Age (Note 2)	Date Elected	Tenure	Date First Elected (Note 3)	Shareholding When Elected		Current Shareholding		
							Shares	%	Shares	%	
Director	R.O.C.	MOTC	-	May 27, 2022	May 26, 2025	June 11, 1996	2,737,718,976	35.29%	2,737,718,976	35.29%	
Chairman, Chief Executive Officer and Director	R.O.C.	Chi-Mau Sheih (Representative of the MOTC)	Male 61-70	May 27, 2022	May 26, 2025	Succeeded as a director on January 4, 2017 Succeeded as the Chairman & CEO on April 22, 2019	72,054	0%	72,054	0%	
President, and Director	R.O.C.	Shui-Yi Kuo (Representative of the MOTC)	Male 51-60	May 27, 2022	May 26, 2025	April 26, 2019	35,000	0%	35,000	0%	
Director	R.O.C.	Lien-Chuan Lee (Representative of the MOTC)	Male 51-60	September 16, 2019	May 27, 2022	September 16, 2019	0	0%	0	0%	
Director	R.O.C.	Hsiang-Ling Hu (Representative of the MOTC)	Male 61-70	May 27, 2022	May 26, 2025	May 27, 2022	0	0%	0	0%	
Director	R.O.C.	Ching-Hwi Lee (Representative of the MOTC)	Female 51-60	May 27, 2022	May 26, 2025	May 27, 2022	0	0%	0	0%	
Director	R.O.C.	Shin-Yi Chang (Representative of the MOTC)	Male 61-70	May 27, 2022	May 26, 2025	January 16, 2017~ August 9, 2018 (Note 3) June 21, 2019	0	0%	0	0%	
Director	R.O.C.	Sin-Horng Chen (Representative of the MOTC)	Male 61-70	May 27, 2022	May 26, 2025	June 21, 2019	0	0%	0	0%	

As of February 28, 2023

	Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Major Experience & Education (Note 4)	Other Position	Executives, Directors or Supervisors Who Are Spouses or Within Two Degrees of Kinship			Remarks (Note 5)
	Shares	%	Shares	%			Title	Name	Relation	
	0	0%	0	0%		-	-	-	-	-
	0	0%	0	0%	Master, Business Administration, National Taiwan University	Chairman & CEO, Chunghwa Telecom Co., Ltd. Director, Industrial Technology Research Institute Director, Straits Exchange Foundation	-	-	-	-
	0	0%	0	0%	Master, Accounting, National Chengchi University	President, Chunghwa Telecom Co., Ltd. Chairman, Chunghwa Telecom Foundation Director, Cornerstone Ventures Co., Ltd.	-	-	-	-
	0	0%	0	0%	Master, Economics, National Chengchi University	Vice Minister, MOC Director, Memorial Foundation of 228	-	-	-	-
	0	0%	0	0%	Bachelor, Transportation and Management, National Chiao Tung University	Political Deputy Minister, MOTC Chairman, Railway Technology Research and Certification Center Director, Straits Exchange Foundation	-	-	-	-
	0	0%	0	0%	Bachelor, History, National Taiwan Normal University	Deputy Minister, MOC	-	-	-	-
	0	0%	0	0%	Master, Business Administration, National Taiwan University	Director, Department of Accounting, MOTC Supervisor, Taiwan International Ports Corp.	-	-	-	-
	15,729	0%	0	0%	Ph.D., Electrical Engineering, Texas Tech University, USA	Chair Professor, Department of Electrical Engineering, National Yang Ming Chiao Tung University Independent Director, Chinesegamer International Corp.	-	-	-	-

Title (Note 1)	Nationality	Name	Gender/ Age (Note 2)	Date Elected	Tenure	Date First Elected (Note 3)	Shareholding When Elected		Current Shareholding		
							Shares	%	Shares	%	
Director	R.O.C.	Yu-Lin Huang (Representative of the MOTC)	Male 51-60	June 21, 2019	May 27, 2022	February 13, 2019	0	0%	0	0%	
Director	R.O.C.	Hung-Yi Hsiao (Representative of the MOTC)	Male 41-50	June 21, 2019	May 27, 2022	June 21, 2019	0	0%	0	0%	
Director	R.O.C.	Hsiu-Chuan Tsai (Representative of the MOTC)	Female 51-60	May 27, 2022	May 26, 2025	May 27, 2022	0	0%	0	0%	
Director	R.O.C.	Shih-Hung Tseng (Representative of the MOTC)	Male 61-70	May 27, 2022	May 26, 2025	April 6, 2021	245	0%	245	0%	
Independent Director	R.O.C.	Lo-Yu Yen	Male 61-70	June 21, 2019	May 27, 2022	June 24, 2016	0	0%	0	0%	
Independent Director	R.O.C.	Su-ming Lin	Male 61-70	May 27, 2022	May 26, 2025	May 27, 2022	0	0%	0	0%	
Independent Director	R.O.C.	JenRan Chen	Male 61-70	June 21, 2019	May 27, 2022	June 24, 2016	0	0%	0	0%	
Independent Director	R.O.C.	Chia-Chung Chen	Male 61-70	May 27, 2022	May 26, 2025	May 27, 2022	0	0%	0	0%	
Independent Director	R.O.C.	Yu-Fen Lin	Female 51-60	May 27, 2022	May 26, 2025	June 23, 2017	0	0%	0	0%	
Independent Director	R.O.C.	Chung-Chin Lu	Male 61-70	May 27, 2022	May 26, 2025	June 15, 2018	0	0%	0	0%	
Independent Director	R.O.C.	Yi-Chin Tu	Male 41-50	May 27, 2022	May 26, 2025	June 21, 2019	0	0%	0	0%	

Note 1: For institutional shareholder, the name of the institution and the name of its representatives are listed separately, as shown in the table below.

Note 2: Please use actual age, listed in a range, i.e. age 41–50 or age 51–60.

Note 3: Fill in the first time the person served as director or supervisor, please provide explanation for any gaps within the terms of the office.

Table 1: Major Shareholders of Chunghwa Telecom's Institutional Shareholders

As of February 28, 2023

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders
Ministry of Transportation and Communications, or MOTC	NA

	Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Major Experience & Education (Note 4)	Other Position	Executives, Directors or Supervisors Who Are Spouses or Within Two Degrees of Kinship			Remarks (Note 5)
	Shares	%	Shares	%			Title	Name	Relation	
	0	0%	0	0%	Ph.D., Civil and Environmental Engineering, University of California at Berkeley, USA	President of Taiwan Foundation for Democracy Director, Taiwan Thinktank	-	-	-	-
	0	0%	0	0%	Ph.D., Law, Soochow University	Professor, Department of Law, School of Law, Soochow University, Taiwan Dean of Office of International & Cross-Strait Academic Exchange, Soochow University, Taiwan	-	-	-	-
	1,000	0%	0	0%	Ph.D., Public Administration, National Chengchi University	Chairperson & Professor, Department of Political Science, Soochow University, Taiwan Supervisor, Central News Agency	-	-	-	-
	2,000	0%	0	0%	Electronic Engineering Department of Kun Shan Institute of Technology	President, Chunghwa Telecom's Corporate Union Tainan Branch Engineer, Tainan Branch, Chunghwa Telecom Co., Ltd.	-	-	-	-
	0	0%	0	0%	Master, Accounting, National Chengchi University	Chairman, Entrepreneurs Co-Creation Platform Independent Director, Sinyi Realty Inc. Independent Director, Qisda Corp. Director, Alibaba Entrepreneurs Fund	-	-	-	-
	0	0%	0	0%	Ph.D., Accounting, Arizona State University, USA	Professor, Department of Accounting, College of Management, National Taiwan University Independent Director, Taiwan Fertilizer Co., Ltd.	-	-	-	-
	0	0%	0	0%	Master, Sociology, National Taiwan University	Executive Board Director, Pixnet Digital Media Technology Co., Ltd. Independent Director, Ezfly International Travel Agent Co., Ltd. Executive Board Director, Institute for Information Industry (III)	-	-	-	-
	0	0%	0	0%	Master, Agricultural Economics, National Taiwan University	Director, Mega Financial Holding Co., Ltd. Director, Mega International Commercial Bank Co., Ltd. Independent Director, Dimerco Data System Corporation	-	-	-	-
	0	0%	0	0%	Double degree of L.L.B. and B.A., National Taiwan University	Managing Partner, Lex & Honor Attorneys-at-Law Independent Director, Bank SinoPac Co., Ltd. Independent Director, SINBON Electronics Co., Ltd.	-	-	-	-
	0	0%	0	0%	Ph.D., Electrical Engineering, University of Southern California, USA	Professor, Electrical Engineering Department, National Tsing Hua University Director, National Science & Technology Center for Disaster Reduction	-	-	-	-
	0	0%	0	0%	Master, Computer Science and Information Engineering, National Taiwan University	Chairman of Taiwan AI Labs & Foundation Director, Taiwan Creative Content Agency	-	-	-	-

Note 4: This field discloses academic qualifications. For relevant experiences, please refer to page 22, Chapter 3, 2, 2.1, (2) "Disclosure of Directors Professional Qualifications and Independence."

Note 5: When the chairman and the president, or manager of the same level (the executive management), are the same person, or a spouse or relative, there should be a clear explanation on the reason, rationale, necessity, countermeasures and other relevant information.

(2) Disclosure of Directors Professional Qualifications and Independence

As of February 28, 2023

Criteria Name	Professional Qualification and Work Experiences	Criteria for Independence	Number of Other Public Companies in which the Individual is Concurrently Serving as an Independent Director
Chi-Mau Sheih (Note 1)	1. Master, Business Administration, National Taiwan University 2. Current Position: Chairman and Chief Executive Officer, Chunghwa Telecom Co., Ltd. 3. Previous Work Experiences: President, Senior Executive Vice President (Marketing and Administration), Chunghwa Telecom Co., Ltd., and President, Southern Taiwan Business Group, Chunghwa Telecom Co., Ltd., and has been working with the Company for 47 years 4. Chairperson of the Company's Sustainable Development Committee 5. Areas of Research/ Expertise: Business Management, ICT, Cybersecurity, Cloud Computing, Big Data Applications and Commerce 6. Qualified with the requirements of at least 5 years of work experience in commerce and other necessary expertise for the business of the Company 7. Not been a person of any conditions defined in Article 30 of the Company Act.	1. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; 2. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the above persons in the preceding 1 subparagraph; 3. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company; 4. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; 5. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent); 6. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company; 7. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NTD500,000."	0
Shui-Yi Kuo (Note 1)	1. Master, Accounting, National Chengchi University 2. Current Position: President, Chunghwa Telecom Co., Ltd. 3. Previous Work Experiences: Chief Financial Officer & Senior Executive Vice President (Investment) and Vice President of Accounting Department, Chunghwa Telecom Co., Ltd. 4. Chairman of the Company's Corporate Strategy Committee, Risk Management Committee and Data Governance Committee 5. Vice-Chairperson of the Company's Sustainable Development Committee 6. Area of Research/ Expertise: Accounting and Finance 7. Obtained Certified Public Accountant Certificate from Ministry of Examination for Professional and Technical Exams, and qualified with the requirements of Certified Public Account and at least 5 years of work experience in commerce and accounting and other necessary professional expertise for the business of the Company 8. Not been a person of any conditions defined in Article 30 of the Company Act.	1. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; 2. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the above persons in the preceding 1 subparagraph; 3. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company; 4. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; 5. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent); 6. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company; 7. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NTD500,000."	0
Hsiang-Ling Hu (Note 1)	1. Bachelor, Transportation and Management, National Chiao Tung University 2. Current Position: Political Deputy Minister, Ministry of Transportation and Communications (MOTC) 3. Previous Work Experiences: Director-General, Railway Bureau, Ministry of Transportation and Communications (MOTC) 4. Areas of Research/Expertise: Transportation Planning and Management, Transportation Systems Analysis, the Railway Act 5. Qualified with the requirements of at least 5 years of work experience in commerce and other necessary expertise for the business of the Company 6. Not been a person of any conditions defined in Article 30 of the Company Act.	1. Not an employee of the Company or any of its affiliates; 2. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; 3. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3; 4. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company; 5. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; 6. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent); 7. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company; 8. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NTD500,000."	0

Criteria Name	Professional Qualification and Work Experiences	Criteria for Independence	Number of Other Public Companies in which the Individual is Concurrently Serving as an Independent Director
Ching-Hwi Lee (Note 1)	1. Bachelor, History, National Taiwan Normal University 2. Current Position: Deputy Minister, Ministry of Culture (MOC) 3. Previous Work Experiences: Deputy Director, National Palace Museum 4. Areas of Research/Expertise: Cultural Administration, Cross-Industry Cooperation and Coordination, and creative content industry areas such as performing arts, film, television, music, etc. 5. Qualified with the requirements of at least 5 years of work experience in commerce and other necessary expertise for the business of the Company 6. Not been a person of any conditions defined in Article 30 of the Company Act.	1. Not an employee of the Company or any of its affiliates; 2. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; 3. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3; 4. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company; 5. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; 6. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent); 7. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company; 8. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NTD500,000."	0
Shin-Yi Chang (Note 1)	1. Master, Business Administration, National Taiwan University 2. Current Position: Director, Department of Accounting, Ministry of Transportation and Communications (MOTC) 3. Previous Work Experiences: (1) Controller, Department of Accounting, Ministry of Economic Affairs (2) Director, Department of Accounting, Coast Guard Administration, Ocean Affairs Council (3) A lecturer for risk management and crisis management at the National Academy of Civil Service Examination Yuan, and as the Executive Secretary of the Internal Control Project Promotion Team of the Ministry of Economic Affairs for 6 years 4. Member of the Company's Corporate Strategy Committee 5. Area of Research/Expertise: Accounting 6. Qualified with the requirement of at least 5 years of work experience as an instructor of accounting at a public or private university with the necessary professional expertise necessary for the business of the Company 7. Not been a person of any conditions defined in Article 30 of the Company Act.	1. Not an employee of the Company or any of its affiliates; 2. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; 3. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3; 4. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company; 5. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; 6. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent); 7. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company; 8. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NTD500,000."	0
Sin-Hong Chen (Note 1)	1. Ph.D., Electrical Engineering, Texas Tech University, USA 2. Current Position: Professor, Department of Electrical and Computer Engineering, National Yang Ming Chiao Tung University 3. Previous Work Experiences: (1) Acting President of National Yang Ming Chiao Tung University (2) Chair, IoT & Intelligent Systems Research Center, National Chiao Tung University (3) Chief Executive Officer, National Science and Technology Program of Telecommunication and Network Communication, National Science Council, Taiwan (4) Chairman, Communication Engineering Program, National Science Council, Taiwan 4. Areas of Research/Expertise: Advanced Technology Development and Application System Development in Information & Communication Technology, Speech Signal Processing 5. Qualified with the requirements of at least 5 years of work experience as an instructor at a public or private university with the necessary professional expertise for the business of the Company 6. Not been a person of any conditions defined in Article 30 of the Company Act.	1. Not an employee of the Company or any of its affiliates; 2. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; 3. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3; 4. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company; 5. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; 6. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent); 7. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company; 8. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NTD500,000."	0

Criteria Name	Professional Qualification and Work Experiences	Criteria for Independence	Number of Other Public Companies in which the Individual is Concurrently Serving as an Independent Director
Hsiu-Chuan Tsai (Note 1)	1. Ph.D., Public Administration, National Chengchi University 2. Current Position: Chairperson & Professor, Department of Political Science, Soochow University, Taiwan 3. Previous Work Experiences: Political Deputy Minister, Ministry of Civil Service 4. Areas of Research/Expertise: Government Governance, Performance Management, Public Human Resource Management, Government and Policy Marketing, Anti-Corruption and Transparent Governance 5. Qualified with the requirements of at least 5 years of work experience as an instructor at a public or private university with necessary professional expertise for the business of the Company 6. Not been a person of any conditions defined in Article 30 of the Company Act.	1. Not an employee of the Company or any of its affiliates; 2. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; 3. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3; 4. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company; 5. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; 6. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent); 7. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company; 8. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NTD500,000."	0
Shih-Hung Tseng (Note 1)	1. Electronic Engineering Department of Kun Shan Institute of Technology 2. Current Position: Employee and Labor Director of Chunghwa Telecom Co., Ltd. 3. Member of the Company's Corporate Strategy Committee 4. Area of Research/Expertise: ICT 5. 43 years with the Company and qualified with the requirement of at least 5 years of work experience with necessary professional qualifications for the business of the Company 6. Not been a person of any conditions defined in Article 30 of the Company Act.	1. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; 2. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the above persons in the preceding 1 subparagraph; 3. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company; 4. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; 5. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent); 6. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company; 7. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NTD500,000."	0
Su-ming Lin (Note 2)	1. Ph.D., Accounting, Arizona State University, USA 2. Current Position: Professor, Department of Accounting, College of Management, National Taiwan University 3. Previous Work Experiences: Chairperson, Department of Accounting, National Taiwan University 4. Chairman of the Company's Audit Committee and member of the Company's Compensation Committee and Corporate Strategy Committee 5. Areas of Research/Expertise: Accounting, Finance, Tax Laws, International Taxation 6. Obtained Certified Public Accountant Certificate from Ministry of Examination for Professional and Technical Exams, and qualified with the requirements of at least 5 years of work experience as an instructor in a public or private university in an accounting related department with necessary professional expertise for accounting and the business of the Company 7. Not been a person of any conditions defined in Article 30 of the Company Act.	1. Not an employee of the Company or any of its affiliates; 2. Not a director or supervisor of the Company or any of its affiliates; 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; 4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3; 5. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company; 6. Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, ranks as of its top five shareholders, or has representative director(s) serving on the Company's board based on Article 27 of the Company Act; 7. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; 8. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent); 9. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company; 10. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NTD500,000"; 11. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.	1

Criteria Name	Professional Qualification and Work Experiences	Criteria for Independence	Number of Other Public Companies in which the Individual is Concurrently Serving as an Independent Director
Chia-Chung Chen (Note 2)	1. Master, Agricultural Economics, National Taiwan University 2. Current Position: Director, Mega Financial Holding Co., Ltd. 3. Previous Work Experiences: (1) CEO, E. SUN Bank (China) (2) Chairman, E.SUN Securities Co., Ltd. (3) Deputy President, E.SUN Securities Co., Ltd., responsible for overseeing corporate risk management 4. Member of the Company's Audit Committee, Compensation Committee and Corporate Strategy Committee 5. Areas of Research/Expertise: Digital Finance, Strategic Planning, Operational Management, Risk Management and Corporate Governance 6. Qualified with the requirements of at least 5 years of work experience in commerce and other necessary expertise for the business of the Company 7. Not been a person of any conditions defined in Article 30 of the Company Act.	1. Not an employee of the Company or any of its affiliates; 2. Not a director or supervisor of the Company or any of its affiliates; 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; 4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3; 5. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company; 6. Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, ranks as of its top five shareholders, or has representative director(s) serving on the Company's board based on Article 27 of the Company Act; 7. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; 8. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent); 9. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company; 10. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NTD500,000"; 11. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.	1
Yu-Fen Lin (Note 2)	1. Double degree of L.L.B. and B.A., National Taiwan University 2. Current Position: Managing Partner, Lex & Honor Law Offices 3. Previous Work Experiences: Partner, Kao & Partners, Attorneys-at-Law, Investment Lawyer, Lee & Li Attorneys-at-Law 4. Chairperson of the Company's Compensation Committee and member of the Company's Audit Committee 5. Areas of Research/Expertise: Legal areas, including International Investment, Corporate Investment, Financial, Banking and Electronic Payment, as well as Public Law 6. Qualified with the requirement of practicing lawyer and at least 5 years of work experience in law and other necessary expertise for the business of the Company 7. Not been a person of any conditions defined in Article 30 of the Company Act.	1. Not an employee of the Company or any of its affiliates; 2. Not a director or supervisor of the Company or any of its affiliates; 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; 4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3; 5. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company; 6. Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, ranks as of its top five shareholders, or has representative director(s) serving on the Company's board based on Article 27 of the Company Act; 7. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; 8. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent); 9. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company; 10. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NTD500,000"; 11. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.	2

Criteria Name	Professional Qualification and Work Experiences	Criteria for Independence	Number of Other Public Companies in which the Individual is Concurrently Serving as an Independent Director
Chung-Chin Lu (Note 2)	1. Ph.D., Electrical Engineering, University of Southern California, USA 2. Current Position: Professor, Department of Electrical Engineering, National Tsing Hua University 3. Previous Work Experiences: Chair, Electrical Engineering Department, National Tsing Hua University 4. Member of the Company's Audit Committee and Corporate Strategy Committee 5. Areas of Research/Expertise: Digital Communications, Error-correcting Codes, Systems Bioinformatics, Quantum Computation and Quantum Communications, Machine Learning 6. Qualified with the requirement of at least 5 years of work experience as an instructor at a public or private university with necessary professional expertise for the business of the Company 7. Not been a person of any conditions defined in Article 30 of the Company Act.	1. Not an employee of the Company or any of its affiliates; 2. Not a director or supervisor of the Company or any of its affiliates; 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; 4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3; 5. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company; 6. Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, ranks as of its top five shareholders, or has representative director(s) serving on the Company's board based on Article 27 of the Company Act; 7. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; 8. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent); 9. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company; 10. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NTD500,000"; 11. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.	0
Yi-Chin Tu (Note 2)	1. Master, Computer Science and Information Engineering, National Taiwan University 2. Current Position: Chairman and Co-Founder of Taiwan AI Labs & Foundation, Computer Software Industry 3. Previous Work Experiences: (1) Chief R&D Officer, Asia Pacific region of Microsoft, leading the development of artificial intelligence services. (2) Principal Development Manager in Microsoft Artificial Intelligence & Research group (3) Founder, non-profit open-source organization of BBS club of PTT 4. Member of the Company's Audit Committee and Corporate Strategy Committee 5. Areas of Research/Expertise: Artificial Intelligence(AI), AI Data Governance, Software Platform R&D and Digital Talent Incubation 6. Qualified with the requirements of at least 5 years of work experience in commerce and other necessary expertise for the business of the Company 7. Not been a person of any conditions defined in Article 30 of the Company Act.	1. Not an employee of the Company or any of its affiliates; 2. Not a director or supervisor of the Company or any of its affiliates; 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; 4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3; 5. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company; 6. Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, ranks as of its top five shareholders, or has representative director(s) serving on the Company's board based on Article 27 of the Company Act; 7. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; 8. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent); 9. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company; 10. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NTD500,000"; 11. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.	0

Note 1: Legal Representative Directors
Note 2: Independent Directors

(3) Board Diversification and Independence

A. Implementation of Board Diversification Policy

a. Diversification Policy:

To strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, the Company's Board approved the resolution to enact the "Code of Corporate Governance of Chunghwa Telecom Ltd. Co.,." As stated in article 20 of the Code: The composition of Board members shall be considered in a diversified manner, and the appropriate policy on diversity should be based on the Company's business operations, operating dynamics and development needs. It is advisable that the policy includes, but is not limited to, the following criteria:

- (1). Basic requirements and values: Gender, age, nationality, culture and ethnicity; and
- (2). Professional knowledge and skills: Such as legal, accounting, industry, finance, marketing or technology

b. Concrete Objectives:

The Board directs company strategies, supervise management and be responsible to the Company and its shareholders. The operations and arrangements of its corporate governance system serve the function of ensuring that the Board of Directors exercises its authority complies with the provisions of laws, regulations, its Articles of Incorporation and the resolutions of its shareholder meetings. In accordance with the Company's Articles of Incorporation, at least one-fifth of the Board of Directors shall be expert representatives. All the directors of the Company are equipped with the knowledge, skills, literacy and decision-making and management capabilities necessary

to perform their duties. The Company continuously arranges a variety of courses for the directors to enhance their decision-making quality and supervision skills, thus strengthening the functions of the Board of Directors. In addition, the Company values gender equality in the composition of the board of directors, with at least one female director on its board and aims to exceed 20% of female directors within 2025.

c. Implementation of the Board Diversification Policy

The Company's 10th Board of Directors consists of 13 directors, including 8 non-independent directors and 5 independent directors, of which 3 are female. All 13 directors are R.O.C. nationals. The Company's Board possesses overall competence which includes operating judgment, accounting & finance, operating management, crisis management, industry knowledge, global market knowledge, leadership and decision-making ability. The Board members also possess industry experiences and expertise as follows: 10 equipped with business management skills; 11 with knowledge of sustainability development (ESG); 7 with ICT experiences, 3 with expertise in Fintech, 7 with audit and risk management skills; 6 are commerce and marketing specialists, 1 has experience in audiovisual and music-related creative content industry; 3 have experience in human resource management and development. Furthermore, 2 are legal professionals and 3 are accounting and finance experts. Please see below for additional information on the Board's background and expertise, as well as the Company's implementation of the board diversification policy.

Name	Gender	An Employee/ Management of the Company	Age	The Date of the Appointment as a Director	Term of Office of the Independent Director	Communication Industry Experiences (Years)	
Chi-Mau Sheih	M	V	61~70	2017.1.4		47	
Shui-Yi Kuo	M	V	51~60	2019.4.26		22	
Hsiang-Ling Hu	M		61~70	2022.5.27		2	
Ching-Hwi Lee	F		51~60	2022.5.27			
Shin-Yi Chang	M		61~70	2019.6.21		5.4	
Sin-Horng Chen	M		61~70	2019.6.21		44	
Hsiu-Chuan Tsai	F		51~60	2022.5.27			
Shih-Hung Tseng	M	V	61~70	2021.4.6		44	
Su-ming Lin	M		61~70	2022.5.27	1		
Chia-Chung Chen	M		61~70	2022.5.27	1		
Yu-Fen Lin	F		51~60	2017.6.23	3	5.8	
Chung-Chin Lu	M		61~70	2018.6.15	3	35	
Yi-Chin Tu	M		41~50	2019.6.21	2	28	

★ Indicates partial competence

Note: Directors as employees of the Company account for 23% of the board, independent directors account for 38.5% of the board, and female directors account for 23% of the board.

B. The Independence of the Directors

- The Company has 13 directors, 5 of whom are independent and represent 38.5% of the total number of directors. All independent directors maintain their independence within the scope of their duties, and have no interest relationship in the Company. Serving as the members of the Audit Committee, they are responsible for overseeing the fair presentation of the Company's financial reports, the hiring (and dismissal), independence and performance of the Company's CPA, the effective implementation of the Company's internal control system, the Company's risk management and control mechanism, and the Company's compliance with relevant laws and regulations.
- The positions of the Company's Chairman and President are held by different persons and they are not related to each other by spousal or familial relationship. Therefore, the board of directors is able to perform its duties of supervising the management and directing the Company's strategy, and is responsible for the Company and shareholders.
- All of the directors are not related to each other as spouses or relatives within the second degree of kinship, which complies with paragraph 3 and 4 of Article 26-3 of the Securities and Exchange Act. In addition, to ensure the independence of the Board's operations, pursuant to Article 17, Paragraph 1 of the Company's Meeting Rules of Order of the Board of Directors, if a director or a juristic person that the

	Industry Experiences								Professional Knowledge and Skills	
	Management Business	Sustainability Development (ESG)	ICT	Fintech	Audit & Risk Management	Marketing & Commerce	Audiovisual and Music-related Creative Content Industry	Human Resource Management & Development	Legal	Accounting & Finance
	v	v	v			v		v		
	v	v	v		v	v				v
	v	v	v	★	★	★			★	★
	v						v	★		
	v	v	★	★	v	v				v
			v							
	v	v			v	v		v		
		v	v							
	v	v	★	★	v	★		★	v	v
	v	v		v	v	v		v		
	v	v		v	v				v	
	★	v	v		v					
	v	v	v	v		v				

director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this Company, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion and the voting on the item, and may not exercise voting rights as proxy for another director. All directors of the Company have complied with the aforementioned requirements and have fully ensured that the discussion and voting of each resolution is based on the objective and independent judgment of the directors.

- In addition, to implement corporate governance and to enhance the functions of the Company's functional committees, the Company enacted the "Regulations Governing the Performance Evaluation of the Board of Directors of Chunghwa Telecom Co., Ltd." in 2019. Board performance evaluations have been conducted annually since then, which cover board as a whole, functional committees and individual director performance evaluation. In 2019 and 2022, respectively, the Company appointed independent professional institutions to conduct external board performance evaluations every three years. The reports and recommendations shall submit to the Board of Directors and used as a reference for the selection or nomination of directors for the next term.

2.2 Profiles of President, Senior Executive Vice Presidents, Vice Presidents, Assistant Vice Presidents, Senior Directors and Department Heads

Title (Note 1)	Nationality	Name	Gender	Effective Date (Note 6)	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		
					Shares	%	Shares	%	Shares	%	
President	R.O.C.	Shui-Yi Kuo	M	May 8, 2019	35,000	0%	0	0%	0	0%	
Senior Executive Vice President	R.O.C.	Wei-Kuo Hong	M	June 30, 2020	0	0%	0	0%	0	0%	
Senior Executive Vice President	R.O.C.	Rong-Shy Lin	M	June 30, 2020	1,361	0%	39,000	0%	0	0%	
Senior Executive Vice President and Chief Financial Officer	R.O.C.	Yu-Shen Chen	M	September 1, 2020	100,000	0%	0	0%	0	0%	
Senior Executive Vice President	R.O.C.	Li-Show Wu	F	June 30, 2022	32,964	0%	0	0%	0	0%	
Vice President	R.O.C.	Hui-Chen Wei	F	January 4, 2021	0	0%	0	0%	0	0%	
Vice President	R.O.C.	Shu-Ling Chen	F	September 30, 2017	152	0%	0	0%	0	0%	
Vice President	R.O.C.	Yuan-Kai Chen	M	November 27, 2020	22,075	0%	0	0%	0	0%	
Vice President	R.O.C.	Shih-Chung Chang	M	January 1, 2022	0	0%	0	0%	0	0%	
Vice President	R.O.C.	Hong-Bin Chiou	M	February 8, 2022	213	0%	0	0%	0	0%	
Vice President	R.O.C.	Di-Yao Jhan	M	January 3, 2023	0	0%	0	0%	0	0%	
Vice President	R.O.C.	Wan-Min Chou	M	June 6, 2022	162	0%	0	0%	0	0%	
Vice President	R.O.C.	Wen-Wang Tseng	M	January 1, 2015	2,603	0%	1,547	0%	0	0%	
Vice President	R.O.C.	Chih-Hsiung Huang	M	November 27, 2020	3,612	0%	0	0%	0	0%	
Vice President	R.O.C.	Wen-Chiyh Lin	M	January 1, 2022	0	0%	0	0%	0	0%	

As of February 28, 2023

	Major Experience & Education (Note 2)	Other Position	Officers Who Are Spouses or Within Two Degrees of Kinship			Remarks (Note 3)
			Title	Name	Relation	
	Senior Executive Vice President and Chief Financial Officer, Chunghwa Telecom Master, Accounting, National Chengchi University	Chairman of Chunghwa Telecom Foundation Director of Cornerstone Ventures Co., Ltd.	-	-	-	-
	President, Telecommunication Training Institute, Chunghwa Telecom Ph.D., Industrial Administration, National Tsing Hua University	Chairman of Light Era Development Co., Ltd. Director of Taipei Financial Center Corp. Director of Chunghwa Investment Co., Ltd. Chairman of Taiwan Telecommunications Association Chairman of International Telecommunications Development Company	-	-	-	-
	President, Data Communications Business Group, Chunghwa Telecom Ph.D., Computer Science, National Chiao Tung University	Chairman of Senao International Co., Ltd. Director of CHT Security Co., Ltd. Director of Taiwan International Standard Electronics Co., Ltd. Director of Chunghwa SEA Holdings	-	-	-	-
	Professor of Accounting at National Chengchi University Ph.D., Accounting, State University of New York at Buffalo, USA	Director of Taiwan Capital Buffalo Fund Co., Ltd. Supervisor of Taiwan Corporate Governance Association	-	-	-	-
	President, Enterprise Business Group, Chunghwa Telecom Master, Applied Mathematics, National Chiao Tung University	Chairman of Chunghwa Sochamp Technology Inc. Director of CHIEF Telecom Inc. Director of Senao International Co., Ltd. Director of CHT Security Co., Ltd. Director of International Integrated System, Inc.	-	-	-	-
	Assistant Vice President, Digital Convergence Business Department, Chunghwa Telecom Master, Law, Fu Jen Catholic University	Supervisor of Light Era Development Co., Ltd. Supervisor of Chunghwa Telecom Vietnam Co., Ltd.	-	-	-	-
	Assistant Vice President, Accounting Department, Chunghwa Telecom Bachelor, Accounting, Soochow University	Director of Taiwan Telecommunications Association Supervisor of CHT Security Co., Ltd. Supervisor of Chunghwa SEA Holdings	-	-	-	-
	Assistant Vice President, Investment Department, Chunghwa Telecom Ph.D., Computer Science, National Chiao Tung University	Director of Chunghwa System Integration Co., Ltd. Director of Chunghwa Investment Co., Ltd. Supervisor of CHYP Multimedia Marketing & Communications Co., Ltd. Director of Chunghwa Hsingta Co., Ltd. Director of Cornerstone Ventures Co., Ltd. Director of Prime Asia Investments Group Ltd. Director of International Integrated System, Inc. Director of Next Commercial Bank Co., Ltd.	-	-	-	-
	Vice President, Public Affairs Department, Chunghwa Telecom Master, Political Science, Soochow University	Supervisor of Taiwan International Standard Electronics Co., Ltd. Director of Taipei Financial Center Corp. Chairman of CHYP Multimedia Marketing & Communications Co., Ltd. Chairman of Clickforce Corp. Director of Chunghwa Telecom Foundation	-	-	-	-
	Vice President, Telecommunication Training Institute, Chunghwa Telecom Ph.D., Electrical Engineering, National Taiwan University	Director of Honghua International Co., Ltd. Director of Taiwan Telecommunications Association	-	-	-	-
	Assistant Vice President, Information Technology Group, Chunghwa Telecom Master, Electrical Engineering, Michigan State University, USA	None	-	-	-	-
	Assistant Vice President, Administration and Asset Development Department, Chunghwa Telecom Bachelor, Construction Engineering Technology, National Taiwan University of Science and Technology	President of Light Era Development Co., Ltd. Director of Taiwan Telecommunications Association Director of International Telecommunications Development Company	-	-	-	-
	Vice President, Occupational Safety & Health Department, Chunghwa Telecom Master, Safety Health and Environment Engineering, National Yunlin University of Science and Technology	None	-	-	-	-
	Assistant Vice President, Corporate Planning Department, Chunghwa Telecom Ph.D., Electrical Engineering, National Central University	Director of Light Era Development Co., Ltd.	-	-	-	-
	Vice President, Marketing Department, Chunghwa Telecom Master, Automatic Control Engineering, Feng Chia University	Chairman of Smartfun Digital Co., Ltd. Director of Spring House Entertainment Tech. Inc. Director of Honghua International Co., Ltd. Director of KKBOX Taiwan Co., Ltd.	-	-	-	-

Title (Note 1)	Nationality	Name	Gender	Effective Date (Note 6)	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		
					Shares	%	Shares	%	Shares	%	
Vice President	R.O.C.	I-Fang Wu	F	November 27, 2020	21,136	0%	0	0%	0	0%	
Assistant Vice President	R.O.C.	Ya-Chian Shiue	F	January 29, 2019	0	0%	0	0%	0	0%	
Assistant Vice President	R.O.C.	Ming-Tzu Hsiao	M	November 30, 2022	22,600	0%	0	0%	0	0%	
Assistant Vice President	R.O.C.	Chien-Chih Chen	M	January 1, 2022	0	0%	0	0%	0	0%	
Assistant Vice President	R.O.C.	Ze-Run Liu	M	January 1, 2022	0	0%	0	0%	0	0%	
Assistant Vice President	R.O.C.	Chun-Yen Chan	M	January 9, 2023	0	0%	0	0%	0	0%	
Assistant Vice President	R.O.C.	Ru-Kun Lee	M	January 1, 2022	15,073	0%	0	0%	0	0%	
Assistant Vice President	R.O.C.	Wen-Hao Yang	M	February 22, 2023	0	0%	0	0%	0	0%	
Assistant Vice President	R.O.C.	Ren-Bin Chiue	M	January 1, 2022	0	0%	935	0%	0	0%	
President of Business Group	R.O.C.	Tian-Tsair Su	M	January 1, 2022	32,341	0%	0	0%	0	0%	
President of Business Group	R.O.C.	Hsueh-Lan Wu	F	November 15, 2018	18,000	0%	0	0%	0	0%	
President of Business Group	R.O.C.	Chih-Cheng Chien	M	January 1, 2022	19,600	0%	0	0%	0	0%	
President of Branch	R.O.C.	Kuo-Chi Huang	M	January 1, 2022	4,252	0%	0	0%	0	0%	
President of Branch	R.O.C.	De-Ming Chen	M	June 30, 2022	190	0%	0	0%	0	0%	
President of Branch	R.O.C.	De-Lii Chang	M	January 1, 2023	0	0%	0	0%	0	0%	
President of Business Group	R.O.C.	Chau-Young Lin	M	April 30, 2022	12,888	0%	0	0%	0	0%	
President of Branch	R.O.C.	Ben-Yuan Chang	M	January 1, 2023	0	0%	0	0%	0	0%	

	Major Experience & Education (Note 2)	Other Position	Officers Who Are Spouses or Within Two Degrees of Kinship			Remarks (Note 3)
			Title	Name	Relation	
	Assistant Vice President, Cyber Security Department, Chunghwa Telecom Master, Operation Research, State University of New York at Stony Brook, USA	None	-	-	-	-
	Executive Law Director, HTC Corporation Master, Law, Washington University in St. Louis, USA	Supervisor of Taiwan Telecommunications Association	-	-	-	-
	Managing Director, Accounting Department, Stationary of Consumer Business Group, Chunghwa Telecom Accounting, Ling Tung College of Business	Supervisor of Chunghwa Investment Co., Ltd. Supervisor of Cornerstone Ventures Co., Ltd. Supervisor of Clickforce Corp.	-	-	-	-
	Assistant Vice President, Public Affairs Department, Chunghwa Telecom Master, Business Administration, Strayer College, USA	Director of CHYP Multimedia Marketing & Communications Co., Ltd. Director of Senao International Co., Ltd.	-	-	-	-
	Assistant Vice President, Human Resource Department, Chunghwa Telecom Bachelor, Transportation and Communication Management Science, National Chung Kung University	None	-	-	-	-
	Managing Director, Administration Management Department, Telecommunication Training Institute, Chunghwa Telecom Master, Law, National Taiwan University	None	-	-	-	-
	Assistant Vice President, Chairman Office, Chunghwa Telecom Master, Photonics, National Chiao Tung University	None	-	-	-	-
	Managing Director, Wireless Communications Laboratory, Telecommunication Laboratories, Chunghwa Telecom Ph.D., Institute of Electronics, National Chiao Tung University	None	-	-	-	-
	Assistant Vice President, Big Data Department, Chunghwa Telecom Master, Information Management, National Taiwan University of Science and Technology	None	-	-	-	-
	Chairman of Honghwa International Co., Ltd. Master, Electrical Engineering, National Chung Kung University	Director of Honghwa International Co., Ltd. Director of Senao International Co., Ltd. Director of Senao Networks Inc. Chairman of Spring House Entertainment Tech. Inc.	-	-	-	-
	Vice President, Enterprise Business Group, Chunghwa Telecom Master, Information Management, National Taiwan University	Chairman of Chunghwa Telecom Vietnam Co., Ltd. Chairman of Chunghwa Telecom Global, Inc. Chairman of Chunghwa Telecom Thailand Co., Ltd. Director of VIETTEL-CHT Company Ltd. Chairman/President of Chunghwa SEA Holdings	-	-	-	-
	President, Mobile Business Group, Chunghwa Telecom Ph.D., Engineering Technology, National Taiwan University of Science and Technology	Chairman of Chunghwa Telecom Singapore Pte., Ltd. Director of Senao International Co., Ltd. Director of Senao Networks Inc. Director of TATUNG TECHNOLOGY INCORPORATION Director of TOP TAIWAN XIV VENTURE CAPITAL CO., LTD.	-	-	-	-
	President of Taipei Branch (Mobile), Chunghwa Telecom Master, Electronic Engineering Technology, National Central University	None	-	-	-	-
	Vice President, Mobile Network Southern Branch, Network Technology Group, Chunghwa Telecom Master, Information Management, National Sun Yat-sen University	None	-	-	-	-
	Managing Director, Mobile Network Operation & Maintenance Department, Network Technology Group, Chunghwa Telecom Master, Electrical Engineering, National Tsing Hua University	None	-	-	-	-
	President, Data Communications Business Group, Chunghwa Telecom Ph.D., Electronic and Computer Engineering, National Taiwan University of Science and Technology	Chairman of International Integrated System, Inc. Director of CHT Security Co., Ltd. Director of Chunghwa Precision Test Tech. Co., Ltd.	-	-	-	-
	President, New Taipei Branch, Chunghwa Telecom Ph.D., Computer Science, National Chiao Tung University	None	-	-	-	-

Title (Note 1)	Nationality	Name	Gender	Effective Date (Note 6)	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		
					Shares	%	Shares	%	Shares	%	
President of Branch	R.O.C.	Ying- Hsueh Wang	F	January 1, 2023	0	0%	0	0%	0	0%	
President of Branch	R.O.C.	Jinun-Jye Lee	M	February 28, 2018	0	0%	0	0%	0	0%	
President of Branch	R.O.C.	Jhen-Cian Su	M	June 30, 2021	2,410	0%	0	0%	0	0%	
President of Branch	R.O.C.	Jing-Cyuan Guo	M	June 28, 2021	0	0%	0	0%	0	0%	
President of Branch	R.O.C.	Huan Hsing Chen	M	January 1, 2021	94	0%	0	0%	0	0%	
President of Branch	R.O.C.	Ling Jhao	F	January 1, 2022	4,780	0%	0	0%	0	0%	
President of Branch	R.O.C.	Shih-Tsu Liu	M	January 1, 2023	576	0%	379	0%	0	0%	
President of Branch	R.O.C.	Chia-Hsing Lee	M	January 1, 2023	44,048	0%	0	0%	0	0%	
President of Branch	R.O.C.	I-Mao Lin	M	January 1, 2023	2,000	0%	1,000	0%	0	0%	
President of Branch	R.O.C.	Ruei-Syuan Chang	M	June 30, 2021	96	0%	0	0%	0	0%	
President of Branch	R.O.C.	Hsi-Sheng Cheng	M	January 1, 2023	42,428	0%	0	0%	0	0%	
President of Branch	R.O.C.	Rong-Shun Huang	M	January 1, 2022	17,947	0%	0	0%	0	0%	
President of Branch	R.O.C.	Chung-Hsing Yen	M	December 7, 2022	35,177	0%	0	0%	0	0%	
President of Branch	R.O.C.	Kuan-Hsiung Liang	M	July 11, 2022	20,405	0%	0	0%	0	0%	
President of Branch	R.O.C.	Jin-Cyuan Liang	M	January 1, 2022	1,000	0%	13,000	0%	0	0%	
President of Branch	R.O.C.	Yung-Chang Lee	M	December 7, 2022	0	0%	0	0%	0	0%	

Note 1: Shall include profiles of President, Executive Vice President, Vice President, Department Heads, or any other equivalent positions within the Company.

Note 2: If any of the current and past experiences involve part of the auditing CPA firms or any of the Company affiliates, please provide details for the person's title and responsibilities.

Note 3: When the chairman and the president, or manager of the same level (the executive management), are the same person, or a spouse or relative, there should be a clear explanation as to the reason, rationale, necessity, measures for future improvement, and other relevant information.

Note 4: The above chart includes the Company's President, Senior Executive Vice Presidents, Vice Presidents and Assistant Vice Presidents of the Company's Level 1 branches, and affiliated institutions of the Company's President.

Note 5: To align with the Company's organizational transformation, effective January 1, 2022, some affiliated institutions and/or Level 1 branches have been renamed. Former supervisors of these entities remain unchanged, their original institution/branch/role listed under the "experience" section with the new effective date of January 1, 2022.

Note 6: Vice President I-Fang Wu retired on February 28, 2023.

	Major Experience & Education (Note 2)	Other Position	Officers Who Are Spouses or Within Two Degrees of Kinship			Remarks (Note 3)
			Title	Name	Relation	
	Vice President, New Taipei Branch, Chunghwa Telecom Bachelor, Transportation and Communication Management Science, National Chung Kung University	Director of Smartfun Digital Co., Ltd.	-	-	-	-
	Managing Director, Enterprise Business Department, Northern Taiwan Business Group, Chunghwa Telecom Associate, Electrical Engineering, Provincial Taipei Institute of Technology	None	-	-	-	-
	Vice President, Hsinchu Branch, Chunghwa Telecom Master, Information Management, National Chiao Tung University	None	-	-	-	-
	Vice President, Taichung Branch, Chunghwa Telecom Master, Applied Science and Technology, National Taiwan University of Science and Technology	None	-	-	-	-
	Vice President, Miaoli Branch, Chunghwa Telecom Master, Communications, National Chiao Tung University	None	-	-	-	-
	Vice President, Hualien Branch, Chunghwa Telecom Master, Department of International Business, National Dong Hwa University	None	-	-	-	-
	Vice President, Ilan Branch, Chunghwa Telecom Master, Business Management, Chung Yuan Christian University	None	-	-	-	-
	Vice President, Taichung Branch, Chunghwa Telecom Master, Computer Science, University of Iowa, USA	None	-	-	-	-
	Vice President, Changhua Branch, Chunghwa Telecom Master, Business Management, National Yunlin University of Science and Technology	None	-	-	-	-
	Vice President, Taichung Branch, Chunghwa Telecom Ph.D Business Management, Nanhua University	None	-	-	-	-
	President, Taitung Branch, Chunghwa Telecom Master, Computer and Communication Engineering, National Kaohsiung University of Science and Technology	None	-	-	-	-
	Vice President, Kaohsiung Branch, Chunghwa Telecom Master, Business Management, National Sun Yat-sen University	None	-	-	-	-
	Vice President, Kaohsiung Branch, Chunghwa Telecom Master, Computer and Communication Engineering, National Kaohsiung First University of Science and Technology	None	-	-	-	-
	Vice President, Enterprise Business Group, Chunghwa Telecom Master, Computer Science, National Chiao Tung University	None	-	-	-	-
	Vice President, Pingtung Branch, Chunghwa Telecom Master, Department of Business and Administration, National Pingtung University of Science and Technology	None	-	-	-	-
	Assistant Vice President of Honghwa International Co., Ltd. Master, Management, Nanhua University	None	-	-	-	-

3. 2022 Compensation of Directors (Including Independent Directors), President, Senior Executive Vice Presidents, and Other Management Officers

3.1 Compensation of Directors (Including Independent Directors)

Title	Name	Compensation to Directors								Total Compensation (A+B+C+D) and Ratio of Compensation to Net Income (%) (Note 10)	
		Base Compensation (A) (Note 2)		Pension / Severance (B)		Directors Compensation (C) (Note 3)		Professional Fee (D) (Note 4)			
		Parent-only	Consolidated (Note 7)	Parent-only	Consolidated (Note 7)	Parent-only	Consolidated (Note 7)	Parent-only	Consolidated (Note 7)	Parent-only	Consolidated (Note 7)
Director	Chi-Mau Sheih										
	Shui-Yi Kuo										
	Lien-Chuan Lee (Tenure expired on May 27, 2022)										
	Hsiang-Ling Hu (Elected on May 27, 2022)										
	Ching-Hwi Lee (Elected on May 27, 2022)										
	Shin-Yi Chang	1,132,242	1,132,242	-	-	39,479,796	39,479,796	62,500	62,500	40,674,538 0.11%	40,674,538 0.11%
	Sin-Horng Chen										
	Yu-Lin Huang (Tenure expired on May 27, 2022)										
	Hung-Yi Hsiao (Tenure expired on May 27, 2022)										
	Hsiu-Chuan Tsai (Elected on May 27, 2022)										
	Shih-Hung Tseng										

Unit: NT\$

	Compensation as Concurrent Employees								Total Compensation (A+B+C+D+E+F+G) and Ratio of Compensation to Net Income (%) (Note 10)	Compensation From Investees Other Than Subsidiaries or the Parent Company (Note 11)	
	Salary, Bonuses, and Allowances (E) (Note 5)		Pension / Severance (F)		Employee Compensation (G) (Note 6)						
	Parent-only	Consolidated (Note 7)	Parent-only	Consolidated (Note 7)	Parent-only		Consolidated (Note 7)		Parent-only		Consolidated
					Cash	Stock	Cash	Stock			
	18,747,104	18,747,104	-	-	-	-	-	-	59,421,642 0.16%	59,421,642 0.16%	-

Independent Director	Lo-Yu Yen (Tenure expired on May 27, 2022)											
	Su-ming Lin (Elected on May 27, 2022)											
	JenRan Chen (Tenure expired on May 27, 2022)											
	Chia-Chung Chen (Elected on May 27, 2022)	3,603,870	3,603,870	-	-	-	-	740,000	740,000	4,343,870 0.01%	4,343,870 0.01%	
	Yu-Fen Lin											
	Chung-Chin Lu											
	Yi-Chin Tu											

A. Please explain the policy, system, standards, and structure of independent directors' compensation, and describe the correlation with the amount of compensation based on responsibilities, risks, working hours, etc.: The compensation of independent directors of the Company is processed in accordance with the resolution of the 5th meeting of the 7th Board of Directors of the Company, and the amount of fixed part-time compensation and business execution expenses are paid separately according to position; the independent directors of the Company do not participate in the distribution of directors' compensation.

* Information on directors and independent directors are listed separately by position.

Compensation Range

Range of Compensation	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	Parent-only (Note 8)	Consolidated (Note 9) H	Parent-only (Note 8)	Consolidated (Note 9) I
Less than NT\$1,000,000	Lien-Chuan Lee, Hsiang-Ling Hu, Ching-Hwi Lee, Shin-Yi Chang, Sin-Horng Chen, Yu-Lin Huang, Hung-Yi Hsiao, Hsiu-Chuan Tsai, Lo-Yu Yen, Su-ming Lin, JenRan Chen, Chia-Chung Chen, Yu-Fen Lin, Chung-Chin Lu, Yi-Chin Tu	Lien-Chuan Lee, Hsiang-Ling Hu, Ching-Hwi Lee, Shin-Yi Chang, Sin-Horng Chen, Yu-Lin Huang, Hung-Yi Hsiao, Hsiu-Chuan Tsai, Lo-Yu Yen, Su-ming Lin, JenRan Chen, Chia-Chung Chen, Yu-Fen Lin, Chung-Chin Lu, Yi-Chin Tu	Lien-Chuan Lee, Hsiang-Ling Hu, Ching-Hwi Lee, Shin-Yi Chang, Sin-Horng Chen, Yu-Lin Huang, Hung-Yi Hsiao, Hsiu-Chuan Tsai, Lo-Yu Yen, Su-ming Lin, JenRan Chen, Chia-Chung Chen, Yu-Fen Lin, Chung-Chin Lu, Yi-Chin Tu	Lien-Chuan Lee, Hsiang-Ling Hu, Ching-Hwi Lee, Shin-Yi Chang, Sin-Horng Chen, Yu-Lin Huang, Hung-Yi Hsiao, Hsiu-Chuan Tsai, Lo-Yu Yen, Su-ming Lin, JenRan Chen, Chia-Chung Chen, Yu-Fen Lin, Chung-Chin Lu, Yi-Chin Tu
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)			Shih-Hung Tseng	Shih-Hung Tseng
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)				
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)				
NT\$ 5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)			Chi-Mau Sheih, Shui-Yi Kuo	Chi-Mau Sheih, Shui-Yi Kuo
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)				
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)				
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)				
Over NT\$100,000,000				
Total				

3.2 Compensation of President, Senior Executive Vice President, Senior Directors

Title	Name	Salary (A) (Note 2)		Pension / Severance (B)		
		Parent-only	Consolidated (Note 5)	Parent-only	Consolidated (Note 5)	
President	Shui-Yi Kuo	19,252,972	20,774,305	8,432,096	8,432,096	
Senior Executive Vice President	Wei-Kuo Hong					
	Rong-Shy Lin					
	Yu-Shen Chen					
	Li-Show Wu (succeeded on June 30, 2022)					
	Hong-Chan Ma (dismissed on June 30, 2022)					
President of Business Group	Tian-Tsair Su (succeeded on January 1, 2022)					
	Hsueh-Lan Wu					
	Chih-Cheng Chien					
	Chau-Young Lin					

Range of Compensation	Name of President, Senior Executive Vice President, and Senior Directors	
	The Company (Note 6)	All Investee Companies and the Parent Company (Note 7) E
Less than NT\$1,000,000		
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	Tian-Tsair Su	Tian-Tsair Su
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)		
NT\$ 5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	Shui-Yi Kuo, Li-Show Wu, Rong-Shy Lin, Wei-Kuo Hong, Yu-Shen Chen, Chih-Cheng Chien, Hsueh-Lan Wu, Chau-Young Lin	Shui-Yi Kuo, Li-Show Wu, Rong-Shy Lin, Wei-Kuo Hong, Yu-Shen Chen, Chih-Cheng Chien, Hsueh-Lan Wu, Chau-Young Lin
NT\$10,000,000(inclusive) ~ NT\$15,000,000 (exclusive)	Hong-Chan Ma	Hong-Chan Ma
NT\$15,000,000(inclusive) ~ NT\$30,000,000 (exclusive)		
NT\$30,000,000(inclusive) ~ NT\$50,000,000 (exclusive)		
NT\$50,000,000(inclusive) ~ NT\$100,000,000 (exclusive)		
Over NT\$100,000,000		
Total		

Unit: NT\$

	Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				Total Compensation (A+B+C+D) and Ratio of Compensation to Net Income (%) (Note 8)		Compensation From Investees Other Than Subsidiaries or Parent Company (Note 9)
	Parent-only	Consolidated (Note 5)	Parent-only		Consolidated (Note 5)				
			Cash	Stock	Cash	Stock	Parent-only	Consolidated	
	32,672,308	35,812,691	4,950,000	-	4,950,000	-	65,307,376 0.18%	69,969,092 0.19%	429,147

Note 1: The names of the Company's President, Senior Executive Vice President, and Department Heads shall be listed separately, with summarized compensation amount as disclosed.

Mr. Shui-Yi Kuo, Director and President, is listed under "Compensation for Directors (Including Independent Directors)."

Note 2: Refers to salary and extra commission disbursed to the Company President, Senior Executive Vice President, and Department Heads in fiscal year 2022.

Note 3: Refers to the different bonuses, rewards, travel expenses, special expenses, and allowances received by the Company President, Senior Executive Vice President, and Department Heads in fiscal year 2022. The Company does not have share-based compensation as per IFRS 2, such as employee stock option certificate, restricted stock, cash-based share subscription, etc.

Note 4: Refers to compensation as approved in the most recent year by the Board of Directors and allocated to the Company President, Senior Executive Vice President, and Department Heads in fiscal year 2022.

Note 5: Fully discloses the total amount of various compensation items on a consolidated basis that are disbursed to the Company President, Senior Executive Vice President, and Department Heads.

Note 6: Fully discloses the Company President, Senior Executive Vice President, and Department Heads names in the compensation range table in accordance to the different compensation amounts of the respective officers.

Note 7: Fully discloses the total amount of various compensation items to the Company President, Senior Executive Vice President, and Department Heads on a consolidated basis; fully discloses respective officers' names in the compensation range table in accordance to the different compensation amounts of the respective officers.

Note 8: Fiscal year net income refers to after-tax income in fiscal year 2022 and on a parent-only basis.

Note 9: a. This column shall clearly state the amount of compensation that Company directors received from investee companies or the parent company (if none, please fill in "None").

b. If Company directors have received compensation from investee companies or the parent company, then such compensation shall be included in the compensation range table in column E, and the column heading shall be changed to "Parent and All Investee Companies."

c. Compensation refers to Company directors' compensation related to salaries, rewards (including compensation as employees, or directors, or supervisors), and business execution expenses earned while serving as directors, supervisors, managers, etc., of investee companies.

Note 10: Tian-Tsair Su took office on January 1, 2022 as the general manager of the Consumer Business Group.

* The table above is for compensation disclosure only, and is different from taxable income, so the table cannot be used for taxable income purpose.

3.3 Compensation of Managers

(Including top 10 managers names, positions and total compensation amount)

As of December 31, 2022

	Title (Note 1)	Name (Note 1)	Compensation in Stock	Compensation in Cash	Total	Total to Net Income(%)
Managers	Senior Executive Vice President	Li-Show Wu (succeeded on June 30, 2022)	0	24,681,049	24,681,049	0.07%
	Senior Executive Vice President	Hong-Chan Ma (dismissed on June 30, 2022)				
	Senior Executive Vice President	Rong-Shy Lin				
	Senior Executive Vice President	Wei-Kuo Hong				
	Senior Executive Vice President	Yu-Shen Chen				
	Vice President	Hui-Chen Wei				
	Vice President	Shu-Ling Chen				
	Vice President	Yuan-Kai Chen				
	Vice President	Shih-Chung Chang				
	Vice President	Hong-Bin Chiou (succeeded on February 8, 2022)				
	Vice President	Fu-Fu Shen				
	Vice President	Shui-Mu Chiang				
	Vice President	Chun-Te Lee (dismissed on June 6, 2022)				
	Vice President	Wan-Min Chou (succeeded on June 6, 2022)				
	Vice President	Chih-Hsiung Huang				
	Vice President	Wen-Chiyh Lin				
	Vice President	I-Fang Wu				
	Vice President	Wen-Wang Tseng				
	Assistant Vice President	Ya-Chian Shiue				
	Assistant Vice President	Lii-Jia Guo (dismissed on November 30, 2022)				
	Assistant Vice President	Ming-Tzu Hsiao (succeeded on November 30, 2022)				
	Assistant Vice President	Chien-Chih Chen				
	Assistant Vice President	Ze-Run Liu				
	Assistant Vice President	Ru-Kuen Lee				
	Assistant Vice President	Ching-Min Chen (dismissed on March 23, 2022)				
	Assistant Vice President	Shih-Yuan Lin				
	Assistant Vice President	Ren-Bin Chiue				
	President of Business Group	Tian-Tsair Su (succeeded on January 1, 2022)				
	Vice President of Business Group	Hui-Pao Huang (succeeded on March 23, 2022)				
	Vice President of Business Group	Rong-Yi Chen (succeeded on January 1, 2022)				
	Vice President of Business Group	Hsueh-Hai Hu				
	Assistant Vice President	Liang-Wei Lee (succeeded on January 1, 2022)				
	Assistant Vice President	Wen-Ming Chuang				

	Title (Note 1)	Name (Note 1)	Compensation in Stock	Compensation in Cash	Total	Total to Net Income(%)
Managers	Assistant Vice President	Petrina Chong				
	Assistant Vice President	Shu-Ling Chen				
	Vice President of Business Group	Ming-Tsung Chen (succeeded on January 1, 2022)				
	Vice President of Business Group	Wei-Jenn Ke (succeeded on June 30, 2022)				
	President of Business Group	Hsueh-Lan Wu				
	Vice President of Business Group	Chin-Chou Chen				
	Assistant Vice President	Hsuan-Lung Liu (succeeded on December 27, 2022)				
	President of Business Group	Chih-Cheng Chien				
	Vice President of Business Group	Zhi-Cheng Luo				
	Vice President of Business Group	Chung-Yung Kang (succeeded on January 1, 2022)				
	Vice President of Business Group	Zhong-Yong Jia				
	Assistant Vice President	His-Huang Chang				
	Assistant Vice President	Yeh-Chin Ho				
	President of Branch	Kuo-Chi Huang				
	Vice President of Branch	Chi-Huang Su (succeeded on January 1, 2022)				
	President of Branch	Jen-Shang Lin (dismissed on June 30, 2022)				
	President of Branch	De-Ming Chen (succeeded on June 30, 2022)				
	Vice President of Branch	Juang-Fu Liao (succeeded on April 27, 2022)				
	President of Branch	Jung-Chin Kung				
	Vice President of Branch	De-Lii Chang (succeeded on July 5, 2022)				
	President of Business Group	Chau-Young Lin (succeeded on April 30, 2022)				
	Vice President of Business Group	Ming Chung (succeeded on April 30, 2022)				
	Vice President of Business Group	Jeu-Yih Jeng (succeeded on April 30, 2022)				
	Vice President of Business Group	Quen-Zong Wu (succeeded on April 30, 2022)				
	Vice President of Business Group	Ting-Ming Lin (dismissed on June 30, 2022)				
	Assistant Vice President	Di-Yao Jhan (succeeded on April 30, 2022)				
	Vice President of Telecommunication Laboratories	Jung-Kuei Chen				
	Vice President of Telecommunication Laboratories	Hey-Chyi Young				
	Vice President of Telecommunication Training Institute	Shih-Mo Leu (succeeded on February 8, 2022)				
	President of Branch	Jason Hsu				

	Title (Note 1)	Name (Note 1)	Compensation in Stock	Compensation in Cash	Total	Total to Net Income(%)
Managers	Vice President of Branch	Lai-Ting Chen (succeeded on June 30, 2022)				
	Vice President of Branch	Yung-Feng Wang (succeeded on January 1, 2022)				
	Vice President of Branch	Victoria Liao (dismissed on June 30, 2022)				
	President of Branch	Ben-Yuan Chang				
	Vice President of Branch	Ching-Hsu Wang				
	Vice President of Branch	Ying-Hsueh Wang				
	Vice President of Branch	Jinun-Jye Lee				
	Vice President of Branch	Lung-Wuu Men (succeeded on January 1, 2022)				
	President of Branch	Chen-Chien Su				
	Vice President of Branch	Po-Ta Tseng				
	President of Branch	Ching-Chuan Kuo				
	Vice President of Branch	Sung-Hsiung Lin				
	President of Branch	Huan-Hsing Chen				
	Vice President of Branch	Hon-Yu Chang				
	President of Branch	Ling Chao (succeeded on January 1, 2022)				
	Vice President of Branch	Ting-Cheng Chen (succeeded on April 27, 2022)				
	President of Branch	Yung-Hua Chou				
	Vice President of Branch	Shi-Zu Liu				
	President of Branch	Chio-Fu Lai				
	Vice President of Branch	Chia-Hsing Lee (succeeded on December 7, 2022)				
	Vice President of Branch	Wen-Tu Chang				
	President of Branch	Tang Chang				
	Vice President of Branch	Yi-Mao Lin				
	President of Branch	Ruei-Shiuan Chang				
	Vice President of Branch	Chung-Ta Hsieh				
	President of Branch	Chaw-Chia Chang				
	Vice President of Branch	Hsi-Sheng Cheng (succeeded on December 7, 2022)				
	Vice President of Branch	Mu-Hsiang Lai				
	President of Branch	Rong-Shuen Huang (succeeded on January 1, 2022)				

	Title (Note 1)	Name (Note 1)	Compensation in Stock	Compensation in Cash	Total	Total to Net Income(%)
Managers	Vice President of Branch	Ming-Yuan Sun (succeeded on December 7, 2022)				
	Vice President of Branch	Tang-Lin Su (succeeded on January 1, 2022)				
	President of Branch	Zhong-Xing Yan (succeeded on December 7, 2022)				
	Vice President of Branch	Yung-Shan Lin (succeeded on January 1, 2022)				
	President of Branch	Kuan-Hsiung Liang (succeeded on July 11, 2022)				
	President of Branch	Ker-Chih Hwang (dismissed on April 6, 2022)				
	Vice President of Branch	Jung-Huang Huang (dismissed on June 30, 2022)				
	Vice President of Branch	Han-Chin Lai (succeeded on September 30, 2022)				
	Vice President of Branch	Ting Lee (succeeded on April 27, 2022)				
	President of Branch	Chin-Chuan Liang (succeeded on January 1, 2022)				
	Vice President of Branch	Huan-Chang Hsiao (succeeded on January 1, 2022)				
	President of Branch	Yung-Chang Lee (succeeded on December 7, 2022)				

Note 1: Disclose full names and titles, with summarized compensation amount.

Note 2: Refer to key employees' compensation as approved by the Board of Directors for fiscal year 2021. Fiscal year net income refers to after-tax income in fiscal year 2022 and on the parent-only basis.

Note 3: The definitions of managers are in accordance to Security and Future Bureau Regulation 3-0920001301 issued by Financial Supervisory Commission, or FSC on March 27, 2003, and are listed below:

- (1) President and equivalent position
- (2) Vice President and equivalent position
- (3) Assistant Vice President and equivalent position
- (4) Financial Manager and equivalent position
- (5) Accounting Manager and equivalent position
- (6) Other managers with authorization

Note 4: The Company Chairman and President did not receive any employee compensation; Executive Vice President (included) and below officers have received employee compensation.

3.4 Compensation to Directors, President, and Senior Executive Vice President, as Percentage of Net Income for the Most Recent Two Years; Compensation Policy, Budget, and Risks

(1) Compensation of Directors, President, Senior Executive Vice President, and Senior Directors, as Percentage of Net Income:

Title \ Items	Parent-only				Consolidated			
	2021		2022		2021		2022	
	Total	Total to Net Income(%)	Total	Total to Net Income(%)	Total	Total to Net Income(%)	Total	Total to Net Income(%)
Compensation of Director	62,752	0.18%	63,766	0.18%	62,752	0.17%	63,766	0.17%
Compensation of President, Senior Executive Vice President, Senior Directors	53,401	0.15%	65,307	0.18%	55,540	0.15%	69,969	0.19%
Net income	35,753,579	-	36,477,157	-	37,194,879	-	38,000,039	-

(2) Compensation Policy, Criteria and Composition:

- A. As approved by the Board of Directors, directors receive a fixed amount of compensation on a monthly basis and was distributed with directors' compensation according to the Articles of Incorporation; however, independent directors are excluded from the Company's annual compensation program as approved by the Board of Directors.
- B. The Chief Executive Officer and President are paid a salary and bonus as approved by the Board of Directors, but not as part of the employees' compensation.
- C. The salary of the Senior Executive Vice President, Department Heads, and Senior Directors are determined by the relevant employee compensation policy; bonuses and allowances are determined based on overall corporate performance and the performance of individual departments.

(3) Compensation Budgeting Procedure:

The Compensation Committee shall periodically review and assess compensation packages for the Board of Directors and executive management, which are then approved by the Board of Directors.

(4) Compensation and Performance:

- A. The compensation for a Director who is concurrently

an employee of other entities is established based on the Company's performance target, financial status, and the director's respective responsibilities.

- B. Compensation for management executives, the Chief Executive Officer, and President, is based on each individual's respective expertise and competencies, corporate performance, and financial status. The compensation of the Senior Executive Vice President, Department Heads and Senior Directors are in accordance to executive performance management and guidelines, and linked to various KPI assessments, such as corporate performance, subordinate unit performance, and personal performance, with the fulfillment of sustainability development in ESG as an additional reference point for changing compensation.

(5) Compensation and Risks:

The Company's key strategies are formulated in consideration of various risk assessments. These strategic initiatives shall drive profitability, which are linked to the compensation of the Company's executives. As a result, the compensation of Directors, the Chairman of the Board, the Chief Executive Officer, the Executive Vice President, Department Heads and Senior Directors are directly related to risk control and management.

4. Corporate Governance

4.1 The Operations of the Board of Directors

(1) Information Regarding the Operation of the Board of Directors

The Board of Directors convened 9 meetings (A) in fiscal year 2022, of which the attendance was as follows:

Title	Name (Note 1)	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Remarks
Director	Chi-Mau Sheih	9	0	100%	
Director	Shui-Yi Kuo	9	0	100%	
Director	Lien-Chuan Lee	5	0	100%	Tenure expired on May 27, 2022, should have attended 5 meetings.
Director	Hsiang-Ling Hu	3	1	75%	Elected on May 27, 2022, should have attended 4 meetings.
Director	Ching-Hwi Lee	3	0	75%	Elected on May 27, 2022, should have attended 4 meetings, and was absent once.

Title	Name (Note 1)	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Remarks
Director	Shin-Yi Chang	9	0	100%	
Director	Sin-Horng Chen	9	0	100%	
Director	Yu-Lin Huang	5	0	100%	Tenure expired on May 27, 2022, should have attended 5 meetings.
Director	Hung-Yi Hsiao	5	0	100%	Tenure expired on May 27, 2022, should have attended 5 meetings.
Director	Hsiu-Chuan Tsai	4	0	100%	Elected on May 27, 2022, should have attended 4 meetings.
Director	Shih-Hung Tseng	9	0	100%	
Independent Director	Lo-Yu Yen	5	0	100%	Tenure expired on May 27, 2022, should have attended 5 meetings.
Independent Director	Su-ming Lin	4	0	100%	Elected on May 27, 2022, should have attended 4 meetings.
Independent Director	JenRan Chen	5	0	100%	Tenure expired on May 27, 2022, should have attended 5 meetings.
Independent Director	Chia-Chung Chen	4	0	100%	Elected on May 27, 2022, should have attended 4 meetings.
Independent Director	Yu-Fen Lin	9	0	100%	
Independent Director	Chung-Chin Lu	9	0	100%	
Independent Director	Yi-Chin Tu	9	0	100%	

Other Matters of Importance :

1. If any of the following circumstances occur, it is necessary to specify the dates of the board meetings, sessions, contents of motion, all independent directors' opinions, and the Company's responses:
 - (1) Matters referred to in Article 14-3 of the Securities and Exchange Act : None.
 - (2) In addition to item (1), other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors : None.
2. Any directors' recusal of a stated proposal must specify the name of the director, the content of the proposal, the reason for the recusal of interest, and the voting status:
 - (1) At the 18th meeting of the 9th Board of Directors on April 13, 2022, directors Chi-Mau Sheih, Shui-Yi Kuo, Shin-Yi Chang, Sin-Horng Chen and Shih-Hung Tseng voluntarily recused themselves due to the following case:
The review of the non-independent director candidates nominated by shareholders for the 10th term Board of Directors of the Company.
 - (2) At the 18th meeting of the 9th Board of Directors on April 13, 2022, independent directors Yu-Fen Lin, Chung-Chin Lu and Yi-Chin Tu voluntarily recused themselves due to the following case:
The nomination and review of independent director candidates of the Company's 10th Board of Directors.

- (3) At the 18th meeting of the 9th Board of Directors on April 13, 2022, directors Chi-Mau Sheih, Shui-Yi Kuo, Shin-Yi Chang, Sin-Horng Chen and independent directors Yu-Fen Lin voluntarily recused themselves due to conflicts of interest related to the following case:
Release of non-competition restrictions on the Company's 10th term directors.
 - (4) At the 19th meeting of the 9th Board of Directors on May 6, 2022, director Chi-Mau Sheih voluntarily recused himself due to conflicts of interest related to the following case:
The discussion on the compensation adjustment of the Company's Chairman.
 - (5) At the 19th meeting of the 9th Board of Directors on May 6, 2022, director Shui-Yi Kuo voluntarily recused himself due to conflicts of interest related to the following case:
The discussion on the compensation adjustment of the Company's President.
 - (6) At the 1st meeting of the 10th Board of Directors on May 30, 2022, director Shui-Yi Kuo voluntarily recused himself due to conflicts of interest related to the following case:
The appointment of the Company's director, Mr. Shui-Yi Kuo, to continue to serve as the President of the Company.
 - (7) At the 1st meeting of the 10th Board of Directors on May 30, 2022, director Chi-Mau Sheih voluntarily recused himself due to conflicts of interest related to the following case:
The position of Chief Executive Officer of the Company continues to be held by its Chairman, Mr. Chi-Mau Sheih.
 - (8) At the 1st meeting of the 10th Board of Directors on May 30, 2022, independent directors Su-ming Lin, Chia-Chung Chen and Yu-Fen Lin voluntarily recused themselves due to conflicts of interest related to the following case:
The appointment of the members of the Company's Compensation Committee of the 10th Board of Directors.
 - (9) At the 2nd meeting of the 10th Board of Directors on August 5, 2022, director Hsiu-Chuan Tsai voluntarily recused herself due to conflicts of interest related to the following case:
Release of non-competition restrictions on the Company's director Dr. Hsiu-Chuan Tsai when she assumes the position of Supervisor at the Central News Agency.
 - (10) At the 4th meeting of the 10th Board of Directors on January 31, 2023, directors Chi-Mau Sheih, Shui-Yi Kuo, Hsiang-Ling Hu, Ching-Hwi Lee, Shin-Yi Chang, Sin-Horng Chen, Hsiu-Chuan Tsai and Shih-Hung Tseng voluntarily recused themselves due to conflicts of interest related to the following case:
The lawsuit against the Ministry of Transportation and Communications and National Property Administration, Ministry of Finance to return the overpaid amount arising from the "Dispute over supplementing the land price for the joint construction of the comprehensive office building of the Ministry of Transportation and Communications and the Chunghwa Telecom Ren'ai Building."
 - (11) At the 4th meeting of the 10th Board of Directors on January 31, 2023, directors Chi-Mau Sheih, Shui-Yi Kuo and Shih-Hung Tseng voluntarily recused themselves due to conflicts of interest related to the following case:
To grant the employees with one-time special incentive bonus.
3. Publicly-listed companies should disclose board self-evaluation (or peer-evaluation) information including cycle, period, scope, method, and content, and should fill in the attached form number two (2), Information Regarding the Implementation of the Evaluation of the Board of Directors.
 4. Measures have been taken to strengthen the functioning of the Board of Directors (e.g. establishment of the Audit Committee, increasing transparency) to assist the board in carrying out its various duties; please refer to page 56, Section 4, Part 3.3 "Board of Directors Composition and Responsibilities."

Note 1: If the director is a juridical contact, the names of the juridical person and their representatives should be disclosed.

Note 2: (1) If a director resigns before the end of the year, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of board meetings and the actual number of attendance during the tenure.

(2) Before the end of the year, if any director is re-elected, both new and old directors should be listed, and the remarks column should indicate whether the director is old, new or re-elected and the date of re-election. The actual attendance rate (%) is calculated based on the number of board meetings and the actual number of attendance during the tenure.

Note 3: A total of 9 Board meetings was held in 2022 with an average attendance rate of 98.3%.

(2) Information Regarding the Implementation of the Evaluation of the Board of Directors

The evaluation of the Board of Directors had been conducted according to the Company's "Regulations Governing the Performance Evaluation of the Board of Directors," and the execution result is as follows.

Cycle (Note 1)	Period (Note 2)	Scope (Note 3)	Method (Note 4)	Content (Note 5)
Once a year	January 1, 2022 to December 31, 2022	Performance evaluation of the board	Self-evaluation	1. Participation in the operation of the Company; 2. Improvement of the quality of the Board of Directors' decision making; 3. Composition and structure of the Board of Directors; 4. Election and continuing education of the directors; and 5. Internal control.
Once a year	January 1, 2022 to December 31, 2022	Performance evaluation of individual directors	Self-evaluation	1. Alignment of the goals and missions of the Company; 2. Awareness of the duties of a director; 3. Participation in the operation of the Company; 4. Management of internal relationship and communication; 5. The directors' professionalism and continuing education; and 6. Internal control.
Once a year	January 1, 2022 to December 31, 2022	Performance evaluation of the Audit Committee	Self-evaluation	1. Participation in the operation of the Company; 2. Awareness of the duties of the Audit Committee; 3. Improvement of quality of decisions made by the Audit Committee; 4. Makeup of the Audit Committee and the election of its members; and 5. Internal control.
Once a year	January 1, 2022 to December 31, 2022	Performance evaluation of the Compensation Committee	Self-evaluation	1. Participation in the operation of the Company; 2. Awareness of the duties of the Compensation Committee; 3. Improvement of quality of decisions made by the Compensation Committee; 4. Makeup of the Compensation Committee and the election of its members.
Once a year	January 1, 2022 to December 31, 2022	Performance evaluation of the Corporate Strategy Committee	Self-evaluation	1. Participation in the operation of the Company; 2. Awareness of the duties of the Corporate Strategy Committee; 3. Improvement of quality of decisions made by the Corporate Strategy Committee; 4. Makeup of the Corporate Strategy Committee and the election of its members.
Once every three years	January 1, 2022 to December 31, 2022	External performance evaluation of the board	The Company commissioned an external independent professional institution, Taiwan Institute of Ethical Business, to conduct the performance evaluation	1. Professional functions of the Board of Directors (including board member composition diversity, continuing education of the directors, use of external resources, etc.); 2. Effectiveness of the Board's decision-making (including board meeting participation and attendance rate, the Board's understanding of Company operations, the Board's management of the Company's risks, and the adequacy of appropriate information on which directors base their decisions, etc.); 3. The Board's emphasis and supervision on internal control (including the formulation and implementation of employee code of ethics, supervision of internal audit and control, smooth communication and reporting channels, and disclosure and recusal of interests, etc.); 4. The Board's attitude towards sustainable management (including ESG information disclosure, talents cultivation and succession planning, actions towards sustainable management, etc.).

Note 1: Refers to the execution frequency of the board evaluation, for example: once a year.

Note 2: Refers to the period covered by the Board evaluation, for example: evaluating board performance from January 1, 2022, to December 31, 2022.

Note 3: Evaluation scope includes the board of Directors, individual Board members, and functional committees.

Note 4: Evaluation method includes internal board self-evaluation, evaluation of individual directors, peer-evaluation, evaluation by external professional organizations, experts, and other appropriate methods.

Note 5: The evaluation content includes, at minimum, the following items:

- (1) Board of Directors performance evaluation: includes participation in the operation of the company, improvement of the quality of the Board of Directors' decision making, composition and structure of the Board of Directors, election and continuing education of the directors and internal control.
- (2) Individual member performance evaluation: includes alignment of the goals and missions of the company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the directors' professionalism and continuing education and internal control.
- (3) Functional committee performance evaluation: participation in the operation of the company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, and makeup of the functional committee and the election of its members.

4.2 Audit Committee Operation

The Audit Committee convened 7 meetings (A) in fiscal year 2022, including one temporary meeting, of which attendance was as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Remarks
Independent Director	Su-ming Lin	3	0	100%	Audit Committee Chairman Elected on May 27, 2022, should have attended 3 meetings.
Independent Director	Yu-Fen Lin	7	0	100%	
Independent Director	Chung-Chin Lu	7	0	100%	
Independent Director	Yi-Chin Tu	7	0	100%	
Independent Director	Chia-Chung Chen	3	0	100%	Elected on May 27, 2022, should have attended 3 meetings.
Independent Director	Lo-Yu Yen	4	0	100%	Tenure expired on May 27, 2022, should have attended 4 meetings.
Independent Director	JenRan Chen	4	0	100%	Tenure expired on May 27, 2022, should have attended 4 meetings.

Other matters of importance:

1. The Audit Committee is composed of 5 independent directors, who support the Board of Directors in upholding the quality and integrity of the Company through the implementation of relevant accounting, auditing, financial reporting procedures and financial controls. The professional qualifications and experience of members of the Audit Committee; please refer to page 22 Chapter 3, 2, 2.1, (2) "Disclosure of Directors Professional Qualifications and Independence."

• **The Audit Committee held 7 meetings in 2022, in which the primary considerations include:**

- (1) Adoption or amendment of internal control system in accordance to Article 14-1 of the Securities and Exchange Act.
- (2) Assessment of the effectiveness of the internal control system.
- (3) Adoption or amendment of procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees of others, pursuant to Article 36-1 of the Securities and Exchange Act.
- (4) Conflicts of interest on behalf of the directors.
- (5) Material asset or derivatives transactions.
- (6) Material monetary loans, endorsements, or provisions of guarantee.
- (7) The offering, issuance, or private placement of any equity-type securities.
- (8) The hiring or dismissal of a CPA, or the compensation given thereto.
- (9) The appointment or discharge of a financial, accounting, or internal auditing supervisor.
- (10) Annual financial reports.
- (11) The matters regulated by the Business Mergers and Acquisitions Act.
- (12) The first to the third quarter financial reports.
- (13) Communications and discussions with CPAs.
- (14) Resolutions of potential differences of opinions between Company management and CPAs.
- (15) Discussing and reporting other financial information and required disclosures under the U.S. Securities Exchange Act between Company management and CPAs.
- (16) Approving the CPA firm's annual audit and non-audit services.
- (17) Any other material matter so required by the Company or relevant authorities.

• **Review financial reports**

The Board of Directors prepared the 2021 annual operational report, financial statements, and earnings distribution proposals, among which the financial statements have been verified by Deloitte & Touche, and a verification report has been issued. The above-mentioned operational report, financial statement and earnings distribution proposal have been reviewed by the Audit Committee, which found no discrepancies.

• **Assess the effectiveness of the internal control system**

The audit committee evaluated the effectiveness of the Company's internal control system policies and procedures (including financial, operational, risk management, information security, outsourcing, legal compliance and other control measures), and reviewed the Company's audit department, visa accountants, and management's regular report, including risk management and compliance. In regards to the internal control system-integrated structure of internal controls issued by The Committee of Sponsoring Organizations of the Treadway Commission (COSO), the Audit Committee deems the Company's risk management and internal control systems to be effective, having adopted necessary control mechanisms to monitor and correct violations.

• **Appoint visa accountant**

The Audit Committee has the responsibility of supervising the independence of the visa accountant firm to ensure the fairness of the financial statements. With the exception of tax-related services or specially approved

items, visa accountant firms cannot provide other services to the Company. The Audit Committee must approve all services provided by the visa accountants. To ensure the independence of the visa accountant firm, the Audit Committee develops an independent evaluation form that refers to Article 47 of the Accountants Act and the Bulletin of the Professional Ethics of Accountants No.10, "Integrity, Impartiality, Objectivity, and Independence." The form assesses the independence of accountants, professionalism and competence, related parties, and mutual business or financial interests, in addition to other projects. The 16th meeting of the 9th Audit Committee on February 21, 2022 reviewed and approved Deloitte & Touche Accountants Dien-Sheng Chang and Cheng-Hung Kuo, both of whom met the independence assessment standards and were qualified to serve as the Company's financial and tax accountants. On July 1, 2022, the firm requested to change the visa accountants for financial statements from the third quarter of 2022 to Accountants Yih-Shin Kao and Mei Yen Chiang. Their independence had been reviewed and approved to meet the independence assessment standards in the 1st meeting of the 10th Audit Committee on August 3, 2022, and the change had been approved in the 2nd meeting of the 10th Board meeting on August 5, 2022.

2. Operational status of Audit Committee

Date of Audit Committee Meetings	Contents of the Motion	Matters Cited in Article 14-5 of the Securities and Exchange Act	Dissenting Opinions, Reservations or Major Recommendations of Independent Directors	Other Matters that were not Approved by the Audit Committee but were Approved by more than Two-Thirds of All Directors
January 24, 2022 (9-4) Temporary Meeting	1. Unsecured ordinary corporate bonds (including sustainable development bonds).	V	-	-
	2. Investment in "Taishan Buffalo No. 6 Technology Venture Capital."	V	-	-
	Audit Committee resolution results: Approved by all independent directors in attendance.			
	The Company's response to the Audit Committee's recommendations: Approved by all board directors in attendance from the 16th meeting of 9th Board (January 25, 2022).			
February 21, 2022 (9-16)	1. The Company's 2021 Internal Control Statement complies with the domestic regulations and the Sarbanes-Oxley Act (SOX).	V	-	-
	2. The Company's 2021 operational report and financial statements.	V	-	-
	Audit Committee resolution results: Approved by all independent directors in attendance.			
	The Company's response to the Audit Committee's recommendations: Approved by all board directors in attendance from the 17th meeting of 9th Board (February 23, 2022).			
March 28, 2022 (9-17)	Amendments to the Organizational Rules of the Audit Committee.	V	-	-
	Audit Committee resolution results: Approved by all independent directors in attendance.			
	The Company's response to the Audit Committee's recommendations: Approved by all board directors in attendance from the 18th meeting of 9th Board (April 13, 2022).			
May 4, 2022 (9-18)	1. The Company's financial statements for the 1st quarter of 2022.	V	-	-
	2. Amendment to the Company's Internal Audit Implementation Rules.	V	-	-
	Audit Committee resolution results: Approved by all independent directors in attendance.			
	The Company's response to the Audit Committee's recommendations: Approved by all board directors in attendance from the 19th meeting of 9th Board (May 6, 2022).			

Date of Audit Committee Meetings	Contents of the Motion	Matters Cited in Article 14-5 of the Securities and Exchange Act	Dissenting Opinions, Reservations or Major Recommendations of Independent Directors	Other Matters that were not Approved by the Audit Committee but were Approved by more than Two-Thirds of All Directors
August 3, 2022 (10-1)	1. The Company's financial statements for the 2nd quarter of 2022.	V	-	-
	2. Hiring and dismissal of the attesting CPA from the 3rd quarter of 2022.	V	-	-
	3. Release of non-competition restrictions on the Company's director.	V	-	-
	4. Shipai-1 land lease case.	V	-	-
	Audit Committee resolution results: Approved by all independent directors in attendance.			
	The Company's response to the Audit Committee's recommendations: Approved by all board directors in attendance from the 2nd meeting of 10th Board (August 5, 2022).			
November 2, 2022 (10-2)	The Company's financial statements for the 3rd quarter of 2022.	V	-	-
	Audit Committee resolution results: Approved by all independent directors in attendance.			
	The Company's response to the Audit Committee's recommendations: Approved by all board directors in attendance from the 3rd meeting of 10th Board (November 4, 2022).			
December 21, 2022 (10-3)	1. Filed a lawsuit against the MOTC and FNP for the "dispute over price compensation for the joint construction of the RenAi Building."	V	-	-
	2. CPA duties and compensation for 2023.	V	-	-
	Audit Committee resolution results: Approved by all independent directors in attendance.			
	The Company's response to the Audit Committee's recommendations: Will report to the Board of Directors after completion of bargain negotiation with the visa accounting firm.			

3. Any independent directors' avoidance of motions due to conflict of interest:

During the year, there were no proposals that the independent directors should be avoided due to conflict of interest.

4. Communication methods among independent directors, accountants and CAE:

To improve the Company's corporate governance and strengthen the Board's professional knowledge, the Company established the Audit Committee as part of the 7th Board, which consisted entirely of independent directors. In addition to supervising the Company's response plans for internal and external changes, the design of its internal control system and periodic inspection and audit reports, the Audit Committee also must ensure that the design and implementation of the internal control system are consistent and effective to establish communication channels and mechanisms with the internal audit supervisor and accountants, while advancing opinion exchanges. A summary of communication methods and recent communication subjects are as follows:

• Communication policy among independent directors, accountants and the CAE:

- (1) A meeting between the accountants and the Chief Audit Executive should be held at least once a year to review and discuss the completed results, any deficiencies, and opinions resulting from internal CAE and external auditor findings. Meeting results and transcripts should be recorded and submitted to the Board for review.
- (2) Regular reports from CAE to the Audit Committee
 - i. Regular meetings should be held at least once a quarter with extraordinary meetings held as needed. During the meeting, the internal CAE should report to the independent directors on the Company's

implementation of internal audit processes and performance of internal control. When items related to financial reports need to be discussed, accountants should attend the meeting to explain the financial reports and address questions raised by committee members.

ii. Annual internal audit plan.

iii. Annual professional training plan for internal auditors.

(3) The Company's accountants shall hold Audit Committee meetings for no less than 4 times per annum and report the quarterly review and annual financial results to the Board.

(4) Others: Extraordinary meetings shall be held in the event of abnormal events, or events that the independent directors, CAE, and Company's accountants deem it necessary to communicate.

● Summary of communications between independent directors and the CAE:

Date	Attendees	Information Communicated	Communication Results
February 21, 2022 Audit Committee (9-16)	Independent Directors Lo-Yu Yen JenRan Chen Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu CAE Chiu-Ming Lien	CAE reported on the Company's implementation of internal audit processes and internal control operations from November to December of 2021.	Independent Director Recommendations No comments provided during this meeting. Handling Response Audit highlights were reported at the 17th meeting of 9th Board.
February 21, 2022 Internal Audit Project Report Meeting	Independent Directors Lo-Yu Yen JenRan Chen Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu CAE Chiu-Ming Lien	CAE reported the "Investigation Report on MOD Inactive Accounts."	Independent Director Recommendations Forward MOD related issues to the department in charge of Consumer Business Group and asked for propose specific solutions. Handling Response Had notified the department in charge to propose a plan for improvement.
March 28, 2022 Audit Committee (9-17)	Independent Directors Lo-Yu Yen JenRan Chen Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu CAE Chiu-Ming Lien	CAE reported on the Company's implementation of internal audit processes and internal control operations of January 2022.	Independent Director Recommendations No comments provided during this meeting. Handling Response Audit highlights were reported at the 18th meeting of 9th Board.
May 4, 2022 Audit Committee (9-18)	Independent Directors Lo-Yu Yen JenRan Chen Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu CAE Chiu-Ming Lien	CAE reported on the Company's implementation of internal audit processes and internal control operations of February 2022.	Independent Director Recommendations The deficiencies of "vehicle eTag data collection system" should be ameliorated, and appropriately punish violators. Handling Response 1. Further actions and punishment for the deficiencies had been added to the tracking items for future monitoring. 2. Audit highlights were reported at the 19th meeting of 9th Board.
May 4, 2022 Internal Audit Project Report Meeting	Independent Directors Lo-Yu Yen JenRan Chen Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu CAE Chiu-Ming Lien	CAE reports the "CSI Internal Control Auditing Project Report."	Independent Director Recommendations Supervise CSI as follow: 1. Assist in reducing the loss of high-risk projects. 2. Form an investigation team and submit a report. 3. Improve the internal control counseling and report on results within 3 months. 4. Submit to the Strategy Committee to discuss the division and positioning of the Company's group execution system integration business. Handling Response 1. Departments in charge (Enterprise Business Group, Investment Department) are assisting the handling actively. 2. Have been included in the agenda at the 1st meeting of 10th Audit Committee. 3. Plan to submit a report at the 2nd meeting of 10th Audit Committee. 4. Have been included in the 1st meeting of 10th Strategy Committee on July 20.
August 3, 2022 Audit Committee (10-1)	Independent Directors Su-ming Lin Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu Chia-Chung Chen CAE Chiu-Ming Lien	CAE reported on the Company's implementation of internal audit processes and internal control operations from March to June of 2022.	Independent Director Recommendations Keep following the tracking items of Audit highlights. Handling Response Audit highlights were reported at the 2nd meeting of 10th Board.

Date	Attendees	Information Communicated	Communication Results
August 3, 2022 Internal Audit Project Report Meeting	Independent Directors Su-ming Lin Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu Chia-Chung Chen CAE Chiu-Ming Lien	CAE reports the "CCBS2.0 and NCSIST police surveillance system investigation report."	Independent Director Recommendations 1. Actively prevent loss of those cases. 2. Strengthen supervision and address the deficiencies of internal control. 3. Punish the negligence of duty in accordance with internal control regulations. 4. The representative CSI Board directors should request improvement plans of negligence. Handling Response 1. The departments in charge (Enterprise Business Group, Investment Department and Legal Affairs Department) are actively assisting and supervising CSI to improve their internal control. 2. The department in charge has requested the representative CSI Board directors to strengthen the operation and supervision mechanism of the Board of Directors.
November 2, 2022 Audit Committee (10-2)	Independent Directors Su-ming Lin Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu Chia-Chung Chen CAE Chiu-Ming Lien	CAE reported on the Company's implementation of internal audit processes and internal control operations of July 2022.	Independent Director Recommendations Keep following the tracking items of Audit highlights. Handling Response Audit highlights were reported at the 3rd meeting of 10th Board.
December 21, 2022 Audit Committee (10-3)	Independent Directors Su-ming Lin Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu Chia-Chung Chen CAE Chiu-Ming Lien	CAE reported on the Company's implementation of internal audit processes and internal control operations from August to September of 2022.	Independent Director Recommendations 1. Submit a project report on the effectiveness of PC implementation next time. 2. Submit an information security project report next time. Handling Response Keep following the tracking items.

• Summary of communications between independent directors and accountants:

Date	Attendees	Information Communicated	Communication Results
February 21, 2022	Independent Directors Lo-Yu Yen JenRan Chen Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu Accountants Dien-Sheng Chang Cheng-Hung Kuo	Private (closed-door) communication meeting among accountants and independent directors.	
February 21, 2022 Audit Committee (9-16)	Independent Directors Lo-Yu Yen JenRan Chen Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu Accountants Dien-Sheng Chang Cheng-Hung Kuo	1. Reviewed the Company's draft 2021 domestic and SOX internal control system statement. 2. Reviewed the Company's draft operation and financial report for 2021.	Independent Directors Recommendations 1. The 2021 internal control system statement approved by all directors in attendance. 2. Draft 2021 financial report approved by all directors in attendance. 3. The 2021 operation report should be revised and then submitted to the Board of Directors for approval following the Chairman's review. Handling Response 1. The 2021 internal control system statement and the draft financial report reported and approved at the 17th meeting of the 9th Board. 2. The 2021 operation report had revised and submitted by the chairman, and approved at the 17th meeting of the 9th Board.
March 28, 2022 Audit Committee (9-17)	Independent Directors Lo-Yu Yen JenRan Chen Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu Accountants Dien-Sheng Chang Hiao-Ying Jia	Reviewed full 2021 IFRS financial draft report to be included in Form 20-F.	Independent Director Recommendations Approved by all independent directors in attendance. Handling Response Full IFRS Financial Report has been included in the Company's Form 20-F, filed to the U.S. Securities and Exchange Commission (the "SEC") on April 15, 2022.
May 4, 2022 Audit Committee (9-18)	Independent Directors Lo-Yu Yen JenRan Chen Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu Accountants Dien-Sheng Chang Cheng-Hung Kuo	Reviewed first quarter 2022 financial reports.	Independent Director Recommendations Approved with no comments. Handling Response Approved at the 19th meeting of the 9th Board.

Date	Attendees	Information Communicated	Communication Results
August 3, 2022 Audit Committee (10-1)	Independent Directors Su-ming Lin Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu Chia-Chung Chen Accountants Dien-Sheng Chang Yih-Shin Kao Mei Yen Chiang	Reviewed second quarter 2022 financial reports.	Independent Director Recommendations Approved with no comments. Handling Response Approved at the 2nd meeting of the 10th Board.
November 2, 2022 Audit Committee (10-2)	Independent Directors Su-ming Lin Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu Chia-Chung Chen Accountants Yih-Shin Kao Mei Yen Chiang	Reviewed third quarter 2022 financial reports.	Independent Director Recommendations Approved with no comments. Handling Response Approved at the 3rd meeting of the 10th Board.

4.3 Corporate Governance Implementation Status and Deviations From the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Criteria	Implementation Status			Deviations From "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Explanation	
1. Does the Company establish and disclose the proper corporate governance framework based on the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?"	V		The Company's Board of Directors adopted the "Code of Corporate Governance for Chunghwa Telecom Co., Ltd.," which refers to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies." The Company's principles are available for shareholder review on the Company's official website under "Corporate Governance."	None
2. Shareholding structure & shareholders' rights (1) Has the Company established an internal operating procedure to address shareholders' suggestions, doubts, disputes, and litigation, with proper implementation based on this procedure?	V		The Company has designated a shareholder service team to handle shareholder suggestions and disputes. Shareholder suggestions, inquiries, disputes and litigation are handled based on relevant standard operating procedures.	None
(2) Is the Company fully aware of its major shareholders and the ultimate owners of those shares?	V		In compliance with SEC Article 25, the Company reports changes in insiders' (directors, managers and shareholders of more than 10% of shares outstanding) shareholding on a monthly basis, which is published on the designated public information website. Since the first quarter of 2020, each of the Company's quarterly reports have disclosed the names of shareholders who hold more than 5% equity, the total amount and proportion of the shares they hold, and other relevant information.	None
(3) Does the Company adopt and execute the proper risk management and firewall system within its affiliates?	V		1. The Company's internal control system consists of corporate-level risk management and operational-level execution control. In addition, "Chunghwa Telecom Rules and Procedures on Monitoring and Managing Subsidiaries," approved by the CEO, are also in place as risk control mechanisms. 2. "Chunghwa Telecom Rules and Procedures on Conducting Transactions Between Group Companies and Related Parties" were amended and approved by the BoD. It consists of 15 articles and is applicable to related party transactions on procurement and sales, asset disposal, guarantees, loans, etc. 3. "Chunghwa Telecom Rules and Procedures on Investments" were amended and approved by the BoD. It consists of 41 articles and is applicable to investment strategy, due diligence, valuation, agreement signing, settlement, application, integration, post-investment management, performance review, exit mechanism and penalty, etc.	None
(4) Does the Company establish internal rules against insider trading?	V		The Company prevents insider trading by controlling key points in its operations, which prevents Company insiders from exploiting non-public information to trade securities.	None

Evaluation Criteria	Implementation Status			Deviations From "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Explanation	
3. Board of Directors Composition and Responsibilities (1) Does the Board of Directors develop and implement a policy to promote diversity in the composition of its members?	V		1. Diversification Policy: In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, the Company approved the resolution on enacting the "Code of Corporate Governance of Chunghwa Telecom Co., Ltd." Article 20 of the Code states: The composition of the board members shall be considered in a diversified manner and the appropriate policy on diversity should be based on the Company's business operations, operating dynamics, and development needs. It is advisable that the policy includes, without being limited to, the following criteria in two aspects: (1) Basic requirements and values: gender, age, nationality, culture and ethnicity; (2) Professional knowledge and skills: such as legal, accounting, industry, finance, marketing or technology. 2. Concrete Objectives: The Board shall direct company strategies, supervise management and be responsible to the Company and its shareholders. The operations and arrangements of its corporate governance system shall ensure that the Board of Directors complies with the provisions of laws, regulations, its Articles of Incorporation and the resolutions of its shareholder meetings in exercising its authority. According to the Company's Articles of Incorporation, one-fifth of the Board members shall be expert representatives. All the directors of the Company are equipped with the knowledge, skills, literacy and decision-making and management capabilities necessary to perform their duties. The Company continuously arranges a variety of courses for the directors to enhance their decision-making quality and supervision skills, thus strengthening the functions of the Board of Directors. In addition, the Company values gender equality in the composition of the Board of Directors, with at least one female director on its board and aims to exceed 20% of female directors within 2025. 3. Implementation of the Board Diversification Policy: The Company's 10th Board of Directors consists of 13 directors, including 5 independent directors and 8 legal representative directors, of which 3 are female. All 13 directors are R.O.C. nationals. The Company's Board possesses overall competence which includes operating judgment, accounting & finance, operating management, crisis management, industry knowledge, global market knowledge, leadership and decision-making ability, the Board members also possess industrial experience and expertise, as follows: 10 equipped with business management skills; 11 with the knowledge of sustainability development (ESG); 7 with ICT experience, 3 with Fintech experience, 7 with audit and risk management skills, 6 are commerce and marketing specialists, 1 is specialized in performing arts, as well as audiovisual and music-related creative content industry, 3 are experienced in human resource management & development; 2 are legal professionals and 3 are accounting and finance experts. The policy that the composition of the Board of Directors should consider diversity as stipulated in the Company's Code of Corporate Governance has been implemented.	None
(2) Does the Company voluntarily establish other functional committees in addition to the Compensation Committee and the Audit Committee?	V		1. In addition to the Compensation Committee and Audit Committee, the Company has established in accordance with the laws, the Company's Board has also set up a Corporate Strategy Committee, which is responsible to hold meetings at the request of the Board and discuss key matters for developing the Company's business. Key matters include: mid to long-term goals and strategies, major investments and mergers and acquisitions, a major reorganization of the Company, application or return of business license, annual business operating plans and budget compilation and revision, capital increase or decrease and so on. 2. The Corporate Strategy Committee currently consists of 7 directors (including 4 independent directors), namely, Shui-Yi Kuo (the Chairman), Shin-Yi Chang, Shih-Hung Tseng, Su-ming Lin, Chia-Chung Chen, Chung-Chin Lu and Yi-Chin Tu. Mr. Shui-Yi Kuo, the Chairman of the Committee, is well-versed in the telecom industry and has experience in ESG-related matters. He is also an expert in accounting. For the other directors' individual expertise and industry experiences, please refer to the "Disclosure of Directors Professional Qualifications and Independence" on page 22 and "Implementation of the Board Diversification Policy" on page 27. Each of the directors is capable of providing guidance for the Company's future developments in both strategies and sustainability. 3. The Committee held 5 meetings in 2022. The attendance rate for all six directors was 100%, except for one director whose attendance rate was 80%. Discussions at the meetings included key strategies and development plans for the Company's technology and business, data governance, and reinvestment planning. In addition, in-depth discussions were also focus on ESG issues such as energy conservation, carbon reduction and environmental sustainability. Relevant operations are conducted in accordance with the Company's "Organizational Regulations of Board of Directors Corporate Strategy Committee."	None
(3) Does the Company establish and implement on an annual basis a set of assessments to measure the performance of the Board of Directors, report the performance evaluation results to the Board of Directors, and use it as a reference for the compensation of the Board of Directors?	V		The Company enacted the "Regulations Governing the Performance Evaluation of the Board of Directors of Chunghwa Telecom Co., Ltd." According to the Regulation, the performance evaluation is conducted at a set date annually and the report is submitted to its Board of Directors before the end of March of the following year for review and improvement, and to serve as a reference for the selection or nomination of directors. The self-evaluation and external evaluation of the Company's 2022 Board Performance have been completed. The evaluation results include the name of the external professional institution which conducted the external evaluation, evaluation methods, criteria, recommendations, and improvement plans, all of which have been reported at the 5th meeting of the 10th Board of Directors on February 24, 2023, and disclosed on the Company's website.	None

Evaluation Criteria	Implementation Status			Deviations From "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Explanation	
(4) Does the Company regularly evaluate the independence of its CPAs?	V		The Audit Committee is authorized to evaluate the independence of the CPAs on annual basis. 1. The evaluation mechanisms are as follows: (1) In accordance to U.S. Sarbanes-Oxley Act, the CPA firm must be pre-approved by the Audit Committee prior to annual audit and any other project. (2) In accordance to U.S. Sarbanes-Oxley Act, the CPAs shall report the audit/ review content and independence to the Audit Committee on quarterly basis. (3) Any change of audit CPAs must strictly in compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. (4) Periodically obtain a Confirmation of Independence from the CPAs. (5) Periodically obtain Audit Quality Indicators (AQIs) reports from the CPAs, refer to "Guidance for Audit Committees on Interpreting the Audit Quality Indicators" and related regulations to assess the independence and competence of the CPAs, and then report the results of the assessment to the Audit Committee. 2. The evaluation results are as follows: (1) The independence of the CPA is compliant with the regulations of the U.S. SEC, PCAOB, and other relevant regulations. (2) The Company has not appointed the same CPA for five successive years.	None
(5) Has the Company adopted a succession plan for key executives?	V		The Company has designed programs to foster managers who have potentials to grow and support transformation. Through the objective selection and evaluation mechanisms, we identify candidates, conduct "Individual Development Plan, IDP", and provide mentor guidance for candidates to develop their business operations and leadership skills. All the programs based on the retirement gap successor talents, successor talents (about 2~3 times the quantity), key development areas, and gender equality concerns. The Company conducts "Executive Development Plan, EDP" for top-level managers to rise to executive ranks. They also have "Talent Development Plan, TDP" for promoting middle managers to top-level management. Those plan cultivate the talent pool for succession in the following 3 to 5 years.	None
4. Has the Company allocated suitable and sufficient corporate governance staff and appointed a manager of corporate governance responsible for corporate governance matters (including, but not limited to, furnishing information required for business execution by directors, assisting directors in complying with laws and regulations, handling matters related to board and shareholder meetings in accordance with the laws, producing minutes of board and shareholder meetings, etc.)?	V		1. At the 9th meeting of the 9th Board of Directors on November 6, 2020, the Company approved Ms. Ya-Chian Shiue, Assistant Vice President of Legal Affairs Department, to concurrently serve as the Chief Corporate Governance Officer since January 1, 2021. 2. The Company has allocated an adequate number of corporate governance personnel and appointed a chief corporate governance officer to be in charge of corporate governance affairs, including, but not limited to, (1) Handling matters relating to board and shareholder meetings in accordance with the laws, (2) Producing minutes of board meetings and shareholders meetings, (3) Assisting in onboarding and continuous development of directors, (4) Furnishing information required for business execution by directors, (5) Assisting directors with legal compliance, (6) Report to the Board of Directors the results of its review on whether the qualifications of independent directors comply with relevant laws and regulations at the time of nomination, election and during their tenure, (7) Handle matters related to the change of directors, (8) Other matters set out in the articles of incorporation or contracts. 3. The Company's Chief Corporate Governance Officer has completed 24 hours of continuing education in 2022, exceeding the requirement of at least 12 hours of training courses for the years following her appointment. The training courses are as follows: (1) 5G and Beyond: a Catalyst for Taiwan's Future Service Vision (3 hours) (2) Trends and Practices in Data Governance (3 hours) (3) Digital Transformation and Risk Management (3 hours) (4) Ten Required Lessons on Corporate Governance (3 hours) (5) 2022 Corporate Governance Summit XVIII-Improve the Functions of Directors and Implement the Company's Sustainable Governance (6 hours) (6) Corporate Governance in Coping With the Changes of the International Order (3 hours) (7) The Positioning and Changes of Directors' Functions Under the Trend of ESG (3 hours)	None
5. Has the Company established a communication channel and designated a website section for its stakeholders (including, but not limited to shareholders, employees, customers and suppliers) as well as to handle all Corporate Social Responsibility related issues?	V		The Company has established sections for "ESG" and "Stakeholders" on its website. It also maintains a Facebook page, customer service hotline, online platform, e-mail, instant message service and mobile app to serve as multiple and adequate access channels for responding to stakeholders. Stakeholder negotiation results are regularly reported to the Board of Directors and disclosed on the Company website.	None
6. Does the Company appoint a professional shareholder service agency to handle shareholder meeting affairs?	V		The Company has engaged the registrar and transfer agency department of Yuanta Securities to handle shareholder meeting affairs.	None
7. Information Disclosure (1) Does the Company have a corporate website to disclose all information regarding finances, the business, and corporate governance?	V		The Company has established an official corporate website to disclose financial, business, corporate governance and related information in a timely manner.	None

Evaluation Criteria	Implementation Status			Deviations From "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Explanation	
(2) Does the Company have other information disclosure channels (e.g. English website, designated personnel to handle information collection and disclosure, spokesperson system, investor conference webcasts, etc.)?	V		The Company has established an English version of the official corporate website and designated personnel responsible for Company information collection and disclosure. The Company implements a spokesperson system with the CFO designated as the spokesperson. Conference related materials, including audio recordings, financial, and operational metrics are disclosed in the "Investors" section of the website. The same information are also available on the MOPS website.	None
(3) Does the Company report its annual financial report within two months after the end of the fiscal year and announce the first, second, and third quarter financial reports and monthly operating updates before the prescribed deadlines?	V		In order to enhance the timeliness of information disclosure, the Company reported its annual financial report within two months after the end of the fiscal year and announced the first, second, and third quarter financial reports and monthly operating updates before the prescribed deadlines.	None
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices? (1) Employee rights	V		The Company's human resources policies comply with the provisions prescribed under laws, such as the Labor Standards Act, and collective bargaining agreements, in order to protect employee rights.	None
(2) Employee wellness	V		The Company engages professional organizations to handle employee assistance programs, including psychological, legal, financial, health and management consultations. The Company has also opened multiple channels for employees to express their opinions, creating a sense of active engagement and avenues for smooth, mutual communication.	None
(3) Investor relations	V		The Company's most important goals are to protect shareholders' rights and to treat all shareholders equally. In addition to disclosing all required information such as financial, operational, changes in internal shareholdings, etc. in a timely manner, the Company voluntarily discloses material information on the investor relations section of its website. All shareholder meetings are recorded in accordance with the company laws and relevant regulations; all records of the meetings are disclosed on the Company's official website.	None
(4) Supplier relations	V		1. The Company purchases equipment from suppliers in accordance with the "Chunghwa Telecom Procurement Management Regulation" and other relevant provisions; the successful bidder fulfills the responsibilities of product delivery and warranties in accordance with the contract. 2. The Company also evaluates suppliers based on price, quality, delivery, service and fulfillment of ESG / corporate social responsibilities, which include the establishment of a stable and sustainable supply chain.	None
(5) Rights of stakeholder	V		In compliance with the latest domestic regulations and international trends, the Company publicly discloses related contracts and systems to ensure all stakeholder rights. The Company has established a website section for stakeholders, providing a communication channel that allows stakeholders to report and receive responses to unfair treatment or encroachment on rights. Employees: https://www.cht.com.tw/en/home/cht/esg/sustainable-governance/stakeholders-engagement/communication-channels Suppliers: https://scm.cht.com.tw/outboard/ Customers: https://www.cht.com.tw/home/consumer Investors: http://www.cht.com.tw/ir/mae-smeeeting.html	None
(6) Directors' training record	V		The Company follows the Taiwan Stock Exchange Corporation's "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies." Please refer to Appendix A "Directors' Continuing Education Records for fiscal year 2022."	None
(7) Implementation of risk management policies and risk assessments	V		1. The Company's risk management policy and risk assessment measurement standards are implemented in accordance to "Chunghwa Telecom Risk Management Rules" approved by Board of Directors, and the risk management operations across the corporate are promoted in accordance with the "Working Guidelines for the Risk Management of Chunghwa Telecom." 2. The Company consistently analyzes and rectifies all high-impacted risks to ensure achieving business operation targets, financial accuracy, etc.; the Company also utilizes risk management system to register, track and manage, those relevant risks to strengthen overall governance and risk management.	None
(8) Implementation of customer relations policies	V		The Company provides the highest level of comprehensive customer service, using a customer system to understand behavior, provide technology and innovative services with enhanced values, provide a high-quality network for internet communication, and provide active care for customers with convenient and accelerated two-way communication channels. The service quality of physical stores is inspected using the "On-site Inspection of Service Quality Protocol." In addition, the Company offers a 24/7 call center and online customer service. In order to actively improve customer satisfaction, the Company also offers paperless payment choices, such as SMS, e-mail, voice and others, in order to adhere to its carbon reduction policy.	None
(9) Insurance for directors	V		To lower and disperse material damage and risk to the Company and shareholders arising from director mistakes or carelessness while executing business within the scope of their term, the Company has purchased liability insurance according to their respective terms of office. The details of the insurance coverage have also been reported to the directors.	None

Evaluation Criteria	Implementation Status			Deviations From "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Explanation	
9. Implementation of the Management of Intellectual Property	√		1. The Company has formulated relevant intellectual property management measures to manage the Company's intellectual property rights. 2. Chunghwa Telecom Laboratories has established a patent management system to improve business performance and reduce intellectual property disputes and lawsuits. 3. The Company links the intellectual property management plan with the Company's business plan and development strategy, and reports findings to the Board of Directors every year to foster continuous development.	None

10. Please explain items that have been already improved and priority measures to reinforce matters have not been improved, in accordance to the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange.

Items already improved	None
Items to be improved	None

4.4 Compensation Committee Composition, Responsibilities and Operations

(1) Compensation Committee Member Profiles

December 31, 2022

Title	Name	Criteria	Professional Qualification and Work Experiences	Criteria for Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as Compensation Committee Member
Independent Director (10th Chairman)	Yu-Fen Lin		(Note)	(Note)	0
Independent Director (9th Chairman)	JenRan Chen (tenure expired on May 27, 2022)		(Note)	(Note)	0
Independent Director	Lo-Yu Yen (tenure expired on May 27, 2022)		(Note)	(Note)	2
Independent Director	Chia-Chung Chen (elected on May 30, 2022)		(Note)	(Note)	0
Independent Director	Su-ming Lin (elected on May 30, 2022)		(Note)	(Note)	0

Note: Please see page 22, Chapter 3, 2.1.2 "Disclosure of Directors Professional Qualifications and Independence."

(2) Compensation Committee Operation

A. The Compensation Committee is currently comprised of 3 members.

B. Current Compensation Committee Member Terms: May 30, 2022, through May 26, 2025; the committee convened 3 meetings (A) in 2022, of which attendance was as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Remarks
Committee Chairman (10th) ^{Note 1}	Yu-Fen Lin	3	0	100%	Scope of Responsibilities: 1. Regularly formulate and review policies, systems, standards, and structures related to director and management performance assessments and compensation. 2. Regularly enact and review director and management compensation.
Committee Chairman (9th) ^{Note 1}	JenRan Chen (tenure expired on May 27, 2022)	2	0	100%	
Committee Member	Lo-Yu Yen (tenure expired on May 27, 2022)	2	0	100%	
Committee Member	Chia-Chung Chen (elected on May 30, 2022)	1	0	100%	
Committee Member	Su-ming Lin (elected on May 30, 2022)	1	0	100%	

Other Matters of Importance:

1. In circumstances where the Board of Directors declines to adopt, or make modifications based on, recommendations from the Compensation Committee, specify the dates of meetings, sessions, contents of motion, Board of Directors resolutions, the Company's response to the Compensation Committee's opinion (for example, where the compensation passed by Board of Directors exceeds the recommendations of the Compensation Committee, the circumstances and reasons for the difference of opinions shall be specified): None in the current fiscal year.
2. In circumstances where resolutions of the Compensation Committee were objected to by members, or members had a reserved opinion, and were recorded or declared in writing, specify the dates of meetings, sessions, contents of motions, all member opinions, and responses to member opinions: None in the current fiscal year.
3. Compensation Committee discussions and resolutions:
In 2022, the Compensation Committee convened 3 meetings.

Date	Information Communicated	Results Communicated	
February 21, 2022 (9-5) ^{Note 2}	(1) Review of the executive management team's final performance results for 2021	Approved by all members in attendance	Used to determine the Company's executive management teams' performance and bonuses
	(2) Distribution of the Company's fiscal year 2021 compensation for Board Directors		The compensation plan is reported to the Board for review and approval
	(3) Amendments to the Company's Compensation Committee organizational regulation		Amendments to organizational regulations are reported to the Board for review and approval
	(4) Amendments to the Company's senior executives' performance management regulations		Amendments to regulations of performance management are reported to the Board for review and approval
May 4, 2022 (9-6) ^{Note 2}	(1) Review of the Company's fiscal year 2021 compensation distribution for executive management	Approved by all members in attendance	Used to determine the annual allocation of executive management compensation
	(2) The compensation adjustment proposal of the Company's Chairman and President		The compensation adjustment proposal is reported to the Board for review and approval
November 2, 2022 (10-1) ^{Note 2}	Report on the operation of the Compensation Committee	Approved by all members in attendance	Approved by all directors in attendance

Note 1: Refers to the Chairman of Compensation Committee. For example: 9th is the 9th Chairman of Compensation Committee.

Note2: Refers to the Audit Committee session and meeting number. For example: 8-20 is the 20th meeting of the Audit Committee of the 8th Board of Directors.

4.5 Fulfilment of Sustainable Development and Deviations From the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies"

Evaluation Criteria	Implementation Status (Note)			Deviations From the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Explanation	
1. Has the Company established a Sustainable Development unit (full- or part-time), with a senior manager authorized by the Board of Directors to handle and report related activities to the Board of Directors?	V		1. The Company established the Corporate Social Responsibility (CSR) Committee in 2006 and renamed to "Sustainable Development Committee" in 2021 responsible for formulation of CSR policies, system and management guidelines in aspects of ESG governance. 2. "Sustainable Development Committee" oversees six working groups under the original CSR Committee, while adding four new groups that consist of Environment E, Social S1, Social S2 and Governance G. Each working group is managed by the corporate senior executive vice president. The committee reports to the Board of Directors on a quarterly basis regarding work progress, strategic planning; operational implementation, which then are disclosed in the Company's annual report and website. 3. On August 5, 2021, at the 14th meeting of the 9th Board of Directors, adopted the plan to sustainable development, with the concepts of "green low-carbon, digital transformation, integrity and transparency" to progress towards intelligent and sustainable living. 4. On October 12, 2022, the 10th Board of Directors Meeting and 2nd Strategy Committee Meeting with the theme of "Energy Conservation, Carbon Reduction, and Environmental Sustainability" reported the results of the Company's sustainable development promotion and future planning, and listened to the directors' guidance.	None

Evaluation Criteria	Implementation Status (Note)			Deviations From the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons																
	Yes	No	Explanation																	
2. Does the Company follow principles of materiality in evaluating the risks of environmental, social, and corporate governance, and establish relevant policies or strategies?	V		1. This disclosure covers the sustainable development performance of the Company at its main locations from January to December 2022. The risk assessment scope and boundary includes the Company and its branch offices. Subsidiaries are not included in the scope due to the relevance to the core business and the impact on significant issues. 2. The Company's Risk Management Committee conducts risk assessments on environmental, social, and corporate governance issues related to the operations based on the principle of materiality, and establishes relevant risk management policies and strategies. For information on the relevant risk management policies, scope, organizational responsibilities, and operations, please refer to Chapter 6, section 6, 6.1 "Risk Management Structure and Operation" on page 138 and the website. (https://www.cht.com.tw/en/home/cht/about-cht/corporate-governance/risk-management) 3. Based on the principle of materiality, the following are the enterprise-level risk assessment items and relevant risk management strategies for environmental, social, and governance issues related to our operations in 2022:	None																
			<table><tr><th>Major Issues</th><th>Risk Assessment Items</th><th>Explanation of Relevant Risk Management Strategies</th></tr><tr><td>Environment</td><td>Environmental sustainability and climate disaster impact on operations</td><td> 1. The Sustainable Development Committee has set short, medium, and long-term carbon reduction goals. The environmental team promoted cross-organizational collaboration to achieve these goals through green energy procurement, self-construction, mergers and acquisitions, as well as energy-saving and energy-storage measures. 2. Develop and implement green energy initiatives and actively engage in practices that align with the standards of green businesses. 3. Enhance network disaster prevention capabilities in response to extreme weather conditions. </td></tr><tr><td rowspan="2">Social</td><td>Insufficient development of emerging businesses affects the digital empowerment</td><td> 1. Develop and deploy new products to enhance digital empowerment for our customers by proactively exploring insight of customer needs and utilizing new technologies and disruptive innovations, like AIoT, AI, Big Data, Cloud, enterprise private network, and cybersecurity, etc. 2. To accelerate product launch and to scale-up business revenue and profits by constructing a sustainable ecosystem. </td></tr><tr><td>Not enough emerging technology talents in place</td><td> 1. Promote the implementation of "a happy enterprise" with continuous enhancement in the welfare of our employee to enhance the attractiveness of the emerging technology talents. 2. Cooperation with academic institutions (Intern included), diverse recruitments, employees training of emerging technology, to expand the talents source of emerging technologies. </td></tr><tr><td rowspan="2">Governance</td><td>Communication and reporting should meet stakeholders' needs</td><td>Regularly confirm the requirements of internal and external stakeholders regarding management decisions. Establish proactive communication channels for key decision-making information and review the website to strengthen information disclosure and safeguard the rights and interests of investors.</td></tr><tr><td>Major information security and personal data leakage incidents</td><td>Maintain an overall information security defense plan in place to meet the requirements of the Cybersecurity Management Act. Develop plans for preventing, reporting, and responding to personal data privacy breaches.</td></tr></table>		Major Issues	Risk Assessment Items	Explanation of Relevant Risk Management Strategies	Environment	Environmental sustainability and climate disaster impact on operations	1. The Sustainable Development Committee has set short, medium, and long-term carbon reduction goals. The environmental team promoted cross-organizational collaboration to achieve these goals through green energy procurement, self-construction, mergers and acquisitions, as well as energy-saving and energy-storage measures. 2. Develop and implement green energy initiatives and actively engage in practices that align with the standards of green businesses. 3. Enhance network disaster prevention capabilities in response to extreme weather conditions.	Social	Insufficient development of emerging businesses affects the digital empowerment	1. Develop and deploy new products to enhance digital empowerment for our customers by proactively exploring insight of customer needs and utilizing new technologies and disruptive innovations, like AIoT, AI, Big Data, Cloud, enterprise private network, and cybersecurity, etc. 2. To accelerate product launch and to scale-up business revenue and profits by constructing a sustainable ecosystem.	Not enough emerging technology talents in place	1. Promote the implementation of "a happy enterprise" with continuous enhancement in the welfare of our employee to enhance the attractiveness of the emerging technology talents. 2. Cooperation with academic institutions (Intern included), diverse recruitments, employees training of emerging technology, to expand the talents source of emerging technologies.	Governance	Communication and reporting should meet stakeholders' needs	Regularly confirm the requirements of internal and external stakeholders regarding management decisions. Establish proactive communication channels for key decision-making information and review the website to strengthen information disclosure and safeguard the rights and interests of investors.	Major information security and personal data leakage incidents	Maintain an overall information security defense plan in place to meet the requirements of the Cybersecurity Management Act. Develop plans for preventing, reporting, and responding to personal data privacy breaches.
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			Social		Insufficient development of emerging businesses affects the digital empowerment	1. Develop and deploy new products to enhance digital empowerment for our customers by proactively exploring insight of customer needs and utilizing new technologies and disruptive innovations, like AIoT, AI, Big Data, Cloud, enterprise private network, and cybersecurity, etc. 2. To accelerate product launch and to scale-up business revenue and profits by constructing a sustainable ecosystem.														
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			Governance		Communication and reporting should meet stakeholders' needs	Regularly confirm the requirements of internal and external stakeholders regarding management decisions. Establish proactive communication channels for key decision-making information and review the website to strengthen information disclosure and safeguard the rights and interests of investors.														
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Evaluation Criteria	Implementation Status (Note)			Deviations From the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Explanation	
3. Environment (1) Does the Company establish proper environmental management systems in line with its industry characteristics?	V		- The Company joined the Taiwan Alliance for Net Zero Emission in June 2021 and proposed net-zero emissions targets for 2030/2050. To meet the 2050 net-zero carbon emissions target, the commitment to the science-based target (SBTi) was announced publicly to achieve a 50% emission reduction by 2030 compared to 2020 levels. The Company's carbon emission investigation scope encompasses all sub-departments and branches. In accordance with the newest version of ISO 14064-1:2018, other than Scope 1 and Scope 2, the Company seeks to extend the vertical environmental management of 15 upstream and downstream carbon emissions at Scope 3 to progress towards more refined and sustainable operations. - The Company adopted the Chunghwa Telecom Energy-Saving Policy for a Sustainable Environment and Telecom Facility Office Energy-Saving Plan as its conservation initiatives to reduce carbon emissions. In addition, the Company has supplemented these initiatives with comprehensive green energy saving solutions of an Intelligent Energy Network (iEN) and Power Operations Support System (POSS) to dynamically manage the use of air conditioning energy. - In 2021, the Company adopted the BS 8001 Circular Economy framework, and became the first in Taiwan's telecommunications industry to obtain the BS8001 Circular Economy Review certification. - Adopted the Environmental Sustainability Development Management System (EARTH) to collect environmental data including the use of electricity and water, waste and recycling management, and green procurement among others, in order for the Company to secure efficient use of energy in real-time. At the same time, aligned with ESG, added new functions such as monitoring of Scopes 1, 2, and 3 greenhouse gas emissions and renewable energy management. - In accordance with the Task Force on Climate-related Financial Disclosures (TCFD), the Company discloses climate-related risks and opportunities from the four core elements: "Governance," "Strategy," "Risk Management" and "Metrics and Goals," and formulates the Company's climate change strategy. - To fulfill the green commitment and meet the global green challenge, through the strategy of "Green Enterprise, Green Sustainability and Green Innovation", the Company actively executes the 5G (Green) actions: "Green Operation, Green Energy, Green Store, Green Supply Chain and Green Procurement" initiative, to pursue and realize economic, environmental and social benefits. - The Company formulated the "Environmental Sustainability Strategy and Target Plan", to cover environmental sustainability policies, and strategic outlines to actively promote sustainable actions. The Company also prepares annual budget to sufficiently meet these policies. - The Company has obtained ISO14001 and ISO50001 certifications. ISO 14001 is valid until December 24, 2023, while ISO 50001 is valid until December 2, 2023.	None
(2) Is the Company committed to improving the utilization efficiency of various resources and using recycled materials with a low environmental footprint?	V		- The Company is committed to improve the efficient use of energy. The Company consolidates or shuts down current facilities (UPS or SMR) based on current electricity use to improve efficiency. The Company also optimizes the cooling water tower operation, and combines the water tower fan and the cooling water pump with the frequency converter to achieve energy saving. Concurrently, the Company has steadily replaced its older, more energy-consuming equipment, such as SMR equipment, air conditioning equipment, etc. The Company uses more than 90% high-efficiency SMR equipment, high sensible heat air-conditioning hosts and maglev frequency conversion chillers to reduce energy consumption and power costs. - The Company has adopted Chunghwa Telecom Energy-Saving Policy for a Sustainable Environmental and Telecom Facility Office Energy-Saving Plan, which includes incentives for energy conservation, carbon reduction, green procurement and environmental sustainability, to achieve the goal of "improve efficiency in resource usage while reduce environmental impact." - The Company uses environmentally-friendly permeable bricks of recycled green materials for its new building project to enhance outdoors aesthetics while also reduce environmental impact. - To align with the government's policies of a circular economy to achieve efficiency in resource use, the Company selected the most up-to-date MOD video service with highest penetration rate as its target. The Company minimized the MOD set-top box and power usage to successfully reduce the use of raw materials and electricity consumption. On the consumer side, the Company organized and reused the MOD STB under the principle of "Ensuring Service Quality," to successfully extend the life cycle of the MOD STB while preventing resource waste and reducing pollution. - The Company actively handles the use of renewable energy. In 2022, the use of renewable energy reached 23.96 million kilowatt-hours, and the target of purchasing renewable energy in 2023 is expected to reach more than 60 million kilowatt-hours. The Company continues to expand the self-built and self-operated solar field every year, with the goal of increasing the proportion of renewable energy.	None

Evaluation Criteria	Implementation Status (Note)			Deviations From the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Explanation	
(3) Does the Company evaluate the impact of climate change on the Company's current and future potential risks and opportunities, and adopt measures to respond to climate-related issues?	V		The Company launched the Task Force on Climate-related Financial Disclosure (TCFD) in 2020. In accordance with the TCFD framework, the Company will disclose information on governance, strategy, risk management, and metrics and goals regarding climate-related risks and opportunities in its ESG report and on its official website. Since 2020, the Company has continuously obtained the third-party review certification. Please find below a brief of the implementation results: Governance: The Environment team under the ESG Committee coordinates climate change work and submits results following an assessment of climate risk and opportunity to the Risk Management Committee, who reports the findings at the Chairman's Meeting on a regular basis. Strategy: Strategies to mitigate and adapt to the effects of climate change are as follows: 1. Mitigation: Transition towards a net-zero emissions path, invest in improving energy efficiency, use of renewable energy, and emerging technologies research and development. 2. Adaptation: Strengthen the climate resilience of the Company's communication equipment and facilities to reduce the impact of natural disasters. Risk Management: With reference to ISO 31000 Risk Management Guidance, the Company established a risk management process related to climate change and regularly assesses climate change impact. Metrics and Goals: The Company set a target to achieve net-zero carbon emissions by 2050. Aligning with the government's policy and striving to implement the Adaptation Strategy to Climate Change, the Company established its climate change adaptation targets. Future potential risks and opportunities derived from climate change: Based on the results of the 2021 TCFD project, the Company re-evaluated and assessed the risks and opportunities derived from climate change, and has identified opportunities with actively managed risks (physical and transformation risk). The Company will actively manage related risks and opportunities and monitor the impact of climate change to reduce the operational and financial impact. Details are as follows: 1. Risks: Physical Risk - Immediate risk (If the frequency and severity of heavy rain and floods increase, resulting in equipment inoperability or service interruption); Transformation Risk - Policy and Regulatory Risk (In response to Taiwan's 2050 net-zero emission policy, the Company is required to invest in low-carbon transformation). 2. Opportunities: Energy Source - IDC center adopts renewable energy; Low Carbon Products - Invest in green products and emerging technologies to drive revenue growth. Please refer to the Company's official website regarding ESG report and environmental related information.	None
(4) Does the company collect information on greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and formulate policies on greenhouse gas reduction, water usage reduction, or other waste management policies?	V		Greenhouse Gas Management Initiatives: 1. The Company (including its branches and operations offices, etc.) has carried out an annual greenhouse gas examination plan since 2008, acquired data in accordance with the guidelines of the GHG Protocol, and incorporated greenhouse gas reduction issues into the risk management process. Through the Intelligent Energy-saving System (iEN) developed by the Company and the Power Operation Supporting System (POSS) of electric air conditioning in the computer room, the Company uses wired and wireless network technology for dynamic energy management, give full play to the effect of low-carbon operation of technology, and introduce ISO14064-1 and pass third-party external verification to effectively manage greenhouse gas reduction. 2. Reduction Goals: In June 2021, the Company joined the Taiwan Alliance for Net Zero Emissions and proposed net-zero emissions targets for 2030/2050. In addition, the Company proposed a Science-Based Target (SBTi) carbon reduction commitment in August 2021. The Company submitted SBTi carbon-reduction targets in September 2022 to achieve a carbon emission reduction of 50% by 2030, compared with 2020. 3. Achievements: The Company conducted its annual GHG inventory verification, covering Scope 1 (Direct Emissions) and Scope 2 (Indirect Emissions). The verification also covered Scope 3 (other indirect emission sources); 15 categories were inspected, the Company obtained BSI-Taiwan's inspection statement, and relevant environmental information was disclosed. Through the Company's research and development of the EARTH environmental sustainability management system, the Company is able to effectively grasp the effects of environmental resources, greenhouse gas emissions, environmental protection and energy conservation, etc. In addition, the Company established the "Energy Saving Plan for Telecommunication Facilities" to reduce energy use and GHG emissions. As of the end of 2022, the Company has reduced carbon by 3.4% with electricity emission factor of 0.509 kgCO₂e. Energy Saving Measures: 1. The Company is committed to the development of the renewable energy field. As of the end of 2022, the Company has completed 51 photovoltaic solar sites across Taiwan with a total capacity of 4,483.59 kWp. The Company expects to add more than 2MWp installed capacity in the next two years, which shows the Company's determination to step into the renewable energy industry. 2. Continue to replace high-energy-consuming telecommunications equipment in old computer rooms, introduce low-energy-consuming equipment, and expand the use of renewable energy. The total greenhouse gas emissions in 2021 was 734,866.729 t-CO₂e, a decrease of 7.02% compared with the previous year. 3. For many years, the Company has continuously used the Environmental Assurance and Resilience Transparency-Growth System (EARTH) to collect environmental data and properly manage the use of various resources, with that, the Company can control the efficiency of energy use in real time. Water Saving Measures: 1. Build recovery systems for rainwater, groundwater and air-conditioning condensation to achieve water reuse. 2. The Company's recycled water is primarily used for everyday use. In addition to tap water, water for cooling and air conditioning are recycled for everyday use. The Company promotes the recycling of rainwater and condensation water, and the Banqiao IDC computer room has obtained ISO14046 certification for water footprint inspection. 3. Utilize the Company's IoT and electronic water meters, and build an innovative smart water meter monitoring platform and equipment, to enable remote monitoring of the daily water floor consumption. 4. Based on the water consumption in 2020, the Company targets to reduce water consumption by 1% every year. Waste Reduction Measures: 1. To launch waste reduction programs 5R, the Company actively monitors and manages the amount of waste generated through the online system and entrusts qualified processing manufacturers to recycle waste, such as lead-acid batteries, cables and hardware, among other miscellaneous items. 2. The Company adopted the BS 8001 Circular Economy framework in 2021, to enable a private waste disposal agency, approved by the environmental protection agency, for waste disposal services. The Company became the first enterprise in Taiwan's telecommunication industry to obtain the BS8001 Circular Economy Review certification. 3. The Company continues to promote consumer electronic billing and combined billing, the reuse and recycling of water, digital document systems, etc. 4. Based on the amount of waste in 2020, the target for domestic waste is to reduce by 2% per year and 100% of business waste is handed over to EPA qualified manufacturers to recycle/reuse, landfill and incinerate.	None

Evaluation Criteria	Implementation Status (Note)			Deviations From the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons																																				
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			The Company's levels of green house gas emissions for the two preceding years are as follows: Unit: t-CO₂e <table><tr><th colspan="3">GHG Emissions</th></tr><tr><th>Year</th><th>2021</th><th>2022</th></tr><tr><td>Direct Emissions (Scope 1)</td><td>17,887.4700</td><td>19,807.5024</td></tr><tr><td>Indirect Emissions (Scope 2)</td><td>716,979.2590</td><td>700,167.5107</td></tr><tr><td>Total Emissions (Scope 1+Scope 2)</td><td>734,866.7290</td><td>719,975.0131</td></tr></table> Note: The statistics of 2022 are the preliminary result calculated by Chunghwa Telecom and is to be verified by the external third-party. The Company's levels of water consumption and total weight of waste for the two preceding years are as follows: Unit: t <table><tr><th colspan="3">Water Usages & Waste Management</th></tr><tr><th>Year</th><th>2021</th><th>2022</th></tr><tr><td>Tap Water Consumption</td><td>598,435</td><td>566,165</td></tr><tr><td>Air Conditioner Water Consumption</td><td>1,571,508</td><td>1,609,038</td></tr><tr><td>Recycled Water</td><td>1,534</td><td>7,453</td></tr><tr><td>Biological Waste</td><td>2,681</td><td>1,986</td></tr><tr><td>Industrial Waste</td><td>6,189</td><td>5,147</td></tr></table> Note: The statistics of 2022 are the preliminary result calculated by Chunghwa Telecom and is to be verified by the external third-party. Please refer to the Company's official website regarding environmental related information.	GHG Emissions			Year	2021	2022	Direct Emissions (Scope 1)	17,887.4700	19,807.5024	Indirect Emissions (Scope 2)	716,979.2590	700,167.5107	Total Emissions (Scope 1+Scope 2)	734,866.7290	719,975.0131	Water Usages & Waste Management			Year	2021	2022	Tap Water Consumption	598,435	566,165	Air Conditioner Water Consumption	1,571,508	1,609,038	Recycled Water	1,534	7,453	Biological Waste	2,681	1,986	Industrial Waste	6,189	5,147	
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4. Social Responsibilities (1) Does the Company form appropriate management policies and procedures in accordance with relevant regulations and international human rights conventions?	V		1. The Company publicly supports and voluntarily follows standards including the United Nation's (UN) Universal Declaration of Human Rights (UDHR), the International Labor Organization Declaration on Fundamental Principles and Rights at Work, and the Global Compact. 2. The Company publicly discloses human rights policies on official website, adopts appropriate internal policies and procedures according to relevant regulations and the International Bill of Human Rights, and conducts an annual review and audit of relevant implementation activities. 3. The Company regularly conducts human rights due diligence to ensure that various human rights issues across the operating value chain are assessed and recognized, and that mitigation and remedial measures are implemented to control and minimize various risks. 4. Chunghwa Telecom attaches great importance to workplace human rights and gender equality, and is committed to building an inclusive and friendly working environment and advocating work force diversity and gender equality. In 2022, the Company's female employees accounted for 29.92% of the total workforce while females in management positions (director level and above) account for 21.51%. In addition, in order to implement the spirit of gender equality in work, Chunghwa Telecom has formulated the "Chunghwa Telecom Anti-discrimination and Anti-harassment Guidelines" and the "Chunghwa Telecom Sexual Harassment Prevention Measures and Complaint Processing Guidelines," and has established a "Complaint Investigation and Evaluation Committee" to specially handle employee complaints about discrimination and other improper behaviors at work. Chunghwa Telecom strives to improve the women-friendly workplace environment and has won international recognition. The Company was included in the "World's Top Female-Friendly Companies 2022" list by Forbes, ranking first among companies in Taiwan. 5. In terms of employee diversity, Chunghwa Telecom has significantly exceeded the requirements of Article 38 of the "People with Disabilities Rights Protection Act." In 2022, the Company hired 3.39 times more employees with disabilities than the statutory quota. In addition, there were 57 indigenous employees employed at Chunghwa in 2022, and the Company fully respects their cultural customs with no violations to their work and human rights reported during the year. The implementation of workplace diversity and promotion of gender equality are disclosed in the Company's ESG Report. 6. The Company complies with the "Labor Union Act" and is the only telecom provider in Taiwan with labor union that has signed a collective bargaining agreement with its employees.	None																																				

Evaluation Criteria	Implementation Status (Note)			Deviations From the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Explanation	
(2) Does the Company formulate and implement reasonable employee benefits (including compensation, vacation, and other benefits), and appropriately reflect operating performance or results in employee compensation?	V		The Company has established and implemented reasonable employee welfare measures, including remuneration, vacation and other benefits, and appropriately reflects the operating performance in employee remuneration: 1. The Board of Directors has a Compensation Committee, which is responsible for formulating and regularly assessing the policies, regulations, standards and structures of performance management and compensation of directors and executives, as well as regularly evaluating and proposing the compensation of directors and executives. 2. Verification and evaluation: The evaluation results are used as the basis for salary promotion, bonuses and remuneration distribution. 3. Bonus distribution: Link bonuses with the Company's operating performance, annual net profit and employee assessment. 4. The Company offers favorable leave policies to employees, including 21 days of annual leave for people who have been with the Company for over 7 years, 5 days of personal leave, 30 days of sick leave with full compensation, and 10 days of maternity inspection leave, 10 days of paternity inspection leave, 42 days for maternity leave (excluding weekends, official holidays and national holidays), etc. 5. Other measures to enhance employee benefits are listed below: (1) Employee Stock Ownership Trust: According to the ratio of incentive funds allocated by the Company and the employee stock ownership association, the incentive funds are allocated according to the amount of employees' monthly salary deposits. (2) The Company provides an employee welfare fund in accordance with rules and regulations of the Employee Welfare Committee to handle various employee subsidies including marriage, childbirth, children's education, children's education scholarships, employee retirement, employee death and death of dependent events, three holidays (Chinese New Year, Dragon Boat Festival and Mid-Autumn Festival), employee recreational activities, birthday parties and group insurance, etc. (3) The Company has begun to provide annual reimbursements of NT\$6,000 to employees with children aged under 6 to align with the national fertility policy and help retain young talent. Concurrently, the Company applies to the local authorities for corporate childcare subsidies and offers the subsidies to employees who have children in daycare. (4) Since August 2022, the Company introduced 16 classes titled "Mutual-help Education and Health Center in Workplace" in the six major cities, to create a family-friendly workplace environment and support employees' childcare. (5) Since 2022, the Company was the first in the industry to begin to offer employees with children under the age of 3, the option to apply for a one-hour reduction per working day with no salary deduction. The Company had a cumulative total of 86,683 hours of parenting time within 2022. (6) Since 2022, flexible working hours system was implemented depending on the characteristics of the departments, and mobile/remote work and shared offices were introduced to shorten the commute time of employees. Chunghwa Telecom regards employees as important assets of the company, and its long-term investment in employee welfare has been recognized by the public. In 2022, during the "Happy Enterprise Award" ceremony held by 1111 Job Bank, and the Company won the "2022 Happy Enterprise" and the "Technology Research and Development Gold Award."	None
(3) Does the Company provide a safe and healthy working environment, and provide training on safety and health for its employees on a regular basis?	V		The Company strives to provide its employees with a safe and healthy working environment, regularly holding education and training sessions on health and safety for its employees. The curriculum is summarized, as follows: 1. To build a safe and healthy working environment, regularly hold education and training sessions on health and safety: (1) Develop a health and safety policy and implement it accordingly. (2) Establish specialized teams and personnel to be responsible for occupational health and, create a friendly and high-quality working environment. (3) Contract on-site physicians and hire dedicated nurses to provide on-site health services. (4) Handle medical checkups and Employee Assistance Programs (EAP) to plan and implement various medical checkup packages on an annual basis, providing one-on-one professional consulting services. (5) At the Company's Employee Training Centers in Banqiao, Taichung and Kaohsiung: hold health and safety education training, raise awareness and practice drills for employees and contractors to strengthen awareness of work safety, improve health and safety skills and adaptability, and protect employees and contractors during everyday work. 2. To continue to promote the efficiency of occupational safety and health management, the Company proactively adheres to international standards for occupational safety and health (ISO 45001) and undergoes global certification. In 2022, all the 27 sites passed the external independent third-party verification audit and underwent annual reviews. Through the systematic Plan-Do-Check-Act management cycle, the Company expects to continue improving the efficiency of its health and safety management system and build a good culture focused on overall safety and health. 3. In 2022, there were 63 occupational accidents, accounting for 0.32% of employees, of which 51 were traffic accidents. To achieve the goal of zero disasters, the Company will continue to strengthen training programs to reduce workplace accidents and raise awareness for traffic safety, and to hold traffic accident prevention digital learning courses (e-learning) to strengthen traffic safety knowledge and skills such as defensive driving and road rights. 4. To respond to the COVID-19 pandemic, the Company developed an epidemic prevention contingency plan to minimize operational interruptions while also prevent cluster infections in the workplace, thus ensuring physical and mental health of employees.	None

Evaluation Criteria	Implementation Status (Note)			Deviations From the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Explanation	
(4) Does the Company establish effective career development programs for its employees?	V		- The Company has built a function-oriented training system containing two functions: professional function and management function. The Company provides various courses to help employees develop their management skills and professional skills, through training institutes, advanced studies, internal and external training and other mechanisms, targeting both part-time and full-time employees. - Based on the concept of AGLOW (Attraction: retain new employees, Growth: employees grow, Leadership: supervisors are capable, Opportunity: talents are developed, Winning: succession is smooth), the Company established various programs for employees of different levels, including current employees, new recruits and all level supervisors, with customized training programs, and accelerate the training and development of potential employees to make them reserve successors. - The Company has established the concept of life-long learning and a supportive learning environment, leveraging e-learning systems to encourage all employees to learn and grow.	None
(5) With respect to customer health and safety of products and services, customer privacy, marketing, and labeling, does the Company comply with relevant regulations and international standards, and formulate related consumer protection policies and appeal procedures?	V		- In accordance with the law, the Company has established a set of internal Corporate Marketing Standards and service contracts. The Company implements the "Regulations for Telecommunications Service Quality Items of National Communications Commission Announcement" to accomplish the four major categories of "Service Efficiency," "Customer Service Center," "Customer Complaint Processing" and "Accounting Services" that address a total of 26 service quality indicators to ensure consumer rights. - The Company has a privacy policy, which is disclosed publicly: https://www.cht.com.tw/home/consumer/privacy - To protect consumer privacy, the Company: (1) has adopted a management system in accordance with relevant regulations and standards; (2) has designated a responsible department; (3) classifies fundamental consumer information as "Highly Confidential"; (4) is implementing the new version of the "Personal Data Collection Notice," https://pdpn.cht.com.tw; (5) requires that all employees sign a "Business Confidentiality Agreement," with direct supervisors bearing joint liability; (6) has integrated privacy protection as part of employees' key performance indicators (KPIs) for performance reviews; (7) has received international information security and individual privacy protection certification (such as ISO27001 and BS10012). - Products and services are designed to take into account of the impact of consumer overuse, and marketing material contains explanations on scope of use and other helpful reminders. - To manage and ease concerns about Electromagnetic (EM) waves: (1) Base stations comply with regulations and standards; (2) The public can apply for free professional measurement; (3) Taiwan Telecommunication Industry Development Association (TTIDA) is entrusted with touring the country to advocate for correct understanding. - Provides diverse customer service and appeal channels, including physical stores, a dedicated customer service line, and an online platform. The appeals filing and handling procedure has been standardized and has a target of providing satisfactory responses and resolutions within 3 business days. - Conducts customer satisfaction surveys and improves service quality in a timely manner. Uses big data analysis to enhance products, services and functionality.	None
(6) Does the Company have a supplier management policy that requires suppliers to comply with and implement relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights?	V		- The Company established the "Chunghwa Telecom Sustainability/ESG Guidelines" that informs suppliers of CSR standards on ethics, labor, environment, and health and safety, in order to achieve the good ethical standards, respect for labor rights, and environmental sustainability on both fronts. - When purchasing tenders, tenderers must review the "General Terms of Information on the Purchase Tender" and complete the "Basic Data and Review Form for Participating Tenderers" before participating in the tender. The tenderers self-report on corporate integrity, material sourcing, environmental safety, occupational safety, energy conservation and carbon reduction, among other topics, and agree to follow the Company's "Chunghwa Telecom Sustainability/ESG Guidelines." - On December 11, 2019 the Company implemented the "Chunghwa Telecom Supplier Management Operation Plan" to improve supplier management efficiency. The Suppliers are evaluated using various KPIs such as financial capabilities, performance quality, ability to meet deadlines, price advantages, professional abilities, after-sales service, warranty responsibilities, engineering cooperation, work safety performance and cooperation with the Company, as well as ESG responsibilities. Since 2019, to enhance suppliers' ESG capability, the Company has implemented the "Sustainability Supply Chain Grading System." Based on the evaluation results, the Company will assign the evaluated supplier with a grade that is divided to four levels: Gold, Silver, Bronze and Participation. From these grades, the Company encourages suppliers to improve their standards in environmental protection, labor rights, and occupational safety and health to meet standards. Furthermore, the Company is committed to suppliers with carbon-reduced and green products during the procurement bidding process. Implementation: (1) Since 2010, the Company has held an annual "Chunghwa Telecom Supplier Partner ESG Exchange" to publicly recognize vendors with outstanding ESG efforts and carbon management and invites experts, scholars and leading company representatives to share their implementation experience to work together with supply chain partners towards a more sustainable future. (2) Since 2011, suppliers with large procurement volumes or high levels of influence have been required to fill out online ESG status questionnaires and carry out sustainability assessments. Gradually taking ESG into consideration during supply chain selection, the Company looks forward to working with suppliers to achieve good ethical standards, respect for labor rights, set goals to reach environmental sustainability and more. (3) Since 2014, the Company commissioned the external verification unit of SGS Taiwan to conduct the "supplier evaluation" for key suppliers. It is expected to construct a complete supply chain management mechanism through a two-part strategy through "understanding analysis" and "on-site visits." Since 2011, the Company has rewarded extra points to suppliers who passed the "dual evaluation program" in the past three years, offering sustainable competitive advantages to suppliers. (4) Since 2016, annual supplier education and training sessions have been conducted to emphasize the importance of environmental sustainability through on-site visits. (5) Since 2019, The "Supplier Sustainability Rating" mechanism launched to establish a list of suppliers qualified for sustainability through internal ranking of suppliers' ESG. (6) Since 2020, the Company conducts the "Supplier ESG Education Training" on an annual basis. The Company uses the "Sustainable Supply Chain" initiative to promote a series of improvement actions for sustainability. Ongoing education and training on sustainability will help suppliers deepen their knowledge and recognition of ESG and direct them to meet the proper guidelines. (7) Since 2022, the Company has advocated and committed to carbon reduction together with its suppliers; meanwhile, suppliers have set their own carbon reduction goals and practices. Both parties are working together to achieve the goal of net-zero emissions by 2050.	None

Evaluation Criteria	Implementation Status (Note)			Deviations From the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Explanation	
5. Does the Company refer to internationally accepted reporting standards or guidelines for compiling reports on non-financial information, such as ESG reports? Did the previous release reports obtain a confirmation or assurance opinion from a third party verifier?	V		Each year, the Company creates its ESG report according to the latest version of the GRI Standards Core Option, Telecommunications Sector Supplement and International Integrated Reporting <IR> Framework in both Chinese and English. In 2021, ahead of regulatory requirements, the Company created its "2020 ESG Report" following standards of Telecommunication Services by Sustainability Accounting Standards Board (SASB) and publishing a separate "SASB Report." In addition, SGS Taiwan verifies all content and data through a major review and assurance program to ensure its compliance with the GRI Standards Core Option, AA 1000 AS (2018) Type 2 High Level Assurance, International Integrated Reporting <IR> Framework, and SASB Standards. The ESG Report has obtained the SGS-Taiwan Review Certification Statement. Please download the ESG report for more details from the Company's official website.	None
6. If the Company has established the sustainable development principles based on "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe any discrepancy between the Principles and their implementation: No discrepancy found.				

7. Other important information to facilitate better understanding of the Company's sustainable development practices:

- (1) Institutionalization of corporate volunteering: In 2022, continued to conduct corporate volunteer training to facilitate the promotion of various corporate volunteering activities.
- (2) Systemization of sustainable actions: The Company continued to hold its inaugural "5G Plastic-Free Corporate Volunteering Sustainable Actions" featuring a series of activities. Through various activities including the issuing of environmental non-fungible tokens (NFTs), the collection of online environmental creative ideas and training for environmental corporate volunteers to promote the 5G Plastic-Free concept. The Company raised environmental protection awareness by promoting its 5G Plastic-Free Family Day and beach clean-ups, conducted together with its subsidiaries and suppliers and attracted more than 3,000 corporate volunteers to join.
- (3) Innovation of digital empowerment: The Company aligns with the United Nations Sustainable Development Goals (SDGs) and actively implements the exclusive and leading 5I SDGs initiative, including I Helping, I Sharing, I Learning, I Technology and I Protecting, while promoting the innovation of Tech4Good digital empowerment ecosystem, and leveraging its core technology, resources, capabilities and features to "bridge the digital divide" and "create digital opportunities." The Company is committed to achieving digital equality and encourages the participation of local corporate volunteers to spread love and passion to remote areas. Action items include:
 - Read With You - Community Network Tutoring
 - EYE Social Innovative Call Center
 - Chunghwa Telecom Digital Good Neighbors
 - Outpost Taiwan
 - Collaborate the Colab Project With Chengzhi Education Foundation
 - Children and Youth Care and Digital Empowerment Project in Lanyu
 - 5G Telemedicine Collaboration Project
 - CBMP Digital Transformation ("Smart Yun-You") Interdisciplinary Concatenation Project
 - Smart Agriculture Services
 - Optimization of Voice Assistant App for the Visually Impaired
 - Telecommunication Universal Services in remote areas
- (4) Social Investment Statistics: Includes cash donation and non-cash input conversion through commercial events, in-kind donation, corporate volunteering, sending short messages for charity, free short-code services, preferential measures and convenient services for the disabled with a total social investment of NT\$830 million in fiscal year 2022.
- (5) Supporting cultural industry in Taiwan: Chunghwa Telecom provides professional technical support, including 5G private networks, mobile edge computing, and AR/VR applications, for the public to enjoy digital culture and entertainment easier. Meanwhile, the Company assists in the implementation of domestic culture development. Cooperating with cultural institutions, the Company jointly develops digital cultural content to further promote the development of the cultural and creative industry in Taiwan, with details on execution listed below:
 - The digital edition of Jimmy Liao's musical "Turn Left, Turn Right" and the spiritual performance "Kailash Pilgrimage" co-performed in two theaters by the National Theater & Concert Hall of Taiwan
 - Smart Guide to historic sites of Chikan Tower in Tainan City
 - 5G Graffiti at DigiWave Takao Event in Kaohsiung City
 - 5G somatosensory gaming system in Kaohsiung's Bay Area
 - WebAR empowered event, "Crystal Memories of Salt," held by the National Development Council in Taiwan
 - VR interactive experience at New Taipei City Gold Museum
 - 5G Immersive and interactive experience at Lanyang Museum
 - Indigenous People's Bureau in Taitung County, Christmas event in Nantou City and Sha Yang Ye Robot Wonderland Web AR tour apps

Note: The materiality principle refers to environmental, social, or corporate governance issues that have a material impact on the investors or other stakeholders of the Company.

4.6 Ethical Corporate Management

Evaluation Criteria	Implementation Status			Deviations from "the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Explanation	
1. Enactment of ethical corporate management policies and programs (1) Does the Company disclose its ethical corporate management policies and procedures in its official charter and material documents issued externally, as well as the commitment of the Board of Directors and management team to its implementation?	V		The Company has enacted the "Ethical Corporate Management Best Practice Principles for Chunghwa Telecom Co., LTD." Its formulation and amendments were approved by the Board of Directors, reported to the shareholders' general meeting, and disclosed on MOPS as well as the Company's website. It clearly states that the Board of Directors, executive management, employees and mandataries, shall comply with laws and regulations during execution of business operations that the Board and managers shall commit to proactively implement it, and to do so through internal management and external business activities.	None
(2) Has the Company established a mechanism to assess the risks of non-ethical conduct, regularly analyze and assess relatively high-risk non-ethical conduct and activities within its scope of business, and formulate policies to prevent unethical conduct, which at minimum covers measures to prevent the conduct mentioned in Article 7.2 of "the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?"	V		The Company has adopted the "Chunghwa Telecom Procedures for Ethical Management and Guidelines for Conduct," which the Company has implemented to provide measures for preventing unethical conduct, analyze relatively high-risk non-ethical conduct and activities within its scope of business, and strengthen relevant preventative measures.	None
(3) Do the Company's measures to prevent high-risk unethical misconduct clearly specify operating procedures, conduct guidelines, disciplinary and appeal mechanisms for violations? Are they implemented and are regularly reviewed for amendment?	V		The Company has enacted the "Ethical Corporate Management Best Practice Principles for Chunghwa Telecom Co., LTD.," which clearly specifies measures to prevent unethical conduct and include operating procedures, conduct guidelines, disciplinary and appeal systems for violations. The Company has implemented the measures and regularly reviews the plan for amendments.	None
2. Implementation of ethical corporate management (1) Does the Company evaluate business partners' ethical records and clearly indicate ethical conduct clauses in business contracts?	V		When handling a purchase tender, bidders shall refer to the "General Terms and Conditions of Purchase and Bidding Instructions" and fill in the "Basic Information and Review Form of Participating Tenderers." Bidders should also make a self-declaration to agree to abide by the Company's "Chunghwa Telecom Sustainability/ ESG Guidelines." Any violations of the guidelines could result in the suspension of rights of up to one year and excluded from participation in the bidding of Chunghwa Telecom's procurement case, become the awardee, or subcontractor.	None

Evaluation Criteria	Implementation Status			Deviations from "the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Explanation	
(2) Has the Company established a dedicated unit to promote ethical corporate management under the Board of Directors, and regularly (at least once a year) report to the Board of Directors on its ethical corporate management policy, measures to prevent unethical conduct, and monitor implementation?		V	1. The Company designates the Organization and Talent Development Department as a dedicated unit to promote Company integrity and ethics. Responsibilities of this department include assisting the Board of Directors and Executive Management team in formulating and supervising the implementation of ethical policy and codes of conduct, as well as implementing ethical standards. The department reported to the Board of Directors on November 4, 2022. 2. The Company implemented the ethical management policy. Please see below for implement details of the year 2022: (1) Education and Training In each training course, a series of training classes will be provided to employees, covering topics such as regulation, inspection, and risk management, etc., to help them learn basic legal knowledge, codes of conduct, ethical management principles and operating procedures, the total training hours are 81,475. Throughout the course, case studies are used to strengthen the conceptualization and implementation of prevention mechanisms in order to both manage and prevent dishonest behavior. (2) Law and Case Advocacy The Company's dedicated unit is committed to the education and promotion of all employees. In 2022, the Company consolidated the ethical management principles, code of conduct, and processing standards for important internal information, using a digital learning platform to share case studies and publicize the matters that colleagues should pay attention to in day-to-day business. (3) Annual Test The Company conducted an online test for all employees from September 12 to October 7, 2022. The test covers the ethical management principles, ethical management operating procedures and behavior guidelines, the code of conduct, and obligations to maintain the Company's confidential business matters. (4) Regular Inspection To prevent dishonest and unethical behavior while controlling fraud risks, the Company established a dedicated unit to monitor and track the above behaviors. The Company implemented an anti-fraud plan for its branches, including advisory on business reform and corrections, reports of major situations, spot checks, and anti-fraud case studies. Based on the annual plan, the anti-fraud department collects all cases on monthly basis and then records, analyzes, and evaluates the performance, before evaluating the case through the internal control system, to ensure the overall operation and to prevent the occurrence of dishonest acts. (5) Reporting and Whistleblower Protection Rule - Detailed reporting rules can be found within the Company's "Code of Corporate Governance for Chunghwa Telecom Co., Ltd.," "Ethical Corporate Management Best Practice Principles for Chunghwa Telecom Co., LTD.," "Procedures for Ethical Management and Guidelines for Conduct," and "Code of Ethics of Chunghwa Telecom Co., Ltd." All the rules are implemented actively to prevent any dishonest behaviors, in accordance with a system of checks and balances to investigate and discipline in the event of violations and employee complaints. - The Company encourages both internal and external reporting on dishonest behavior and misconduct, and it assigns the Organization and Talent Development Department as the special unit responsible for accepting reports. The stakeholder section on the Company's website provides effective communication methods for employees, shareholders, stakeholders and external parties. In addition, the Company's website also includes contact information, including a special mailing address, email address, and phone number, for the Audit Committee, which accepts employee reports and complaints, and reports related to internal accounting and auditing. If a report involves the Board of Directors or senior executives, the case will be delivered and presented to independent directors or the Audit Committee. - Detailed reporting and whistleblower protection rules can be found within the Company's "Code of Corporate Governance for Chunghwa Telecom Co., Ltd.," "Ethical Corporate Management Best Practice Principles for Chunghwa Telecom Co., Ltd.," "Procedures for Ethical Management and Guidelines for Conduct," "Code of Ethics of Chunghwa Telecom Co., Ltd.," "Key Points for Employee Complaints Operation," and "Practicing Points for Practitioners Violating the Code of Ethics." The whistleblower's identity and personal information are kept confidential, and the Company vows to protect whistleblowers from improper handling or retaliation. - In 2022, the Company reviewed 74 cases, including 56 externally reported cases and 18 internal employee reported cases. There were no major violations of ethical management.	The Company designates the Organization and Talent Development Department as a dedicated unit to promote Company integrity and ethics. Responsibilities of this department include assisting the Board of Directors and Executive Management team in formulating and supervising the implementation of ethical policy and codes of conduct, as well as implementation of ethical standards through management supervision, internal audit and timely reports to the Board of Directors, effectively following the Company's policy and ethical guidelines.
(3) Does the Company establish policies to prevent conflicts of interest, provide suitable channels to report such conflicts, and implement such policies?		V	The Company has a "Code of Ethics of Chunghwa Telecom Co., Ltd.," and has established channels including a dedicated telephone line, fax, and e-mail for employees and external parties to report violations. It also conducts regular and irregular audits through its internal control system.	None

Evaluation Criteria	Implementation Status			Deviations from "the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Explanation	
(4) Has the Company established an effective accounting system and internal control system to facilitate ethical corporate management? Does its internal audit team provide risk assessment results and formulate audit plans related to unethical conduct, and audit compliance of non-ethical conduct measures, or does the Company engage external CPAs to implement such audits?	V		1. The Company has established accounting policies and amended accounting policies as required by the amended International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) endorsed and issued into effect by the Financial Supervisory Commission (FSC) as well as business practices. 2. The Company has established the control activities at entity level, with "Code of Conducts," which are amended according to changes of environment and regulations. No major violations of ethical standards are found by external audits this year. 3. The audit plan for fiscal year 2022 was formulated in accordance with the Financial Supervisory Commission's "Regulations Governing Establishment of Internal Control Systems by Public Companies," the Company's "Internal Control System" & "Internal Audit Implementation Rules," and the assessment results that include the risk of unethical conduct. The contents include audit targets, scope, projects, and frequency, etc. The audit results include measures preventing unethical conduct practices, which is reported to the Board of Directors.	None
(5) Does the Company regularly hold internal and external educational trainings on ethical corporate management?	V		1. The Company organizes education and training and awareness programs on an annual basis, with online exams to be passed, in order to strengthen integrity and ethical standards. In 2022, all employees participated in digital learning programs "Code of Ethics of Chunghwa Telecom Co., Ltd." and "Ethical Corporate Management Best Practice Principles for Chunghwa Telecom Co., LTD." with an online "Comprehensive Exam" requiring a score of 100 to indicate completion. The course and exam took a total of about 1 hour altogether. All employees excluding those with reasonable exemptions (such as maternity leave, injury, or long-term sick leave) completed the exam, representing a 100% completion rate. The Company shall continue to enhance corporate management, risk controls, and an ethical corporate management culture for long-term sustainable corporate management. 2. In 2022, the Company requested investee companies and supply partners to implement the Company's code of conduct, human rights policy, and anticorruption policy among other commitment goals, and conveyed to their respective employees the principles of strictly maintaining ethics and discipline.	None
3. Reporting ethical violations (1) Has the Company formulated a concrete whistleblowing and incentive system, established a convenient whistleblowing channel, and assigned appropriate personnel to handle the cases of those who have reports raised against them?	V		The Company has enacted "Operational Rules for Handling Cases in Violation of Code of Ethics" to handle violations of ethical corporate management rules, with the following reporting channels for internal and external use: 1. Contact Address: Room 503, No. 21-3, Sec.1, Xinyi Rd, Taipei 100012, R.O.C. 2. Telephone: 0800-080998 3. Fax: (02)23570007 4. E-mail: chthr@cht.com.tw Reported cases are handled by personnel with a clear division of power and responsibilities, whom are appointed on a case-to-case basis.	None
(2) Has the Company established standard operating procedures for handling whistleblowing claims and, after a complete investigation, follow-up measures and mechanisms related to maintaining confidentiality?	V		1. The Company has established the "Implementation of the Violation of Code of Ethics Case Investigation and Handling Principles," which conducts active investigation, while adhering to confidentiality principles according to the Company rules 2. After case investigation, follow-up measures to be taken are below: If evidence indicates that there were illegal activity or violations of regulations, violators with administrative responsibility will be handled according to regulations. For violators with legal responsibility, the Company will transfer the case to the prosecutor's office or file for a civil/criminal lawsuit, depending on the evidence presented.	None
(3) Does the Company provide proper whistleblower protection?	V		The Company has established the "Implementation of the Violation of Code of Ethics Case Investigation and Handling Principles" with objective, fair, confidential, and sensitive investigation procedures in order to protect whistleblowers from any improper treatment.	None

Evaluation Criteria	Implementation Status			Deviations from "the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Explanation	
4. Enhancing information disclosure Does the Company disclose its established ethical corporate management policies and promotion results on its website and MOPS?	√		The Company has fully disclosed all ethical corporate management related content, status, and performance results on its official website and on MOPS.	None

5. If the Company has established ethical corporate management policies based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please describe any discrepancies between the policies and their implementation: No discrepancy found.

6. Other important information to facilitate a better understanding of the Company's ethical corporate management practices: (e.g., review and amendment of the policies)

- (1) To optimize ethical operations, since 2022, the Company's Chief Administrative Officer (CAO) has been responsible for supervising and overseeing issues concerning business ethics and corruption and planning the submission of ethical corporate management implementation reports to the Board of Directors twice a year from 2023.
- (2) The Company has adopted the "Chunghwa Telecom Sustainability/ESG Guidelines," which fully discloses its corporate ethical principles. In addition, these principles are communicated and emphasized in procurement bidding documents and the annual supplier partner exchange conference, so the suppliers have a clear understanding of the Company's ethical management policies and commitment to conduct business activities with integrity, transparency, and responsibility. Furthermore, the Company expects its suppliers to adopt the "Ethical Corporate Management Best Practice Principles for Chunghwa Telecom Co., LTD.," or enact similar codes of ethics, with proper disclosure.

Note: Whether the implementation status is checked Yes or No, it is required to be in the "Explanation" section.

4.7 Access to Corporate Governance Rules and Procedures

The Company has established the "Code of Corporate Governance for Chunghwa Telecom Co., Ltd.," which is available on the Company website at: Home > About CHT > Corporate Governance > Other Bylaws > Code of Corporate Governance (<https://www.cht.com.tw/en/home/cht/about-cht/corporate-governance/other-bylaws>).

4.8 Other Important Information to Facilitate Better Understanding of the Company's Corporate Governance Practices

(1) The Company's Material Information Disclosure Procedure

The Company has enacted the "Chunghwa Telecom Insider Trading Prevention and Control" guideline, and "Procedures for Handling Material Information of Chunghwa Telecom Co., Ltd.," which clearly specifies material information disclosure procedures, insider trading management processes, and a requirement for strict compliance with all relevant rules and regulations of the TWSE/TPEX, in order to prohibit insider trading, any improper information disclosure, and to ensure accurate and timely disclosures. Below are key content categories:

- A. Target audience and scope of material information.
- B. Corporate confidentiality procedure.

C. Designated responsible unit.

D. The Company's material information disclosure procedure.

(2) In fiscal year 2022, the Company's President undertook 43 hours of corporate governance related courses and training. In addition, some managers also participated in similar courses and training. In the future, the Company expects to continue such courses and training for senior executives and managers.

(3) Data Governance

Since 2022, Chunghwa Telecom has been promoting "data governance," ensuring the security and quality of data storage, access, authorization, and usage from the source of system development. Through systematic management systems, the Company has enhanced the application value of data and executed the implementation of relevant data governance policies and operational structures after reporting to the Board of Directors, guiding the business innovation with data-driven strategies, and effectively strengthening the Company's decision-making capabilities and core competitiveness.

In alignment with the major areas of Data Management

Knowledge (DMBOK) of Data Management Association (DAMA), Chunghwa Telecom constructed its data governance structure with a three-tiered organization and respective responsibilities. Also, the Company constructed a company-wide data usage system for six areas including data quality, data protection, data access/sharing, data tools, data compliance, and data maintenance. Combined with policies of information security, personal data protection and privacy protection, the newly constructed structure ensures an effective data governance at the Company and the subordinate entities to achieve consistency, availability, security, and compliance in data asset management that meets international standards.

The following are the applications of data governance initiatives in 2022:

(1) Enhancing customer management and business promotion: By strengthening data governance to streamline business vocabulary, the Company effectively reduced the threshold for personnel data usage and cross-business communication costs, thereby further improving data-driven quality. For example, accurately mining potential customers for broadband speed upgrades, effectively promoting 5G business, and increasing the success rate of companion sales.

(2) Improving data analysis and decision-making power: By strengthening data governance, the Company improved data quality, enhanced the accuracy of data analysis, and optimized the Company's internal operational efficiency. For example, improving marketing application effectiveness and analytical capacity, shortening customer service problem-solving time, and upgrading customer service satisfaction.

(3) Becoming an enabler of enterprise digital transformation: The Company integrated its operational systems into data governance solutions and provided consulting services to help enterprises accelerate digital transformation.

Chunghwa Telecom continuously enhanced its information capabilities through data governance, ensuring the quality and quantity of data assets, and providing accurate and speedy assistance to various business initiatives. In 2023, the Company will continue to apply these efforts in customer and business promotion, striving to achieve customer-centric structural transformation.

4.9 Internal Control Systems

(1) Statement of Internal Control System

Chunghwa Telecom Co., Ltd.
Statement of Internal Control System

Date : February 24, 2023

Based on the results of self-assessments, Chunghwa Telecom Co., Ltd. states the following with regard to its internal control system during the year 2022:

1. Our board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and we take immediate remedial actions in response to any identified deficiencies.
3. We evaluate the design and operating effectiveness of our internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the “Regulations”). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component contains certain elements which stated in the Regulations.
4. We have evaluated the design and operating effectiveness of our internal control system according to the aforesaid Regulations.
5. Based on the results of such evaluation, we believe that, on December 31, 2022, we have maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of our annual report for the year 2022 and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement was approved by the board of directors in their meeting held on February 24, 2023, with none of the 13 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Chunghwa Telecom Co., Ltd.



Chi-Mau Sheih,
Chairman and Chief Executive Officer



Shui-Yi Kuo,
President

(2) Auditor Review Report

The Company did not need to engage CPAs to conduct internal control audit in accordance to the "Regulations Governing Establishment of Internal Control Systems by Public Companies." However, as some of the Company's shares are also traded as American Depositary Shares on the New York Stock Exchange of the United States, which stipulates that internal controls system must comply with U.S. Sarbanes-Oxley Act. As a result, the Company has engaged qualified CPAs to audit the design and operating effectiveness of internal control over financial reporting accordingly, and no material weakness is discovered that may significantly impact financial reporting.

4.10 Any Penalties for Violations of Regulations or the Company's Internal Control Systems; Major Defects and the Status of Corrections of Internal Control Systems for Fiscal Year 2022 and Up To the Publication Date of This Annual Report

None.

4.11 Major Resolutions of Shareholders' Meetings and Board Meetings for Fiscal Year 2022 and Up To the Publication Date of This Annual Report

(1) Major Resolutions and Execution Status of 2022 General Shareholders' Meeting

A. The Company's 2020 Business Report and Financial Statements.

B. The Company's 2021 Earnings Distribution

Status: For the 2021 earnings distribution, cash dividends paid to the shareholders totaled NT\$35,746,313,679, representing NT\$4.608 per share. July 7, 2022 served as the ex-dividend date and August 5, 2022 as the dividend payment date. All dividends have been paid at this time.

C. Amendments to the Company's Articles of Incorporation

Status: approved by Ministry of Economic Affairs on July 11, 2022; proper registration and disclosure can be found on the Company website.

D. Amendments to the Procedures for Acquisition or Disposal of Assets of the Company

Status: Disclosed on MOPS on May 28, 2022.

E. Amendments to the Ordinance of Shareholders Meetings of the Company

Status: Disclosed on MOPS on May 28, 2022.

F. Election of the Company's 10th term directors Candidates elected:

Chi-Mau Sheih, Representative of the MOTC
Shui-Yi Kuo, Representative of the MOTC
Shin-Yi Chang, Representative of the MOTC
Sin-Horng Chen, Representative of the MOTC
Ching-Hwi Lee, Representative of the MOTC
Hsiang-Ling Hu, Representative of the MOTC
Hsiu-Chuan Tsai, Representative of the MOTC
Shih-Hung Tseng, Representative of the MOTC
Yu-Fen Lin, Independent Director
Chung-Chin Lu, Independent Director
Yi-Chin Tu, Independent Director
Chia-Chung Chen, Independent Director
Su-ming Lin, Independent Director

Status: approved by Ministry of Economic Affairs on July 11, 2022, with proper registration and disclosure on the Company website.

G. Release of non-competition restrictions on the Company's 10th term directors, to release of non-competition restrictions on the Company's 10th term Directors for Chi-Mau Sheih, Shui-Yi Kuo, Shin-Yi Chang, Sin-Horng Chen and independent directors of Yu-Fen Lin, Chia-Chung Chen and Su-ming Lin when they assume the positions at the companies.

Status: disclosed on MOPS on May 27, 2022.

(2) Major Resolutions of Board Meetings

A. The 16th meeting of the 9th Board of Directors on January 25, 2022

- (1) The Company's business operation plan (including budget) and condensed consolidated financial forecast for the year 2022
- (2) The Company's issuance of unsecured corporate bond (including sustainability bond)
- (3) The Company elected 13 directors (including 5 independent directors) for its 10th term of the Board of Directors at the 2022 Annual General Meeting
- (4) The amendment to the Company's Code of Corporate Governance
- (5) The Company invested in Taiwan Capital Buffalo Fund VI, L.P. with the amount of NT\$600 million

B. The 17th meeting of the 9th Board of Directors on February 23, 2022

- (1) The Company's 2021 earnings distribution for remuneration to directors and employees
- (2) The Company's 2021 operational report and financial statements
- (3) The Company's 2021 Internal Control Statement for the purpose of domestic regulatory and Sarbanes-Oxley Act compliance
- (4) The Company's 2021 earnings distribution
- (5) The amendment to the Company's Articles of Incorporation
- (6) The amendment to the Company's Procedures for Acquisition or Disposal of Assets
- (7) To convene the Company's 2022 Annual General Meeting of Shareholders at its Training Institute May 27, 2022
- (8) In line with the Company's organizational transformation, the Company to change the name of its Data Communications Business Groups
- (9) The amendment to the Company's Organizational Regulations for Compensation Committee
- (10) The amendment to the Company's Regulations of Performance Management for Senior Executives
- (11) Personnel appointment to the Company's invested companies

C. The 9th Interim Meeting of the 9th Board of Directors on March 4, 2022

The Company's donation of NT\$ 10 million to the "Assistance for Ukraine account" established by the "Taiwan Foundation for Disaster Relief"

D. The 18th meeting of the 9th Board of Directors on April 13, 2022

- (1) The amendment to the Company's Ordinance of Shareholders Meetings
- (2) The amendment to the Company's Code of Corporate Governance and Meeting Rules of Order of the Board of Directors
- (3) The amendment to the Company's Organizational Regulations for Audit Committee
- (4) The amendment to the Company's Segregation of Power between Board of Directors and the Management
- (5) The amendment to the Company's Organizational Regulations
- (6) Personnel appointment for the Company and its invested company

- (7) The review of the non-independent director candidates nominated by shareholders for the 10th term Board of Directors of the Company
- (8) The nomination and review of the independent director candidates of the Company's 10th term Board of Directors
- (9) Release of non-competition restrictions on the Company's 10th term directors

E. The 19th meeting of the 9th Board of Directors on May 6, 2022

- (1) The Company's consolidated financial report for the first quarter of 2022
- (2) The amendment to the Company's Internal Audit Implementation Rules
- (3) The amendment to the Company's Organizational Regulations of the Board of Directors
- (4) The amendment to the Company's Operation Directions of Management Controls for the Prevention of Insider Trading
- (5) The compensation adjustment of the Company's Chairman
- (6) The compensation adjustment of the Company's President
- (7) Personnel appointment to the Company and its invested companies

F. The 1st meeting of the 10th Board of Directors on May 30, 2022

- (1) To elect the Chairman of the Company's 10th term Board of Directors
- (2) The appointment of the Company's director, Mr. Shui-Yi Kuo, to continue to serve as the Company's President
- (3) The position of Chief Executive Officer of the Company continues to be held by its Chairman, Mr. Chi-Mau Sheih
- (4) The appointment of the members of the Company's Compensation Committee of the 10th Board of Directors
- (5) The Company's donation of NT\$1.5 million to National Taiwan University as an academic feedback fund
- (6) Personnel appointment to the Company's invested companies

G. The 2nd meeting of the 10th Board of Directors on August 5, 2022

- (1) The Company's Consolidated Financial Statements for the second quarter 2022

- (2) The replacement of the CPA of the Company's financial statements starting from the third quarter 2022
- (3) The construction of the Company's Lunping Internet Data Center
- (4) The Company to lease its land in Shipai
- (5) The Company withdraws the business registration of its Southern Business Group and dismisses the President of the same Business Group
- (6) Release of non-competition restriction on the Company's director Dr. Hsiu-Chuan Tsai
- (7) Personnel appointment to the Company's invested companies

H. The 1st Interim Meeting of the 10th Board of Directors on September 16, 2022

Personnel appointment to the Company's invested company

I. The 3rd meeting of the 10th Board of Directors on November 4, 2022

- (1) The Company's consolidated financial report for the third quarter of 2022
- (2) The Company's 2023 Audit Plan
- (3) The Company's 2023 short-term line of credit
- (4) The adoption of the Company's Procedures for Handling Material Information
- (5) To reassign a dedicated custodian of the Company's chop for endorsements and guarantees
- (6) The amendment to the Company's Meeting Rules of Order of the Board of Directors and Code of Corporate Governance
- (7) The Company's donation to its related party of National Taiwan University of Science and Technology of the amount of NT\$0.3 million as an Industry-Academy Cooperation
- (8) The Company's Senior Executive Vice President, Ms. Li-Show Wu concurrently serves as the Company's Chief Information Security Officer
- (9) Personnel appointment to the Company's invested company

J. The 4th meeting of the 10th Board of Directors on January 31, 2023

- (1) The Company's business operation plan (including budget) and condensed consolidated financial forecast for the year 2023
- (2) The lawsuit against the Ministry of Transportation and Communications and National Property Administration, Ministry of Finance to return

the overpaid amount arising from the "dispute over supplementing the land price for the joint construction of the comprehensive office building of the Ministry of Transportation and Communications and the Chunghwa Telecom Ren'ai Building"

- (3) The amendment to the Company's Articles of Incorporation
- (4) The amendment to the Company's Code of Corporate Governance
- (5) The amendment to the Company's Independent Directors Duties
- (6) The amendment to the Company's Corporate Social Responsibility Best Practice Principles
- (7) The formulation of the Company's Rules Governing the Preparation and Filing of Sustainability Reports
- (8) To grant the employees with one-time special incentive bonus
- (9) Personnel appointment to the Company's invested company

K. The 5th meeting of the 10th Board of Directors on February 24, 2023

- (1) The Company's 2022 earnings distribution for remuneration to directors and employees
- (2) The Company's 2022 operational report and financial statements
- (3) The Company's 2022 Internal Control Statement for the purpose of domestic regulatory and Sarbanes-Oxley Act compliance
- (4) The Company's 2022 earnings distribution
- (5) The Company's ST-2 Satellite Succession Plan
- (6) The Company to donate NT\$10 million to its related party of the Forestry Bureau, Council of Agriculture, Executive Yuan for tree planting
- (7) The Company's approval to sign a "Supplement Agreement of Lease Agreement" with the current land lessee of the "2001 Plot of Land, Renmei Section, Yangmei District, Taoyuan City"
- (8) The amendment to the Company's Internal Control Systems
- (9) The amendment to the Company's Code of Ethics
- (10) To convene the Company's 2023 Annual General Meeting of Shareholders at its Training Institute on May 26, 2023
- (11) Personnel appointment to the Company's invested company

4.12 Major Dissenting Comments Among Directors Over Board Meeting Resolutions for Fiscal Year 2022 and Up To the Publication Date of This Annual Report

At the 16th meeting of the 9th Board of Directors' Meeting held on January 25, 2022, labor director Mr. Shih-Hung Tseng had a dissenting opinion regarding the Company to invest in Taiwan Capital Buffalo Fund VI, L.P. with the

amount of NT\$600 million. However, after the management team provided additional explanation and clarification at the meeting, the board of directors approved the resolution.

4.13 Resignation/Dismissal of Key Officers (including Chairman, President, Accounting Manager, Financial Manager, Internal Auditor, and R&D Manager) for Fiscal Year 2022 and Up To the Publication Date of This Annual Report

February 28, 2023

Position	Name	Date of Appointment	Termination Date	Reason for Resignation or Dismissal
Financial Manager	Fu-Fu Shen	October 18, 2021	January 1, 2023	Retirement

5. Certified Public Accountant (CPA) Professional Fees

NT\$'000

Accounting Firm	Name of CPA	Audit Period	Audit Fee	Non-audit Fee (Note)	Total	Remarks
Deloitte & Touche	Yih-Shin Kao and Mei Yen Chiang	January 1 ~ December 31, 2022	21,560	11,240	32,800	-

Note: Non-audit fee of \$11,240,000 paid in 2022 was for reviewing the non-management employees' salary information, performing the tax compliance audit and providing internal control consulting services by the accounting firm.

5.1 If the audit fees of the year in which the Company changes CPA firm is lower than that of the prior year, specify the amount of audit fee before and after, the fee reduction percentage, and the reasons

Not applicable as the Company did not change CPA firm in 2022.

5.2 If the audit fee dropped year on year by more than 10%, specify the amount, percentage, and reasons for the reduction

The audit fee paid in 2022 decreased by \$14,864,000 (40.81%) mainly due to changes in payment schedule of the contract. The difference in total audit fee of the contract between 2022 and 2021 was less than 10%.

6. Change of Certified Public Accountant

(1) Former CPAs

Date of Change	Approved by Board of Directors on August 5, 2022		
Reasons and Explanation of Changes	In order to maintain the independence of the CPAs and the rotation mechanism of the accounting firm, the engagement partners Dien-Sheng Chang and Cheng-Hung Kuo were replaced by Yih-Shin Kao and Mei Yen Chiang starting from 2022 Q3.		
State whether the Appointment is Terminated or Rejected by the Consignor or CPAs	Client	CPA	Consignor
	Appointment terminated automatically	Not applicable	Not applicable
	Appointment rejected (discontinued)	Not applicable	Not applicable
The Opinions other than Unmodified Opinion Issued in the Last Two Years and the Reasons for the Said Opinions	Not applicable		
Is there any disagreement in opinion with the issuer?	Yes	-	Accounting principle or practice
		-	Disclosure of financial statements
		-	Auditing scope or procedures
		-	Others
	No	V	
	Explanation		
Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4~7 of the Standards)	None		

(2) Successor CPAs

Accounting Firm	Deloitte & Touche
CPA	Yih-Shin Kao CPA, Mei Yen Chiang CPA
Date of Engagement	Approved by Board of Directors on August 5, 2022
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion That Might Be Rendered on the Financial Report	Not applicable
Written Opinions from the Successor CPAs That Are Different from the Former CPA's Opinions	Not applicable

(3) The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards:

Not applicable

7. Audit Independence for the Most Recent Year

None.

8. Shareholding Changes of Directors, Supervisors, Management, and Major Shareholders for the Most Recent Year and Up To the Publication Date of this Annual Report

8.1 Shareholding Changes of directors, managers and major shareholders

Title	Name	2022		As of February 28, 2023	
		Shares Increase (Decrease)	Pledged Shares Increase (Decrease)	Shares Increase (Decrease)	Pledged Shares Increase (Decrease)
Major Shareholder and Director	MOTC (Note1)	0	0	0	0
Chairman, Chief Executive Officer and Director	Chi-Mau Sheih (Note 2)	0	0	0	0
Director	Shui-Yi Kuo (Note 2)	0	0	0	0
Director	Lien-Chuan Lee (Note 2) (tenure expired on May 27, 2022)	0	0	0	0
Director	Hsiang-Ling Hu (Note 2) (elected on May 27, 2022)	0	0	0	0
Director	Ching-Hwi Lee (Note 2) (elected on May 27, 2022)	0	0	0	0
Director	Shin-Yi Chang (Note 2)	0	0	0	0
Director	Sin-Horng Chen (Note 2)	0	0	0	0
Director	Yu-Lin Huang (Note 2) (tenure expired on May 27, 2022)	0	0	0	0
Director	Hung-Yi Hsiao (Note 2) (tenure expired on May 27, 2022)	0	0	0	0
Director	Hsiu-Chuan Tsai (Note 2) (elected on May 27, 2022)	0	0	0	0
Director	Shih-Hung Tseng (Note 2)	0	0	0	0
Independent Director	Lo-Yu Yen (tenure expired on May 27, 2022)	0	0	0	0
Independent Director	Su-ming Lin (elected on May 27, 2022)	0	0	0	0
Independent Director	JenRan Chen (tenure expired on May 27, 2022)	0	0	0	0
Independent Director	Chia-Chung Chen (elected on May 27, 2022)	0	0	0	0
Independent Director	Yu-Fen Lin	0	0	0	0
Independent Director	Chung-Chin Lu	0	0	0	0
Independent Director	Yi-Chin Tu	0	0	0	0

Title	Name	2022		As of February 28, 2023	
		Shares Increase (Decrease)	Pledged Shares Increase (Decrease)	Shares Increase (Decrease)	Pledged Shares Increase (Decrease)
President	Shui-Yi Kuo	0	0	0	0
Senior Executive Vice President	Hong-Chan Ma (dismissed on June 30, 2022)	0	0	0	0
Senior Executive Vice President	Li-Show Wu (succeeded on June 30, 2022)	0	0	0	0
Senior Executive Vice President	Rong-Shy Lin	0	0	0	0
Senior Executive Vice President	Wei-Kuo Hong	0	0	0	0
Senior Executive Vice President	Yu-Shen Chen	0	0	0	0
Vice President	Hui-Chen Wei	0	0	0	0
Vice President	Shu-Ling Chen	0	0	0	0
Vice President	Yuan-Kai Chen	0	0	0	0
Vice President	Shih-Chung Chang	0	0	0	0
Vice President	Hong-Bin Chiou (succeeded on February 8, 2022)	0	0	0	0
Vice President	Fu-Fu Shen (dismissed on January 1, 2023)	0	0	0	0
Vice President	Shui-Mu Chiang (dismissed on January 1, 2023)	0	0	0	0
Vice President	Di-Yao Jhan (succeeded on January 3, 2023)	0	0	0	0
Vice President	Chun-Te Lee (dismissed on June 6, 2022)	0	0	0	0
Vice President	Wan-Min Chou (succeeded on June 6, 2022)	0	0	0	0
Vice President	Wen-Wang Tseng	0	0	0	0
Vice President	Chih-Hsiung Huang	0	0	0	0
Vice President	Wen-Chih Lin	0	0	0	0
Vice President	I-Fang Wu (dismissed on February 28, 2023)	0	0	0	0
Assistant Vice President	Ya-Chian Shiue	0	0	0	0
Assistant Vice President	Lii-Jia Guo (dismissed on November 30, 2022)	0	0	0	0
Assistant Vice President	Ming-Tzu Hsiao (succeeded on November 30, 2022)	0	0	0	0

Title	Name	2022		As of February 28, 2023	
		Shares Increase (Decrease)	Pledged Shares Increase (Decrease)	Shares Increase (Decrease)	Pledged Shares Increase (Decrease)
Assistant Vice President	Chien-Chih Chen	0	0	0	0
Assistant Vice President	Ze-Run Liu	0	0	0	0
Assistant Vice President	Chun-Yen Chan (succeeded on January 9, 2023)	0	0	0	0
Assistant Vice President	Ru-Kuen Lee	0	0	0	0
Assistant Vice President	Wen-Hao Yang (succeeded on February 22, 2023)	0	0	0	0
Assistant Vice President	Ching-Min Chen (dismissed on March 23, 2022)	0	0	0	0
Assistant Vice President	Shih-Yuan Lin (dismissed on January 1, 2023)	0	0	0	0
Assistant Vice President	Ren-Bin Chiue	0	0	0	0
President of Business Group	Tian-Tsair Su (succeeded on January 1, 2022)	0	0	0	0
Vice President of Business Group	Rong-Yi Chen (succeeded on January 1, 2022)	0	0	0	0
Vice President of Business Group	Hsueh-Hai Hu	0	0	0	0
Vice President of Business Group	Hui-Pao Huang (succeeded on March 23, 2022)	0	0	0	0
Assistant Vice President	Liang-Wei Lee (succeeded on January 1, 2022)	0	0	0	0
Assistant Vice President	Wen-Ming Chuang (dismissed on January 1, 2023)	0	0	0	0
Assistant Vice President	Min-Hua Chang (succeeded on January 3, 2023)	0	0	0	0
Assistant Vice President	Petrina Chong	0	0	0	0
Assistant Vice President	Shu-Ling Chen	0	0	0	0
Assistant Vice President	Min-Horng Tsai (succeeded on January 3, 2023)	0	0	0	0
Vice President of Business Group	Ming-Tsung Chen (succeeded on January 1, 2022)	0	0	0	0
Vice President of Business Group	Wei-Jenn Ke (succeeded on June 30, 2022)	0	0	0	0
President of Business Group	Hsueh-Lan Wu	0	0	0	0
Vice President of Business Group	Chin-Chou Chen	0	0	0	0
Assistant Vice President	Hsuan-Lung Liu (succeeded on December 27, 2022)	0	0	0	0

Title	Name	2022		As of February 28, 2023	
		Shares Increase (Decrease)	Pledged Shares Increase (Decrease)	Shares Increase (Decrease)	Pledged Shares Increase (Decrease)
President of Business Group	Chih-Cheng Chien	0	0	0	0
Vice President of Business Group	Zhong-Yong Jia	0	0	0	0
Vice President of Business Group	Zhi-Cheng Luo	0	0	0	0
Vice President of Business Group	Chung-Yung Kang (succeeded on January 1, 2022)	0	0	0	0
Assistant Vice President	His-Huang Chang	0	0	0	0
Assistant Vice President	Yeh-Chin Ho	0	0	0	0
President of Branch	Kuo-Chi Huang	0	0	0	0
Vice President of Branch	Chi-Huang Su (succeeded on January 1, 2022)	0	0	0	0
President of Branch	Jen-Shang Lin (dismissed on June 30, 2022)	0	0	0	0
President of Branch	De-Ming Chen (succeeded on June 30, 2022)	0	0	0	0
Vice President of Branch	Juang-Fu Liao (succeeded on April 27, 2022)	0	0	0	0
President of Branch	Jung-Chin Kung (dismissed on January 1, 2023)	0	0	0	0
President of Branch	De-Lii Chang (succeeded on January 1, 2023)	0	0	0	0
President of Business Group	Chau-Young Lin (succeeded on April 30, 2022)	0	0	0	0
Vice President of Business Group	Quen-Zong Wu (succeeded on April 30, 2022)	0	0	0	0
Vice President of Business Group	Jeu-Yih Jeng (succeeded on April 30, 2022)	0	0	0	0
Vice President of Business Group	Ting-Ming Lin (dismissed on June 30, 2022)	0	0	0	0
Vice President of Business Group	Ming Chung (succeeded on April 30, 2022; dismissed on January 1, 2023)	0	0	0	0
Vice President of Business Group	Chung-Shuo Lin (succeeded on January 3, 2023)	0	0	0	0
Vice President of Telecommunication Laboratories	Jung-Kuei Chen	0	0	0	0
Vice President of Telecommunication Laboratories	Hey-Chyi Young	0	0	0	0
Vice President of Telecommunication Training Institute	Shih-Mo Leu (succeeded on February 8, 2022)	0	0	0	0
President of Branch	Jason Hsu (dismissed on January 1, 2023)	0	0	0	0
President of Branch	Ben-Yuan Chang (succeeded on January 1, 2023)	0	0	0	0

Title	Name	2022		As of February 28, 2023	
		Shares Increase (Decrease)	Pledged Shares Increase (Decrease)	Shares Increase (Decrease)	Pledged Shares Increase (Decrease)
Vice President of Branch	Victoria Liao (dismissed on June 30, 2022)	0	0	0	0
Vice President of Branch	Lai-Ting Chen (succeeded on June 30, 2022)	20,000	0	0	0
Vice President of Branch	Yung-Feng Wang (succeeded on January 1, 2023)	0	0	0	0
President of Branch	Ying-Hsueh Wang (succeeded on January 1, 2023)	0	0	0	0
Vice President of Branch	Ching-Hsu Wang	0	0	0	0
Vice President of Branch	Sung-Hsiung Lin (succeeded on January 3, 2023)	0	0	0	0
President of Branch	Jinun-Jye Lee	0	0	0	0
Vice President of Branch	Lung-Wuu Men (succeeded on January 1, 2022)	0	0	0	0
President of Branch	Chen-Chien Su	0	0	0	0
Vice President of Branch	Po-Ta Tseng	0	0	0	0
President of Branch	Ching-Chuan Kuo	0	0	0	0
Vice President of Branch	Lin-Yen Wu (succeeded on January 3, 2023)	0	0	0	0
President of Branch	Huan-Hsing Chen	0	0	0	0
Vice President of Branch	Hon-Yu Chang	0	0	0	0
President of Branch	Ling Chao (succeeded on January 1, 2022)	0	0	0	0
Vice President of Branch	Ting-Cheng Chen (succeeded on April 27, 2022)	0	0	0	0
President of Branch	Yung-Hua Chou (dismissed on January 1, 2023)	0	0	0	0
President of Branch	Shi-Zu Liu (succeeded on January 1, 2023)	0	0	0	0
Vice President of Branch	Ming-Yen Wu (succeeded on January 3, 2023)	0	0	0	0
President of Branch	Chio-Fu Lai (dismissed on January 1, 2023)	0	0	0	0
President of Branch	Chia-Hsing Lee (succeeded on January 1, 2023)	0	0	0	0
Vice President of Branch	Wen-Tu Chang (dismissed on January 1, 2023)	0	0	0	0
President of Branch	Tang Chang (dismissed on January 1, 2023)	0	0	0	0
President of Branch	Yi-Mao Lin (succeeded on January 1, 2023)	0	0	0	0

Title	Name	2022		As of February 28, 2023	
		Shares Increase (Decrease)	Pledged Shares Increase (Decrease)	Shares Increase (Decrease)	Pledged Shares Increase (Decrease)
Vice President of Branch	Chung-Ta Hsieh (succeeded on January 3, 2023)	0	0	0	0
President of Branch	Ruei-Shiuan Chang	0	0	0	0
Vice President of Branch	Ming-Chou Liao (succeeded on January 3, 2023)	0	0	0	0
President of Branch	Chaw-Chia Chang (dismissed on January 1, 2023)	0	0	0	0
President of Branch	Hsi-Sheng Cheng (succeeded on January 1, 2023)	0	0	0	0
Vice President of Branch	Mu-Hsiang Lai (dismissed on January 1, 2023)	0	0	0	0
Vice President of Branch	Chi-Cheng Lin (succeeded on January 3, 2023)	0	0	0	0
President of Branch	Rong-Shuen Huang (succeeded on January 1, 2022)	0	0	0	0
Vice President of Branch	Tang-Lin Su (succeeded on January 1, 2022)	0	0	0	0
Vice President of Branch	Ming-Yuan Sun (succeeded on December 7, 2022)	0	0	0	0
President of Branch	Zhong-Xing Yan (succeeded on December 7, 2022)	0	0	0	0
Vice President of Branch	Yung-Shan Lin (succeeded on January 1, 2022)	1,000	0	0	0
President of Branch	Ker-Chih Hwang (dismissed on April 6, 2022)	0	0	0	0
President of Branch	Kuan-Hsiung Liang (succeeded on July 11, 2022)	0	0	0	0
Vice President of Branch	Ting Lee (succeeded on April 27, 2022)	0	0	0	0
Vice President of Branch	Jung-Huang Huang (dismissed on June 30, 2022)	0	0	0	0
Vice President of Branch	Han-Chin Lai (succeeded on September 30, 2022)	0	0	0	0
President of Branch	Chin-Chuan Liang (succeeded on January 1, 2022)	0	0	0	0
Vice President of Branch	Huan-Chang Hsiao (succeeded on January 1, 2022)	0	0	0	0
President of Branch	Yung-Chang Lee (succeeded on December 7, 2022)	0	0	0	0

Notes: 1. Major shareholders with 10% and more shareholding of the Company
2. Representatives of MOTC

8.2 Stock Trade with Related Party

None.

8.3 Stock Pledge with Related Party

None.

9. Relationship Among Top Ten Shareholders

July 3, 2022

Name	Current Shareholding		Spouses' and Minors' Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Ministry of Transportation and Communications (MOTC)	2,737,718,976	35.29%	-	-	-	-	Chunghwa Post Co., Ltd.	MOTC owns 100%	-
Representative of MOTC: Kwo-Tsai Wang	-	-	-	-	-	-	-	-	-
Shin Kong Life Insurance Co., Ltd.	428,647,184	5.53%	-	-	-	-	-	-	-
Representative of Shin Kong Life: Po-Tseng Pan	808	0.00001%	-	-	-	-	-	-	-
CTBC Bank Trust Account - CHT Employee Stock Ownership Trust Plan	317,329,992	4.09%	-	-	-	-	-	-	-
Cathay Life Insurance Co., Ltd.	235,491,000	3.04%	-	-	-	-	-	-	-
Representative of Cathay Life Insurance: Tiao-Kuei Huang	7,272	0.00009%	-	-	-	-	-	-	-
JP Morgan Chase Bank, N.A., acting as depositary and representative of CHT ADRS	208,980,250	2.69%	-	-	-	-	-	-	-
Labor Pension Fund of the New Labor Pension System, R.O.C.	158,417,300	2.04%	-	-	-	-	-	-	-
Chunghwa Post Co., Ltd.	151,297,719	1.95%	-	-	-	-	MOTC	The only shareholder of Chunghwa Post Co., Ltd.	-
Representative of Chunghwa Post: Hong-Mo Wu	-	-	-	-	-	-	-	-	-
Labor Insurance Fund, R.O.C.	111,681,644	1.44%	-	-	-	-	-	-	-
Taiwan Life Insurance Co., Ltd.	79,519,000	1.03%	-	-	-	-	-	-	-
Representative of Taiwan Life Insurance: Su-Kuo Huang	-	-	-	-	-	-	-	-	-
Cathay United Bank Co., Ltd.	73,242,000	0.94%	-	-	-	-	-	-	-
Representative of Cathay United Bank: Andrew Ming-Jian Kuo	-	-	-	-	-	-	-	-	-

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

As of December 31, 2022
Unit: Share; %

Affiliated Companies (Note)	Investments of the Company		Direct or Indirect Investments		Total Investments	
	Shares	%	Shares	%	Shares	%
Prime Asia Investments Group Ltd. ("Prime Asia")	1,301	100%	-	-	1,301	100%
CHYP Multimedia Marketing & Communications Co., Ltd. ("CHYP")	15,000,000	100%	-	-	15,000,000	100%
Donghwa Telecom Co., Ltd. ("DHT")	178,589,592	100%	-	-	178,589,592	100%
Chunghwa Telecom Global, Inc. ("CHTG")	6,000,000	100%	-	-	6,000,000	100%
Chunghwa System Integration Co., Ltd. ("CHSI")	60,000,000	100%	-	-	60,000,000	100%
Light Era Development Co., Ltd. ("LED")	300,000,000	100%	-	-	300,000,000	100%
Chunghwa Telecom Singapore Pte., Ltd. ("CHTS")	26,382,976	100%	-	-	26,382,976	100%
Chunghwa Telecom Japan Co., Ltd. ("CHTJ")	1,000	100%	-	-	1,000	100%
Chunghwa Telecom Vietnam Co., Ltd. ("CHTV")	-	100%	-	-	-	100%
Honghwa International Co., Ltd. ("HHI")	18,000,000	100%	-	-	18,000,000	100%
Chunghwa Telecom (Thailand) Co., Ltd. ("CHTT")	1,300,000	100%			1,300,000	100%
Chunghwa Investment Co., Ltd. ("CHI")	68,085,000	89%	-	-	68,085,000	89%
CHT Security Co., Ltd. ("CHTSC")	24,000,000	73%	-	-	24,000,000	73%
Chunghwa Leading Photonics Tech Co., Ltd. ("CLPT")	7,050,000	75%	-	-	7,050,000	75%
Smartfun Digital Co., Ltd. ("SFD")	6,500,000	65%	-	-	6,500,000	65%
CHIEF Telecom Inc. ("CHIEF")	39,425,803	56%	2,078,000	3%	41,503,803	59%
Spring House Entertainment Tech., Inc. ("SHE")	8,250,731	56%	-	-	8,250,731	56%
International Integrated System, Inc. ("IISI")	37,210,575	51%			37,210,575	51%
Chunghwa Sochamp Technology, Inc. ("CHST")	2,040,000	37%	-	-	2,040,000	37%
Senao International Co., Ltd. ("SENAO")	71,773,155	28%	1,001,000	0%	72,774,155	28%
Chunghwa SEA Holdings	1,020,000	51%			1,020,000	51%
CHUNGHWA PCHOME FUND I CO., LTD. ("CPFI")	20,000,000	50%	-	-	20,000,000	50%
Cornerstone Ventures Co., Ltd. ("CVC")	490,000	49%	-	-	490,000	49%
Next Commercial Bank Co., LTD. ("NCB")	419,000,000	42%			419,000,000	42%

Affiliated Companies (Note)	Investments of the Company		Direct or Indirect Investments		Total Investments	
	Shares	%	Shares	%	Shares	%
Taiwan International Standard Electronics Co., Ltd. ("TISE")	1,760,000	40%	-	-	1,760,000	40%
KKBOX Taiwan Co., Ltd. ("KKBOX TW")	4,438,286	30%	-	-	4,438,286	30%
So-net Entertainment Taiwan Limited ("So-net")	9,429,000	30%	-	-	9,429,000	30%
Viettel-CHT Co., Ltd. ("Viettel-CHT")	-	30%	-	-	-	30%
Taiwan International Ports Logistics Corporation ("TIPL")	8,000,000	27%	-	-	8,000,000	27%
KingwayTek Technology Co., Ltd. ("KWT")	10,512,243	23%	-	-	10,512,24	23%
WiAdvance Technology Corporation ("WATC")	3,700,000	20%	-	-	3,700,000	20%

Note: Investment accounted for using equity-method.

Appendix A

Directors' Continuing Education Records for Fiscal Year 2022

Title	Name	Appointment Date	Training Period		Organizer	Course Name	Training Hours	In Compliance with Regulations (Note)
			From	To				
Representative of Juristic Person Director (Chairman & CEO)	Chi-Mau Sheih	2022.5.27	2022.8.5	2022.8.5	Taiwan Corporate Governance Association	Digital Transformation and Risk Management	6	Y (Note 2)
			2022.11.4	2022.11.4	Taiwan Corporate Governance Association	Corporate Governance in Coping With the Changes of the International Order		
Representative of Juristic Person Director (President)	Shui-Yi Kuo	2022.5.27	2022.1.25	2022.1.25	Taiwan Corporate Governance Association	5G and Beyond: a Catalyst for Taiwan's Future Service Vision	9	Y (Note 2)
			2022.8.5	2022.8.5	Taiwan Corporate Governance Association	Digital Transformation and Risk Management		
			2022.11.4	2022.11.4	Taiwan Corporate Governance Association	Corporate Governance in Coping With the Changes of the International Order		
Representative of Juristic Person Director (President)	Hsiang-Ling Hu	2022.5.27	2022.8.5	2022.8.5	Taiwan Corporate Governance Association	Digital Transformation and Risk Management	12	Y
			2022.9.5	2022.9.5	Taiwan Insurance Institute	To Improve Functions of the Board of Directors		
			2022.10.19	2022.10.19	Taiwan Corporate Governance Association	2022 Corporate Governance Summit XVIII - Improve the Functions of Directors and Implement the Company's Sustainable Governance		

Title	Name	Appointment Date	Training Period		Organizer	Course Name	Training Hours	In Compliance with Regulations (Note)
			From	To				
Representative of Juristic Person Director (President)	Ching-Hwi Lee	2022.5.27	2022.8.16	2022.8.16	Taiwan Corporate Governance Association	Walking the Talk on ESG – the Perspective of Corporate Governance	12	Y
			2022.9.20	2022.9.20	Taiwan Corporate Governance Association	Ten Required Lessons on Corporate Governance		
			2022.10.19	2022.10.19	Taiwan Corporate Governance Association	2022 Corporate Governance Summit XVIII - Improve the Functions of Directors and Implement the Company's Sustainable Governance		
Representative of Juristic Person Director	Shin-Yi Chang	2022.5.27	2022.1.25	2022.1.25	Taiwan Corporate Governance Association	5G and Beyond: a Catalyst for Taiwan's Future Service Vision	15	Y (Note 2)
			2022.8.5	2022.8.5	Taiwan Corporate Governance Association	Digital Transformation and Risk Management		
			2022.10.19	2022.10.19	Taiwan Corporate Governance Association	2022 Corporate Governance Summit XVIII - Improve the Functions of Directors and Implement the Company's Sustainable Governance		
			2022.11.4	2022.11.4	Taiwan Corporate Governance Association	Corporate Governance in Coping With the Changes of the International Order		
Representative of Juristic Person Director	Sin-Hong Chen	2022.5.27	2022.1.25	2022.1.25	Taiwan Corporate Governance Association	5G and Beyond: a Catalyst for Taiwan's Future Service Vision	9	Y (Note 2)
			2022.5.11	2022.5.11	Securities and Futures Institute	Concepts, Practices and Tools for Corporate Group Tax Governance		
			2022.11.4	2022.11.4	Taiwan Corporate Governance Association	Corporate Governance in Coping With the Changes of the International Order		
Representative of Juristic Person Director	Hsiu-Chuan Tsai	2022.5.27	2022.8.5	2022.8.5	Taiwan Corporate Governance Association	Digital Transformation and Risk Management	18	Y
			2022.8.9	2022.8.9	Taiwan Corporate Governance Association	Deep Dive into Cybersecurity Tactics of Listed Companies From the Perspective of ESG Development		
			2022.8.23	2022.8.23	Taiwan Corporate Governance Association	Enterprise Financial Information Analysis and Application of Decision-making		
			2022.9.20	2022.9.20	Taiwan Corporate Governance Association	Ten Required Lessons on Corporate Governance		
			2022.10.21	2022.10.21	Taiwan Corporate Governance Association	How Directors Supervise the Company's Risk Management and Internal Controls?		
			2022.11.4	2022.11.4	Taiwan Corporate Governance Association	Corporate Governance in Coping With the Changes of the International Order		

Title	Name	Appointment Date	Training Period		Organizer	Course Name	Training Hours	In Compliance with Regulations (Note)
			From	To				
Representative of Juristic Person Director	Shih-Hung Tseng	2022.5.27	2022.1.25	2022.1.25	Taiwan Corporate Governance Association	5G and Beyond: a Catalyst for Taiwan's Future Service Vision	6	Y (Note 2)
			2022.8.5	2022.8.5	Taiwan Corporate Governance Association	Digital Transformation and Risk Management		
Independent Director	Su-ming Lin	2022.5.27	2022.8.5	2022.8.5	Taiwan Corporate Governance Association	Digital Transformation and Risk Management	15	Y
			2022.8.10	2022.8.10	Securities and Futures Institute	Enterprise Financial Information Analysis and Application of Decision-making		
			2022.9.6	2022.9.6	Taiwan Corporate Governance Association	Innovation of Circular Economy for Creating True Value		
			2022.11.4	2022.11.4	Taiwan Corporate Governance Association	Corporate Governance in Coping with the Changes of the International Order		
			2022.11.9	2022.11.9	Securities and Futures Institute	From ESG Management to Corporate Sustainability Transformation		
Independent Director	Chia-Chung Chen	2022.5.27	2022.2.16	2022.2.16	Securities and Futures Institute	Risks and Opportunities of Climate Change and Net-zero Emissions Policies on Business Operations	15	Y
			2022.2.17	2022.2.17	Securities and Futures Institute	Key Technology and Business Opportunities of Quantum Technology		
			2022.7.6	2022.7.6	Securities and Futures Institute	Operational Practices of the Audit Committee		
			2022.8.5	2022.8.5	Taiwan Corporate Governance Association	Digital Transformation and Risk Management		
			2022.11.4	2022.11.4	Taiwan Corporate Governance Association	Corporate Governance in Coping With the Changes of the International Order		

Title	Name	Appointment Date	Training Period		Organizer	Course Name	Training Hours	In Compliance with Regulations (Note)
			From	To				
Independent Director	Yu-Fen Lin	2022.5.27	2022.1.25	2022.1.25	Taiwan Corporate Governance Association	5G and Beyond: a Catalyst for Taiwan's Future Service Vision	26	Y (Note 2)
			2022.2.22	2022.2.22	Taiwan Corporate Governance Association	Legal Issues Relating to ESG for the Board's Consideration		
			2022.3.18	2022.3.18	Taiwan Corporate Governance Association	Do Well by Doing Good – Impact Investing & SDGs Practices		
			2022.8.5	2022.8.5	Taiwan Corporate Governance Association	Digital Transformation and Risk Management		
			2022.8.23	2022.8.23	Taiwan Corporate Governance Association	Enterprise Financial Information Analysis and Application of Decision-making		
			2022.9.2	2022.9.2	Taiwan Academy of Banking and Finance	International Trends in Money Laundering Prevention and the Application of Financial Technology		
			2022.9.16	2022.9.16	Taiwan Insurance Institute	The Analysis of the Principle of Fair Treatment of Customers		
			2022.9.20	2022.9.20	Taiwan Corporate Governance Association	Ten Required Lessons on Corporate Governance		
			2022.11.4	2022.11.4	Taiwan Corporate Governance Association	Corporate Governance in Coping With the Changes of the International Order		
Independent Director	Chung-Chin Lu	2022.5.27	2022.1.25	2022.1.25	Taiwan Corporate Governance Association	5G and Beyond: a Catalyst for Taiwan's Future Service Vision	9	Y (Note 2)
			2022.8.5	2022.8.5	Taiwan Corporate Governance Association	Digital Transformation and Risk Management		
			2022.11.4	2022.11.4	Taiwan Corporate Governance Association	Corporate Governance in Coping With the Changes of the International Order		
Independent Director	Yi-Chin Tu	2022.5.27	2022.1.25	2022.1.25	Taiwan Corporate Governance Association	5G and Beyond: a Catalyst for Taiwan's Future Service Vision	9	Y (Note 2)
			2022.8.5	2022.8.5	Taiwan Corporate Governance Association	Digital Transformation and Risk Management		
			2022.11.4	2022.11.4	Taiwan Corporate Governance Association	Corporate Governance in Coping With the Changes of the International Order		

Note 1: Refers to compliance with respect to "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" in terms of hours, scope, system, arrangement, and disclosure.

Note 2: Chi-Mau Sheih, Shui-Yi Kuo, Shin-Yi Chang, Sin-Hong Chen, Yu-Fen Lin, Chung-Chin Lu and Yi-Chin Tu were all re-elected as directors in 2022, which were all in compliance with 6 hours of training.

Appendix B

Records of the President, Senior Executive Vice Presidents and Other Management Officers Continuing Education for Fiscal Year 2022

Title	Name	Appointment Date	Training Period		Organizer	Course Title	Hours
			From	To			
President	Shui-Yi Kuo	2019.06.21	2022.1.25	2022.1.25	Taiwan Corporate Governance Association	Key Technologies and Market Application Strategies of 5G in Taiwan	3
			2022.2.22	2022.2.22	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			2022.3.23	2022.3.23	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.4.26	2022.4.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.6.28	2022.6.28	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	5
			2022.7.26	2022.7.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.8.5	2022.8.5	Taiwan Corporate Governance Association	Digital Transformation and Its Risk Management	3
			2022.8.26	2022.8.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.9.27	2022.9.27	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2022.10.26	2022.10.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2022.11.4	2022.11.4	Taiwan Corporate Governance Association	Corporate Governance In Coping With the Changes of the International Order	3
Senior Executive Vice President	Hong-Chan Ma	2018.8.10 (Retired on 2022.6.30)	2022.2.22	2022.2.22	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			2022.3.23	2022.3.23	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.4.26	2022.4.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.6.28	2022.6.28	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	5

Title	Name	Appointment Date	Training Period		Organizer	Course Title	Hours
			From	To			
Senior Executive Vice President	Li-Show Wu	2022.6.30	2022.2.22	2022.2.22	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			2022.4.26	2022.4.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.6.28	2022.6.28	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	5
			2022.7.26	2022.7.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.8.26	2022.8.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.9.27	2022.9.27	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2022.10.26	2022.10.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
Senior Executive Vice President	Rong-Shy Lin	2020.6.30	2022.2.22	2022.2.22	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			2022.3.23	2022.3.23	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.4.26	2022.4.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.6.28	2022.6.28	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	5
			2022.7.26	2022.7.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.8.26	2022.8.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.9.27	2022.9.27	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2022.10.26	2022.10.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2022.12.29	2022.12.29	Telecommunication Training Institute, Chunghwa Telecom	Workshop on Intellectual Property Matters	1.5

Title	Name	Appointment Date	Training Period		Organizer	Course Title	Hours
			From	To			
Senior Executive Vice President	Wei-Kuo Hong	2020.6.30	2022.2.22	2022.2.22	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			2022.4.26	2022.4.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.6.28	2022.6.28	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	5
			2022.7.26	2022.7.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.8.26	2022.8.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.11.8	2022.11.8	Telecommunication Training Institute, Chunghwa Telecom	Corporate Renewable Power Purchase Agreements (CPPA) Live Course	2
Senior Executive Vice President	Yu-Shen Chen	2020.9.1	2022.2.22	2022.2.22	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			2022.3.23	2022.3.23	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.4.26	2022.4.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.6.28	2022.6.28	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	5
			2022.7.26	2022.7.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.9.27	2022.9.27	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2022.10.26	2022.10.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5

Title	Name	Appointment Date	Training Period		Organizer	Course Title	Hours
			From	To			
President of the Business Group	Tian-Tsair Su	2022.1.1	2022.2.22	2022.2.22	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			2022.3.23	2022.3.23	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.4.26	2022.4.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.6.28	2022.6.28	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	5
			2022.7.26	2022.7.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.8.26	2022.8.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.9.27	2022.9.27	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2022.10.26	2022.10.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
President of the Business Group	Chih-Cheng Chien	2022.1.1	2022.2.22	2022.2.22	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			2022.4.26	2022.4.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.6.28	2022.6.28	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	5
			2022.7.26	2022.7.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.9.27	2022.9.27	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2022.10.26	2022.10.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5

Title	Name	Appointment Date	Training Period		Organizer	Course Title	Hours
			From	To			
President of the Business Group	Chau-Young Lin	2022.4.30	2022.4.26	2022.4.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.6.28	2022.6.28	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	5
			2022.8.26	2022.8.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.9.27	2022.9.27	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
President of the Business Group	Hsueh-Lan Wu	2018.11.15	2022.2.22	2022.2.22	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			2022.4.26	2022.4.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.6.28	2022.6.28	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	5
			2022.7.26	2022.7.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.8.26	2022.8.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4.5
			2022.9.27	2022.9.27	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2022.10.26	2022.10.26	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5

4 Capital Review

1. Capital and Shares
2. Corporate Bonds
3. Preferred Shares
4. Overseas Depository Receipts
5. Employee Stock Options
6. List of Executives Receiving Employee Stock Options and Top Ten Employees with Stock Options up to the Publication Date of this Annual Report
7. Employee Restricted Stock Shares
8. List of Executives Receiving Restricted Shares and Top Ten Employees with Restricted Shares up to the Publication Date of this Annual Report
9. Shares Issuance for Mergers and Acquisitions
10. Funding Use Plan and Execution



Capital Review

1. Capital and Shares

1.1 Source of Capital

As of February 28, 2023

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount(NT\$)	Shares	Amount(NT\$)	Sources of Capital	Capital Paid-in by Assets Other than Cash	Other
Jul 1996	34	9,647,724,900	96,477,249,000	9,647,724,900	96,477,249,000	assumed capital from Ministry of Transportation, Directorate General of Telecommunications	-	-
May 2006	10	9,647,724,902	96,477,249,020	9,647,724,902	96,477,249,020	capital increase of 2 special shares purchased by MOTC	-	-
Aug 2006	10	9,647,724,902	96,477,249,020	9,455,724,902	94,557,249,020	treasury shares cancellation	-	-
Oct 2006	10	12,000,000,002	120,000,000,020	9,667,845,095	96,678,450,950	earnings to capital increase	-	FSC Document No. 0950126724 June 27, 2006
Aug 2007	10	12,000,000,002	120,000,000,020	10,634,629,604	106,346,296,040	capital surplus to capital increase	-	SEF Authorization No. 09601199260 August 22, 2007
Nov 2007	10	12,000,000,002	120,000,000,020	9,667,845,095	96,678,450,950	capital reduction by cash	-	SEF Authorization No. 09601280910 November 15, 2007
Mar 2008	10	12,000,000,002	120,000,000,020	9,557,776,914	95,577,769,140	treasury shares cancellation	-	SEF Authorization No. 09701049860 February 29, 2008
Nov 2008	10	12,000,000,002	120,000,000,020	11,608,363,565	116,083,635,650	earnings and capital surplus to capital increase	-	SEF Authorization No. 09701293050 November 19, 2008
Jan 2009	10	12,000,000,002	120,000,000,020	9,696,808,183	96,968,081,830	capital reduction by cash	-	SEF Authorization No. 09801006090 January 14, 2009
Apr 2009	10	12,000,000,002	120,000,000,020	9,696,808,181	96,968,081,810	special shares cancellation	-	SEF Authorization No. 09801077020 April 23, 2009
Sep 2009	10	12,000,000,000	120,000,000,000	10,666,488,999	106,664,889,990	capital surplus to capital increase	-	SEF Authorization No. 09801205990 September 7, 2009
Nov 2009	10	12,000,000,000	120,000,000,000	9,696,808,181	96,968,081,810	capital reduction by cash	-	SEF Authorization No. 09801261140 November 11, 2009
Nov 2010	10	12,000,000,000	120,000,000,000	7,757,446,545	77,574,465,450	capital reduction by cash	-	SEF Authorization No. 09901266330 November 29, 2010

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common	7,757,446,545	4,242,553,455	12,000,000,000	Listed

1.2 Shareholder Structure

As of July 3, 2022 (Note)

Shareholder Structure Amount	Government Agencies	Financial Institutions	Other Institutions	Individuals	Foreign Institutions & Individuals	Total
Number of Shareholders	9	44	951	271,884	1,345	274,233
Shareholding (shares)	3,169,437,265	1,226,109,076	667,356,042	1,337,215,606	1,357,328,556	7,757,446,545
Shareholding %	40.86%	15.80%	8.60%	17.24%	17.50%	100%

Note: Based on the most recent book closure date for shareholder to register

1.3 Shareholding Distribution

As of July 3, 2022 (Note)

Shareholding Range (Unit: Share)	Number of Shareholders	Shareholding (shares)	Shareholding (%)
1-999	78,490	22,409,355	0.29%
1000-5,000	145,623	296,557,027	3.82%
5,001-10,000	21,410	164,946,336	2.13%
10,001-15,000	7,942	99,717,099	1.29%
15,001-20,000	5,004	90,099,484	1.16%
20,001-30,000	5,931	148,592,112	1.92%
30,001-40,000	3,332	116,098,524	1.50%
40,001-50,000	1,937	87,609,042	1.13%
50,001-100,000	2,938	199,623,857	2.57%
100,001-200,000	802	110,870,799	1.43%
200,001-400,000	325	90,986,041	1.17%
400,001-600,000	116	56,097,149	0.72%
600,001-800,000	56	39,093,265	0.50%
800,001-1,000,000	46	41,150,202	0.53%
1,000,001-999,999,999	280	3,455,877,277	44.55%
>1,000,000,000	1	2,737,718,976	35.29%
Total	274,233	7,757,446,545	100.00%

Note: Based on the most recent book closure date for shareholder to register

1.4 Major Shareholders

As of July 3, 2022 (Note)

Major Shareholder	Shareholding	Shares	%
Ministry of Transportation and Communications R.O.C.		2,737,718,976	35.29%
Shin Kong Life Insurance Co., Ltd.		428,647,184	5.53%
CTBC Bank Trust Account - CHT Employee Stock Ownership Trust Plan		317,329,992	4.09%
Cathay Life Insurance Co., Ltd.		235,491,000	3.04%
JP Morgan Chase Bank, N.A., acting as depositary and representative of CHT ADRS		208,980,250	2.69%
Labor Pension Fund of the New Labor Pension System, R.O.C.		158,417,300	2.04%
Chunghwa Post Co., Ltd.		151,297,719	1.95%
Labor Insurance Fund, R.O.C.		111,681,644	1.44%
Taiwan Life Insurance Co., Ltd.		79,519,000	1.03%
Cathay United Bank Co., Ltd.		73,242,000	0.94%

Note: Based on the most recent book closure date for shareholder to register

1.5 Share Price, Net Value, Earnings, Dividends and Related Information in Recent 2 Years

Items			2021	2022	2023 (As of Feb. 28)
Market Price per Share	Highest (Note 1)		118.50	132.50	115.50
	Lowest (Note 1)		108.00	105.50	112.00
	Average (Note 1)		112.60	119.85	113.76
Net Worth per Share	Before Distribution		48.90	49.14	-
	After Distribution		44.29	(Note 2)	-
Earnings per Share	Weighted Average Shares		7,757,446,545	7,757,446,545	7,757,446,545
	Earnings Per Share		4.61	4.70	-
Dividends per Share	Cash Dividends		4.608	4.702 (Note 2)	-
	Stock Dividends	From Retained Earnings	0	0 (Note 2)	-
		From Additional Paid-in Capital	0	0 (Note 2)	-
	Accumulated Undistributed Dividends		0	0	-
Return on Investment (Note 3)	Price / Earnings Ratio		24.43	25.50 (Note 2)	-
	Price / Dividend Ratio		24.44	25.49 (Note 2)	-
	Cash Dividend Yield Rate%		4.09	3.92 (Note 2)	-

Notes:

1. Data sourced from Taiwan Stock Exchange, or TWSE.

2. 2022 dividends distribution to be approved by shareholders at Annual General Meeting, or AGM, in 2023.

3. Price / Earnings Ratio = Average Market Price / Earnings per Share

Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price (2021=NT\$112.60, 2022=NT\$119.85)

1.6 Dividend Policy and Discussion

(1) Dividend Policy

In accordance with the Chunghwa's Articles of Incorporation, Chunghwa must pay all outstanding taxes, offset deficits in prior years and set aside a legal reserve equal to 10% of its net income before distributing a dividend or making any other distribution to stockholders, except when the accumulated amount of such legal reserve equals to Chunghwa's total issued capital, and depending on its business needs or requirements, may also set aside or reverse special reserves. No less than 50% of the remaining earnings comprising remaining balance of net income, if any, plus cumulative undistributed earnings shall be distributed as stockholders' dividends, of which cash dividends to be distributed shall not be less than 50% of the total amount of dividends to be distributed. If cash dividend to be distributed is less than \$0.10 per share, such cash dividend shall be distributed in the form of common stocks. Dividend distribution is dependent on the actual profitability, capital expenditure plan, cash status and other conditions for the relevant year, as well as a resolution adopted at the shareholders' meeting.

The Company is not permitted to distribute dividends or make other distributions to stockholders in any year in which the Company does not have any net income or unappropriated earnings (excluding reserves).

If the Company does not incur a loss, the Company is permitted to make distributions on a pro rata basis to its stockholders of additional common shares or cash by the legal reserve, the premium derived from the issuance of new shares and the income from endowments received by the Company.

(2) Dividend Distribution

Below is the dividend distribution from years 2020 to 2022; the appropriation amount for 2022 has yet to be approved at the 2023 AGM.

Unit: NT\$/share

Year	Cash Dividend		Stock Dividend
	From Retained Earnings	From Additional Paid-in Capital	
2020	4.306	0	0
2021	4.608	0	0
2022	4.702	0	0

(3) Expected Material Changes in Dividend Policy

None.

1.7 Impact of Stock Dividend Distribution in 2023 Shareholders' Meetings on Business Performance and EPS

None.

1.8 Compensation of Employees and Directors

(1) Overall compensation strategy

A. Employees' and Directors' Compensation According to the Articles of Incorporation

If the Company incurs positive earnings for the relevant year, then the employees are entitled to 1.7% to 4.3% of the distributable earnings as employee compensation; the directors are entitled to no more than 0.17% of the distributable earnings as director compensation. If the Company has cumulative deficits, then the Company must first retain the necessary earnings to offset the deficits. The aforementioned compensation may, subject to a resolution which is adopted by a majority vote at a meeting of the board of directors attended by two-third of total number of directors, be distributed to employees in way of cash or shares. In addition, a report of such distribution shall be submitted to the shareholders' meeting.

B. The Compensation Basis for Employees and Directors; Accounting Treatment for the Differences between Estimated and Actual Amount of Compensation

- The Company accrues all employees' and directors' compensation in accordance to the Articles of Incorporation and "Employee Compensation Distribution Guidelines of Chunghwa Telecom Co., Ltd.," as well as historical experience and future estimates.
- If there is a change in the accrual amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in accounting estimate in the following year.

C. Compensation Approved in the Board of Directors Meeting

- Employees' and directors' compensation in the form of cash or stock. The Board of Directors have approved employees cash compensation of 1,498,374,390, and directors cash compensation of 39,479,796.

- The amount of any employee compensation distributed in stocks; and the size of this amount as a percentage of the net income stated in the parent only financial reports or individual financial reports for the current period; and the size of this

amount as a percentage of the total employee compensation.

No employee compensation in the form of stock is distributed for the year of 2022.

D. 2021 Actual Distribution of Employees' and Directors' Compensation (including number of shares, monetary amount, and stock price)

Items	Actual Distribution (NT\$)	2022 Approved Distribution by BoD (NT\$)	Differences (NT\$)
Employees' cash compensation	1,429,000,245	1,429,000,245	0
Employees' stock compensation	0	0	0
Directors' compensation	38,551,757	38,551,757	0

Notes:

1. In accordance to 2022 directors' and employees' cash compensation, approved by Board of Directors in 2021.
2. In 2022, the Company's Board of Directors consists of 7 independent directors (of whom, two succeeded in May 2022, two dismissed in May 2022), and 8 directors (of whom, three succeeded in May 2022, three dismissed in May 2022).
3. The independent directors are not entitled to any cash compensation; the directors are representatives from MOTC, so their cash compensation are distributed to MOTC, which is calculated on pro-rate basis in terms of days of service for newly elected directors within the years.

(2) Equal and competitive compensation system

The Company is committed to providing a working environment with dignity and equity for employees. The Company implements employment diversity, equal pay, and impartiality in promotion opportunities. The Company establishes "Compensation Committee" and offer competitive compensations to talents with potential. Through a transparent remuneration policy, employees are rewarded in line with the operational performance of the Company.

(3) Employee Stock Ownership Trust

The Company has established the Employee Stock Ownership Trust in order to increase employee welfare benefits, enhance corporate unity, share the success of business operations, and ensure better living after employee retirement or departure. The Trust consists of certain pro-rata share-based bonuses based on employee-approved monthly contributed portion of salaries.

1.9 Share Repurchase by the Company

None.

2. Corporate Bonds

2.1 Corporate Bond

As of December 31, 2022

Issue	Domestic Unsecured Corporate Bond (2020-1)	Domestic Unsecured Corporate Bond (2021-1)	Domestic Unsecured Corporate Bond (2022-1, Sustainability Bond)
Issuing Date	2020.7.30	2021.4.20	2022.3.15
Denomination	NT\$10,000,000	NT\$10,000,000	NT\$10,000,000
Offering Price	Par	Par	Par
Total Amount	NT\$20,000,000,000	NT\$7,000,000,000	NT\$3,500,000,000
Coupon	Tranche A: 0.50% p.a. Tranche B: 0.54% p.a. Tranche C: 0.59% p.a.	Tranche A: 0.42% p.a. Tranche B: 0.46% p.a. Tranche C: 0.50% p.a.	0.69% p.a.

Issue		Domestic Unsecured Corporate Bond (2020-1)	Domestic Unsecured Corporate Bond (2021-1)	Domestic Unsecured Corporate Bond (2022-1, Sustainability Bond)
Tenor and Maturity Date		Tranche A: 5 years Maturity: 2025.7.30 Tranche B: 7 years Maturity: 2027.7.30 Tranche C: 10 years Maturity: 2030.7.30	Tranche A: 5 years Maturity: 2026.4.20 Tranche B: 7 years Maturity: 2028.4.20 Tranche C: 10 years Maturity: 2031.4.20	5 years Maturity: 2027.3.15
Guarantor		None	None	None
Trustee		Bank of Taiwan	Bank of Taiwan	Bank of Taiwan
Underwriter		Yuanta Securities	MasterLink Securities	Capital Securities
Legal Counsel		True Honesty International Law Offices	True Honesty International Law Offices	True Honesty International Law Offices
Auditor		Deloitte & Touche	Deloitte & Touche	Deloitte & Touche
Repayment		Bullet	Bullet	Bullet
Outstanding		NT\$20,000,000,000	NT\$7,000,000,000	NT\$3,500,000,000
Redemption or Early Repayment Clause		None	None	None
Covenants		None	None	None
Credit Rating		twAAA (Taiwan Ratings Corporation, 2019.12.6)	twAAA (Taiwan Ratings Corporation, 2020.12.17)	twAAA (Taiwan Ratings Corporation, 2021.12.20)
Other Rights of Bondholders	Conversion Right	None	None	None
	Amount of Converted or Exchanged Common Shares, ADRs or Other Securities	Not Applicable	Not Applicable	Not Applicable
Dilution Effect and Other Adverse Effects on Existing Shareholders		None	None	None
Custodian		None	None	None

2.2 Convertible Bond:

None.

2.3 Exchangeable Bond:

None.

2.4 Shelf Registration:

None.

2.5 Bond with Warrants:

None.

3. Preferred Shares

None.

4. Overseas Depository Receipts

Item Issuing date		Issuance and Trade Market	Issuance Amount (US\$ billion)	Issuance Price per Unit (US\$)	Number of Issuance Units	DR-Represented Securities	Number of DR-Represented Securities (shares)
Initial Public Offering 2003.7.17		NYSE	1.58	14.24	110,975,000	common shares	1,109,750,000
Additional Issuance 2005.8.9		NYSE	2.56	18.98	135,068,200	common shares	1,350,682,000
Additional Issuance 2006.9.28		NYSE	0.96	16.99	56,434,790	common shares	564,347,900
Additional Issuance 2006.10.31		NYSE	-	-	4,920,862	common shares	49,208,623
Additional Issuance 2007.9.7		NYSE	-	-	30,409,227	common shares	304,092,271
Capital Reduction by Cash 2008.1.9		NYSE	-	-	-30,709,825	common shares	-307,098,254
Additional Issuance 2008.12.3		NYSE	-	-	33,131,017	common shares	331,310,172
Capital Reduction by Cash 2009.3.20		NYSE	-	-	-56,025,734	common shares	-560,257,344
Additional Issuance 2009.9.18		NYSE	-	-	11,258,465	common shares	112,584,650
Capital Reduction by Cash 2010.2.8		NYSE	-	-	-26,860,182	common shares	-268,601,820
Capital Reduction by Cash 2011.1.25		NYSE	-	-	-53,720,364	common shares	-537,203,639
Rights & Liabilities of DR Holders		Same with common shareholders					
Trustee		NA					
Depository		JPMorgan Chase Bank, N.A.					
Custodian		JPMorgan Chase Bank, N.A., Taipei Branch					
Outstanding Units		19,396,964 (As of February 28, 2023)					
Related Fee for Issuance and Maintenance		The MOTC paid for the issuance in July 2003, August 2005 and September 2006. The shareholders paid for the issuance by stock dividend in October 2006, September 2007, December 2008 and September 2009. The shareholders also paid for the capital reduction with cash in January 2008, March 2009, February 2010 and January 2011. The Company paid for registration and related maintenance fees.					
Key Terms of the Deposit Agreement and the Custodian Agreement		As per the Deposit Agreement and the Custodian Agreement					
Market price	2022	Highest			44.97		
		Lowest			33.05		
		Average			40.2986		
	2023.1.1~ 2023.2.28	Highest			38.50		
		Lowest			37.05		
		Average			37.6151		

Note: Data sourced from Bloomberg, based on closing market prices

5. Employee Stock Options

None.

6. List of Executives Receiving Employee Stock Options and Top Ten Employees with Stock Options up to the Publication Date of this Annual Report

None.

7. Employee Restricted Stock Shares

None.

8. List of Executives Receiving Restricted Shares and Top Ten Employees with Restricted Shares up to the Publication Date of this Annual Report

None.

9. Shares Issuance for Mergers and Acquisitions

None.

10. Funding Use Plan and Execution

The funds raised by the Company through issuances of domestic corporate bonds are used in accordance with respective funding plans and actual needs. As of the end of the fourth quarter of 2022, the implementation of uncompleted plan was as follows:

Bond Name	Issue Amount	Use of Proceeds	Implementation Status
Domestic Unsecured Bond, 2022 (Sustainability Bond)	NT\$3.5 billion	Environmental protection and social development investment related expenditures	As of the end the fourth quarter of 2022, the actual completion rate was 40.07% (calculated based on actual payments), as compared to the original plan of 33.66% due to spending earlier than schedule. The funds were used in accordance with the original plans and there was no major difference between the expected benefits and the actual ones.

5 Operational Highlights

1. Business Overview
2. Markets & Sales Overview
3. Human Resources
4. Environmental Protection Expenditure
5. Employee Relations
6. Cybersecurity Management
7. Major Contracts



Operational Highlights

1. Business Overview

1.1 Business Scope

Chunghwa Telecom is the largest telecommunications service provider in Taiwan, with leading offerings in mobile communication, domestic and international fixed-line (including fixed voice, fixed broadband, internet, leased line and multi-media service), and domestic and international ICT integrated services (including emerging services such as information security, cloud ,big data, 5G private networks, etc.)

(1) Revenue Breakdown

As of December 31, 2022, Consumer Business Group revenue accounted for 60.9% of total revenue, Enterprise Business Group accounted for 33.3%, International Business Group accounted for 3.3%, and the rest accounted for 2.5%. Among these, the sales revenue of the Consumer Business Group decreased slightly compared with last year due to the unstable supply of the iPhones caused by the epidemic. In addition, the revenue of the Enterprise Business Group benefited from the strong performance of the information and communication business, and the International Business Group continued to develop cross-border ICT services and cloud-network integration and intelligent applications. Revenue of these two business groups was higher than that of the same period of the previous year.

(2) Current Products/Services

A. Individual and Household Market

With the aim of building the largest domestic audio-visual platform and smart life ecosystem, the company continues to drive the integration of fixed-line, mobile, and Wi-Fi networks to create an "Always Broadband Connected" environment. Our goal is to provide consumers with the best service by integrating these three networks, with a focus on the four main concepts of entertainment, health, safety, and convenience. Additionally, the Company is also dedicated to developing innovative smart life services.

- **Mobile Broadband Services:** With the evolution of fourth-generation (4G) and fifth-generation (5G) mobile communication technologies, the Company continues to move towards a new era

of higher speeds and the pervasive connection of all things with the internet. Through 5G's three characteristics of high speed, low latency, and massive connectivity, the Company is able to bring new and unprecedented network experiences to all customers by providing VR/AR, 4K/8K video and various innovative 5G application services.

- **Domestic Fixed Voice Services**
 - **Domestic Local and Long Telephone:** voice call, operator-assisted long distance call, subscriber toll dialing (STD) and other value-added services (such as call waiting, call transfer, three-way calling, speed dial, wake-up call, do-not-interrupt, ringback tone, call screening, direct call, 1288 information inquiry, etc.)
 - **Intelligent Network (IN):** 0800 Advanced Free Phone (AFP), 0203 Mass Announcement (MA), 099 Personal Number, 0204 Premium Rate Service (PRS), etc., and other premium rate telephone service.
- **Fixed Broadband**
 - **Asymmetric Digital Subscriber Line (ADSL):** install additional equipment at user telephone terminal using ADSL technology in order to provide internet connection and MOD/OTT multimedia services.
 - **FTTx Fiber Access:** utilize various optical network equipment, with Ethernet or Very-high-bit-rate Digital Subscriber Line (VDSL) technology, to provide high speed internet access, MOD/OTT multimedia, and other data communication services, as well as CHT Home Wi-Fi service which optimizes indoor Wi-Fi coverage to meet the need for household internet access.
- **Internet Services**
 - **HiNet** is the Company's ISP brand, committed to providing the best internet experience and highest quality customer service. Primarily offer broadband access (ADSL and FTTx), fixed-line and dial-up services.
- **Multi-media Services**
 - **IPTV / MOD Service:** provides on-demand video and application content to customers of the company and other telecommunication service providers through fixed broadband. Also offer channel program content from the other third-party operators.
 - **OTT Platform Convergence:** launches Hami

Video and MOD multi-screen product package, providing live channel and on-demand video content such as movies, dramas, anime, children's programs and 5G video application services.

- Digital Application Service: Provides integrated services including ibobby, Porn Gatekeeper, online time management, Video Streaming and GPS, etc. The Company also launches digital content products with mobile broadband internet, such as Hami Pass, Hami Video, KKBOX Music, E-books, Hami Cloud Games and Hami VR, etc.

B. Enterprise Market

The Company focuses on emerging businesses such as cloud, IDC, cybersecurity, 5G + AIoT, etc., and provides enterprise clients with ICT services in order to fulfill customer demand, as well as helping them to achieve their respective strategic and operational targets by facilitating their digital transformation.

- Enterprise Telecommunication Services: enterprise voice, and data circuits, internet, VPN, mobile data group enterprise network (MDVPN), messaging applications (SMS, email and fax), one-call response, domain name registration, etc.
- Enterprise Integrated ICT Services:
 - IDC: data center leasing and turnkey services.
 - Cloud: hicloud cloud computing virtual private cloud (CaaS-based VPC, CVPC), hicloud Boxe data cabinet, hicloud S3 cloud storage, hiHosting enterprise network framework, international public cloud (including AWS, Azure, GCP, etc.), cloud SaaS services (ERP, POS, electronic invoice) etc.
 - Security: online circuit security, identity recognition, security professional services, etc.
 - IoT: iEN smart energy, IVS smart security, ITS smart transportation, IGB smart building, and HCS smart medical, etc.
 - Mobile Application: 5G private network, AR enterprise application, mobile real-time imaging, smart air inspection (UAV), WorkLink mobile check-in, mobile walkie-talkie service, mobile device maintenance and management (MDMM), etc.
 - Emerging Business: crowd analysis, public opinion analysis, network advertising, big data project construction, data governance and blockchain application services.

- Government Business: government e-procurement, land administration services, motor vehicle inspection services, railway ticketing services, etc.
- Customized Overall Solution

C. International Market

The Company serves global international customers based on two major strategies: strategy one, "Bring the world to Taiwan", which aims to maximize the value of services provided to international customers in Taiwan and extend cooperation to develop overseas markets; strategy two, "Step out of Taiwan into the world", which aims to replicate Taiwan's successful experiences abroad and seize overseas opportunities in telecommunications and smart services. The Company provides domestic and international voice and leased line, data network, international roaming services, cross-border IoT, IDC, cloud services, 5G dedicated network and applications, smart solution, and integrated information communication services, according to the needs of the clients.

- Fixed-line Service: international voice services (international enterprise hotlines 009/019, receiver paid phone, international conference call, etc.), international data services (IPLC international dedicated line circuit, IPVPN international enterprise network, TWGate international network, MPLS VPN network, EZ VPN network, SSL VPN service, etc.), and international value-added services.
- Mobile Service: international roaming services (international roaming services, cross-border IoT services).
- ICT Planning, Construction and Maintenance Service: IDC, cloud, cybersecurity, smart solutions, overseas public cloud, 5G private network, etc.

(3) Planned New Products/Services

A. Individual and Household Market

- Introduce higher-speed broadband access and VAS to meet customer demand generated by the continued IP network and digital convergence trends.
- Expand and integrate HiNet VAS, such as ibobby, video and cloud space (Google One), in order to increase the competitiveness of the Company's

product offering and to enhance user loyalty.

- Based on home security, develop smart home applications, make good use of the advantages of platform integration, develop third-party cross-industry services, create service value and boost business opportunities.
- Promote three core technologies, speech recognition (STT), semantic understanding (NLP) and TTS speech synthesis (TTS) of Semantic Cloud, and develop multiple voice application services.
- Promote Hami's value-added services, such as music, Hami Pass, Hami Bookstore, Hami VR, AR Motion x Uniigym, etc., to expand the scope of service customers and provide more diversified application services.
- Leverage the integration of mobile and broadband service and the convergence of three networks, fixed-line, wireless and internet, to create the industry's first seamless network experience and provide MOD and Hami Video services with local and international video and television content and multiple value-added services, including Internet Guard and Bandwidth Diversion. Customers are encouraged to simultaneously apply for mobile, dual broadband networks and value-added services, in order to create value and boost business momentum.

B. Enterprise Market

- Provide diversified 5G private network solutions and launch portable 5G private network solutions to meet customers' temporary construction needs. Strategically cooperate with domestic and foreign O-RAN vendors to provide 5G O-RAN architecture-based enterprise private network solutions. In 2023, the Company plans to launch the EyeSee network management service. Through this single access point, customers can fully collect the operation information of private network services and provide telecom-grade comprehensive quality monitoring services.
- Offer application performance management (APM) testing, zero-trust network security architecture, Internet of Vehicles certificate system, business continuity management (BCM) information security consulting and other services, assist customers to respond to trends and regulations, strengthen corporate information security policies, provide

integrated management and control mechanisms and reduce corporate management costs.

- Continue integrating network and cybersecurity service in order to provide network security, system platform security and detection, terminal security, data protection, advanced persistent threat (APT) solutions, identity validation, access control and management, security operation center (SOC) outsourcing, security consulting, Internet of Things (IoT) testing, industrial control system (ICS), and information security management of Industrial IoT for critical infrastructure.
- Develop IDC integration by leveraging network resources and integrating transmission, submarine cable, internet, VPN, international broadband, and undersea cable, to establish high-standard regional infrastructure such as Banqiao IDC center, in order to provide enterprises with high-speed and high-quality networks, cloud and VAS applications matching international standards.
- Develop enterprise private cloud solution with more flexibility and greater reliability by accelerating private cloud construction with application and operating environments, and by integrating SDN and Network Function Virtualization (NFV) technology, flexible management and dynamic software configured network.
- Expand various IoT application services, use the advantages of wide network coverage and self-developed CMP (Communication Connectivity Management Platform), to provide cloud (platform), pipe (network), terminal (equipment) one-stop service. The Company is committed to realizing various creative applications, developing smart agriculture, smart monitoring, smart transportation, building smart cities and creating a new era of digital networking of everything.
- Enhance advanced AI research and development with in-depth local demand application services by providing smart security solutions such as vehicle recognition, facial recognition and traffic prediction, as well as by developing AI semantic cloud and smart voice control services, with collaboration from domestic terminal and content providers. Combining voice and text recognition, develop smart customer service solutions to provide smart text customer service, smart voice customer service, smart customer voice analysis, smart

outbound voice robot, smart switchboard, smart voice assistant and other services. This can assist corporate customers in the digital transformation of customer service centers and improve the operational efficiency and service quality of the customer service center.

- Expand big data and online advertising solutions; continue to develop crowd analysis, public sentiment, online advertising, big data analysis, and big data technology applications in various industries. For example, the AI intelligent analysis platform product "DeepFlow" which cooperates with different organizations to formulate governance structures, providing one-stop data access, model training deployment, platform resource management and other functions to assist enterprise customers in data governance and development of big data applications. Another example is the Artificial Intelligent for IT operations (AIOPs) solution which integrate key technologies such as AI and big data, and provide six major functions including application, technology, incident, service, construction and infrastructure management from cloud, network to edge server, comprehensively assist enterprises in intelligent security control and intelligent operation management.
- Expand Smart Healthcare services, provide a variety of physiological measurement equipment, and gradually provide the four major risk solutions of Environment, Health, Safety (EHS), as well as providing 5G remote care services in remote villages with the characteristic of 5G high-speed, low-latency and massive connections features which combined with smart care terminals, in order to assist SMEs with occupational safety compliance and enter the enterprise health management market. Besides, the Company assisted SMEs in occupational safety compliance and enter the enterprise health management market.
- Promote intelligent unmanned aerial vehicle (UAV) inspection services and provide applications such as disaster rescue, field inspection and facility inspection. Through the high-speed, low-latency 5G mobile network, with the Company's unmanned aerial vehicle fleet management system and AI technology, it provides intelligent detection and identification in various application fields, saves

inspection manpower and improves efficiency.

- Promote mobile real-time image services, integrate various front-end image capture devices, and upload images to the cloud image management platform through 5G mobile networks to meet customers' internal image transmission and live broadcast needs. With the low-latency and high-speed characteristics of 5G, this service can support instant shooting and transmission of ultra-high-quality images, and can be integrated with AI to meet the needs of application scenarios such as disaster relief, engineering construction, remote monitoring, and police science and technology law enforcement.
- Continue to develop block chain integration technologies (such as FIDO2, OAuth 2.0, PKI, etc.) to meet customers' needs for high-security data transmission and exchange, file encryption storage, identity verification to provide solutions in the fields of insurance, securities, and land administration related solutions and applications such as production history and cross-unit identity authentication.
- In response to domestic and foreign laws and regulations for net-zero emissions, and with the Company's public cloud environment, a cloud-based greenhouse gas inventory solution is launched, providing customer with inventory consultants, cloud-based greenhouse gas inventory systems and third-party verification services.
- Launched UC cloud PBX service, supporting multiple devices (mobile phone/desktop/tablet/PC/laptop), cross-system (iOS/Android/Mac/Windows) use and fully integrated communication (UC) functions, such as messaging, chatting, mobile extension, audio/video conferencing and collaborative work.

C. International Market

- Actively invest in the construction of new submarine cables and carry out submarine cable expansion plans to meet the large-bandwidth network needs of international customers, and strengthen the network resources required by international customers for global development.
- Responding to the business opportunities of enterprise digital transformation, actively deploy

SD-WAN global service nodes to provide one-stop IPVPN+SDWAN integration services, and deploy SASE (Secure Access Service Edge) hosting services to meet the goals of enterprise cloud-network integration, security and global operations without interruption.

- Replicate Taiwan's successful industry application cases, and launch 5G private networks in overseas markets to meet customer needs, combining total solutions with smart manufacturing, smart healthcare, smart cities/smart poles, smart transportation, smart buildings and smart agriculture, etc.
- Collaborate with the global IoT connection market, launch various cross-border IoT solutions, including vending machines, charging poles, automotive networking, electric scooter networking, e-bike networking, marine freezers, wearable devices, smart water, electricity and gas meters to meet the connectivity needs for importing/exporting IoT devices deployment.

1.2 Industry Overview

(1) Industry Status and Development

As global mobile devices become increasingly popular, smartphones and tablets become lighter, more sophisticated and fully functional, and social networking sites are becoming more active. The Consumer Electronics Show (CES) organizer, the Consumer Technology Association, predicts that the six major technology trends in 2023 include mobile vehicles, metaverse, health technology, enterprise technology, immersive gaming and sustainability. Research reports from various research institutions also show that technological development will drive synchronous growth in global telecommunications-related businesses, including cloud services with a compound annual growth rate (CAGR) of approximately 18-29%, cybersecurity with a CAGR of approximately 10-15%, AIoT with a CAGR of approximately 36-55%, 5G with a CAGR of 11%, and metaverse with a CAGR of 37.1%. These are global trends and the focus of the Company's second curve of development. In addition, fundamental core businesses such as broadband, mobile communication, and IPTV remain important indicators of the telecommunications industry:

A. For the broadband market, according to statistics from Department of Household Registration and

National Communications Commission, as of December 31, 2022, the total number of households in Taiwan is approximately 9.09 million, while the total broadband subscribers in Taiwan is approximately 7.09 million (including Public Wireless Local Area Network, or PWLAN).

B. According to NCC statistics, as of December 31, 2022, the total number of mobile subscribers in Taiwan reached approximately 30.15 million, representing a penetration rate of 129.6 %.

(2) Industry Value Chain

A. Technological development has blurred many lines between formerly specialized industries, as the telecommunications industry becomes increasingly more integrated to develop more diversified applications. Under the trend of digital convergence, the value chain of the telecommunications industry has further expanded, and industry players must provide innovative and diversified services to better meet user demand and enlarge market share. At the same time, service providers for content, applications and platforms, as well as network and terminal equipment vendors serve as important value partners for industry players to promote digital convergence services.

B. In response to the technological development of metaverse and blockchain along with environmental changes related to energy-saving and carbon-reduction industries, the Company reorganized into three major business groups in 2022, including Consumer Business Group, Enterprise Business Group and International Business Group, maintaining its overall commitment to promoting one-stop services and better meeting customer expectations. The Company is actively developing emerging businesses in 5G, online banking, IDC/cloud, cybersecurity, AIoT, big data, AI, video and smart life to lock in business opportunities in digital convergence and the digital economy, as well as offering digital convergence services to the three core markets of consumers, households and enterprises. The Company continues to strengthen its core businesses and promote the ICT and overseas businesses to maximize enterprise value by expanding enterprise partnerships in related industries through alliances, cooperation and investment. In the future, the Company will continue to invest in its core and emerging businesses. By integrating its R&D capabilities and working more

closely with its customers and ecosystem partners, the Company will provide better quality, more innovative and generally superior user experiences.

(3) Product Development Trends and Competitive Landscape

A. Mobile Communication

- Although the overall mobile market continues to be very competitive, the domestic mobile operators' subscriber market shares are relatively stable, of which the Company is the largest provider in terms of both subscribers and revenue. As of December 31, 2022, the Company has total mobile broadband subscribers of 12.62 million (including pre-paid subscribers), representing a market share of 36.6%. Mobile revenue market share was 39.3%.
- Mobile broadband services are in greater demand, primarily due to the evolution of mobile broadband technology and deeper penetration of tablets and smart phones such as iPhone/Android. Many service providers have launched mobile broadband services in order to fulfill customer demand for higher speed internet access.
- The Company plans to continue constructing its mobile broadband network, optimizing service coverage, and constructing more Wi-Fi hotspots in order to provide a more convenient mobile broadband internet service. At the same time, the Company continues offering integrated wireless broadband internet access and more diversified services, such as KKBOX, Hami Pass, Hami Video, Hami Books, etc., for the purpose of increasing customer contribution and revenue.

B. Domestic Fixed-line

- Fixed Voice: as of December 31, 2022, Taiwan local telephone penetration has reached 113.2%. However, the number of local telephone subscribers has been declining slightly due to traffic migration to mobile communication, free communication software, and VoIP, although the Company continues to maintain a leading subscriber market share at 91.4%. The average market share by minutes in the local and domestic long distance telephone market were approximately 83.3% and 81.9% respectively, while the market share by revenue in the local and domestic long distance telephone market were 96.3% and 47.2% respectively.

• Fixed Broadband:

- The government has promoted Smart Taiwan 2030 and the availability of universal telecommunication services in remote areas, including digital infrastructure and broadband access, to achieve greater than 90% nationwide coverage with Mega-level (Gbps) bandwidth access. As of December 31, 2022, the Company's nationwide fixed network broadband coverage has reached 98.6% for 35 Mbps, 98% for 60 Mbps, 96.7% for 100 Mbps. FTTH fiber network coverage rate reached 91.4% with a ready-to-install rate of 81.4% within a week. The Company launched 2 Gbps broadband Internet service in August 2021 with coverage rate reaching 51.1%, and will continue to build out its fiber-optic network to meet customers' demands for high-speed broadband and expand domestic broadband internet access for the country's citizens.
- As of December 31, 2022, the Company's broadband access subscribers have reached approximately 4.39 million, representing a market share of 59.4%. Of these subscribers, 300 Mbps or higher speed subscribers have increased significantly, with FTTx as the primary chosen product for approximately 3.75 million subscribers, of which 0.97 million subscribers use speeds of 300 Mbps and above.
- Leased Line Service: the Company's leased lines business has been impacted by broadband internet access and competition in the industry. As of December 31, 2022, the Company's leased lines market share was approximately 46.1%.
- Multi-media Service
 - IPTV/MOD: as of December 31, 2022, Taiwan market has a total of 4.65 million household subscribers of cable television, of which 77.47% uses one of the five multiple-system operators (China Network Systems Co., Ltd., Kbro Co., Ltd., TWM Broadband, Taiwan Fixed Network Co., Ltd., and Taiwan Optical Platform Co., Ltd.) In addition, channel providers have been broadcasting HD audio/video content and interactive and customized television programs and applications, resulting in more intense competition for the Company's MOD services.
 - OTT Platform Convergence: international

telecommunications service providers and some domestic radio and television content providers have been actively developing OTT convergence services, including Google, Apple, Amazon, etc., especially for services such as communication, music, games, video, and other digital convergence services for domestic and international markets.

- MOD provides over 195 channels, including 193 high definition (HD) channels and over 30,000 hours of on-demand programs. In addition, the Company continues to optimize its user interface (UI), design quality content and package offerings that cater to customer needs, and leverage OTT technology to develop new services such as interactive shopping, advertising, and 4K viewing, in order to better fulfill market demand.
- Internet Services:
 - Taiwan's broadband access penetration rate is relatively high with intense competition, primarily because both telecommunications service providers and cable broadband operators offer broadband access with high speeds and high quality services. As of December 31, 2022, the Company's HiNet broadband ISP subscribers totaled approximately 3.66 million, representing a market share of 55.9%.
 - The Company continuous promoting diversified

value-added services, combining with secure internet access, ibobby and other integrated packages, providing customers with high-quality home internet experience, enhancing customer loyalty and increasing revenue.

C. International Fixed-line Services

- The demand for international voice services has been declining annually as they are being replaced by free communication software. In recent years, domestic operators have actively promoted international data network integration services to offset the decline in voice revenue. As of December 31, 2022, the Company has a market share of 44.4% by outgoing call while market share of ILD telephone revenue was 54.1%.
- Continuously expand the network infrastructure through the construction of new submarine cables and the expansion of existing ones, in order to meet the high-bandwidth network demands of international enterprise clients.
- Continuously promote diverse data network integration services, offering service packages such as IPVPN+SD-WAN, SASE and cybersecurity to meet customers' needs for flexible bandwidth usage, simplified operation management and network quality optimization.

1.3 Research and Development

(1) Major R&D Expenditures for the Most Recent Year:

Unit: NT\$'000

Item/Fiscal Year	2022	2023 (as of Feb. 28, 2023) (Note)
R&D Expenses	3,774,309	614,492
Consolidated Revenues	216,739,234	35,697,661
R&D Expenses as a % of Consolidated Revenues	1.74%	1.72%

Note: 2023 figures are unaudited..

(2) Major R&D Achievements for the Most Recent Year and Up To the Publication Date of This Annual Report

Chunghwa Telecom's research and development mainly focuses on supporting the Company's business and realizing future growth momentum. Key achievements in 2022 include:

A. Innovative information and communication application services

- Integrated 5G, AI and ICT technologies to develop solutions such as smart roads, vehicle-to-everything (V2X), traffic enforcement systems, embedded image recognition systems, smart inspection of unmanned aerial vehicles, digital twin platform and monitoring, 5G smart poles, smart maritime ports, telemedicine and e-health, to support the Company's essential businesses and realize new business opportunities for future growth.

- Developed AR/VR technologies and integrated the low-latency characteristics of 5G to launch diversified applications, such as low-latency multi-view live broadcast, remote real-time co-performance, metaverse virtual exhibition and remote chorus, AR navigation and shopping, and 8K remote video collaboration, etc.
- Developed technologies such as AI-based image recognition/understanding, audio perception/recognition/synthesis, task-oriented chatbot, biological activity recognition, AI PaaS, text categorization and topic analysis.
- Developed technologies such as diversified identity authentication, blockchain and smart contracts, NFT management and trading platform, zero trust network, 5G network security, and cybersecurity for vehicle-to-everything (V2X), to apply them to government, finance and insurance sectors.

B. Forward-looking cloud-network convergence technologies

- Established a 5G/B5G experimental network and verified NSA/SA network interoperability and SA network slicing functions; developed diversified 5G private network solutions for enterprise customers of different scale; developed open 5G network technologies; developed Low-Earth Orbit (LEO) satellite communication technology and launch inReach satellite communication services with strategic partners.
- Developed FTTH multi-vendor interoperability technology to improve the flexibility of network deployment; developed virtualization and disaggregation technologies of FTTH infrastructure to improve domestic FTTH coverage.
- Developed solutions such as smart home network management, 5G private network management, fixed-mobile network convergence management, and telco cloud management, to assure service quality, improve network reliability and resource utilization.
- Developed solutions such as public and hybrid cloud service and management, cloud native platform management, open edge computing platform and software-defined data center, to meet diversified customer needs.

C. ESG energy conservation technologies

- Developed technologies such as centralized energy monitoring and energy conservation technologies of data centers and base stations, to improve energy efficiency and enable energy conservation and carbon reduction.

1.4 Corporate Development Plan

(1) Long-term Corporate Development Plan

- A. Focus on the core business; develop a new generation of networks; provide voice, data and video communications services; fulfill the telecommunications needs of consumers, households and enterprises; and create the best customer experience.
- B. Actively develop emerging businesses; leverage the R&D resources of Telecommunication Laboratories as well as the capabilities of strategic partners to build an industry ecosystem; promote intelligent services and applications for both individual and enterprise customers; help enterprise customers increase their operating efficiency and improve individual customer lifestyles; the Company will expand in domestic and international markets to be a pioneer of smart living and an enabler of the digital economy.
- C. Through intelligent technology, digitalization, network virtualization, SDN and related technologies to reduce the Company's operating cost and improve both procurement and resource efficiency to better optimize the Company's Capex.

(2) Short-term Corporate Development Plan

- A. Expand FTTx broadband service and encourage customers to adopt higher speed. Focus on 500 Mbps promotion , proactively upgrade the upload speed that paired with 300 Mbps download speed and implement high-speed broadband (300 Mbps~1 Gbps) price reductions with well-known household appliances to increase customer value.
- B. Integrate network resources to improve internet quality and continue developing and expanding integrated services of fixed communication, mobile, data communication and other value-added services.
- C. The Company remains committed to developing 5G and creating value, offering mobile services that transform from "price competition" to "value

creation" to encourage customers to increase tariffs and upgrade to 5G services. By providing reliable network quality, expanding signal coverage to the widest and emphasizing the adjoining and maximum bandwidth advantages, the Company strengthens its customer-centric value.

- D. Expand MOD and Hami Video services by introducing major sports events, preferred content and channels for seamless audio/video experiences anytime, anywhere.
- E. Provide diversified voice and data communication solutions and heterogeneous network backup solutions for enterprise clients.
- F. Enhance precision marketing and effectively manage online social media by leveraging big data analysis and CRM platforms in order to improve brand image, strengthen customer relations, and deliver on product sales targets.
- G. Enhance marketing of integrated services and ICT services for enterprise and international clients.
- H. Refine IoT platform with diverse and innovative applications suitable for fulfilling various demands from multiple industries.
- I. Expand various cybersecurity solutions, targeting households, enterprises and government entities, and strengthen overall information security protection capacity.
- J. Expand the IDC computer room, develop multi-cloud management and cloud network integration, and actively compete for project bidding opportunities by designing advanced IDC/cloud hardware/software total solutions in accordance with client requirements.
- K. Develop internally, or cooperate with third-party partners, to provide total solutions for enterprise clients in the areas of 5G private networks, AR/Virtual Reality (VR), AI, big data, Fintech, health care, renewable energy installation, energy management and other innovative applications.
- L. Expand domestic and overseas market in conjunction with the Company's affiliates and strategic partners.
- M. Provide cross-border IoT services and assist domestic and international enterprise customers to achieve the goal of overseas deployment of IoT devices.
- N. Optimize the process of binding and activating bill payment, build a "DCB transaction analysis platform," and develop code scanning payment and

customized DCB services.

- O. Develop terminal security, Wi-Fi security and other related services. Enhance consumer security product lines and provide diversified security services.

2. Markets & Sales Overview

2.1 Market Analysis

The Taiwan telecommunications market is highly competitive, with high requirements for high-quality and affordable telecommunications services from consumers. The mergers of Taiwan Mobile with Taiwan Star and Far Eastone with Asia Pacific Telecom was approved in January, 2023, by the National Communications Commission (NCC) with an additional approval clause. The merger is currently pending review by the Fair Trade Commission. It is expected that after the merger, the market share gap between the Company and the merger entities will narrow. However, the Company still maintain the largest subscribers and revenue market share, and customer base will continue to grow. The Company closely follows market dynamics and consumption trends, striving to develop more appealing and innovative products with appropriate pricing plans in order to further expand its leading position during the merger adjustment period and maintain its dominant position.

(1) Individual and Household Market

A. Mobile Broadband Services

- Key offerings and regions: nationwide throughout Taiwan, international roaming outside of Taiwan.
- Market share including enterprise market: As of December 31, 2022, market share by mobile communication subscribers was 36.6%.
- Future market demand and supply, market growth trends, competitive advantages and disadvantages:
 - As of December 31, 2022, the mobile communication penetration rate in Taiwan had reached 129.6%.
 - The Company focused on expanding mobile broadband services with cross-business integration and more competitive product design; as of December 31, 2022, mobile broadband customer base had reached approximately 12.62 million, representing an increase of 5.9% year over year.
 - The Company is committed to promoting 5G upgrades which effectively driven ARPU growth,

encouraging 5G migration which will improve customer value and deepen data usage behavior. Combined with multiple tariffs and Hami value-added services, the Company have successfully attracted more customers and further improved revenue growth.

- Countermeasures:

- Leverage the Company's bandwidth advantage, accelerate construction of infrastructure, improve customer experiences, expand the mobile customer base, and increase ARPU.
- The Company will continue to expand coverage of 5G communications across Taiwan, to provide customers with the ultimate 5G network experience and to create a leading 5G brand.
- The Company provided accurate data to guide customers in groups and promote diversified promotions, accelerating 5G transition to further boost customer value.
- The Company developed 5G smart life devices and innovative 5G applications, providing a variety of value-added services and discounts to further enhance the value of 5G , generating revenue from new services, strengthening sales and expanding the Reward Points/Membership economy and consumption cycle.
- Expand market share in the millennials segment by leveraging online stores in order to increase digital marketing efficiency and new customer acquisition.
- Segment customers according to customer preferences: for customers who prefers online services, the Company will first acquire target audiences through SMS messages and online marketing, then lead customers to physical stores or customer service channels to maintain customer relationships and contract renewal. In addition to maximizing the power of all channels, the aforementioned measures can also strengthen customer retention and reduce the workload of employees.

B. Domestic Fixed Voice and Broadband Services

- Key Offerings and Regions: nationwide throughout Taiwan.
- Market share including enterprise market: As of December 31, 2022, market share by local telephone subscribers was 91.4%, market share

by domestic long distance call minutes was 81.9%, and market share by broadband access subscribers 59.4%.

- Future market demand and supply, market growth trends, competitive advantages and disadvantages:

- The Company offers diverse broadband internet access services in response to the decline of local telephone and domestic long distance impacted by VoIP technology. As of December 31, 2022, the total number of broadband subscribers are approximately 4.39 million. The Company plans to continue offering higher speed and better quality FTTB and FTTH optical network access in order to fulfill customers' increasing demand for bandwidth, as well as focus on individual and household-oriented smart application services to capture the market.

- Countermeasures:

- Construct FTTx next generation network (NGN), gradually migrate to VoIP, and provide value-added and integrated services.
- Enhance CRM, formulate precise customer segmentation with integrated marketing plan and improved customer value.
- Launch higher speed FTTx services in order to fulfill customer demand and develop new applications for IoT.

C. Internet Services

- Key Offerings and Regions: nationwide throughout Taiwan.
- Market share including enterprise market: As of December 31, 2022, market share by HiNet broadband ISP subscribers was 55.9%.
- Future market demand and supply, market growth trends, competitive advantages and disadvantages:

The broadband access penetration rate is relatively high, and on top of that , telecommunications providers has consolidated cable operators, which will likely increase broadband market competition. The Company plans to develop multimedia and high definition audio/video content such as MOD HD and OTT, in order to increase revenue generation.

- Countermeasures:

- Expand digital convergence services, provide differentiated products, and increase customer value.
- Expand MOD and HiNet VAS such as video, gaming, cyber security and cloud space (Google One), etc., in order to increase revenue streams.
- Expand higher speed internet access and various application VAS with upgrade on upload speed that paired with 300 Mbps download speed and promotion of 300 Mbps to 1 Gbps in order to enhance clients' satisfaction and meet their high-speed internet needs.
- Analyze customer attributes and service demand using CRM platform, and apply precision marketing to increase the number of customers and enhance traffic and revenue streams.

D. Multi-media Services

- Key offerings and regions: nationwide throughout Taiwan.
- Market share: As of December 31, 2022, total MOD subscribers are approximately 2.05 million, representing a penetration rate of 22.5% (MOD subscribers/Total households) and a market share of 30.6% (MOD subscribers / MOD subscribers + CATV subscribers). Combining MOD + Hami Video, the Company provides the largest domestic video platform in Taiwan.
- Future market demand and supply, market growth trends, competitive advantages and disadvantages:
 - Currently, MOD primarily offers TV channels, video on demand and other application services for the household market. Going forward, the Company will extend personal market services by integrating Hami Video and other OTT content and technology to expand the scale of subscription and allow everyone to enjoy more diverse and convenient and richer video content services.
 - MOD advantages: customized channel subscription package, 4K and HD quality, on-demand video, multi-screen availability; with continuous upgrades to audio-visual technology, MOD launched new services such as low-latency HLS (LL-HLS), high-efficiency compression (HEVC) for live streaming, 4D multi-view, AR and VR, etc., to provide customers a superior viewing

experience.

- Due to regulation restrictions, the Company currently cannot directly operate or act as an agent for television channels, which adversely impacts its business. In the long term, such restrictions may not be conducive for the overall development and competitiveness of the domestic film and television industry.
- Countermeasures:
 - Expand digital convergence and individual and family integrated services. Provide differentiated products and increase customer value.
 - Expand MOD/OTT and the digital advertisement such as video, gaming, and shopping, etc., in order to increase revenue streams.
 - Expand MOD/OTT services and integrated marketing for broadband internet access to bring marketing synergies.

(2) Enterprise Market

A. Domestic and international mobile communications, fixed-line, internet, and other VAS services.

- Key offerings and regions: nationwide Taiwan (international roaming available).
- Future market demand and supply, market growth trends, competitive advantages and disadvantages:
 - Continue to provide higher speed, better quality enterprise broadband, mobile communication network, etc., in order to fulfill enterprise demand for broadband internet access, etc.
 - Enterprise customer revenue from local and long-distance voice services has declined year-over-year due to the influence of free communication software and more favorable VoIP integration solutions. However, due to the effect of order transfer factors from China-US trade negotiations, Taiwan government's gradual reduction of epidemic control measures and digital transformation policies in the second half of 2022 led to a slower than expected decline in the local and long-distance voice revenue, while mobile services and data communications revenue continued to grow.
- Countermeasures:
 - Provide customers with better quality services, and increase customer loyalty and value with cross-network integration and channel partner

alliances.

- Continue to expand network bandwidth, promote broadband speed increases and 5G upgrades, and provide solutions to meet customer needs.
- Continue to develop enterprise communication integration and VAS in order to increase VAS revenue generation.

B. Enterprise ICT services (IoT, IDC, cloud, enterprise information security, Network Managed Services, mobile ICT, etc.)

- Key offerings and regions: Nationwide throughout Taiwan; in mobile IoT services, the Company is the early telecommunication service provider in Taiwan that is capable of providing NB-IoT and LTE-M (Cat-M1) services for both the domestic and overseas markets.
- Future market demand and supply, market growth trends, competitive advantages and disadvantages:
 - The Company has competitive advantages in technology, telecommunications, large-scale project execution and integration, a renowned brand image, nationwide service channels, providing enterprises with advanced ICT services, and enabling enterprises to achieve respective strategic and operational targets.
 - The government's digital development and ESG green energy policy, combining with ongoing efforts from enterprises to promote digital transformation, have driven the demand for IDC, cloud, information security, Internet of Things, 5G private network, mobile applications and other enterprise-customer information and communication integration service.
 - Competitors continue to implement low-price strategies in various ICT services for enterprise customers which has led to a reduction in the Company's profit margins and affected the ability to seize new opportunities in the enterprise market.
- Countermeasures:
 - Expand ICT integrated services, including IoT, enterprise information security, IDC, cloud and mobile application, etc., in order to fulfill enterprise client demand for innovative applications and VAS.
 - Provide mobile IoT communication services,

enable enterprises to adopt various mobile solutions, and collaborate with global telecommunication service providers to offer terminals for international roaming, enterprise terminal management and IoT solutions, etc.

- Expand and discover qualified alliance partners to provide sector-specific ICT total solutions for enterprise clients; actively compete for project bidding opportunities from government entities.

(3) International Market

A. International fixed-line

- Key offerings and regions: global market.
- Future market demand and supply, market growth trends, competitive advantages and disadvantages:

International customers' demand for IP Transit, international bandwidth, IDC and cloud services continues to grow, which is conducive to the development of the Company's international private line, international enterprise network, Taiwan Gateway and smart network, etc.
- Countermeasures:

Actively invest in the construction of international submarine cables. With a complete submarine cable routing and backup decentralization mechanism, to improve the resilience of the submarine cable network and meet the ever-increasing demand of large multinational companies for external bandwidth.

B. International mobile and ICT services

- Key offerings and regions: global market.
- Future market demand and supply, market growth trends, competitive advantages and disadvantages:
 - International customers' demand for submarine cable, IDC and cloud services continues to grow, which is beneficial for the expansion of the Company's information and communication services.
 - After the pandemic, the lifting of border restrictions has led to an increase on demand for mobile roaming.
 - The expansion of global market operations by Taiwanese multinational companies is conducive to the promotion of the Company's overseas

information communication and smart solutions.

- The development of 5G in overseas markets and the rise of demand for digital transformation are benefits to the Company's 5G private network and smart application services export to overseas markets.
- The new IoT applications are mature and diverse, and domestic and foreign corporate customers have increased demand for global cross-border deployment.
- Countermeasures:
 - Continue to win OTT and Carrier customers, provide Taiwan localized one-stop ICT Services, including backhaul service, IDC, Peering and landing services.
 - Provide one-stop ICT services to Taiwanese companies and foreign customers in Taiwan, allowing them to use Global ICT services when expanding into international markets.
 - Accumulate smart solutions application experiences, cooperate with the Company's high-quality strategy partners, firmly support international customers for developing 5G smart applications, service innovation and transformation.
 - Actively expand the coverage of 4G/VoLTE/5G mobile roaming countries and provide cross-

border IoT solutions. Through a global Connectivity Management platform (CMP Platform), the Company helps domestic and foreign corporate customers check equipment connection status in one-stop real-time, speeding up the global deployment with uninterrupted service operations.

2.2 Main Features and Production Process of Major Products

The Company's leading offerings are domestic and international fixed-line, mobile communications and internet services, which provide communication service, daily life information and audio and video entertainment for individual and household, enterprise and international customers. The Company's main product features and production processes are service positioning and network planning, construction and post-maintenance.

2.3 Supply of Raw Materials

Not applicable as the Company is not a manufacturer.

2.4 Major Suppliers / Customers Accounting for More Than 10% (inclusive) of Purchases / Sales in the Most Recent 2 Years

None.

2.5 Production Volume in the Most Recent 2 Years (Equipment)

Key Offerings		2021	2022
Mobile Communications	Mobile Broadband	21,380,000 subscribers	21,380,000 subscribers
Domestic Fixed-line	Local Network	14,041,570 subscribers	12,833,076 subscribers
	Long Distance Network	1,400,516 subscribers	1,400,516 subscribers
	Broadband Access (ADSL+FTTx)	11,608,093 ports	12,065,257 ports
	HiNet BRAS	5,393,000 ports	5,043,000 ports
	MOD (Set-Top box)	2,705,910 sets	2,661,707 sets
International Fixed-line	International Network	101,616 subscribers	60,000 subscribers

2.6 Sales Volume for the Most Recent 2 Years

Key Offerings		2021	2022
		Subscribers/ Minutes in Millions	Subscribers/ Minutes in Millions
Mobile Communications	Mobile Broadband	11.916 Subs (Note 1)	12.621 Subs (Note 1)
Domestic Fixed-line	Local Network	9.649 Subs	9.399 Subs
	Long Distance Network	1,534.1 Mins	1,356 Mins
	Broadband Access (ADSL+FTTx)	4.354 Subs	4.386 Subs
	HiNet Broadband ISP	3.613 Subs	3.664 Subs
	MOD	2.06 Subs	2.05 Subs
International Fixed-line	International Network	131 .7 Mins (Note 2)	100.9 Mins (Note 2)

Note1: Including subscribers utilizing Internet of Things (IoT).

Note2: Only including outgoing minutes.

Main Segments	2021	2022
	Revenue (NT\$ billions)	Revenue (NT\$ billions)
Consumer Business Group	129.9	132
Enterprise Business Group	69.3	72.2
International Business Group	6.1	7.2
Others	5.2	5.3

3. Human Resources

Year		2021	2022	2023 (as of Feb. 28, 2023)
Number of Employees		20,247	19,999	19,723
Average Age		49.0	47.7	47.5
Average Years of Service		22.73	20.84	20.39
Breakdown of Education Level (%)	Ph.D.	1.30	1.29	1.29
	Masters	33.82	35.96	35.96
	Bachelors	50.72	51.75	51.75
	Senior High School	13.17	10.35	10.35
	Below (and include) Middle School	0.99	0.64	0.64

4. Environmental Protection Expenditures

4.1 Losses or Penalties Due to Environmental Pollution for the Most Recent Year and Up To the Publication Date of This Annual Report

None.

4.2 Countermeasures and Potential Costs

(1) Environmental Protection and Pollution Prevention

- Ensure full compliance with the Air Pollution Prevention Law, Noise Prevention Law and Waste Disposal Law, as well as other environmental protections and related laws and regulations, while taking appropriate preventive measures during the construction of telecommunications projects.
- Aim to avoid hours of heavy traffic flow and use low-noise equipment to reduce the environmental impact of living quality for nearby residents when conducting telecommunications engineering work near roads.

- C. Environmental protection regulations will be followed when lead acid batteries used for telecommunications must be disposed of, by handing them over to a qualified recycling and processing company for lead acid battery waste that is properly registered to the Environmental Protection Agency (EPA) with proper documentation provided in sextuplicate for audit tracking.

(2) Enhance Environmental Protection Measures for Telecommunication Engineering Construction

- A. When designing telecommunication lines, incorporate environmental protection and pollution prevention into the list of considerations when planning construction sites and preparing the budget and construction plan report accordingly. Once construction begins, construction site pollution prevention measures will be strictly implemented.
- B. Strengthen on-site environmental protections; when conducting excavation of telecommunications pipelines, avoid waste falling onto the ground and preventing any pollution to the city's appearance or environment during transportation.
- C. Active implementation of air and noise pollution controls in all facility offices; for newly purchased equipment, in addition to strictly requirements for manufacturers to provide products that comply with environmental regulations, contractors are also required to comply with regulations during construction to guarantee project quality.

(3) Enhance Energy Saving Measures in Telecommunication Office

- A. Use Power Operation Supporting System (POSS) to control the temperature (humidity) of computer rooms and the peak and off-peak load controls to maintain the temperature of computer rooms between 24°C and 28°C to prevent the occurrence of power demand exceeding contract limits.
- B. In remote areas or suburbs with lower temperatures and better air quality, prioritize the use of natural air, which can significantly reduce energy use in winter months.
- C. Strengthen and improve heat dissipation capabilities of telecommunications equipment, moderately increasing ambient temperature while effectively reducing the power consumption of air conditioning systems.
- D. Adjust air volume or air duct placement for better efficiency in air conditioners by the heating value

generated by communication equipment.

- E. Optimize, consolidate, eliminate and choose low energy-consuming products for switches, broadband, and transmission circuits.
- F. Replace telecommunications equipment and centralize electrical equipment at office facilities to improve overall operating efficiency.
- G. Avoid low loading usage of power supply equipment to optimize operating efficiency.
- H. Adopt highly-sensible heat-packaged air conditioning systems to improve air conditioning efficiency based on the thermal load characteristics of telecommunications facilities.
- I. Choose highly-efficient models for newly purchased equipment, installing certain equipment with inverters and accelerating the replacement of older, energy-consuming equipment to reduce energy consumption.
- J. Use air conditioning systems with highly-sensible heat energy-saving units and energy-saving, temperature-controlled frequency conversion cooling water towers and motors to effectively reducing operating power.
- K. Adopt various energy-saving options when planning and designing new air conditioning systems, such as separating cold and hot aisles, frequency conversion return fans, induced ventilation systems and variable air volume systems.
- L. Use natural ventilation air conditioning at suburban base stations.
- M. Implement mobile networks in dormant modes during off-peak hours to reduce base station power consumption.

5. Employee Relations

5.1 Workplace Environment and Employee Safety

- (1) The Company and all of its branch offices have set up an Occupational Safety and Health Department to coordinate its occupational safety and health management plans and procedures in accordance to relevant regulations. The Occupational Safety and Health Department focuses on promoting issues related to health and safety management, such as hazard recognition, health and safety controls and assessment, as well as implementing equipment for automatic checks before operation and operating environment monitoring services to continue improving health and

safety facilities and create a safe, healthy, comfortable and friendly working environment.

- (2) The Company built three Employee Training Centers in Bangqiao, Taichung and Kaohsiung to hold health and safety education training, raise awareness and practice drills for employees and contractors to strengthen awareness of workplace safety, improve health and safety skills and adaptability, and ensure the overall safety of all employees and contractors during everyday work.
- (3) The Company paid NT\$3,500 per employee each year for various employee health examination package options designed for different ages and health risk factors. In addition, the Company hired 21 on-site doctors and 28 dedicated nurses to provide health-related services on-site to support employees' well-being, including planning and implementing health education programs, providing guidelines to promote health and sanitation, education on work-related injury prevention, health consultations, first aid, emergency response systems and health examinations.
- (4) The Company held 11 live streaming in 2022 with 3,508 attendees to promote healthy activities in the workplace. In addition, the Company established various sports and leisure facilities for employees, such as basketball, tennis, badminton, table tennis, exercise bikes, treadmills, and more. The Company continued to enhance employee assistance programs (EAP) to care for and improve the physical and mental health of employees. In 2022, the Company conducted 410 EAP consultations, three group emotion and stress adjustment courses, one special case admission service and two reassuring group admission services, while distributing 12 internal releases related to mental health. The Company held four online courses with a total of 18,607 participants to foster a friendly workplace in terms of mental health and to improve the ability of employees to self-monitor their physical and mental health and manage stress.
- (5) To continue promoting the efficiency of occupational safety and health management, the Company proactively adheres to the international standard for occupational safety and health (ISO 45001) and actively undergoes global certification. In 2022, all 27 sites passed the external independent third-party verification audit and underwent annual reviews. Through the systematic Plan-Do-Check-Act management cycle, the Company expects to continue improving efficiency in health and safety management and build a high-quality culture focused on health and safety.
- (6) To ensure zero cluster infection in the workplace, the

Company has taken various precautions against the COVID-19 pandemic, such as forming a "COVID-19 Epidemic Response Plan," establishing a "Contingency Organization," constantly updating information on pandemic prevention measures at various stages, initiating temperature checks before entering the workplace for all employees, conducting random inspections for epidemic prevention measures, following up with employees identified as potential contacts with confirmed cases of COVID-19, conducting in total of 26 COVID-19 prevention campaigns and purchasing enough anti-epidemic materials for employees to use.

5.2 Employee Behavior and Ethical Standards

- (1) The Company has established a "Code of Ethics of Chunghwa Telecom Co., Ltd.," which includes standards on personal responsibility, community responsibility, and responsibility towards the Company, the public and other stakeholders. Applicable to directors, managers, and employees, its purpose is to prevent unethical conduct and to promote behavior that conforms with requirements and standards, including general principles, conflicts of interest among employees, customer and supplier relationships and conflicts of interest, and related policies and standards that also include the Company's policies towards ethical business practices.
- (2) The "Code of Ethics of Chunghwa Telecom Co., Ltd." can be accessed under "Corporate Governance" within the corporate website <https://www.cht.com.tw> > About Us > About CHT > Corporate Governance > Other by Laws > Code of Ethics, and Employee Information Portal. The Company conducts annual "Code of Ethics" reviews and online testing in order to strengthen employee ethics and values.
- (3) The Company has established "Employee Appraisal Guidelines" and "Employee Reward/Disciplinary Standards" to conduct employee assessments and to arrange for rewards and penalties.
- (4) The Company has established "Employee Suggestions and Reward Operations Guidelines" to encourage all employees to actively make suggestions, participate in research and development, reduce costs and expenses, increase productivity, and contribute to a positive and innovative corporate culture.

5.3 Employee Welfare Policy

- (1) The Company has provided employee labor insurance in accordance to the regulations, and in case of any

claims, the Company shall actively notify and assist all employees throughout the application process in order to ensure employee welfare rights.

- (2) Manage medical insurance for employees and dependents.
- (3) According to employees' physical capabilities, interests, feedback, and opinions, organize hikes, tours, excursions, sports competitions, and cultural and recreational activities, and provide participation rewards and competition awards to increase employees' motivation for participation in such activities, to promote the development of employees' physical and mental health and increase opportunities for interaction.
- (4) The Company provides employee benefits in order to assist the Employee Welfare Committee to offer various employee subsidies (such as for marriage, birth, children's education, retirement, death of employee and related family dependents, etc.), perks for the three major holidays, employee recreational activities, birthday parties, group insurance and others.
- (5) The Company offers benefits such as family care leave, maternity leave, pregnancy checkup leave and parental leave, in addition to other initiatives, to help young employees with childcare problem and implement gender equality in the workplace, which are superior to laws and regulations. Employees who have childcare needs can apply for no pay leave. During the no pay leave period, employees can apply for allowances from the Bureau of Labor Insurance for a maximum of six months. After expiration of the allowance from government, employees are further entitled under Company policy to receive additional monthly allowances totaling half the sum assured under the Bureau of Labor Insurance during child care leave. In addition, the Company has begun to provide annual reimbursements of NT\$6,000 to employees with children aged under 6 to align with the national fertility policy and help retain young talent. Concurrently, the Company applied to the local authorities for corporate childcare subsidies and offered the subsidies to employees who have children in daycare. Beginning in 2022, the Company was the first in the industry to begin to offer to employees with children under the age of 3, the option to apply for a one-hour reduction per working day with no salary deduction, which has accumulated a total of 86,683 hours of parenting time within this year. Meanwhile, in an effort to create a family-friendly workplace environment and support our employees' childcare, the Company has introduced 16 classes titled "Mutual-help Education and Health Centers in Workplace" in six major cities, which

were opened in August 2022.

- (6) The Company has established the Employee Stock Ownership Trust in order to increase employee welfare benefits, enhance corporate unity, share the successes of business operations, and ensure better living after employee retirement or departure. The Trust consists of pro-rata share-based bonuses based on employee monthly salaries.

5.4 Overseas Delegation and Workshop

The Company has arranged overseas delegations and research opportunities in accordance with its annual budget.

Due to the gradual relaxation of border management and quarantine measures in various countries, a total of 148 employees went abroad in 2022, a significant increase from 9 employees in the prior year.

5.5 Employee Training and Education Program

(1) Employee Training and Education Status

The Company strives to provide all employees with an open and diverse learning environment, primarily focusing on educational training and professional development. The employees can improve their knowledge with access to internal and external training programs, e-Learning programs, a knowledge management system, and guidance from their supervisors and colleagues. In addition, employees can experience many types of training programs, such as new recruits orientation, management and supervisory training, professional knowledge and technology development, marketing and customer relations training, safety and health training, computer training, e-Learning, etc. Furthermore, employees can cultivate their development through job rotations, special project assignments and overseas assignments, to advance their personal and professional lives.

A. Employee Training

- In order to ensure that all newly hired employees can seamlessly join the Company with a basic understanding of the Company's operating guidelines, culture, organization, business, safety, employee rights and responsibilities, etc., the Company arranges relevant courses for training through e-Learning programs.
- Based on foundation of AGLOW (Attraction: retain new employees, Growth: employees grow, Leadership: supervisors are capable, Opportunity:

talents are developed, Winning: succession is smooth), the Company established various programs for employees of different levels. From long-time employees to new recruits, supervisors at all levels can customize training and accelerate training development for potential employees to name successors.

- The Company's HR team is in charge of planning and executing employee on-the-job training with relevant assessments in order to enable all employees to achieve successful career development, enhance their professional knowledge, and improve their service attitudes and overall performance.
- The employee training and education program are primarily divided into two categories, professional and managerial, both of which leverage e-Learning programs, community learning, a knowledge

management system, and relevant e-Learning satisfaction surveys.

- In 2022, expenses related to employee training and education amounted was NT\$460.8 million, which includes training academies, professional development, self-learning, and external training, etc. Based on a total of 19,999 employees, this represents an average expense of NT\$23,043 per person for employee training and education.
- There are Telecommunication Training Institutes in Banqiao, Taichung, and Kaohsiung and the Company continues to introduce various training programs on an annual basis in accordance to the overall corporate plan. In 2022, the Telecommunication Training Institutes conducted 2,068 classes for 145,209 attendees, with total training fees of NT\$460.8 million. For details, please see the table below:

Training Categories		# of Classes	# of Attendances	Total # of Man-hour	Fees (NT\$' 000)
1	Management & Supervisory	430	34,602	132,036	90,979
2	Professional Knowledge & Technology	668	28,249	209,523	141,335
3	Marketing & Customer Services	73	2,338	16,620	15,445
4	Safety & Health	179	31,254	104,652	37,873
5	Computer	718	48,766	246,950	151,914
6	e-Learning	-	-	443,156	23,297
Total		2,068	145,209	1,152,937	460,843

B. Employee Professional Development:

- The Company has established "Studying at Universities and Colleges (Including Research Institutes) for the Staff of Chunghwa Telecom Co., Ltd." policy in order to develop talented employees

in the areas of telecommunications business, technology and management. Details regarding program participants and fees for academic year 2021-2022 are listed below:

Categories	Bachelor	Master	Ph.D.	Total
# of Applications	19	153	28	200
Fees (NT\$)	176,065	3,010,038	43,190	3,229,293

Note: The above table lists all subsidized applications for both the first and second semesters of the 2021-2022 academic year, which ran from September 1, 2021 to January 31, 2022 and February 1, 2022 to June 30, 2022, respectively.

(2) Financial Reporting Related Employees with Mandatory Certifications:

A. International internal auditor certification:

5 personnel in the audit department; 2 personnel in the accounting department

B. R.O.C. internal auditor certification:

4 personnel in the audit department; 5 personnel in the accounting department

C. International internal control certification:

2 personnel in the audit department

- D. R.O.C. certified public accountant:
32 personnel in the accounting department; 2
personnel in the investment department
- E. U.S. certified public accountant:
3 personnel in the accounting department; 2
personnel in the investment department

5.6 Retirements

- (1) The Company has established the "Employees' Pension, Consolation Pay, and Severance Pay Guidelines of Chunghwa Telecom," which is in accordance to the relevant Labor Standards Act and Labor Pension Act. For those employees who have retired prior to the privatization of Chunghwa Telecom, their respective retirement benefits are issued by the central government.
- (2) The Labor Standard Act Article 56-1 stipulates monthly provisions to be provided as retirement pensions, while Article 56-2 stipulates that, commencing March 31, 2022, a one-time pension reserve can be allotted at the full balance, and must be managed appropriately by the Company's Employee Retirement Fund Supervisory Committee, and deposited into Bank of Taiwan under the committee's name.
- (3) In accordance to the Labor Pension Act, the Company contributes a monthly pension rate of no less than 6% of employees' monthly salary. These contributions are deposited directly into employees' pension accounts held under the Bureau of Labor Insurance.
- (4) In 2022, the number of officially retired employees was 1,179, and voluntary retirement personnel was 223, which makes for a total of 1,402 retired personnel, and all have completed the retirement procedures.

5.7 Employee Negotiation and Employee Benefits Protection

- (1) The Company values its employees as one of its most important assets. Since its privatization, the Company has both complied with labor union agreements and implemented benefits, such as rights for a one hour work reduction for employees with children under the age of 3 (no salary deduction), birth allowances, education funding for the children of employees, an employee stock ownership trust and employee bonuses. The Company strives to facilitate comprehensive and consistent communication with all of its employees in order to ensure satisfactory labor union relations.
- (2) The Company has established regular, trustworthy and effective communication channels in order to increase

the frequency and depth of overall communication with labor unions.

- A. The Company's branches hold at least one meeting every 3 months in accordance to the labor union agreement.
- B. If any significant labor-related amendment changes are requested, negotiation and discussion meetings are conducted as additional meetings.

- (3) The Company has signed a collective bargaining agreement in accordance with the "Collective Agreement Act." Currently, agreements have been signed with the Chunghwa Telecom Workers' Union, Southern Taiwan Business Group Workers' Union, Northern Taiwan Business Group Workers' Union, Data Communications Business Group Workers' Union, Kaohsiung Branch Workers' Union, Changhua Branch Workers' Union, Taichung Branch Workers' Union, Tainan Branch Workers' Union, Pingtung Branch Workers' Union, and Nantou Branch Workers' Union.

5.8 Losses Related to Labor Disputes in 2022 and Up To the Publication Date of This Annual Report

None

6. Cybersecurity Management

As a solid information and communication security critical infrastructure is the foundation for any telecoms operator, the Company aims to achieve its cybersecurity vision by establishing itself as "the most valuable, safe, reliable and trustworthy telecom service provider that meets international standards." The Company established a "Cybersecurity Policy" and implemented strict risk management and protection measures, which apply to all of the Company subsidiaries, operating sites, subsidiaries and suppliers. The Company's policy and measures allow it to act proactively before hack attacks, discovering hidden malicious behavior and eliminating any potential threat, while adhering to international cybersecurity standards. Cooperating with the government and international cybersecurity groups, the Company built joint defense mechanisms to effectively enhance its overall cybersecurity defense and adaptation capacities to ensure the safety of operational and customer information.

The Company aims to meet its "Zero Tolerance" goal by implementing its "Cybersecurity Policy" and following the

spirit of the ISO 27001 information security management system. Through the PDCA cycle, the Company continues to adjust and modify its “Cybersecurity Policy” and incorporate it into operating activities to ensure “Zero” major cybersecurity and privacy accidents.

6.1 Cybersecurity Management Strategy and Structure

(1) Cybersecurity Governance and Operational Structure

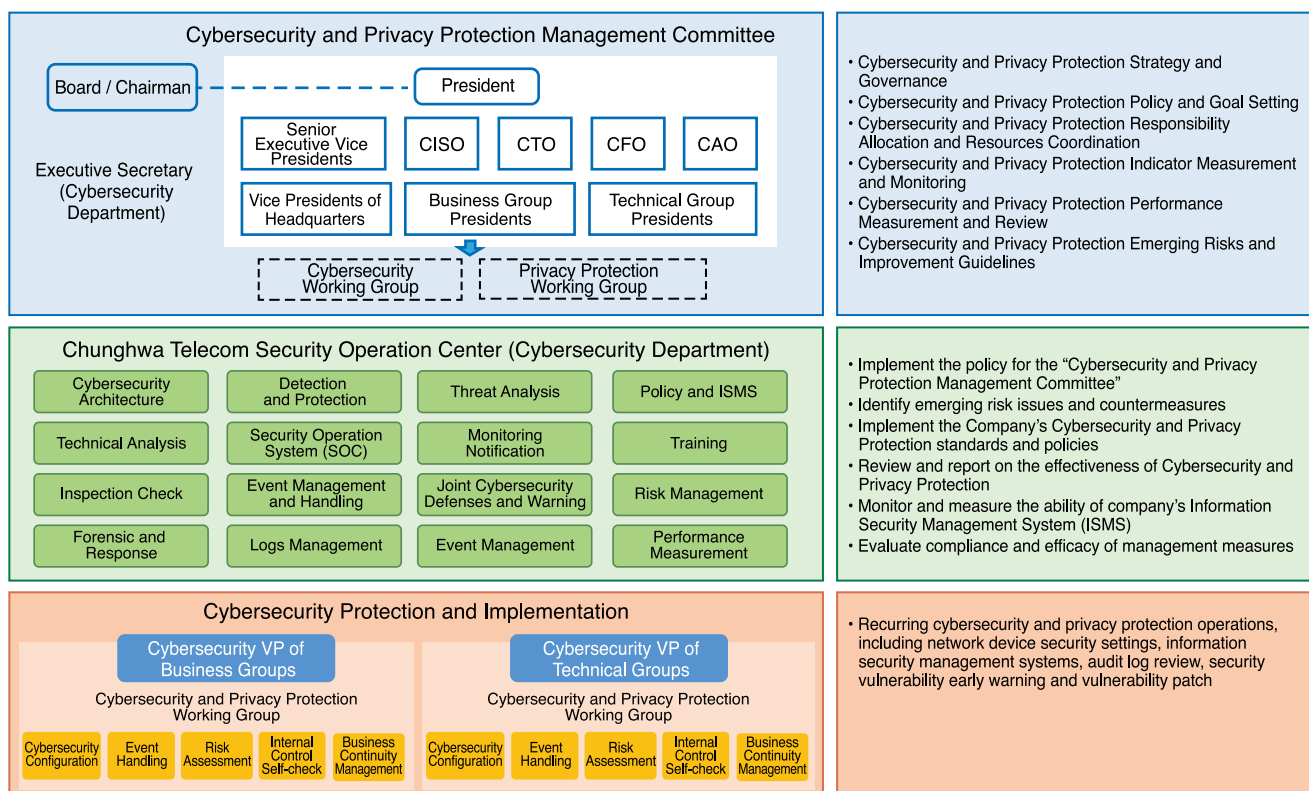
To ensure the effective execution of cybersecurity management, the Company established the “Cybersecurity and Privacy Protection Management Committee.” The Chairman represents the Board of Directors and supervises the “Cybersecurity Policy.” Simultaneously, the President has been appointed as conveners and the Senior Executive Vice President has been appointed as “Chief Information Security Officer (CISO),” responsible for supervising the Company’s internal cybersecurity matters.

The Company holds regular meetings of “Cybersecurity Working Group” and “Privacy Protection Working Group,” the Cybersecurity department includes executive secretary with responsibilities that range from reporting on cybersecurity management performance, reviewing and improving risk-related issues, reviewing the suitability of

cybersecurity programs, privacy protection policies and regulations, and supervising and evaluating compliance and efficacy of strategies, while reporting regularly to the Board. The Company’s Board of Directors is comprised of directors with various areas of expertise, including industry experience, legal expertise, risk management, auditing, and digital communication, to oversee the Company’s cybersecurity and privacy protection governance.

In 2013, the Company built CHT Security Operation Center (SOC) and gained valuable experience in large-scale hacking and defense scenarios. In 2016, the Company established cybersecurity department to manage cybersecurity with responsibilities such as coordination of overall Company Cybersecurity Policy, implement the policy for the “Cybersecurity and Privacy Protection Management Committee,” aligning standards with regulations and emerging technological development, risk control management, security operations, joint cybersecurity defenses, education and training, effective evaluation, and compliance assessments. To meet both domestic and international regulations, the Company continues to improve its cybersecurity-related management system to reduce corporate cyber risks and promote the development of the Company’s emerging businesses, thereby providing clients with a safe and credible digital environment.

(2) Cybersecurity Organizational Structure



(3) Cybersecurity Management Strategies and Continuously Improved Framework

With the exception of building an information security management system that meets international standards, the Company is more risk management-oriented and examines the maturity levels of cybersecurity management. Based on the external environment and internal risk examination results, the Company appropriately adjusts and modifies its "Cybersecurity Policy" and relevant regulations on an annual basis.

To achieve the goal of "Everyone Pay Attention to Cybersecurity and Cybersecurity Implementation," the Company incorporated "Information Security" indicators into employee annual performance evaluations. In addition, the Company regularly conducts internal and external reviews

and audits, passing competent authority inspections. Currently, all of the Company's IT-related infrastructures have passed international cybersecurity standard verification with ISO 27001 / ISO 27011 / ISO27017 / ISO27018 / BS10012 / CSA STAR Certifications validated and expected to remain on track.

In addition, to ensure the security of the information and communication system and Critical Infrastructure, Chunghwa Telecom established the "Cybersecurity and Privacy Risk Management Framework," taking NIST Cybersecurity Framework (CSF) as its reference and adhering domestic and international standards and regulations to implement effective cybersecurity management and privacy protection measures to prevent potential cybersecurity risks.

Risk Identification and Countermeasure

- International Standards and Regulatory Compliance
- Cybersecurity and Privacy Protection Policies and Controls
- Cybersecurity Organization and Operation
- Risk Management and Protection Strategies

Review and Improvement

- Cybersecurity Management Review and Performance Report
- Review and Improvement of Policies and Security Control Measures
- Identification of New Threats and Risks
- Rewards and Punishments



Prevention, Detection and Rapid Response

Prevention

- Employee Security Training
- Endpoint Security
- Network Security
- System and Software Security
- Cloud Security
- IoT Security
- Physical Security
- Supply Chain Security

Detection

- Intelligent security operation center and threat detection
- Penetration testing, Cybersecurity health diagnosis and Red Team security assessments

Response

- Event handling, incident response and digital forensics
- Cybersecurity information sharing and joint cybersecurity defense

Check and Assessment

- Cybersecurity Evaluation and Measurement
- Business Continuity Management and Drill
- Certified by authorities and third-party certifications

To fully support and achieve the strategies and goals of each business, the Company established the "Cybersecurity Policy" to meet its operational goals. Approved by the Company's Chairman, the Cybersecurity Policy is published on the employee portal and the corporate website to communicate Chunghwa's commitment to meeting its "Zero Tolerance" goal for major cybersecurity and privacy incidents to all employees, customers, and suppliers. The Company implements specific and effective strategies for cybersecurity and privacy protection. Through the Plan-Do-Check-Act (PDCA) management cycle, the Company continues to roll out and improve management performance in cybersecurity and privacy protection.

Risk Identification and Countermeasure: Beginning with risk management and based on international standards of ISO27001, BS10012, CSA and NIST, the Company

established a comprehensive cybersecurity management system that certified by third-party certifications. Mastering standard development trends such as ITU, 3GPP and GSMA and cooperating with industry, government, and academic parties like the ORAN Alliance, the Company analyzes risk defense countermeasures and incorporates security requirements into development plans in advance (Security by Design), including policy, management and technology to reduce cybersecurity risks and ensure compliance.

Prevention, Detection and Rapid Response: Through intelligent Security Operation Center (CHT SOC), the Company deploys a multi-layered, in-depth security protection and detection mechanism based on "Zero Trust Architecture." The Company trains employees for cybersecurity awareness with more than 730 employees

already holding international cybersecurity certifications.

Through intelligent and automated cybersecurity governance mechanisms, and detect cybersecurity threats and violation risks, while regularly conducting red team security assessments that includes cybersecurity health diagnosis, the Company has fully integrated cybersecurity management into its daily operations, including employees, facilities, network, systems, applications, privacy and supply chain. The Company also implemented joint cybersecurity defenses with Taiwan's C-ISAC, participating in Taiwan's Critical Infrastructure (CI) & Critical Information Infrastructure (CII) national-level drills, as well as cybersecurity information sharing and vulnerability warnings, to ensure the suitability of information and communication systems and Critical Infrastructure, as well as the efficacy and resilience of cybersecurity protections.

Check and Assessment: To achieve the goal of "Everyone Pay Attention to Cybersecurity and Cybersecurity Implementation," the Company has incorporated cybersecurity and privacy protection indicators into employee annual performance evaluations, regularly conducting internal and external reviews and audits while certified by authorities and third-party certifications. The cybersecurity KPIs will be assessed based on the results.

Review and Improvement: The Company reviews cybersecurity KPIs and holds review meetings to ensure suitable cybersecurity and privacy protection policies and regulations, offering rewards for outstanding performance, thereby motivating employees to implement cybersecurity policies and regulations while offering additional circumstantial training sessions and other options to violators. The Company continues to identify new threats and risks for defense systems implementation while incorporating and executing case-specific plans. The Company's "Risk Management Committee" charter includes monthly tracking of management performance regarding cybersecurity and privacy protection. Significant risks are reported to Audit Committee or directly to the Board. Although many enterprises in Taiwan have suffered major informational security breaches in recent years, the Company has been unaffected, thus far.

6.2 Detailed Management Measures

The Company continues to analyze cybersecurity risks and defense countermeasures. In addition to passing external certification, it has implemented various detailed measures

in seven areas to ensure the strength of cybersecurity and avoid operational disruption that may impact the Company's operations in relation to cybersecurity issues on Critical Infrastructure (CI), network and information systems. These seven aspects include: (1) Cybersecurity Protection and Management, (2) Personal Information and Privacy Protection and Management, (3) Intelligent SOC and Multi-layered, In-depth Security Protection, (4) Critical Infrastructure and Information System Business Continuity Management, (5) Immediate Incident Notification and Quick Response Mechanisms, (6) Third-party Vulnerability Analysis and Cybersecurity Health Diagnosis and (7) Cybersecurity Insurance.

(1) Cybersecurity Protection and Management

Employee Security Training	• Hold cybersecurity training sessions and classes; encourage employees to obtain international cybersecurity certifications; promote employee awareness and professional capacities for cybersecurity and privacy protection. • Regularly hold Social Engineering exercises to improve employee alertness to Advanced Persistent Threat (APT) attacks.
Endpoint Security	• Install antivirus, security control software and disable Internet Neighborhoods to ensure devices and software meet security standards.
Network Security	• Deploy multi-layered, in-depth security protection and detection mechanisms based on "Zero Trust Architecture." • Establish Demilitarized Zone (DMZ) to control network access.
System and Software Security	• Develop software based on Secure Software Development Life Cycle (SSDLC); systems pass the security assessment before launch or updates; applications receive MAS certification marks from the Ministry of Economic Affairs. • Regularly scan for vulnerabilities and patch within time limit. • Establish software lists; understand the risk of software vulnerabilities and respond immediately through critical vulnerability early warnings, notifications and patching mechanisms to reduce the Zero-Day attacks. • All developers are required to pass security coding training and tests.
Penetration Test, Cybersecurity Health Diagnosis, and Red Team Security Assessments	• CHT SOC has cultivated a cybersecurity assessment team with more than 10 years of cybersecurity experience and cybersecurity certifications, such as CEH, ECSA, GWAPT, etc.; to simulate hacking techniques, conduct penetrable testing and red team security assessments; patch within time limit if vulnerabilities are found to shorten the Zero-Day (0-day) Attacks.
Cloud Security	• Hicloud services passed four cybersecurity verifications, ISO27001, ISO27017, ISO27018, and CSA STAR certifications. • Obtained international verifications, including AWS MSP, Azure Expert MSP, Google Cloud Premier Partner; currently the first and only CSP cloud service provider in Taiwan to integrate world's three core public clouds of AWS, Azure, and GCP with localized hicloud addition to provide four major public clouds.

IoT Security	- Established an AIoT platform to combine cloud, cybersecurity, big data, AI, AR, and other core technologies to provide clients with IoT facilities and security and protection mechanisms. - CHT Telecommunication Laboratories is recognized as "IoT Cybersecurity Recognized Laboratories," providing security assessment services and ensuring that facilities comply with IoT security standards.
Physical Security	- Implement physical isolation, individualized gates, 24-hour intrusion alarms and video monitoring systems. - Implement access control systems and prohibit personnel with concerns that may damaging national security from causing machine room breach.
Supply Chain Security	- Partner with credible suppliers, cooperative manufacturers and exclude products with security concerns and manufacturers that may affect national security. - Form standardized "Cybersecurity Complement Provisions" to be included in contracts for procurement or supplier cooperation. Specify cybersecurity management requirements and penalties for suppliers and further supervise and manage, as needed.

(2) Personal Information and Privacy Protection Management

Regarding the collection, processing, use and protection of personal information and privacy data, the Company follows a "Privacy Policy" with specific circumstances announced to customers and relevant laws and regulations. This information is not to be arbitrarily exchanged, leased or otherwise disguised for public exposure. In accordance with government regulations and international standards, the Company has established a personal information and privacy protection management system, analyzing emerging applications through data governance standards and technical guidelines, assessing risks before business operations, and building both a strict protection measures and a secure environment. The Company continues to improve its high-quality protection technology and increase transparency to prevent client information from data theft, tampering and illegal use. The Company holds comprehensive employee trainings on personal information and privacy protection, in line with requirements set by authorities.

(3) Intelligent Security Operation Center (SOC) and Multi-layered, In-depth Security Protection

The Company's SOC enhances its ability to detect and target deeply hidden, unknown threats using big data and AI. SOC allows the Company to discover hidden malicious behavior and track potential threats in the early stages of hacker attacks. As a result, the Company understand cybersecurity incidents instantly and process settlements.

The Company also implements joint cybersecurity defenses with Taiwan's C-ISAC, Cybersecurity Information Sharing and Vulnerability Warnings, analyzing high-risk, vulnerable external information and distributing security updates, as well as completing patches within a limited timeframe, to ensure the effective and resilient cybersecurity protections.

(4) Business Continuity Management for Critical Infrastructure and Information Systems

The Company established a Network Operation Center (NOC) and quality assessment mechanism for its information system, to provide information on performance degradation and abnormal network symptoms to help resolve issues and prevent complications. To provide customers with comprehensive and uninterrupted services featuring a high degree of resilience against disasters, the Company built the CI, network and information system business continuity management mechanism that allows the Company to maintain operations of key elements under natural and man-made disasters, as well as other cybersecurity incidents. The Company also formed business continuity plans and emergency response plans to regularly drill, review and provide updates on disaster prevention, network attacks and defenses, sustainable information system operations and record keeping. This will ensure that employees are familiar with operational procedures to minimize the impact of disasters and interrupted operating time, protect the rights and interests of customers and shareholders, and reduce risks while improving competitiveness. The Company has participated in Taiwan's Critical Infrastructure (CI) & Critical Information Infrastructure (CII) national-level drills for eight consecutive years. In 2022, the Company was awarded the "National CI Protection Assessment Enterprise Designation" and Mr. Shui-Yi Kuo, the Company's President, was awarded the "Best Chief Promoting Officer" by the Executive Yuan.

(5) Immediate Incident Response Mechanism

The Company has implemented the notification, response, improvement mechanism and its related operation procedures for cyber security incidents. Using intelligent SOC, the Company maintains alerts to various cybersecurity attacks at any time and can detect abnormal threats or violations in a timely manner with quick responds and tracks on potential impact. The Company will establish an emergency response team to deal with any impact or losses caused by internal and external cybersecurity threats if necessary.

(6) Third-party Vulnerability Analysis and Cybersecurity Health Diagnosis

The Company outsourced CHT Security Co., Ltd. to execute in-depth cybersecurity health diagnosis from a third-party's perspective, in order to ensure the safety of the Company's information system.

CHT Security's Digital Forensic and Cybersecurity Analysis Center is ISO 17025 certified. Its Red Team Security Assessment is the only ISO 20000 certificated team in Taiwan, having discovered more than 50 Common Vulnerabilities and Exposures (CVEs) on software, website and IoT equipment. In addition, the Red Team is the only cybersecurity service provider in Taiwan to be awarded the highest 5A rating for cybersecurity services by the Executive Yuan for three consecutive years.

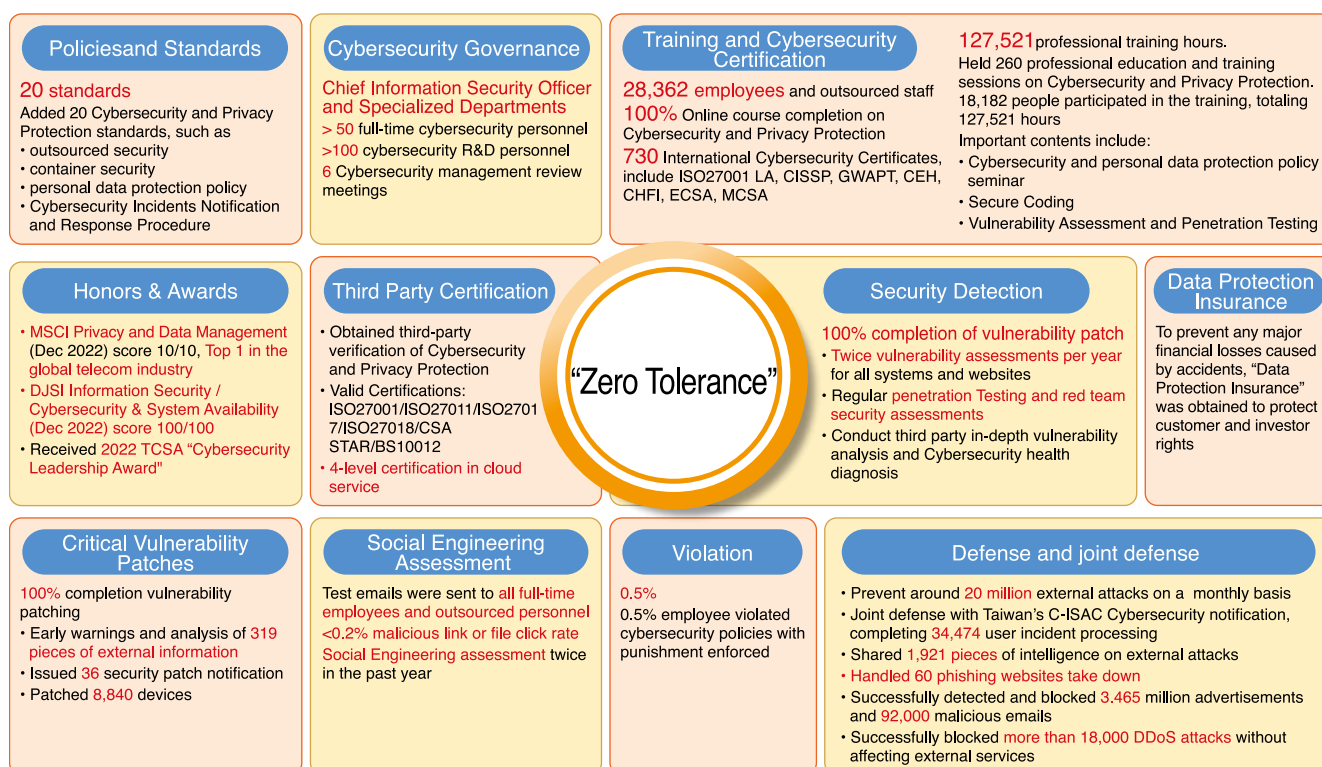
(7) Cybersecurity Insurance

To avoid significant financial loss from incidents, the Company invested in "Data Protection Insurance" to protect the rights and interests of both customers and shareholders since 2021.

6.3 Invest in Cyber Security Management

The Company is a dedicated professional cybersecurity solutions provider with a full range of capabilities to detect cybersecurity anomalies and early warnings. Over the years, the Company invested much of its resources to develop high-quality cybersecurity talent. Thus far, the Company has appointed a Chief Information Security Officer and formed a team of about 50 full-time cybersecurity personnel and more than 100 people as part of the cybersecurity R&D team. A summary of our cybersecurity implementation measures in 2022 are as follows:

The Company regularly conducts educational training on "Cybersecurity and Privacy Protection" and requires all employees, including contractors such as outsourced personnel and personnel from subsidiaries assigned to serve the Company, to fully complete these trainings. In addition, advanced training courses are designed for supervisors of all levels, as well as employees in systems, network and cybersecurity management, as well as those in software and application development, among others, to improve cybersecurity and privacy data privacy protection knowledge and skills. As a result, the Company instilled the importance of cybersecurity and privacy data protection to all employees (Security by Design).



6.4 Recent Losses, Potential Impact and Countermeasures Due to Major Cybersecurity Incidents, as of the Publication Date of This Annual Report

The Company established comprehensive preventive notification, response and improvement mechanism for information security incidents, creating the “Cybersecurity Incidents Notification and Response Procedure.” Through intelligent CHT SOC, the Company can understand cybersecurity risks immediately and respond in advance to prevent losses from major cybersecurity incidents. Regular assessments are conducted to ensure sustained operations, even during accidents or interruptions.

If there is a cybersecurity incident, that situation will be reported according to the existing cybersecurity incident handling procedures. Once confirmed as a cybersecurity accident, the emergency response procedure will be processed immediately and completed within the required time limit. The detailed process is as follows:

- i. Examine incidents with its scope of impact and damage, which further rated into different degrees, and respond

accordingly. If rated as a major cybersecurity accident, CHT SOC will report to CISO immediately.

- ii. Establish an emergency response team, initiate emergency response plans, complete loss control or recovery operations, conduct forensic investigations to understand the cause of the incident, assess the scope of damage, preserve evidence and prevent the spread of damage.
- iii. Notify competent authority within the time limit in accordance with the law. If support or assistance from external institutions, such as other business operators, law enforcement units and defense units, are needed, the Company will seek necessary assistance through competent authority’s National Information and Communication Security Center (C-CERT).
- iv. Review the damage and impact caused by the accident. Assess and understand the accident, apply learnings to common cases, and draft specific improvement plans to prevent similar accidents in the future.

As of the publication date of this Annual Report, the Company has not been subject to any punishment due to cybersecurity or data breaches.

7. Major Contracts

Contract Types	Contract Party	Contract Period	Key Content	Restrictions
Procurement	APPLE ASIA LLC	May 12, 2022 ~ Current	Products for resale	Confidentiality
Procurement	Ericsson Taiwan Ltd., Nokia Networks Taiwan Co., Ltd.	February 10, 2022 ~ Current	Mobile communication equipment	Confidentiality
Procurement	Apollo Power Inc.	June 2, 2022 ~ Current	Green energy	Confidentiality
Procurement	The Syscom Group	January 11, 2022 ~ Current	Information system maintenance	Confidentiality
Procurement	Hwacom Systems Inc., Stark Inforcom Inc.	January 11, 2022 ~ Current	Transmission equipment	Confidentiality
Related Entities				
Procurement	Chunghwa System Integration Co., Ltd.	January 3, 2022~ Current	Information security and cloud service	Confidentiality
Procurement	Taiwan International Standard Electronic	January 27, 2022~ Current	Fiber-optic communication equipment	Confidentiality
Procurement	Honghua International Corp.	January 24, 2022 ~ Current	Labor contract	Confidentiality
Procurement	Chief Telecom	March 16, 2022 ~ Current	IDC Service	Confidentiality

6 **Review and Analysis of Financial Position, Financial Performance, and Risk Management**

1. Financial Position
2. Financial Performance
3. Cash Flow
4. Major Capital Expenditures and Impact for the Most Recent Year
5. Investment Policies and Key Reasons for Profit / Loss for the Most Recent Year; Improvement Plan and Future Investment Plan in the Coming Year
6. Analysis of Risk Management for the Most Recent Year and Up To the Publication Date of this Annual Report
7. Others



Review and Analysis of Financial Position, Financial Performance and Risk Management

1. Financial Position

Analysis of Consolidated Financial Position for the Most Recent 2 Years

Unit: NT\$'000

Item \ Year	Dec 31, 2022	Dec 31, 2021	Variance (+/-) Amount	Variance (+/-) %
Current Assets	101,901,664	91,021,059	10,880,605	12
Property, Plant and Equipment	291,527,910	289,100,461	2,427,449	1
Intangible Assets	79,187,087	83,945,083	(4,757,996)	(6)
Other Assets	50,586,827	49,003,757	1,583,070	3
Total Assets	523,203,488	513,070,360	10,133,128	2
Current Liabilities	65,697,925	64,292,298	1,405,627	2
Noncurrent Liabilities	63,727,135	57,515,612	6,211,523	11
Total Liabilities	129,425,060	121,807,910	7,617,150	6
Common Stocks	77,574,465	77,574,465	0	0
Additional Paid-in Capital	171,300,898	171,279,625	21,273	0
Retained Earnings	132,526,608	130,888,906	1,637,702	1
Other Equity	(223,084)	(408,150)	185,066	45
Noncontrolling Interests	12,599,541	11,927,604	671,937	6
Total Equity	393,778,428	391,262,450	2,515,978	1

Analysis for any variation plus and minus (+/-) 20%:

- Other equity increased by 45%: primarily due to the increase of exchange differences arising from the translation of the foreign operations.

Analysis of Parent-only Financial Position for the Most Recent 2 Years

Unit: NT\$'000

Item \ Year	Dec 31, 2022	Dec 31, 2021	Variance (+/-) Amount	Variance (+/-) %
Current Assets	73,855,441	63,880,337	9,975,104	16
Property, Plant and Equipment	281,135,193	279,910,890	1,224,303	0
Intangible Assets	78,697,640	83,435,418	(4,737,778)	(6)
Other Assets	65,937,098	63,318,046	2,619,052	4
Total Assets	499,625,372	490,544,691	9,080,681	2
Current Liabilities	58,748,028	57,596,030	1,151,998	2
Noncurrent Liabilities	59,698,457	53,613,815	6,084,642	11
Total Liabilities	118,446,485	111,209,845	7,236,640	7
Common Stocks	77,574,465	77,574,465	0	0
Additional Paid-in Capital	171,300,898	171,279,625	21,273	0
Retained Earnings	132,526,608	130,888,906	1,637,702	1
Other Equity	(223,084)	(408,150)	185,066	45
Total Equity	381,178,887	379,334,846	1,844,041	0

Analysis for any variation plus and minus (+/-) 20%:

- Other equity increased by 45%: primarily due to the increase of exchange differences arising from the translation of the foreign operations.

2. Financial Performance

Analysis of Consolidated Financial Performance for the Most Recent 2 Years

Unit: NT\$'000

Item \ Year	2022	2021	Variance (+/-) Amount	Variance (+/-) %
Revenues	216,739,234	210,477,948	6,261,286	3
Gross Profit	80,021,859	75,367,197	4,654,662	6
Income from Operations	46,824,889	44,929,821	1,895,068	4
Non-Operating Income and Expenses	404,061	1,136,803	(732,742)	(64)
Income Before Income Tax	47,228,950	46,066,624	1,162,326	3
Net Income	38,000,039	37,194,879	805,160	2
Other Comprehensive Income (Loss), Net of Income Tax	1,112,722	(965,831)	2,078,553	215
Total Comprehensive Income	39,112,761	36,229,048	2,883,713	8
Net Income Attributable to:				
Stockholders of the Parent	36,477,157	35,753,579	723,578	2
Noncontrolling Interests	1,522,882	1,441,300	81,582	6
Comprehensive Income Attributable to:				
Stockholders of the Parent	37,569,082	34,789,149	2,779,933	8
Noncontrolling Interests	1,543,679	1,439,899	103,780	7

Analysis for any variation plus and minus (+/-) 20%:

- Non-operating income and expenses decreased by 64%: primarily due to the increase of valuation loss on financial assets and liabilities at fair value through profit or loss and increase of foreign currency exchange loss.
- Other comprehensive income (loss), net of income tax increased by 215%: primarily due to the increase of : (1) remeasurements of defined benefit pension plans ; (2) unrealized valuation gain on financial assets at fair value through other comprehensive income ; (3) exchange differences arising from the translation of the foreign operations.

Analysis of Parent-only Financial Performance for the Most Recent 2 Years

Unit: NT\$'000

Item \ Year	2022	2021	Variance (+/-) Amount	Variance (+/-) %
Revenues	182,254,339	178,843,350	3,410,989	2
Gross Profit	69,043,641	64,914,561	4,129,080	6
Income from Operations	43,392,345	41,683,186	1,709,159	4
Non-Operating Income and Expenses	1,516,620	2,204,270	(687,650)	(31)
Income Before Income Tax	44,908,965	43,887,456	1,021,509	2
Net Income	36,477,157	35,753,579	723,578	2
Other Comprehensive Income (Loss), Net of Income Tax	1,091,925	(964,430)	2,056,355	213
Total Comprehensive Income	37,569,082	34,789,149	2,779,933	8

Analysis for any variation plus and minus (+/-) 20%:

- Non-operating income and expenses decreased by 31%: primarily due to the increase of valuation loss on financial assets and liabilities at fair value through profit or loss and increase of foreign currency exchange loss.
- Other comprehensive income (loss), net of income tax increased by 213%: primarily due to the increase of remeasurements of defined benefit pension plans and increase of unrealized valuation gain on financial assets at fair value through other comprehensive income.

3. Cash Flow

Analysis of Consolidated Cash Flows for the Most Recent 2 Years

Unit: NT\$'000

Item \ Year	2022	2021	Variance (+/-) Amount	Variance (+/-) %
Cash & Cash Equivalents, Beginning of the Year	39,778,624	30,419,655	9,358,969	31
Net Cash Provided by Operating Activities	75,950,848	74,858,200	1,092,648	1
Net Cash Used in Investing Activities	(30,789,193)	(31,172,361)	383,168	1
Net Cash Used in Financing Activities	(34,800,231)	(34,313,928)	(486,303)	(1)
Effect of Exchange Rate on Cash and Cash Equivalents	52,556	(12,942)	65,498	506
Cash & Cash Equivalents, End of the Year	50,192,604	39,778,624	10,413,980	26

Analysis for any variation plus and minus (+/-) 20%:

- Effect of exchange rate on cash and cash equivalents increased by 506%: primarily due to the larger USD position held by subsidiaries and the appreciation trend of USD against NTD.

Analysis of Parent-only Cash Flows for the Most Recent 2 Years

Unit: NT\$'000

Item \ Year	2022	2021	Variance (+/-) Amount	Variance (+/-) %
Cash & Cash Equivalents, Beginning of the Year	28,289,556	20,090,053	8,199,503	41
Net Cash Provided by Operating Activities	73,354,802	71,008,415	2,346,387	3
Net Cash Used in Investing Activities	(29,785,487)	(29,385,033)	(400,454)	(1)
Net Cash Used in Financing Activities	(33,882,809)	(33,423,879)	(458,930)	(1)
Cash & Cash Equivalents, End of the Year	37,976,062	28,289,556	9,686,506	34

Analysis for any variation plus and minus (+/-) 20%:

None.

Projected Consolidated Cash Flow for 2023

Unit: NT\$'000

Cash & Cash Equivalents, Beginning of the Year	Projected Net Cash Flow from Operating Activities (Note)	Projected Total Cash Outflow (Note)	Projected Cash & Cash Equivalents, End of the Year	Expected Remedy Plans for Negative Balance of Cash and Cash Equivalents	
				Investment Plans	Financing Plans
50,192,604	76,024,777	74,789,773	51,427,608	-	-

Note:

1. The above table is on consolidated basis.
2. Operating activities: Cash flows from operating activities expected to remain stable in 2023.
3. Investing activities: Cash outflows from investing activities in 2023 are mainly on network infrastructure.
4. Financing activities: Cash flows from financing activities in 2023 are mainly for cash dividend distribution.

4. Major Capital Expenditures and Impact for the Most Recent Year

4.1 Major Capital Expenditures and Source of Funding

Unit: NT\$ billion

Actual or Planned Source of Capital	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Actual or Expected Capital Expenditure	
			2021 (Actual)	2022 (Expected)
Mobile Communications (2022)	Internal Funded	December 2022	13.81	-
Non-Mobile Communications (2022)	Internal Funded	December 2022	17.72	-
Mobile Communications (2023)	Internal Funded	December 2023	-	11.97
Non-Mobile Communications (2023)	Internal Funded	December 2023	-	23.35

Note: The above table is based on consolidated financials.

4.2 Expected Benefits

- (1) Further business development, focusing on enriching mobile broadband (including 5G), fixed network broadband, submarine cable and IDC services.
- (2) Improve service quality, focusing on strengthening network service quality and customer service quality.
- (3) Improve operational efficiency, focusing on strengthening network maintenance and operations, account management, enterprise digitization, etc.
- (4) Augment R&D resources energy to strengthen the capabilities of product development and focus on products differentiation.

The major factor behind investment income in recent years is the stable development of operation and implementation of management system. Generally speaking, the Company will continue to promote the strategic integration and development of the reinvestment business in order to achieve original investment objectives and synergies, while investments are regularly evaluated for strategic and financial performance and investee companies that incurred losses will adopt improvement measures, and when necessary, a dissolution is implemented.

For more details, please also see page 86, Chapter 3, Section 10, "Comprehensive Shareholding Information Relating to Company, Directors, Management, and Companies Affiliated Through Direct and Indirect Investment" and page 151, Chapter 7, Section 1.1, "Consolidated Operation Report of the Company and Affiliates."

5. Investment Policies and Key Reasons for Profit / Loss for the Most Recent Year; Improvement Plan and Future Investment Plan in the Coming Year

The Company's investment policies are consistent with its operational policies and development strategies, as well as complementary to its overall business and strategic goals, in order to enhance its core competencies, to accelerate new business initiatives and new market opportunities leveraging core strengths, thus achieving the Company's long term vision.

6. Analysis of Risk Management for the Most Recent Year and Up To the Publication Date of this Annual Report

6.1 Risk Management Structure and Operation

The "Regulations for the Risk Management of Chunghwa Telecom" is designed in accordance with the COSO ERM structure including its four major objectives, namely, strategic objectives, operational objectives, financial reporting and legal compliances.

It is necessary to follow the five elements of "Governance and Culture," "Strategy and Goal Setting," "Execution," "Review and Correction," "Information, Communication and Reporting" to establish risk management culture and capabilities, implement practices and report to Audit Committees/Boards on relevant implementation status.

In order to improve risk management and respond to organizational adjustments, the "Regulations for the Risk Management of Chunghwa Telecom" were revised in 2021 and the key points of the Company's risk management operations were revised in 2022 to regulate the implementation of tracking management in accordance with the procedures of consciousness establishment, objective setting, event identification, risk analysis, risk assessment, risk response, control activities, information and communication, risk monitoring. The risk assessment and response is also incorporated into the implementation and measures of the Company's various business execution and management.

The policy, scope and the organization chart with its responsibilities of our risk management are listed below:

(1) Policy

Integrate company strategies, actively identify risks, implement risk management, link performance indicators, continuously monitor and improve and move towards sustainable development.

(2) Scope

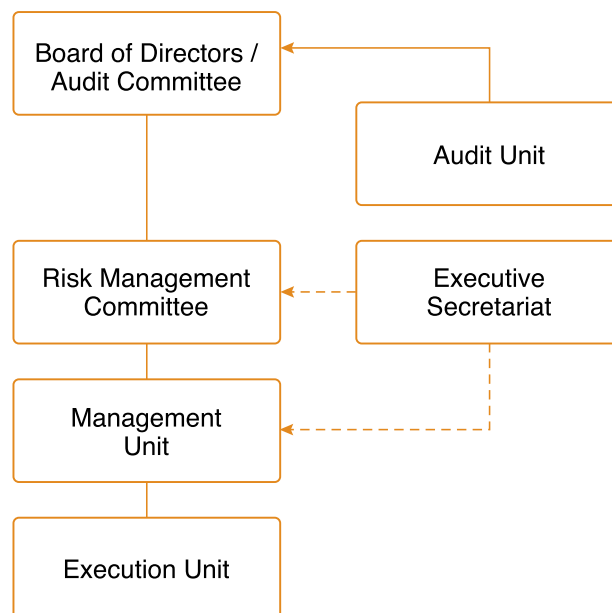
In order to meet control goals in the areas of strategy, operations, finances and regulatory compliance, the Company analyzes sources of risk from variables from internal and external environment. A risk matrix is used to identify and analyze the opportunities and risks of the operating environment. Management teams use the results to establish strategies and objectives to conduct risk controls.

Recent risk issues include: COVID-19 pandemic risk, cybersecurity and personal data protection risk and

climate change risk, etc. Enterprise-level risks are closely tracked and managed by the committee to reduce risks to stakeholders.

(3) Organization chart with its responsibilities

The organization chart of our risk management is listed below:



Name of Unit	Scope of Responsibility
Board of Directors/ Audit Committee	1. Approve risk management policy, structure and culture 2. Ensure the effectiveness of the risk management mechanism and allocate resources
Audit Unit	1. Independently review risk management matters 2. Regularly submit audit reports to the Audit Committee
Risk Management Committee	1. Implement board risk management decisions 2. Coordinate cross-departmental risk management interactions and communications
Management Unit	1. Consolidate the results of the execution of risk management activities of the subordinate units 2. Assist and supervise subordinate units to carry out risk management activities 3. Determine risk categories and suggest response to changing circumstances 4. Perform risk-adjusted performance measurement and coordination
Execution Unit	1. Perform day-to-day risk management activities 2. Conduct a self-assessment of risk management activities
Executive Secretariat	1. Assist the Risk Management Committee to promote the risk management mechanism and work improvement matters 2. Compile and report the overall risk management execution results

(4) Operating situation

In 2022, the Company held three committee meetings, focusing on enterprise-level risks linked to the goals of business plan. When the Company discussed the 2022 business plan at the beginning of the year, the enterprise-level risk events were included. And the Company reported its risk management operations situation during the 16th

meeting of the 9th Board of Directors on January 25, 2022, the 19th meeting of the 9th Board of Directors on May 6, 2022, the 1st meeting of the 10th Audit Committee on August 3, the 2nd meeting of the 10th Board of Directors on August 5, the 3rd meeting of the 10th Board of Directors on November 4, 2022, and the 3rd meeting of the 10th Audit Committee on December 21, 2022.

The Company continues to be committed to the sustainable development of ESG. In 2021, the CSR Committee was reorganized into the Sustainable Development Committee. Through the ESG structure, the promotion of important issues such as the environment, society and corporate governance was strengthened. Among them, the mitigation of the impact of climate change in terms of adaptation strategy, the Company is the first and only telecommunications company in Taiwan that has passed the TCFD and BS8001 audits.

According to the Company's risk management rules, regularly scheduled risk management education and training, as well as various risk management-related courses, are offered and held on a yearly basis, covering cybersecurity, occupational safety, information, internet, etc. In 2022, the Company began offering courses, including on-the-job risk management training, basic risk assessment classes and advanced risk assessment classes, to strengthen the Company's risk management and control capabilities.

6.2 Impact of Interest Rates, Foreign Exchange Rates, Inflation, and Mitigating Measures

(1) Impact on company profit and loss

Items	2022 (NT\$'000, %)
Interest Income and Expenses, Net	(13,609)
Foreign Exchange Gains/(Loss)	(185,243)
Revenues	216,739,234
Income Before Income Tax	47,228,950
Interest Income and Expenses, Net as % of Revenues	(0.01)%
Interest Income and Expenses, Net as % of Income Before Tax	(0.03)%
Foreign Exchange Gains/(Loss) as % of Revenues	(0.09)%
Foreign Exchange Gains/(Loss) as % of Income Before Tax	(0.39)%

Note: The above table is based on consolidated financials.

- (2) As of December 31, 2022, the subsidiaries have borrowed a total bank debt of NT\$2.32 billion with floating interest rates.
- (3) The Company operates its financial plan based on a conservative manner. In an attempt to manage interest risk, the Company's interest-bearing liabilities are on fixed interest rates, with appropriate short-term and long-term debt arrangement. The Company's existing long-term liabilities are measured at amortized cost, and changes in interest rates will not affect cash flows and fair value, mitigating any significant impact on the Company as well. The Company will carefully adjust its financing strategy according to the interest rate fluctuation, in order to effectively control interest rate risks.
- (4) In 2022, the Company primarily leveraged forward exchange contracts to reduce its exposure to foreign currency risk.
- (5) Looking forward to 2023, despite the rising minimum wage in Taiwan, we observe that the bottleneck of global supply chain is alleviated, international freight rates are lowered, and commodities prices including crude oil are lowered as well than that in 2022. As a result, Taiwan Central Bank predicts that annual CPI and core CPI rates in 2023 shall fall to 1.88% and 1.87% respectively. The main uncertainty comes from geopolitical conflicts and climate changes which may have an impact on future inflation trend. However, by optimizing the product mix, controlling the pricing power and managing the operating expenses aggressively, the Company's profit and loss should not be affected dramatically by the macro-economic environment with the slowing inflation pressure.

6.3 Investment Policy for High-risk / High-leverage Financial Instruments, Loans, Debt Guarantees and Derivatives; Key Reasons for Related Gains / Losses, and Mitigating Measures

In 2022, the Company did not provide any loans to others. For details of the Company and subsidiary endorsements or guarantees to others, please refer to page 175 of this annual report (Chapter 8, Section 7, "Consolidated Financial Statements and Independent Auditors' Report: Endorsements / Guarantees Provided," Overview Table). The Company is conservative and disciplined towards all derivative financial instruments, and forbids instruments with unlimited risk. The Company has established a

decision-making authority hierarchy, key operating terms, and standard operating procedures, to serve as bases for financial instrument transactions.

6.4 Future Research & Development Plan and Projected Budget

In 2023, the Company expects to invest NT\$2.47 billion in research and development. The expense will be used to advance the development of forward-looking cloud-network convergence technologies and diversified information and communication application services, including 5G SA and B5G network, 5G network slicing, 5G private network, LEO satellites, network function disaggregation and open architecture, cloud native and management, edge computing, all-photonic network (APN), ESG energy conservation, AI-based voice and image processing, block chain/NFT, post-quantum cryptography, metaverse platform and applications, digital twin platform and applications, smart meter and power distribution management, smart water resources management, Edge IoT platform and next-generation on board unit (OBU), etc.

6.5 Impact from Domestic and International Material Regulatory Changes and Development, Mitigating Measures

(1) The Ministry of Digital Affairs was launched and the competent agencies was announced by the Executive Yuan

The Ministry of Digital Affairs was launched on August 27, 2022, and the Organizational Act of the Ministry of Digital Affairs was enforced on the same day. On August 24, 2022, the Executive Yuan announced that the competent agency of part of the matters formerly governed by the NCC, the Ministry of Transportation and Communications and the Executive Yuan and relevant laws and regulations shall be changed to the Ministry of Digital Affairs from August 27, 2022.

Impact on the Company: according to the announcement made by the Executive Yuan, the competent agency governing the following matters and relevant laws and regulations shall be changed to the Ministry of Digital Affairs from August 27, 2022: the telecommunications universal service, cybersecurity management of telecommunication enterprises, number portability and equal access services, critical telecommunications infrastructure, radio frequencies assignment and management, and the management of telecommunications numbers, websites and domain names,

formerly governed by the NCC; the planning of integral communications resources and the industry subsidies and incentives, formerly governed by the Ministry of Transportation and Communications; and the cybersecurity management, formerly governed by the Executive Yuan.

The Company's countermeasures: in order to take over the matters successfully, the Ministry of Digital Affairs has prepared for the amendments of relevant laws and regulations. The Company will pay more attention to the policy development of the matters of which the competent agency was changed and operate the Company pursuant to laws and regulations.

(2) The NCC invited the public's opinion upon the "Determination of the Telecommunications Enterprise(s) with Significant Market Power and the Special Control Measures Levied Thereon"

On April 15, 2022, the NCC announced that two retail service markets (i.e., the fixed-line voice market and the fixed-line broadband market) and three wholesale service markets (i.e., the fixed-line wholesale market, fixed-line voice access market and the mobile voice access market) are delimited as the specific telecommunications service markets. Subsequently, on December 26, 2022, the NCC publicized the "Determination of the Telecommunications Enterprise(s) with Significant Market Power and the Special Control Measures Levied Thereon" (hereinafter the "Document"), and on February 9, 2023, the NCC held a public hearing. According to the Document, all Taiwan telecommunications enterprises (including our Company) will be determined having the significant market power in the fixed-line voice access market and the mobile voice access market, and only our Company will be determined having the significant power among all Taiwan telecommunications enterprises in the two retail service markets and the fixed-line wholesale market. The Document also states that different special control measures will be levied on different markets, including fee control, accounting separation, information transparency and non-discrimination treatment.

Impact on the Company: according to the Document, the NCC intends to continue the determination and control measures of the "Dominant Market Player" under the Telecommunications Act; therefore, the impact on the Company will be limited.

The Company's countermeasures: the Company submitted

the written opinion to the NCC and attended the public hearing to express the opinion, hoping that the unnecessary ex ante regulations could be removed.

(3) The applications of telecommunications enterprises for the radio frequency for satellites were opened as announced by the Ministry of Digital Affairs

On November 7, 2022, the Ministry of Digital Affairs publicized the “Matters Concerning Applications of Telecommunications Enterprises for the Assignment of Radio Frequency for Fixed-Satellite Service,” which releases the KU-band and KA-band for the applications of telecommunications enterprises for the access and use of the internet appliances of satellite communications that used as the fixed network of geosynchronous satellites and non-geosynchronous (low earth orbit) satellites (including the fixed satellite earth stations, aircraft satellite earth stations and the ship satellite earth stations).

Impact on the Company: for the regions that are well-equipped with ground communications internet (such as Taiwan), the satellite communications are complementary, not substitute, to ground communications, and are advantageous to the expansion of the service coverage and the increase of internet resilience.

The Company's countermeasures: the Company has experience in the operation of geosynchronous satellites, and the Company will pay attention to the development and collaboration opportunities of the non-geosynchronous (low earth orbit) satellites.

(4) Announcement of the adjustment coefficient for telecommunications tariff (X value) by the NCC

The NCC announced a new round of adjustment coefficient for telecommunications tariff (X Value) on March 5, 2020, effective from April 1, 2020 to March 31, 2024. For the monthly rental fees of xDSL and FTTx (excluding ADSL and the circuits with download speed at and below 12 Mbps and the circuits with download speed at and over 300 Mbps) applicable to the dominant market providers of local network business and long distance network business, the X value was set to be 2.15%; for the digital line monthly rental fees, private peering fees and the fees of other wholesale services, the X value was set to be 7.48%. As for other major tariffs applicable to dominant market providers, the X value was set to be Δ CPI, which means that price increase for those tariffs is prohibited.

Impact on the Company: the consecutive decrease in some

of the fixed line tariffs has caused impact on the revenue of the Company.

The Company's countermeasures: the Company is dedicated to promoting up-to-date value-added services and seizing commercial opportunities in the market to moderate the impact on the revenue of the Company.

(5) Promulgation of the upper limit on access charge for mobile broadband operators by the NCC

On December 14, 2020, the NCC enacted the “Upper Limit on Access Charge for Mobile Broadband Operators,” announcing that the upper limit on mobile access charge shall be decreased year by year during the period between January 1, 2021 and June 30, 2023, from NT\$0.571 per minute in 2020 to NT\$0.525 per minute, NT\$0.482 per minute, and NT\$0.443 per minute respectively.

Impact on the Company: the decrease in mobile access charge from 2021 to 2023 will reduce not only the revenue but also the cost of the mobile voice access charge of the Company, and will possibly affect the market price of mobile business.

The Company's countermeasures: the Company will comply with relevant laws and regulations and keep up with market trends to launch various service packages.

6.6 Impacts from the Evolution of Technology and Industry Development, and Mitigating Measures

New technology and new applications will bring both challenges and opportunities to the industry. With continued investments in R&D, the Company is able to grasp emerging technology trends, using them as a base to further develop new services, increase revenue sources and maximize shareholder value.

(1) Cybersecurity Risk

A. 5G and AIoT Security

With the commercialization of 5G, together with the massive growth in 5G/IoT application driven by AIoT, users are experiencing faster internet service. At the same time, new development leads to more complex cybersecurity issues, such as the introduction of enterprise private network, the practice of MEC edge computing and software-based 5G architecture, among others. The potential risks include consumer privacy and personal information rights, as well as

the security of business operations and government governance.

Measures:

- To develop an open environment based on 5G mobile network architecture and integrate multiple vertical applications. The Company has considered the relevant security protection and detection mechanisms in terms of improving network security capabilities, network security communication between OT and IT, mobile edge computing, and customer privacy data protection to ensure service application security forward.
- To establish an end-to-end private enterprise network cybersecurity protection mechanism and provide overall enterprise application security services through securely-designed software and hardware, equipment control, authentication mechanisms and network isolation.
- To evolve 5G software architecture into SDN/NFV, to establish principles of SDN/NFV security management and controls, as well as technology for security detection, to avoid network controls or abuse by others for a safe and secure 5G environment.

B. Virtualization / Cloud Security

As a result of ongoing digitalization, cloud services have become a mainstream development trend. To avoid business interruption or data breaches, which can affect reputation and customer rights, the Company will need to manage new forms of cyber-attack modes while identifying security breaches and risks that can arise from new architecture and technologies, such as post-cloud service APIs and containers.

Measures:

- With the rise of emerging information technology, the traditional border protection security strategies may be outdated. To ensure a secure access environment, the Company has established a “zero-trust architecture” for cloud service security.
- With the development of micro services, there is higher demand for API applications. To reduce the improper design of API interface that may cause sensitive data breaches or abnormal manipulation, the Company has established API development security interface guidelines and security detection

technology to ensure a “security-by-design” interface.

- In response to the trend of containment adoption technology in the Company's cloud-based policy and information system, with reference to international standards such as NIST, CIS, OWASP, etc., the Company intends to form a containment security control protocol as well as technology for control and detection to ensure security and prevention in the containment environment.
- In accordance with the Company's introduction of its public cloud strategy, the Company formulated the best practice of zero-trust security protection for public cloud, strengthening the cloud integration of cybersecurity policies and control best practices, ensuring the safety and resilience of cloud service usage.

C. Software and Application Programming Security

In response to the growing popularity of "Software-Defined" technology, the Company will use more applications and APIs to improve the flexibility and efficiency of business operations. If applications and APIs lack rigorous security design or use insecure open source software (OSS), then security vulnerabilities may arise. Hackers may take advantage of security vulnerabilities to cause service interruption, steal customer data, which could affect the Company's business and cause financial loss.

Measures:

- For information system management, developers and supervisors, based on the Security System Development Life Cycle (SSDLC) as the framework, the Company created a new type of interactive application exclusive security training course to enhance the overall code writing security level of developers.
- The Company continues to promote the open source software (OSS) management system, while strengthening the security of system and containment open source software usage.
- Through automatic vulnerability detection and early warning mechanisms, the Company can quickly identify software risks for immediate response and shorten the “0-day” attack window.
- To analyze hacker attack methods and relative evidence-seeking techniques to establish an application security exception detection and

notification mechanism.

D. Cybersecurity Threat Detection and Early Warning

While hacking methods change constantly, Advanced Persistent Threats (APTs) can stay in place for months or even years, which can pose a threat to the traditional Security Information and Event Management (SIEMs) for APT attack detection. However, there is potential for greater loss or damage when the attack is discovered later on. Enterprises must have an intelligent vulnerability analysis system to improve cybersecurity threat warning capabilities that encompass the three dimensions of depth, breadth and speed.

Measures:

- Cybersecurity threats have become increasingly severe and unpredictable. The Company built the Next Generation Security Information and Event Management platform (NG SIEM) with a MITRE ATT&CK cybersecurity support framework, which can identify cyber-attack chains, proactively discover hidden malicious behaviors and prevent possible threats in the early stage of hacker-targeted intrusion attacks.
- To construct diversified logs based on correlation analysis to improve abnormal activity detection capabilities and enhance cybersecurity analysis visibility, as well as threat identification capabilities to support diversified threat detection needs.
- To cooperate with the national C-ISAC cybersecurity management and joint defense mechanisms to immediately capture information and provide emergency response.

E. Supply Chain Security

Recent international trends of information security risk, signal a continued expansion of supply chain attacks as software, hardware, website applications and IT services are often accompanied by externally-supplied information technology and service components. As such, it is difficult for companies to analyze the security of providers or third-party components; therefore, the software supply chain and outsourced providers have become intrusion channels to infiltrate enterprises, increasing the challenges of enterprise information security management.

Measures:

- Enhance the management and supervision mechanism for suppliers. Partner with credible suppliers, cooperative manufacturers and exclude products with security concerns and manufacturers that may affect national security.
- Form standardized "cybersecurity complement provisions" to be included in contracts for procurement or supplier cooperation. Specify cybersecurity management requirements and penalties for suppliers, and further supervise and manage, as needed.

(2) Fiber Access and Transmission Network Technology

Due to market demand for video and smart home services, cable operator competition for 1 Gbps broadband, and in compliance with the government's "Smart Country Plan (2021-2025)" with the goal to achieve "90% 2 Gbps coverage by 2025," the Company continues to expand its business by increasing broadband speed, actively constructing fiber in more areas and expanding coverage. The Company also introduced new technology, such as XGS-PON, in 2021 to provide customers with 2 Gbps ultra-high-speed broadband internet access services, solidifying its competitive advantage in broadband and creating additional high-speed broadband service revenues and profits. In addition, the Company actively participates in the all-optical network technology of the next-generation communication platform, the Innovative Optical & Wireless Network (IOWN), striving to achieve large network capacity, low latency and low power consumption and fulfill its vision of ESG and sustainability as an industry leader. At the same time, in order to meet increasing traffic demand from broadband customers, the Optical Transport Network (OTN) increased from 100 Gbps per wavelength to 200 Gbps per wavelength with plans for future upgrades to provide more than 400 Gbps per wavelength. In addition, the Company launched residential Wi-Fi, incorporated with fixed and mobile networks for home networking and integrated with digital convergence services and product bundles, including MOD, Hami Video, KKBOX and smart speaker, such as ibobby. This will help differentiate broadband internet access products and create more value-added service revenues and profits in broadband.

(3) SDN / NFV Network Technology

Network technology is evolving towards open architecture, programmability and virtualization, of which Software-Defined Networking (SDN) and Network Function

Virtualization (NFV) technology have become the developmental focus for telecommunications service providers around the world.

The Company successfully completed its research and development into ICT Infra services and established comprehensive SDN management and control, Software Defined Data Center, Management and Organization, Orchestrator, and other cloud network compatible technologies. At the same time, the Company will continue to introduce 5G mobile networks, fixed communication and data to SDN and cloud-network compatible structure accordingly.

In December 2020, the Company cooperated with VMware to expand the software-defined wide area network (SD-WAN) market and promote intelligent services for global enterprise cloud servers, creating a more secure and flexible network environment for multinational enterprises.

(4) Next Generation Wireless Technology

With the rapid advancement of wireless technology, the Company makes long-term investments in advanced technological research and development, participating in domestic and international 4G/5G organizations for standard formulation and R&D, including 3GPP and NGMN, to understand the development of next generation mobile communication technology. At the same time, the Company continues to lead in the promotion and evolution of 4G LTE and 5G NR technology, including the first global LTE-WLAN Aggregation 4G+Wi-Fi surfing service, Voiceover LTE (VoLTE) high-definition voice service, exclusive 5 Carrier Aggregation technology, and a self-developed IoT platform to promote NB-IoT and CatM1 IoT services. The Company launched its 5G services on June 30, 2020. For 5G network construction, the Company exclusively imported advanced Centralized Radio Access Network (C-RAN) architecture. In response to the development trend of B5G open network architecture and 6G hybrid terrestrial and non-terrestrial networking, the Company further established the Open Radio Access Network (O-RAN) end-to-end real network integration test environment in 2021. Furthermore, the Company begins to invest in R&D focused on 6G-related technology, such as that of LEO satellites.

(5) IPTV / OTT Media Services Technology

As a result of the rise in OTT and connected TV, the MOD/OTT service platform provides consumers with more user-friendly UX/UI and new functions. The platform uses big

data analysis to accurately recommend films to users and integrate multi-screen devices for smart home video and audio applications, providing ubiquitous viewing experiences and comprehensive, synergistic services. At the same time, the MOD and Hami Video service platform will continue to provide high-quality digital content and ultra-high-definition (4K) on-demand video, live streaming and interactive video services. Together with domestic film and software companies, the Company will continue to develop innovative services and develop new business opportunities.

MOD application services trend towards TV app expansion and will integrate smoothly with internet technology advantages, such as on-demand OTT network video and audio, live concerts, social network sharing, cloud gaming, augmented reality applications, video recommendations and advertising. Meanwhile, to further develop MOD application services, the Company will continue to integrate multi-screen equipment, such as tablet computers, smart phones, OTT box, smart glasses and others, to provide new experiences to multi-screen mobile application users. Additionally, MOD application services will be incorporated with smart speakers to launch health management and care, smart voice control, house automation and other services to fulfill future demand in smart home living and entertainment.

(6) AR / VR Technology

Fixed-line 100 Mbps and above as well as 4G/5G mobile services have become increasingly popular, while internet access services have been able to provide sufficient bandwidth to deliver not only more immersive streaming content for the home, enterprises and other places, but also to future metaverse applications. In terms of VR applications, the Hami VR audio-visual entertainment system allows fans to easily experience virtual idol performances with their own eyes. In the future, the Company expects to develop immersive content services such as online VR movies and VR games.

In terms of AR application services, the Company has partnered with content providers to launch "AI Smart Coach" services. In terms of enterprise applications, the Company has introduced remote AR collaboration in factories and maintenance fieldwork to improve efficiency. In the field of educational and cultural exhibitions, the Company promotes AR learning environments and smart guide services, while providing applications such as telemedicine

care and emergency ambulance services in the medical field through AR smart glasses. For the future development of the metaverse, a virtual world will be formed. Through augmented and virtual reality devices, consumers can experience a real-life experience in this virtual world. Therefore, many traditional online and offline services can be "transplanted" into this virtual world. This means that there will be a metaverse transformation in the consumer and enterprise markets. The Company has actively invested in the development of new technologies, platforms, applications and metaverse content, and has created new services in the market. The Company collects experienced talents and cultivates them to capture future business opportunities in the metaverse.

(7) Cloud Computing Technology

In regard to the cloud business, the Company has obtained AWS MSP, Azure Expert MSP, and international certification as a Google Cloud Premier Partner. In addition, the Company is the first Cloud Service Provider (CSP) in Taiwan to integrate the world's three core public clouds AWS, Azure, GCP and localized hcloud, while possess and provide four core public clouds services. At this time, the Company has more than 6,000 enterprises and individual users. The Company will continue to explore business opportunities in emerging markets by packaging products and solutions.

Chunghwa Telecom continues to promote hcloud services and strategically cooperate with three major public cloud companies to help government, schools, information and communication industries, and small- and medium-sized enterprises quickly access the cloud. In 2023, the Company will focus on combining carrier-class high-speed networks, CMCX multi-cloud migration, Software Defined Data Center (SDDC), IDC computer room and information security compliance advantages, to provide integrated solutions, such as direct network connection and stable transmission, cross-cloud deployment and multi-cloud management, off-site backup and disaster recovery, DevOps agile development and rapid deployment and migration architecture optimization. The Company will actively assist enterprises with their digital transformations and build its own private cloud through SDDC services to satisfy data requirements.

(8) Internet of Things (IoT) Technology

The Company has been focused on IoT development for over 10 years. In addition to the independent development

of its AIoT platform with key technologies such as cloud, information security, big data, AI, AR and other key technologies, the Company has also introduced cross-sector industry and academic partnerships and applications. The Company is actively involved in developing the respective ecosystems for smart homes/buildings, smart energy, smart transportation, smart cities, and smart healthcare, in order to create a new digital era.

At the current stage, the Company is ready to provide comprehensive IoT services that can fulfill customer demand and provide NB-IoT, Cat-M1, and fixed-network broadband transmission services, to fulfill various industry demands. In addition, the Company holds the AIoT Hackathons contest and the innovation applications contest every year to promote the CHT AIoT platform. Up until now, the CHT AIoT platform has been able to accumulate more customers and manage over 600,000 devices across smart transportation, smart tourism, smart agriculture, smart security, smart environment, smart buildings and smart homes.

(9) Artificial Intelligence (AI) Technology

AI services and products are more intelligent and user-friendly. In response to technological and industry changes, the Company has invested in the deployment of artificial intelligence, focusing on smart technology in customer service, maintenance, security, semantic AI cloud, Interactive Voice Response (IVR) and other application areas. The Company has launched smart home, security controls, transportation, information security, customer service and wind control, as well as a customer service chatbot and semantic AI cloud service, combined with telecom mobile signals, cloud image big data and IoT technology to provide estimates for road travel time, travel speed, traffic flow and road condition analysis, and is also able to provide customer group analysis, precise advertising service, social media monitoring and analysis, foot traffic analytics and mobile identity authentication for telecom credit evaluation and innovative applications such as smart city services to increase revenues from emerging businesses.

(10) Big Data

The Company has integrated internal data on telecoms, external data on public opinion and public government information to build a complete data lake; meanwhile, the Company provides accurate construction information for mobile base stations through the analysis of big data in

network construction. In this regard, the quality and speed of Chunghwa Telecom's services is ahead of those of other competitors. With the power of big data analysis, the Company assists customers to deal with different customer groups, engage in precision marketing of new products, direct services for customers on the fence to improve retention rates and increase the value of loyal customers to drive business growth. In addition, through big data analysis, the Company establishes omni-channel recommendation systems for retail, networking and customer service, personalizing auto recommendation services to improve channel sales performance. During the pandemic period, the Company used big data technology to help the government analyze and predict the direction of pandemic prevention through hotspot warnings and the integration of public opinion on the pandemic, notifying users who have been in contact with confirmed cases, to help prevent the spread of the epidemic and reduce the impact on Taiwanese society.

(11) UAV Application Technology

With the 5G era, the Company is actively investing in the development of drone inspection application technology, including UAV fleet management systems, video streaming playback modules, deep learning AI image recognition and detection technology, to provide various applications such as security control inspection, key infrastructure inspection, power equipment and base station inspection, environmental change monitoring and air logistics. This can effectively assist in solving on-site inspection operations including large inspection areas, places that are difficult for personnel to reach, long manual inspection operation times and dangerous environments.

6.7 Impact of Corporate Image Changes on Crisis Management, Mitigating Measures

- (1) The Company maintained its well-respected corporate image in the most recent year.
- (2) The Company maintains its dedication to providing foundational infrastructure and industry services, complying with government regulations, strengthening corporate governance, and has established in stakeholders' minds a reputation of high quality, reliability, and trust, and in 2022 received multiple domestic and international awards and recognition in areas including trust, service, innovation, and sustainable development.
<https://www.cht.com.tw/en/home/cht/about-cht/award-and-recognition/award>

6.8 Expected Benefits and Risks from Mergers, Mitigating Measures

(1) Expected Benefits

The Company plans to focus on strategic investments that are complementary to its business and strategic goals, in order to expand its business scope, increase sustainable growth and profitability.

(2) Potential Risks

The Company may not realize the benefits from its investments, due to lack of information or risk analysis, thus adversely affect its business and financial performance.

(3) Mitigating Measures

A. Prevent lack of information or risk analysis for investment evaluation

- Follow the development strategy of the company, formulate a clear investment strategy, and review it regularly.
- Establish detailed evaluation SOP, with necessary reviews and revisions depending on the actual outcome.
- For investment due diligence and valuation, the Company may engage professional legal counsel, certified public accountant, and investment bankers in order to enhance the overall evaluation process.

B. Minimize investment related material under-performance

- Assist investment subsidiaries in establishing risk management system, conduct periodic analysis of the subsidiaries' operational performance and risk factors, in order to better manage the subsidiaries' achievements.
- Conduct periodic review of the investment subsidiaries' actual performances against the original projection in order to better supervise and formulate possible contingency plans.
- Establish acceptable business coordination practices between the Company and its affiliates, in order to maximize group synergies and improve the performances of investment subsidiaries.

6.9 Expected Benefits and Risks from Plant Facility Expansion, Mitigating Measures

None.

6.10 Concentration Risks from Supplying and Sourcing, Mitigating Measures

For consumers who purchase terminal devices such as mobile handsets, tablets, etc., and if the pricing or other factors of these devices do not fulfill consumer expectations, then the Company may incur inventory risks. The mitigating measures are as follows:

- (1) The Company procures terminal devices according to the contracts and actual orders that are placed in batches depending on pricing, sales status and inventory level. Any unpaid balance is considered a cancellation with automatic contract termination, thus effectively controlling Customer Premise Equipment (CPE) inventory.
- (2) Inventory management: consistently track product sales and inventory turnover, with periodic reporting of sourcing/sales/inventory status.
- (3) Pricing adjustment: effective pricing controls are established based on sales management policy, current market demand, supply status, as well as the competitive situation.
- (4) Form business alliances to increase effective sales channels and promotions: collaborate with vendors in other industries in order to increase revenue streams.
- (5) Measures for inventory management of products in the market:
 - Purchasing and inventory management: Marketable goods are purchased in batches based on estimated sales and inventory levels. Regular reports are generated for sourcing/sales/inventory and promotional activities are scheduled to accelerate product clearance or arrange batch returns as appropriate, based on the turnover rate and sales life cycle of the product, to effectively manage inventory of marketable goods.
 - Price adjustments: External sales prices and product sales are periodically reviewed. Negotiations are held with suppliers to obtain promotional schemes and reduce product costs, maintaining the Company's profits.

6.11 Impacts and Risks from Significant Changes in Shareholdings of Directors and Major Shareholders Holding More Than 10% of Shares Outstanding, and Mitigating Measures

None.

6.12 Impacts and Risks from Changes in Management Control, Mitigating Measures

None.

6.13 Significant Lawsuits and Material Non-Litigious Matters

None.

6.14 Other Major Risks and Mitigating Measures

In 2022, Taiwan experienced Typhoon Hinnamnor, Typhoon Muifa, Typhoon Nesat, and the earthquake that struck Taitung on September 18, 2022. During these disasters, the Company formed emergency response teams to direct manpower and resources towards proactively enacting disaster emergency repair and support, and to ensure the speedy recovery of normal telecommunications services for customers.

As the largest integrated telecommunications operator in Taiwan, the company attaches great importance to the security protection, adaptability and resilience of Taiwan's critical infrastructure, the core network are designed with mechanisms such as remote/heterogeneous backup, multiple routing, decentralization and physical security for the basic requirements for disaster resilience; and when a large-scale disaster occurs, the basic service level will be restored in the shortest time with no failure causing the network paralyzed.

The impacts of natural disasters such as earthquakes, typhoons, and tropical storms on network operations, and its countermeasures, include:

(1) Potential Risks

Taiwan is located in a region susceptible to natural disasters, and various telecommunications infrastructure could easily suffer damage. Once a large scale disaster happens, customers could be disconnected from communications and disaster alerts, and even isolated from disaster relief to bring to the losses of lives, property, and the revenue of the Company.

(2) Mitigating Measures

A. Establish "Disaster Emergency Response and Management Plan"

The Company has completed a "Natural Disaster

Emergency Response and Repair Plan" in order to enable measures such as a disaster prevention organization, disaster relief resource preparation and dispatching, and emergency management and repair processes, with roles and responsibilities established accordingly, to serve as the basis of emergency management and repair activity for all units within the Company and to quickly restore basic communications services in disaster areas, provide connections to emergency support, and minimize communications services disruption time.

B. Fixed Communication

A number of optical cables around Taiwan are deployed to form multiple ring-shaped backbone transmission routes. In order to prevent disaster losses from spreading, the Company has enacted measures such as strengthening multi-routing repeater transmission for remote regions, wireless routing backups, increasing power backup capacity, and international submarine cable system backups, in order to promote the level of overall disaster prevention and defense capabilities. In addition, annual drills are conducted on network and equipment dispatch and repairs in order to increase familiarity with disaster preparedness and relief, and lower losses caused by disasters.

C. Mobile Communication

The Company's mobile core network employs a geo-redundant approach, with building multiple mobile core network centers throughout the region to provide back up for each other. The base station construction uses overlapping coverage design, therefore, if a single or multiple base station fails, other nearby base stations can still provide radio wave coverage. If a natural disaster causes mobile communication disruptions, the Company has prepared microwave and satellite systems to provide transmissions or be used with heavy-duty off-road vehicles as base stations, and are able to, depending on the severity of the disasters, serve as mobile base stations to establish communications with the outside world within a short period of time. Additionally, in 2023, the Company has purchased a cellular network technology, which provides emergency service contacts and transmits real-time images to and from the military, police, firefighters, and the public in disaster areas, to accomplish disaster

relief efforts successfully. Also, the Company has prepared satellite-based cell on wheels or portable satellites, which can quickly station at critical points, switch and connect satellite transmission links, and restart base stations at multiple key locations (such as county and city governments, military, police and firefighting units, and high positions) to provide basic communication services. In addition, the Company will strengthen the construction of base stations, duplicate radio wave coverage, and conduct periodic disaster prevention drills along single-access traffic arteries, such as Suhua, Nanhui and Alishan highways, to ensure mobile communication network operation and increase natural disaster defense resilience. To prolong the network's resilience, the Company will actively deploy Non-Terrestrial Network (NTN) services to cope with ground base station communication interruptions or emergency coverage extension needs in the future.

The Company's "Emergency Response SMS System" service can distribute emergency alerts to designated areas, proactively informing residents to avoid or to prepare to evacuate out of disaster areas to promote safety of people and property. The system has received high ratings from the public and has been adopted by the Directorate General of Highways (MOTC) for the Suhua Highway. Furthermore, it has been used by various government entities (such as city governments, the Water Department, Taiwan Power, and the Fire Department) for disaster relief drills, demonstrating its high quality, and received recognition from the government and the public.

D. Data Communication

The Company's HiNet network employs multiple routing and highly reliable backup networks, with real-time surveillance to manage routing traffic flow. In international routing, multiple distributed submarine routing are employed in order to avoid obstructions and bottle necks arising from single-point failures. At the same time, the Company collaborates closely with international providers in order to improve direct international connection bandwidth and increase international internet communications quality.

E. Communication of International and Domestic Submarine Cable / Satellite

To strengthen international submarine cable stations and the dispersion of routes, the Company plans to construct new submarine cable stations to constitute north-south remote backups, reducing the impact of regional disasters. In addition, the Company continues to cooperate with international companies to construct new submarine cables. Cable landings are dispersed through the cable stations in the south and north of Taiwan, improving the resilience of the submarine cable networks. To enhance the communication resilience of outlying islands, the Company constructs domestic submarine cables with multiple routes, uses microwaves and satellites as the second and third backups, and expands equipment as needed.

To cope with submarine cable interruption caused by natural or man-made disasters, the Company has expanded the microwave backup bandwidth to ensure communication needs in the outlying islands when emergencies happen. Satellite communication ensures access of communication when emergencies happen due to the fact that it has the advantage of wide coverage and is not restricted by geographical conditions. The Company owns the controllable ST-2 synchronous high-orbit satellite, and also cooperates with international high-orbit satellite operators to further expand its satellite communication capacity, coverage and reliability. In terms of non-synchronous medium and low orbit satellites, the Company will sign agreements with major international operators, and through different frequency bands (L/C/Ku/Ka) and different orbital altitudes (LEO/MEO/GEO), the Company's solution can ensure the smooth flow of international communications when disasters occur in the future.

F. Power Back-up

Electricity is the foundation of all telecommunication services and the basis for the grid, and the grid is the basis of telecommunications networks. The Company has always been committed to strengthening the resilience of the power supply system and has equipped diesel generators and batteries in all of its telecommunication equipment offices, to ensure uninterrupted power supply. In addition, the Company is equipped with large-scale mobile trailer generators and related power distribution facilities in various

areas that can be towed by trucks. When the power system in telecommunication equipment offices are damaged, emergency power can be supplied in a short time to restore network services. Also, each office has a fuel resupply mechanism to transport and replenish diesel fuel in real time, to maintain long-term emergency power supply. In addition, there are standby maintenance personnel and equipment ready to dispatch and support in each area, providing the most stable and reliable power services to ensure the quality of telecommunications network services.

7. Others

None.

7

Special Disclosures

1. Affiliated Companies in 2022
2. Private Placement Securities in the Most Recent Year and Up To the Publication Date of this Annual Report
3. The Company's Shares Held or Disposed by Subsidiaries in the Most Recent Year and Up To the Publication Date of this Annual Report
4. Material Impact, Pursuant to Article 36-3-2 of the Securities and Exchange Act, on Shareholders' Equity or Share Price in the Most Recent Year and Up To the Publication Date of this Annual Report
5. Other Supplementary Information



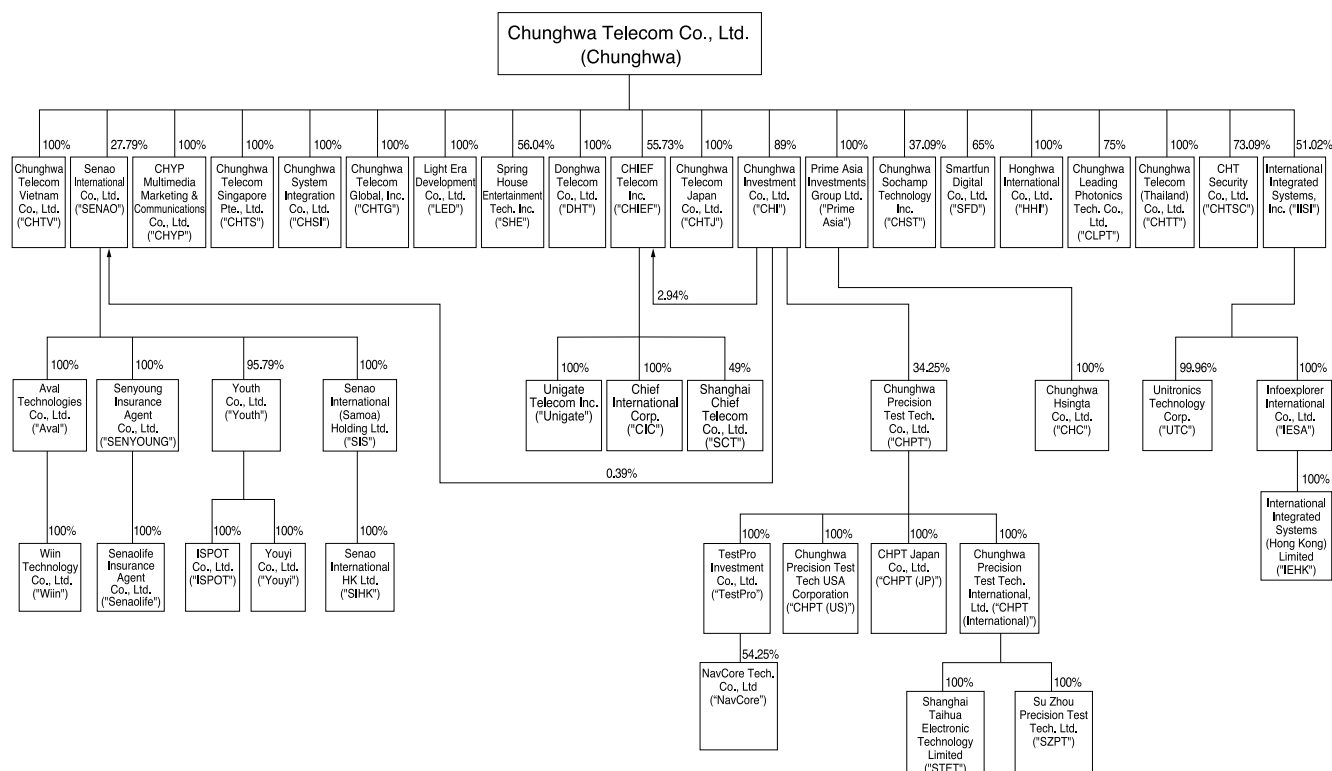
Special Disclosures

1. Affiliated Companies in 2022

1.1 Consolidated Operation Report of the Company and Affiliates

(1) Organization Structure

December 31, 2022



(2) Affiliates Profiles

As of December 31, 2022

Affiliate Name	Date of Incorporation	Address	Paid-in Capital	Primary Business Operation
Prime Asia Investments Group Ltd. ("Prime Asia") (Note 1)	2006.1.13	Tortola, British Virgin Islands	USD12,996,000	Investment
Chunghwa Hsingta Co., Ltd. ("CHC") (Note 1)	2010.12.8	Room 2702-03, CC WuBuilding, 302-8 Hennessy Road, Wanchai, Hong Kong	USD12,663,000	Investment
CHYP Multimedia Marketing & Communications Co., Ltd. ("CHYP")	2007.1.18	9F, No. 89-1, Sec. 4, Xinyi Rd., Da'an Dist., Taipei 106, Taiwan (R.O.C.)	NT\$150,000,000	Digital information supply services and advertisement services
Donghua Telecom Co., Ltd. ("DHT")	2004.8.18	Unit A, 7F, Tower A, Billion Centre, No. 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong	HKD178,589,592	International private leased circuit, IP VPN service, and IP transit services
Chunghwa Telecom Global, Inc. ("CHTG")	2002.3.14	2107 North First Street, Ste. 580, San Jose, CA 95131, USA	USD6,000,000	International private leased circuit, internet services, transit services and ICT services
Chunghwa System Integration Co., Ltd. ("CHSI")	2002.5.15	No. 2-1, Aly. 8, Ln. 85, Sec.3, Muzha Rd., Wenshan Dist., Taipei City 116, Taiwan (R.O.C.)	NT\$600,000,000	Providing system integration services and telecommunications equipment

Affiliate Name	Date of Incorporation	Address	Paid-in Capital	Primary Business Operation
Light Era Development Co., Ltd. ("LED")	2008.2.12	1F, No. 89-1, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	NT\$3,000,000,000	Planning and development of real estate and intelligent buildings, and property management
Chunghwa Telecom Singapore Pte., Ltd. ("CHTS")	2008.7.9	331 North Bridge Road, #03-05 Odeon Towers, Singapore 188720	SGD26,383,000	International voice, private leased circuit, IP VPN service, IP transit and ICT services
Chunghwa Telecom Japan Co., Ltd. ("CHTJ")	2008.9.22	5F, Asakawa Bld., 2-1-17 Shiba Daimon, Minato-Ku, Tokyo 105-0012, Japan	JPY50,000,000	International private leased circuit, IP VPN service, IP transit services, and ICT integration services
Chunghwa Telecom Vietnam Co., Ltd. ("CHTV")	2011.5.31	Room 703, 7th Floor, 3D Viet Nam, Duy Tan St., Dich Vong Hau Ward, Cau Giay Dist., Ha noi, Vietnam 123000	VND 104,137,000,000	Intelligent energy network saving solutions, international circuit, and ICT services
Honghwa International Co., Ltd. ("HHI")	2013.1.28	8F, No. 88, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	NT\$180,000,000	Telecommunications engineering, sales agent of mobile phone plan, application and other business services
Chunghwa Telecom (Thailand) Co., Ltd. ("CHTT")	2017.3.3	33/4, The 9th Towers, Grand Rama 9, Tower B, 25th Fl., Unit No. TNBO 2503 Rama 9 Road, Huaykwang District, Bangkok 10310, Thailand	THB130,000,000	International private leased circuit, IP VPN service, ICT and cloud VAS services
Chunghwa Investment Co., Ltd. ("CHI")	2002.5.3	6F., No. 88, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	NT\$765,000,000	Investment
Chunghwa Precision Test Tech. Co., Ltd. ("CHPT")	2005.8.26	No. 15, Gongye 3rd Rd., Pingzhen Dist., Taoyuan City 324, Taiwan (R.O.C.)	NT\$327,890,220	Production and sale of semiconductor testing components and printed circuit board
Chunghwa Precision Test Tech. USA Corporation ("CHPT (US)")	2010.7.27	2047 Zanker Road, Suite 10, San Jose, CA 95131, USA	USD26,000	Design and after-sale services of semiconductor testing components and printed circuit board
CHPT Japan Co., Ltd. ("CHPT (JP)")	2013.1.15	Asakawa Building 5th Floor, 2-1-17 Shiba Daimon, Minato-Ku, Tokyo, Japan	JPY6,000,000	Related services of electronic parts, machinery processed products and printed circuit board
Chunghwa Precision Test Tech. International, Ltd. ("CHPT (International)")	2013.7.31	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia Samoa	USD5,700,000	Wholesale and retail of electronic materials, and investment
Shanghai Taihua Electronic Technology Ltd. ("STET")	2013.11.25	16th Building, Unit 802B No. 1000, JinHai Road., Pudong New District, Shanghai, China	USD1,600,000	Design of printed circuit board and related consultation service
Su Zhou Precision Test Tech. Ltd. ("SZPT")	2019.7.3	Building A12, No. 200, Xingpu Road, Shengpu Town, Yuanqu, Wuzhong District, Suzhou City, Jiangsu, China	USD4,000,000	Assembly, process and sale circuit board, design of printed circuit board and related consultation service
TestPro Investment Co., Ltd. ("TestPro")	2022.3.21	10F., No. 12, Gongye 3rd Rd., Pingzhen Dist., Taoyuan City 324, Taiwan (R.O.C.)	NT\$135,000,000	Investment
NavCore Tech Co., Ltd. ("NavCore")	2022.5.20	5F., No. 15, Gongye 3rd Rd., Pingzhen Dist., Taoyuan City 324, Taiwan (R.O.C.)	NT\$200,000,000	Intellectual equipment manufacture and retail, software and hardware system combination of intellectual factory and technology consult
CHT Security Co., Ltd. ("CHTSC")	2017.12.14	8F, No. 88, Sec. 4, Xinyi Rd., Da'an Dist., Taipei 106, Taiwan (R.O.C.)	NT\$328,370,000	Computing equipment installation, wholesale of computing and business machinery equipment and software, management consulting services, data processing services, digital information supply services and internet identify services

Affiliate Name	Date of Incorporation	Address	Paid-in Capital	Primary Business Operation
Chunghwa Leading Photonics Tech Co., Ltd. ("CLPT")	2016.7.28	No. 6, Ziqiang 7th Rd., Zhongyi Vil., Zhongli Dist., Taoyuan City 320, Taiwan (R.O.C.)	NT\$94,000,000	Production and sale of electronic components and finished products
CHIEF Telecom Inc. ("CHIEF")	1991.1.19	No. 250, Yangguang St., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	NT\$707,448,810	IDC, Data, Voice and Cloud
Chief International Corp. ("CIC")	2008.5.27	Gound Floor NPF Building, Beach Road, Apia, Samoa	USD200,000	Telecommunications and internet service
Unigate Telecom Inc. ("Unigate")	1999.7.3	No. 250, Yangguang St., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	NT\$2,000,000	Telecommunications and internet service
Shanghai Chief Telecom Co., Ltd. ("SCT")	2015.1.30	Room B09,6F, No. 55, Jilong Road, Free Trade Pilot Area, Shanghai, China	RMB2,000,000	Telecommunications and internet service
Smartfun Digital Co., Ltd. ("SFD")	2011.8.31	8F, No. 88, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	NT\$100,000,000	Providing diversified family education digital services
Spring House Entertainment Tech. Inc. ("SHE")	2000.2.2	10F, No. 106, Zhouzi St., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	NT\$147,236,210	Software design services, internet contents production and play, and motion picture production and distribution
Chunghwa Sochamp Technology Inc. ("CHST")	2011.7.1	Room 3B-38, 3F., No. 5, Sec.5, Xinyi Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)	NT\$55,000,000	Design, development and production of Automatic License Plate Recognition software and hardware; parking management system; provider of ITS and intelligent railway related products and services
Senao International Co., Ltd. ("SENAO")	1979.5.18	2F, No. 531, Zhongzheng Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	NT\$2,582,526,570	Handset and peripherals retailer; sales of CHT mobile phone plans as an agent
Senao International (Samoa) Holding Ltd. ("SIS")	2009.12.15	P.O.Box 217, Apia, Samoa	USD1,190,617	International investment
Senao International HK Ltd. ("SIHK") (Note 2)	2009.12.28	Suite 2701-08, 27/F., Shui On Centre, Nos. 6-8 Harbour Road, Wanchai, Hong Kong	USD32,340,000	International investment
Youth Co., Ltd. ("Youth")	1996.10.4	No.13, Sec. 1, Bade Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	NT\$154,000,000	Sale of information and communication technologies products
ISPOT Co., Ltd. ("ISPOT")	2012.9.5	No. 13, Sec. 1, Bade Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	NT\$10,727,000	Sale of information and communication technologies products
Youyi Co., Ltd. ("Youyi")	2012.6.12	2F, No. 13, Sec. 1, Bade Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	NT\$21,354,000	Maintenance of information and communication technologies products
Aval Technologies Co., Ltd. ("Aval")	2015.10.5	6F., No. 533, Zhongzheng Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	NT\$116,600,000	Sale of information and communication technologies products
Wiin Technologies Co., Ltd. ("Wiin")	2019.9.12	6F, No. 533, Zhongzheng Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	NT\$38,450,000	Sale of information and communication technologies products
Senyoung Insurance Agent Co., Ltd. ("SENYOUNG")	2017.11.22	2F, No. 531, Zhongzheng Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	NT\$59,000,000	Property and liability insurance agency
Senaolife Insurance Agent Co., Ltd. ("Senaolife ")	2019.11.29	2F, No. 531, Zhongzheng Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	NT\$29,500,000	Life insurance agency

Affiliate Name	Date of Incorporation	Address	Paid-in Capital	Primary Business Operation
International Integrated Systems, Inc. ("IISI")	2008.4.10	6F, No.7, Sec. 2, Xianmin Blvd., Banqiao Dist., New Taipei City 220, Taiwan (R.O.C.)	NT\$729,355,210	IT solution provider, IT application consultation, system integration and package solution
Infoexplorer International Co., Ltd. ("IESA") (Note 3)	2010.1.25	Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa	USD795,000	Investment
Unitronics Technology Corporation ("UTC")	1990.12.6	3F, No. 133, Sec. 4, Minsheng E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	NT\$50,670,440	Development and maintenance of information system
International Integrated Systems (Hong Kong) Limited ("IEHK") (Note 4)	2010.2.10	Suites 2302-6, 23/F Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong	USD780,000	Investment and engaging in technical consulting service

Note 1: The information of affiliates' profiles is ranked by the shareholding percentage.

Note 2: In August 2020, CTC, CHC and Prime Asia were given the approval to terminate and dissolve their businesses in sequence. In October 2022, the liquidation and dissolution processes of CTC were completed.

Note 3: In August 2022, Senao International HK Limited was given the approval to terminate and dissolve its business.

Note 4: In February 2021, IISI's board of directors resolved that IESA should terminate and dissolve their businesses.

Note 5: In September 2020, IISI's board of directors resolved that IEHK, LSCL, LTCL, and IICL should terminate and dissolve their businesses in sequence. In September 2022, LSCL, LTCL, and IICL completed the deregistration and liquidation process.

(3) Companies Presumed to Have a Relationship of Control and Subordination with Chunghwa Telecom

None.

(4) Industries Covered by Affiliates' Business Operation

Industries covered by the Company's affiliates are primarily telecommunication related services, including advanced technology, production, marketing and enhanced services, in order to enable Chunghwa Telecom to continue creating synergies, to innovate and to provide the best offerings for its clients and consumers, as well as to ensure its leading market position.

(5) Affiliates' Directors, Supervisors and Executives Names and Shareholdings

As of December 31, 2022

Affiliate Name	Title	Name of Representative	Shareholding #	Shareholding%
Prime Asia Investments Group Ltd. ("Prime Asia") (Note 1)	Director	Representative of Chunghwa Telecom Co., Ltd.: Yuan-Kai Chen	1,301	100%
Chunghwa Hsingta Co., Ltd. ("CHC") (Note 1)	Director	Representative of Prime Asia Investments Group Ltd.: Yuan-Kai Chen	1,266	100%
CHYP Multimedia Marketing & Communications Co., Ltd. ("CHYP")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Shih-Chung Chang	15,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Quen-Zong Wu	15,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Yih-Chyau Kuo	15,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Chien-Chih Chen	15,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Shih-Yuan Lin	15,000,000	100%
	Supervisor	Representative of Chunghwa Telecom Co., Ltd.: Yuan-Kai Chen	15,000,000	100%
	General Manager	Cheng-Hsien Han	-	-
Donghua Telecom Co., Ltd. ("DHT")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Jin-Zhou Chen	178,589,592	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Wen-Ming Su	178,589,592	100%
	Director / General Manager	Representative of Chunghwa Telecom Co., Ltd.: Hsuan-Lung Liu	178,589,592	100%

Affiliate Name	Title	Name of Representative	Shareholding #	Shareholding%
Chunghwa Telecom Global, Inc. ("CHTG")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Hsueh-Lan Wu	6,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Jung-Kuei Chen	6,000,000	100%
	Director / General Manager	Representative of Chunghwa Telecom Co., Ltd.: Phoebe Wang	6,000,000	100%
Chunghwa System Integration Co., Ltd. ("CHSI")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Ming-Te Wu	60,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Jau-Yih Jeng	60,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Chih-Cheng Lo	60,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Yuan-Kai Chen	60,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Chi-Hsien Huang	60,000,000	100%
	Supervisor	Representative of Chunghwa Telecom Co., Ltd.: Sheng-Hui Pan	60,000,000	100%
	General Manager	Chung-Lin Yu	-	-
Light Era Development Co., Ltd. ("LED")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Wei-Kuo Hong	300,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Chih-Hsiung Huang	300,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Hsu-Hui Ho	300,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Edward Chou	300,000,000	100%
	Director / General Manager	Representative of Chunghwa Telecom Co., Ltd.: Wan-Min Chou	300,000,000	100%
	Supervisor	Representative of Chunghwa Telecom Co., Ltd.: Hui-Chen Wei	300,000,000	100%
Chunghwa Telecom Singapore Pte., Ltd. ("CHTS")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Chih-Cheng Chien	26,382,976	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Chung-Tair Chow	26,382,976	100%
	Director / General Manager	Representative of Chunghwa Telecom Co., Ltd.: Shun-Te Liu	26,382,976	100%
Chunghwa Telecom Japan Co., Ltd. ("CHTJ")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Chin-Chou Chen	1,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: IEAKI TOMITA	1,000	100%
	Director / General Manager	Representative of Chunghwa Telecom Co., Ltd.: Wei-Lien Chang	1,000	100%
Chunghwa Telecom Vietnam Co., Ltd. ("CHTV")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Hsueh-Lan Wu	-	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Ming Jhong	-	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Hsuan-Lung Liu	-	100%
	Director / General Manager	Representative of Chunghwa Telecom Co., Ltd.: Yi-Hsien Lin	-	100%
	Supervisor	Representative of Chunghwa Telecom Co., Ltd.: Hui-Chen Wei	-	100%

Affiliate Name	Title	Name of Representative	Shareholding #	Shareholding%
Honghua International Co., Ltd. ("HHI")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Yi-Fong Chang	18,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Chung-Yung Kang	18,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Tian-Tsair Su	18,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Wen-Ming Chuang	18,000,000	100%
	Director / General Manager	Representative of Chunghwa Telecom Co., Ltd.: Ching-Min Chen	18,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Wen-Chiyh Lin	18,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Hong-Bin Chiou	18,000,000	100%
	Supervisor	Representative of Chunghwa Telecom Co., Ltd.: Chi-Hsien Huang	18,000,000	100%
Chunghwa Telecom (Thailand) Co., Ltd. ("CHTT")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Hsueh-Lan Wu	1,300,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Chung-Tair Chow	1,300,000	100%
	Director / General Manager	Representative of Chunghwa Telecom Co., Ltd.: Wen-Jang Yang	1,300,000	100%
Chunghwa Investment Co., Ltd. ("CHI")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Ruey-Tsang Lee	68,085,000	89%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Hsu-Hui Ho	68,085,000	89%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Wei-Kuo Hong	68,085,000	89%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Yuan-Kai Chen	68,085,000	89%
	Director / General Manager	Representative of Chunghwa Telecom Co., Ltd.: Yen-Chih Ting	68,085,000	89%
	Supervisor	Li-Chia Kuo	-	-
Chunghwa Precision Test Tech. Co., Ltd. ("CHPT")	Chairman	Representative of Chunghwa Investment Co., Ltd.: Hong-Chan Ma	11,229,884	34%
	Director	Representative of Chunghwa Investment Co., Ltd.: Chau-Young Lin	11,229,884	34%
	Director	Representative of MediaTek Capital Corp.: Huan-Jhen Chen	351,000	1%
	Director / General Manager	Scott Huang	861,594	3%
	Independent Director	Chung-Fern Wu	-	-
	Independent Director	Wen-Nan Tsan	-	-
	Independent Director	Kenneth H. C. Chiu	-	-

Affiliate Name	Title	Name of Representative	Shareholding #	Shareholding%
Chunghwa Precision Test Tech. USA Corporation ("CHPT (US)")	Chairman	Representative of Chunghwa Precision Test Tech. Co., Ltd.: Eric Chien	2,600,000	100%
	Director	Representative of Chunghwa Precision Test Tech. Co., Ltd.: Daphne Hsu	2,600,000	100%
	Director	Representative of Chunghwa Precision Test Tech. Co., Ltd.: Scott Huang	2,600,000	100%
	General Manager	Brian Chang	-	-
CHPT Japan Co., Ltd. ("CHPT (JP)")	Director	Representative of Chunghwa Precision Test Tech. Co., Ltd.: Haku Cheng	600	100%
	Director	Representative of Chunghwa Precision Test Tech. Co., Ltd.: Scott Huang	600	100%
Chunghwa Precision Test Tech. International, Ltd. ("CHPT (International)")	Director	Representative of Chunghwa Precision Test Tech. Co., Ltd.: Scott Huang	5,700,000	100%
Shanghai Taihua Electronic Technology Ltd. ("STET")	Director	Representative of Chunghwa Precision Test Tech. International, Ltd.: Scott Huang	-	100%
	Supervisor	Representative of Chunghwa Precision Test Tech. International, Ltd.: Daphne Hsu	-	100%
Su Zhou Precision Test Tech. Ltd. ("SZPT")	Chairman / General Manager	Representative of Chunghwa Precision Test Tech. International, Ltd.: Scott Huang	-	100%
	Director	Representative of Chunghwa Precision Test Tech. International, Ltd.: Eric Chien	-	100%
	Director	Representative of Chunghwa Precision Test Tech. International, Ltd.: Strong Hsueh	-	100%
	Supervisor	Representative of Chunghwa Precision Test Tech. International, Ltd.: Daphne Hsu	-	100%
TestPro Investment Co., Ltd. ("TestPro")	Chairman	Representative of Chunghwa Precision Test Tech. Co., Ltd.: Scott Huang	13,500,000	100%
	Director	Representative of Chunghwa Precision Test Tech. Co., Ltd.: Hsin-Yao Li	13,500,000	100%
	Director	Representative of Chunghwa Precision Test Tech. Co., Ltd.: Eric Chien	13,500,000	100%
	Supervisor	Representative of Chunghwa Precision Test Tech. Co., Ltd.: Daphne Hsu	13,500,000	100%
NavCore Tech Co., Ltd. ("NavCore")	Chairman	Representative of TestPro Investment Co., Ltd.: Scott Huang	10,850,000	54%
	Director	Representative of TestPro Investment Co., Ltd.: Wen-Cong Li	10,850,000	54%
	Director/ General Manager	Terence Su	1,909,000	10%
	Supervisor	Daphne Hsu	-	-

Affiliate Name	Title	Name of Representative	Shareholding #	Shareholding%
CHT Security Co., Ltd. ("CHTSC")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Ming-Shih Chen	24,000,000	73%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Rong-Shy Lin	24,000,000	73%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Chau-Young Lin	24,000,000	73%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Li-Show Wu	24,000,000	73%
	Director / General Manager	Representative of Chunghwa Telecom Co., Ltd.: Chin-Fu Hung	24,000,000	73%
	Supervisor	Shu-Ling Chen	-	-
Chunghwa Leading Photonics Tech Co., Ltd. ("CLPT")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Yuan-Kuang Tu	7,050,000	75%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Jung-Kuei Chen	7,050,000	75%
	Director / General Manager	Chia-Chien Lin	600,000	6%
	Supervisor	Wei-Ting Chen	-	-
CHIEF Telecom Inc. ("CHIEF")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Yen-Hung Wu	39,425,803	56%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Li-Show Wu	39,425,803	56%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Ming Jhong	39,425,803	56%
	Director	Representative of InveStar Co., Ltd.: Chung-Hou Tai	109,000	0.15%
	Independent Director	Ling-Tai Chou	-	-
	Independent Director	Dao-Hong Lyu	-	-
	Independent Director	Ai-Chun Pang	-	-
	General Manager	Yao-Yuan Liu	258,500	0.37%
Chief International Corp. ("CIC")	Chairman	Representative of CHIEF Telecom Inc.: Yao-Yuan Liu	200,000	100%
	Director	Representative of CHIEF Telecom Inc.: Wei-Dong Pan	200,000	100%
Unigate Telecom Inc. ("Unigate")	Chairman	Representative of CHIEF Telecom Inc.: Yen-Hung Wu	200,000	100%
	Director	Representative of CHIEF Telecom Inc.: Yao-Yuan Liu	200,000	100%
	Director	Representative of CHIEF Telecom Inc.: Wei-Dong Pan	200,000	100%
	Supervisor	Representative of CHIEF Telecom Inc.: Lin-Tung Chang	200,000	100%
Shanghai Chief Telecom Co., Ltd. ("SCT")	Chairman	Representative of CHIEF Telecom Inc.: Wen-Han Chiang	-	49%
	Director	Representative of CHIEF Telecom Inc.: Yao-Yuan Liu	-	49%
	Director / General Manager	Representative of Shenzhen Century Communication Co., Ltd.: Yuan-Wen Han	-	51%
	Supervisor	Representative of CHIEF Telecom Inc.: Wei-Dong Pan	-	49%

Affiliate Name	Title	Name of Representative	Shareholding #	Shareholding%
Smartfun Digital Co., Ltd. ("SFD")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Wen-Chiyh Lin	6,500,000	65%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Ying-Hsueh Wang	6,500,000	65%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Shih-Yuan Lin	6,500,000	65%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Quen-Zong Wu	6,500,000	65%
	Director	Representative of United Daily News: Ming-Jey Ho	2,500,000	25%
	Supervisor	Miaw-Ling Chen	-	-
	Supervisor	Representative of UDN Digital Co., Ltd.: Yu-Chih Lin	1,000,000	10%
	General Manager	Shu-Chuan Shan	-	-
Spring House Entertainment Tech. Inc. ("SHE")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Tian-Tsair Su	8,250,731	56%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Wen-Chiyh Lin	8,250,731	56%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Min-Horng Tsai	8,250,731	56%
	Director / General Manager	Representative of Chunghwa Telecom Co., Ltd.: Hsueh-Hai Hu	8,250,731	56%
	Director	Representative of Ku Shen Investment Inc.: Jung-Kuei Chang	1,526,086	10%
	Director	Representative of Ku Shen Investment Inc.: Chia-Ming Chuang	1,526,086	10%
	Director	Yao-Tung Kao	1,110,802	3%
	Supervisor	Wen-Chuan Chang	473,357	3%
Chunghwa Sochamp Technology Inc. ("CHST")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Li-Show Wu	2,040,000	37%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Quen-Zong Wu	2,040,000	37%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Jung-Kuei Chen	2,040,000	37%
	Director	Representative of Sochamp Technology Inc.: Shan-I Chen	1,960,000	36%
	Director / General Manager	Representative of Sochamp Technology Inc.: Shang-Chih Chen	1,960,000	36%
	Supervisor	Li-Na Lin	-	-
	Supervisor	Ta-Chieh Lin	-	-

Affiliate Name	Title	Name of Representative	Shareholding #	Shareholding%
Senao International Co., Ltd. ("SENAO")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Rong-Shy Lin	71,773,155	28%
	Vice Chairman and General Manager	Representative of Cheng Kang Investment Co., Ltd.: Pao-Yung Lin	14,820,975	6%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Chih-Cheng Chien	71,773,155	28%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Tian-Tsair Su	71,773,155	28%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Li-Show Wu	71,773,155	28%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Chien-Chih Chen	71,773,155	28%
	Director	Representative of Cheng Kang Investment Co., Ltd.: Cheng-Kang Lin	14,820,975	6%
	Director	Representative of Cheng Kang Investment Co., Ltd.: Cheng-Feng Lin	14,820,975	6%
	Independent Director	Kung-Liang Yeh	-	-
	Independent Director	Fu-Hai Yeh	-	-
	Independent Director	Wen-Tsan Wu	-	-
	Independent Director	Min-Ching Cheng	-	-
	Independent Director	Ai-Chun Pang	-	-
Senao International (Samoa) Holding Ltd. ("SIS")	Director	Representative of Senao International Co., Ltd.: Pao-Yung Lin	-	100%
Senao International HK Ltd. ("SIHK") (Note 2)	Director	Representative of Senao International (Samoa) Holding Ltd.: Pao-Yung Lin	-	100%
Youth Co., Ltd. ("Youth")	Chairman / General Manager	Representative of Senao International Co., Ltd.: Yu-Chiang Wu	14,752,000	96%
	Director	Representative of Senao International Co., Ltd.: Chi-Hung Liao	14,752,000	96%
	Director	Representative of Senao International Co., Ltd.: Kuan-Heng Lai	14,752,000	96%
	Supervisor	Tsai-Hung Yu	-	-
ISPOT Co., Ltd. ("ISPOT")	Director	Representative of Youth Co., Ltd.: Yu-Chiang Wu	-	100%
Youyi Co., Ltd. ("Youyi")	Director	Representative of Youth Co., Ltd.: Yu-Chiang Wu	-	100%
Aval Technologies Co., Ltd. ("Aval")	Chairman	Representative of Senao International Co., Ltd.: Wen-He Tsai	11,660,000	100%
	General Manager	Yu-Chiang Wu	-	-

Affiliate Name	Title	Name of Representative	Shareholding #	Shareholding%
Wiin Technologies Co., Ltd. ("Wiin")	Chairman	Representative of Aval Technologies Co., Ltd.: Wen-He Tsai	3,845,000	100%
	General Manager	Yu-Chiang Wu	-	-
Senyoung Insurance Agent Co., Ltd. ("SENYOUNG")	Chairman/ General Manager	Representative of Senao International Co., Ltd.: Yan-Yan Jheng	5,900,000	100%
	Director	Representative of Senao International Co., Ltd.: Yan-Zhu Xu	5,900,000	100%
	Director	Representative of Senao International Co., Ltd.: Chi-Hung Liao	5,900,000	100%
	Supervisor	Representative of Senao International Co., Ltd.: Kuan-Heng Lai	5,900,000	100%
Seyoung Insurance Agent Co., Ltd. ("Seyoung")	Chairman	Representative of Senyoung Insurance Agent Co., Ltd.: Kuan-Heng Lai	2,950,000	100%
	Director	Representative of Senyoung Insurance Agent Co., Ltd.: Yan-Yan Jheng	2,950,000	100%
	Director/ General Manager	Representative of Senyoung Insurance Agent Co., Ltd.: Sih-Ying Chen	2,950,000	100%
International Integrated Systems, Inc. ("IISI")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Chau-Young Lin	37,210,575	51%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Li-Show Wu	37,210,575	51%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Quen-Zong Wu	37,210,575	51%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Yuan-Kai Chen	37,210,575	51%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Wei-Jenn Ke	37,210,575	51%
	Director	Representatives of Advantech Corporate Investment Tsu-Che Huang	14,299,205	20%
	Independent Director	Ming-Iuan Lee	-	-
	Independent Director	Chih-Chung Tsai	-	-
	Independent Director	George Wei Wang	20,000	0.03%
	General Manager	Chih-Ho Wang	1,550	0.002%

Affiliate Name	Title	Name of Representative	Shareholding #	Shareholding%
Infoexplorer International Co., Ltd. ("IESA") (Note 3)	Director	Representative of International Integrated Systems, Inc.: Yu-Kuang Wu	795,000	100%
Unitronics Technology Corporation ("UTC")	Chairman	Representative of International Integrated Systems, Inc.: Sheng-Hsiung Kuo	5,065,015	99.96%
	Director / General Manager	Representative of International Integrated Systems, Inc.: Pei-Yu Pai	5,065,015	99.96%
	Director	Representative of International Integrated Systems, Inc.: Wei-Cheng Hsiao	5,065,015	99.96%
	Director	Representative of International Integrated Systems, Inc.: Wen-Pin Chang	5,065,015	99.96%
	Director	Representative of International Integrated Systems, Inc.: Wen-Pin Wu	5,065,015	99.96%
	Supervisor	Miaw-Ling Chen	-	-
International Integrated Systems (Hong Kong) Limited ("IEHK") (Note 4)	Director	Representative of Infoexplorer International Co., Ltd.: Yu-Kuang Wu	780,000	100%

Note 1: The information of affiliates' profiles is ranked by the shareholding percentage.

Note 2: In August 2020, CTC, CHC and Prime Asia were given the approval to terminate and dissolve their businesses in sequence. In October 2022, the liquidation processes of CTC were completed.

Note 3: In August 2022, Senao International HK Limited was given the approval to terminate and dissolve its business.

Note 4: In February 2021, IISI's board of directors resolved that IESA should terminate and dissolve their businesses.

Note 5: In September 2020, IISI's board of directors resolved that IEHK, LSCL, LTCL, and IICL should terminate and dissolve their businesses in sequence. In September 2022, LSCL, LTCL, and IICL completed the deregistration and liquidation process.

(6) Affiliates' Operating Highlights

As of December 31, 2022
Unit: NT\$'000

Affiliate Names	Paid-in Capital	Total Asset	Total Liability	Total Equity	Total Revenues	Operating Income	Net Income	Earnings per Share, NT\$
Prime Asia Investments Group Ltd. ("Prime Asia") (Note1)	385,274	162,922	0	162,922	44	(4,409)	7,100	N.A.
Chunghwa Hsingta Co., Ltd. ("CHC") (Note1)	375,274	162,922	0	162,922	44	(4,409)	7,100	N.A.
Chunghwa Telecom (China) Co., Ltd. ("CTC") (Note1)	0	0	0	0	0	0	(4,725)	N.A.
CHYP Multimedia Marketing & Communications Co., Ltd. ("CHYP")	150,000	546,017	343,029	202,988	451,310	19,443	22,296	1
Donghua Telecom Co., Ltd. ("DHT")	698,800	2,480,265	1,772,544	707,721	1,201,192	30,180	26,033	0
Chunghwa Telecom Global, Inc. ("CHTG")	194,994	857,892	266,825	591,067	641,218	104,926	79,803	13

Affiliate Names	Paid-in Capital	Total Asset	Total Liability	Total Equity	Total Revenues	Operating Income	Net Income	Earnings per Share, NT\$
Chunghwa System Integration Co., Ltd. ("CHSI")	600,000	2,008,122	1,325,089	683,033	1,916,954	37,958	32,836	1
Light Era Development Co., Ltd. ("LED")	3,000,000	5,533,876	1,655,712	3,878,164	158,500	39,880	20,995	0
Chunghwa Telecom Singapore Pte., Ltd. ("CHTS")	574,111	2,250,461	1,129,775	1,120,686	1,405,704	22,223	250,922	10
Chunghwa Telecom Japan Co., Ltd. ("CHTJ")	17,291	167,202	42,802	124,400	226,470	32,647	28,268	28,268
Chunghwa Telecom Vietnam Co., Ltd. ("CHTV")	148,275	310,388	206,880	103,508	68,389	(568)	(764)	N.A.
Honghwa International Co., Ltd. ("HHI")	180,000	2,821,985	2,003,822	818,163	6,750,374	583,125	464,271	26
Chunghwa Telecom (Thailand) Co., Ltd. ("CHTT")	119,624	119,082	4,471	114,611	206,626	7,866	7,322	6
Chunghwa Investment Co., Ltd. ("CHI")	765,000	3,671,284	17,138	3,654,146	285,195	257,811	246,304	3
Chunghwa Precision Test Tech. Co., Ltd. ("CHPT")	327,890	8,916,384	1,032,716	7,883,668	4,288,924	893,650	770,620	24
Chunghwa Precision Test Tech. USA Corporation ("CHPT (US)")	742	123,644	23,944	99,700	75,420	5,970	4,996	2
CHPT Japan Co., Ltd. ("CHPT (JP)")	2,008	2,614	359	2,255	3,174	153	67	112
Chunghwa Precision Test Tech. International, Ltd. ("CHPT (International)")	173,649	175,520	0	175,520	0	(42)	11,138	2
Shanghai Taihua Electronic Technology Ltd. ("STET")	51,233	12,001	2,770	9,231	13,288	133	176	N.A.
Su Zhou Precision Test Tech. Ltd. ("SZPT")	119,199	228,437	65,518	162,919	300,792	12,869	10,983	N.A.
TestPro Investment Co., Ltd. ("TestPro")	135,000	119,273	197	119,076	82	(198)	(13,775)	(1)
NavCore Tech. Co., Ltd. ("NavCore")	200,000	211,564	40,703	170,861	28,783	(25,607)	(25,177)	(1)
CHT Security Co., Ltd. ("CHTSC")	328,370	1,181,126	546,571	634,555	1,412,325	258,324	201,332	6
Chunghwa Leading Photonics Tech. Co., Ltd. ("CLPT")	94,000	257,153	54,613	202,540	164,896	42,181	37,590	4

Affiliate Names	Paid-in Capital	Total Asset	Total Liability	Total Equity	Total Revenues	Operating Income	Net Income	Earnings per Share, NT\$
CHIEF Telecom Inc. ("CHIEF")	707,449	5,729,940	2,417,178	3,312,762	3,011,172	1,030,070	836,809	12
Chief International Corp. ("CIC")	6,068	106,129	4,469	101,660	19,151	7,657	8,450	42
Unigate Telecom Inc. ("Unigate")	2,000	3,512	2,299	1,213	229	102	134	1
Shanghai Chief Telecom Co., Ltd. ("SCT")	10,150	30,669	1,162	29,507	49,983	792	871	N.A.
Smartfun Digital Co., Ltd. ("SFD")	100,000	164,192	37,524	126,668	121,840	23,202	19,479	2
Spring House Entertainment Tech. Inc. ("SHE")	147,236	335,508	80,921	254,587	243,535	54,916	44,541	3
Chunghwa Sochamp Technology Inc. ("CHST")	55,000	153,256	135,590	17,666	82,933	(3,870)	(3,575)	(1)
Senao International Co., Ltd. ("SENAO")	2,582,527	10,169,427	3,860,909	6,308,518	29,142,887	317,463	658,038	3
Senao International (Samoa) Holding Ltd. ("SIS")	36,561	36,848	0	36,848	0	(82)	278	N.A.
Senao International HK Ltd. ("SIHK")(Note 2)	1,043,115	0	0	0	0	0	0	N.A.
Youth Co., Ltd. ("Youth")	154,000	166,892	31,408	135,484	166,039	(2,471)	(10,463)	(1)
ISPOT Co., Ltd. ("ISPOT")	10,727	42,966	31,703	11,263	117,564	2,341	2,420	N.A.
Youyi Co., Ltd. ("Youyi")	21,354	14,285	9,259	5,026	9,612	(1,120)	(2,013)	N.A.
Aval Technologies Co., Ltd. ("Aval")	116,600	314,531	184,974	129,557	1,616,450	4,355	9,945	1
Wiin Technologies Co., Ltd. ("Wiin")	38,450	94,090	48,280	45,810	677,922	7,920	6,370	2
Senyoung Insurance Agent Co., Ltd. ("SENYOUNG")	59,000	206,102	105,285	100,817	410,083	43,384	33,444	6
SenaoLife Insurance Agent Co., Ltd. ("SenaoLife")	29,500	22,552	748	21,804	1,663	(2,178)	(1,685)	(1)
International Integrated Systems, Inc. ("IISI")	729,355	2,752,606	1,560,478	1,192,128	3,688,473	208,464	191,147	3

Affiliate Names	Paid-in Capital	Total Asset	Total Liability	Total Equity	Total Revenues	Operating Income	Net Income	Earnings per Share, NT\$
Infoexplorer International Co., Ltd. ("IESA") (Note3)	25,384	28,893	0	28,893	0	0	(44)	(0)
IISI Investment Co., Ltd. ("IICL") (Note4)	0	0	0	0	0	(223)	4,103	N.A.
Unitronics Technology Corporation ("UTC")	50,670	120,740	37,672	83,068	132,350	9,656	8,085	2
International Integrated Systems (Hong Kong) Limited ("IEHK") (Note4)	24,905	29,776	0	29,776	0	(144)	(44)	(0)
Leading Tech Co., Ltd. ("LTCL") (Note4)	0	0	0	0	0	0	3,774	N.A.
Leading Systems Co., Ltd. ("LSCL") (Note4)	0	0	0	0	0	0	24	N.A.

Note 1: In August 2020, CTC, CHC and Prime Asia were given the approval to terminate and dissolve their businesses in sequence. In October 2022, the liquidation processes of CTC were completed.

Note 2: In August 2022, Senao International HK Limited was given the approval to terminate and dissolve its business.

Note 3: In February 2021, IISI's board of directors resolved that IESA should terminate and dissolve their businesses.

Note 4: In September 2020, IISI's board of directors resolved that IEHK, LSCL, LTCL, and IICL should terminate and dissolve their businesses in sequence. In September 2022, LSCL, LTCL, and IICL completed the deregistration and liquidation process.

Note 5: Exchange rates for the Consolidated Balance Sheet are as follows:

RMB1 = NT\$4.408, HKD1 = NT\$3.938, USD1 = NT\$30.71, JPY1 = NT\$0.2324, VND1 = NT\$0.00129, SGD1 = NT\$22.88, THB1 = NT\$0.8941

Exchange rates for the Consolidated Income Statement are as follows:

RMB1 = NT\$4.422, HKD1 = NT\$3.806, USD1 = NT\$29.805, JPY1 = NT\$0.2275, VND1 = NT\$0.00126, SGD1 = NT\$21.62, THB1 = NT\$0.8555

1.2 Consolidated Financial Report of the Company and Affiliates

For more details, please refer to page 175, Chapter 8, Section 7, "Consolidated Financial Statements and Independent Auditors' Report".

2. Private Placement Securities in the Most Recent Year and Up To the Publication Date of this Annual Report

None.

3. The Company's Shares Held or Disposed by Subsidiaries in the Most Recent Year and Up To the Publication Date of this Annual Report

None.

4. Material Impact, Pursuant to Article 36-3-2 of the Securities and Exchange Act, on Shareholders' Equity or Share Price in the Most Recent Year and Up To the Publication Date of this Annual Report

None.

5. Other Supplementary Information

None.

8 Financial Information

1. Five-Year Financial Summary
2. Occurrence of Financial Distress on the Company and Affiliates for the Most Recent Year and Up To the Publication Date of this Annual Report
3. Asset Impairment Assessment and Provision
4. Financial Instruments Assessment
5. The Differences between 2022 Financial Statements under Taiwan-IFRSs and IFRSs
6. 2022 Audit Committee's Review Report
7. Consolidated Financial Statements and Independent Auditors' Report
8. Parent-only Financial Statements and Independent Auditors' Report



Financial Information

1. Five-Year Financial Summary

1.1 Condensed Balance Sheet and Statement of Comprehensive Income

(1) Condensed Balance Sheet

A. Consolidated Condensed Balance Sheet

Unit: NT\$'000

Item		Year	Financial Summary for Most Recent 5 Years				
			2022	2021	2020	2019	2018
Current Assets			101,901,664	91,021,059	81,803,059	94,072,062	91,688,336
Property, Plant and Equipment			291,527,910	289,100,461	281,415,943	283,694,215	288,914,228
Intangible Assets			79,187,087	83,945,083	90,284,560	47,046,525	50,943,682
Other Assets			50,586,827	49,003,757	52,874,430	52,645,436	35,722,458
Total Assets			523,203,488	513,070,360	506,377,992	477,458,238	467,268,704
Current Liabilities	Before Distribution		65,697,925	64,292,298	71,435,111	64,351,545	61,387,021
	After Distribution		-	100,038,612	104,838,676	97,134,514	96,132,624
Noncurrent Liabilities			63,727,135	57,515,612	45,684,424	26,712,928	19,309,363
Total Liabilities	Before Distribution		129,425,060	121,807,910	117,119,535	91,064,473	80,696,384
	After Distribution		-	157,554,224	150,523,100	123,847,442	115,441,987
Equity Attributable to Stockholders of the Parent			381,178,887	379,334,846	377,931,016	376,110,243	376,562,372
Common Stocks			77,574,465	77,574,465	77,574,465	77,574,465	77,574,465
Additional Paid-in Capital			171,300,898	171,279,625	171,261,379	171,255,985	171,136,764
Retained Earnings	Before Distribution		132,526,608	130,888,906	128,168,050	126,591,245	127,391,229
	After Distribution		-	95,142,592	94,764,485	93,808,276	92,645,626
Other Equity			(223,084)	(408,150)	927,122	688,548	459,914
Noncontrolling Interests			12,599,541	11,927,604	11,327,441	10,283,522	10,009,948
Total Equity	Before Distribution		393,778,428	391,262,450	389,258,457	386,393,765	386,572,320
	After Distribution		-	355,516,136	355,854,892	353,610,796	351,826,717

B. Parent-only Condensed Balance Sheet

Unit: NT\$'000

Year		Financial Summary for Most Recent 5 Years				
		2022	2021	2020	2019	2018
Current Assets		73,855,441	63,880,337	54,926,878	69,965,003	67,338,984
Property, Plant and Equipment		281,135,193	279,910,890	272,623,164	274,744,872	281,056,057
Intangible Assets		78,697,640	83,435,418	89,723,406	46,519,457	50,404,295
Other Assets		65,937,098	63,318,046	67,065,574	66,085,949	50,017,325
Total Assets		499,625,372	490,544,691	484,339,022	457,315,281	448,816,661
Current Liabilities	Before Distribution	58,748,028	57,596,030	63,358,005	59,382,190	57,334,954
	After Distribution	-	93,342,344	96,761,570	92,165,159	92,080,557
Noncurrent Liabilities		59,698,457	53,613,815	43,050,001	21,822,848	14,919,335
Total Liabilities	Before Distribution	118,446,485	111,209,845	106,408,006	81,205,038	72,254,289
	After Distribution	-	146,956,159	139,811,571	113,988,007	106,999,892
Common Stocks		77,574,465	77,574,465	77,574,465	77,574,465	77,574,465
Additional Paid-in Capital		171,300,898	171,279,625	171,261,379	171,255,985	171,136,764
Retained Earnings	Before Distribution	132,526,608	130,888,906	128,168,050	126,591,245	127,391,229
	After Distribution	-	95,142,592	94,764,485	93,808,276	92,645,626
Other Equity		(223,084)	(408,150)	927,122	688,548	459,914
Total Equity	Before Distribution	381,178,887	379,334,846	377,931,016	376,110,243	376,562,372
	After Distribution	-	343,588,532	344,527,451	343,327,274	341,816,769

(2) Condensed Statement of Comprehensive Income

A. Consolidated Condensed Statement of Comprehensive Income

Unit: NT\$'000

Year		Financial Summary for Most Recent 5 Years				
		2022	2021	2020	2019	2018
Revenues		216,739,234	210,477,948	207,608,998	207,520,061	215,483,158
Gross Profit		80,021,859	75,367,197	70,580,146	71,567,521	75,937,701
Income from Operations		46,824,889	44,929,821	42,361,726	40,645,854	43,643,659
Non-operating Income and Expenses		404,061	1,136,803	469,245	1,103,938	1,335,045
Income Before Income Tax		47,228,950	46,066,624	42,830,971	41,749,792	44,978,704
Net Income (Loss)		38,000,039	37,194,879	34,705,543	33,763,943	36,456,171

Item \ Year	Financial Summary for Most Recent 5 Years				
	2022	2021	2020	2019	2018
Other Comprehensive Income (Loss), Net of Income Tax	1,112,722	(965,831)	1,174,916	1,442,506	(1,014,453)
Total Comprehensive Income	39,112,761	36,229,048	35,880,459	35,206,449	35,441,718
Net Income Attributable to Stockholders of the Parent	36,477,157	35,753,579	33,406,130	32,788,546	35,501,622
Net Income Attributable to Noncontrolling Interests	1,522,882	1,441,300	1,299,413	975,397	954,549
Comprehensive Income Attributable to Stockholders of the Parent	37,569,082	34,789,149	34,598,348	34,225,076	34,496,742
Comprehensive Income Attributable to Noncontrolling Interests	1,543,679	1,439,899	1,282,111	981,373	944,976
Earnings per Share	4.70	4.61	4.31	4.23	4.58

B. Parent-only Condensed Statement of Comprehensive Income

Unit: NT\$'000

Item \ Year	Financial Summary for Most Recent 5 Years				
	2022	2021	2020	2019	2018
Revenues	182,254,339	178,843,350	178,622,827	179,321,838	185,331,699
Gross Profit	69,043,641	64,914,561	61,416,583	63,265,562	66,501,764
Income From Operations	43,392,345	41,683,186	39,539,657	38,345,865	40,365,914
Non-operating Income and Expenses	1,516,620	2,204,270	1,343,772	1,916,727	3,151,064
Income Before Income Tax	44,908,965	43,887,456	40,883,429	40,262,592	43,516,978
Net Income (Loss)	36,477,157	35,753,579	33,406,130	32,788,546	35,501,622
Other Comprehensive Income (Loss), Net of Income Tax	1,091,925	(964,430)	1,192,218	1,436,530	(1,004,880)
Total Comprehensive Income	37,569,082	34,789,149	34,598,348	34,225,076	34,496,742
Earnings per Share	4.70	4.61	4.31	4.23	4.58

1.2 Independent Auditors' Names and Opinions for Recent Five Years

Year	Name of CPA	Audit Opinion
2018	Deloitte & Touche: Ching-Pin Shih and Hung-Peng Lin	Unmodified Opinion
2019	Deloitte & Touche: Dien-Sheng Chang and Ching-Pin Shih	Unmodified Opinion
2020	Deloitte & Touche: Dien-Sheng Chang and Cheng-Hung Kuo	Unmodified Opinion
2021	Deloitte & Touche: Dien-Sheng Chang and Cheng-Hung Kuo	Unmodified Opinion
2022	Deloitte & Touche: Yih-Shin Kao and Mei Yen Chiang	Unmodified Opinion

1.3 Five Years Financial Analysis & Discussion

(1) Consolidated Financial Analysis for Recent 5 Years

Item \ Year		Financial Summary for Most Recent 5 Years				
		2022	2021	2020	2019	2018
Financial Structure	Debt to Asset Ratio (%)	24.74	23.47	23.13	19.07	17.27
	Ratio of Long-term Capital to Property, Plants and Equipment (%)	156.93	155.23	154.56	145.62	140.49
Liquidity Analysis	Current Ratio (%)	155.11	141.57	114.51	146.18	149.36
	Quick Ratio (%)	134.23	120.33	93.91	116.31	121.68
	Interest Earned Ratio	180.76	212.15	208.85	401.89	2,557.19
Operating Performance	Accounts Receivable Turnover (Times)	8.38	8.32	7.72	6.75	6.45
	Average Collection Days	43.55	43.87	47.27	54.07	56.58
	Inventory Turnover (Times)	4.38	4.31	3.62	3.03	4.06
	Accounts Payable Turnover (Times)	N/A	N/A	N/A	N/A	N/A
	Average Days in Sales	83.33	84.68	100.82	120.46	89.90
	Property, Plants and Equipment Turnover (Times)	0.75	0.74	0.73	0.72	0.75
	Total Assets Turnover (Times)	0.42	0.41	0.42	0.44	0.47
Profitability	Return on Assets (%)	7.37	7.33	7.09	7.17	7.94
	Return on Equity (%)	9.68	9.53	8.95	8.74	9.59
	Pre-tax Income to Paid-in Capital (%)	60.88	59.38	55.21	53.82	57.98
	Net Income Ratio (%)	17.53	17.67	16.72	16.27	16.92
	Earnings per Share (NT\$)	4.70	4.61	4.31	4.23	4.58
Cash Flow	Cash Flow Ratio (%)	115.61	116.43	104.23	112.55	108.11
	Cash Flow Adequacy Ratio (%)	111.51	110.18	108.03	105.88	109.03
	Cash Reinvestment Ratio (%)	3.52	3.70	3.78	3.52	2.71
Leverage	Operating Leverage	2.78	2.82	2.87	2.99	2.82
	Financial Leverage	1.01	1.00	1.00	1.00	1.00

Notes:

1. The formulas for the above table:

A. Financial Structure

Debts to Assets Ratio = Total Liabilities / Total Assets

Ratio of Long-term Capital to Property, Plants and Equipment = (Total Equity + Noncurrent Liabilities) / Net of Properties, Plants and Equipment

B. Liquidity Analysis

Current Ratio = Current Assets / Current Liabilities

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

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

C. Operating Performance

Account Receivable Turnover = Net Sales / Average Accounts Receivable (including Accounts Receivable and Notes Receivable originated from operation)

Average Collection Days = 365 / Accounts Receivable Turnover

Inventory Turnover = Costs of Good Sold / Average Inventory

Accounts Payable Turnover = Costs of Good Sold / Average Accounts Payable (including Accounts Payable and Notes Payable originated from operation)

Average Days in Sales = 365 / Inventory Turnover

Property, Plants and Equipment Turnover = Net Sales / Average of Net Properties, Plants and Equipment

Total Assets Turnover = Net Sales / Average of Total Assets

D. Profitability

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

Return on Equity = Net Income / Average Equity

Net Income Ratio = Net Income / Net Sales

Earnings per Share = (Net Income Attributable to Stockholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Outstanding Shares

E. Cash Flow

Cash Flow Ratio = Cash Flows from Operating Activities / Current Liabilities

Cash Flow Adequacy Ratio = Net Cash Flow from Operating Activities for the most recent 5 years / (Capital Expenditure + Increase in Inventory + Cash Dividends) for the most recent 5 years

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

F. Leverage

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

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

2. Analysis and discussion for any financial ratio variation plus and minus (+/-) 20% in recent 2 years:

None.

(2) Parent-only Financial Analysis for Recent 5 Years

Item \ Year		Financial Summary for Most Recent 5 Years				
		2022	2021	2020	2019	2018
Financial Structure	Debt to Asset Ratio (%)	23.71	22.67	21.97	17.76	16.10
	Ratio of Long-term Capital to Property, Plants and Equipment (%)	156.82	154.67	154.42	144.84	139.29
Liquidity Analysis	Current Ratio (%)	125.72	110.91	86.69	117.82	117.45
	Quick Ratio (%)	114.94	98.89	72.90	94.37	96.67
	Interest Earned Ratio	204.67	231.87	239.17	651.73	162,985.94
Operating Performance	Accounts Receivable Turnover (Times)	7.59	7.60	7.21	6.21	5.80
	Average Collection Days	48.08	48.02	50.62	58.77	62.93
	Inventory Turnover (Times)	4.72	4.48	3.27	2.22	3.11
	Accounts Payable Turnover (Times)	N/A	N/A	N/A	N/A	N/A
	Average Days in Sales	77.33	81.47	111.62	164.41	117.36
	Property, Plant and Equipment Turnover (Times)	0.65	0.65	0.65	0.65	0.66
	Total Assets Turnover (Times)	0.37	0.37	0.38	0.40	0.42
Profitability	Return on Assets (%)	7.40	7.37	7.13	7.25	8.04
	Return on Equity (%)	9.59	9.44	8.86	8.71	9.58
	Pre-tax Income to Paid-in Capital (%)	57.89	56.57	52.70	51.90	56.10
	Net Income Ratio (%)	20.01	19.99	18.70	18.28	19.16
	Earnings per Share (NT\$)	4.70	4.61	4.31	4.23	4.58
Cash Flow	Cash Flow Ratio (%)	124.86	123.29	110.74	118.12	110.87
	Cash Flow Adequacy Ratio (%)	108.79	106.98	105.15	102.93	105.93
	Cash Reinvestment Ratio (%)	3.36	3.43	3.45	3.37	2.49
Leverage	Operating Leverage	2.74	2.80	2.85	2.98	2.92
	Financial Leverage	0.99	1.00	1.00	1.00	1.00

Notes:

1. Analysis and discussion for any financial ratio variation plus and minus (+/-) 20% in recent 2 years:

None.

2. Occurrence of Financial Distress on the Company and Affiliates for the Most Recent Year and Up To the Publication Date of this Annual Report

None.

3. Asset Impairment Assessment and Provision

The Company recognizes asset impairment in accordance to the relevant IFRSs, for details, please refer to page 175, Section 7, "Consolidated Financial Statements and Independent Auditors' Report."

4. Financial Instruments Assessment

The Company measures all financial instruments in accordance to IFRS 9 "Financial Instrument," see below financial categories:

(1) Financial assets at fair value through profit or loss (FVTPL)

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 investments in equity instruments which are not designated as at fair value through other comprehensive income (FVOCI).

Financial assets at FVTPL are stated 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 does not incorporate any dividend earned on the financial asset.

(2) 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; and
- 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 are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss, except for short-term receivables as the effect of discounting is immaterial. Exchange differences are recognized in profit or loss. Interest income is calculated by applying the effective interest rate to the gross carrying amount of such financial assets.

(3) Investments in equity instruments at FVOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVOCI. Designation at FVOCI 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 FVOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments. Instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

5. The Differences between 2022 Financial Statements under Taiwan-IFRSs and IFRSs

The Company has adopted Taiwan IFRSs endorsed and issued into effect by FSC for ROC reporting purposes. The differences between Taiwan IFRSs and IFRSs issued by International Accounting Standards Board, or IASB, are set forth below:

- (1) Under Taiwan IFRSs endorsed and issued into effect by FSC (or T-IFRSs), the Company reported consolidated

net income of NT\$38,000,039 thousand, consolidated net income attributable to stockholders of the parent of NT\$36,477,157 thousand, and basic earnings per share of NT\$4.70 for the year ended December 31, 2022, respectively. The Company also reported total assets of NT\$523,203,488 thousand, total liabilities of NT\$129,425,060 thousand, and total equity of NT\$393,778,428 thousand as of December 31, 2022.

- (2) Under IFRSs issued by IASB (or IFRSs), the Company reported consolidated net income of NT\$37,869 million, consolidated net income attributable to stockholders of the parent of NT\$36,358 million, and basic earnings per share of NT\$4.69 for the year ended December 31, 2022, respectively. The Company also reported total assets of NT\$522,996 million, total liabilities of NT\$131,467 million, and total equity of NT\$391,529 million as of December 31, 2022.
- (3) The differences between consolidated net income under Taiwan-IFRSs and that under IFRSs followed by the Company mainly come from the timing of the recognition of income tax on unappropriated earnings. In addition, prior to incorporation, the Company was subject to the laws and regulations applicable to state-owned enterprises in Taiwan which differed from the generally accepted accounting principles as applicable to commercial companies. As such, revenue from providing fixed line connection service and selling prepaid phone cards was recognized at the time the service was performed or the card was sold by the Company. Upon incorporation, net assets greater than the capital stock was credited as additional paid-in capital and part of the additional paid-in capital was from the unearned revenues generated from connection fees and prepaid cards as of the date of incorporation. Under IFRSs, revenue from connection fees and prepaid phone cards was deferred at the time of the service performed or sale and recognized as revenue over time as the service is continuously performed or as consumed. This reclassification from additional paid-in capital to retained earnings did not affect total equity.

6. 2022 Audit Committee's Review Report

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 business report, financial statements, and earnings distribution proposal. The CPA firm of Deloitte & Touche was retained to audit the Company's financial statements and has issued an audit report relating to the financial statements. The business report, financial statements, and earnings distribution proposal have been reviewed and determined to be accurate by the Audit Committee members of the Company. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Chunghwa Telecom Co., Ltd.

Chairman of the Audit Committee

A handwritten signature in black ink, reading "Suming Lin". The signature is written in a cursive, flowing style. The first name "Suming" is written with a large, sweeping 'S' and the last name "Lin" is written with a large, sweeping 'L'.

February 24, 2023

7. Consolidated Financial Statements and Independent Auditors' Report

**Chunghwa Telecom Co., Ltd. and
Subsidiaries**
**Consolidated Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report**

REPRESENTATION LETTER

The entities that are required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2022 are all the same as those included in the consolidated financial statements of Chunghwa Telecom Co., Ltd. and its subsidiaries prepared in conformity with the International Financial Reporting Standard 10 "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates is included in the consolidated financial statements of Chunghwa Telecom Co., Ltd. and its subsidiaries. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

CHUNGHWA TELECOM CO., LTD.

By

Chi-Mau Sheih
Chairman

February 24, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Chunghwa Telecom Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Revenue Recognition on Mobile Service

Refer to Notes 3 and 43 to the consolidated financial statements.

The Company's mobile service revenue consists of subscriber-based charges made up of a significant volume of low-dollar transactions. Because of the complexity and a variety of subscriber-based charges as well as a large number of transactions, the Company uses highly automated systems to process and record its revenue transactions.

Given the Company's systems to process and record revenue are highly automated, auditing revenue was complex and challenging due to the extent of audit effort required and involvement of professionals with expertise in information technology (IT) necessary for us to identify, test, and evaluate the Company's IT systems.

Our audit procedures related to the Company's systems to process revenue transactions included the following, among others:

- With the assistance of our IT specialists, we:
 - Identified the significant systems used to process revenue transactions and tested the general IT controls over each of these systems, including testing of user access controls and change management controls.
 - Performed testing of system interface controls and automated controls within the relevant revenue streams, as well as the controls designed to ensure the accuracy and completeness of revenue.
- We tested manual controls within the relevant revenue business processes, including those in place to reconcile the various systems to the Company's accounting system.
- We selected samples from mobile service revenue and agreed to customer contracts and records of cash receipts.

Other Matter

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 Company 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 entities or business activities within the Company 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 a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

Yih-shin Kao



Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2023

Notice to Readers

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

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

ASSETS	2022	%	2021	%
Amount	Amount		Amount	
CURRENT ASSETS				
Cash and cash equivalents (Notes 3 and 6)	\$ 50,192,604	10	\$ 39,778,624	8
Financial assets at fair value through profit or loss (Notes 3, 4 and 7)	3,953	-	2,566	-
Receivables (Notes 3 and 20)	1,851	-	1,851	-
Other current monetary assets (Notes 12, 27 and 34)	6,053,431	1	5,554,070	1
Other current assets (Notes 18, 19, 31 and 38)	24,672,473	5	23,947,107	5
Trade notes and accounts receivable, net (Notes 3, 4, 9 and 29)	75,061	-	41,528	-
Receivables from related parties (Note 37)	11,316,406	2	11,327,409	2
Inventories (Notes 3, 4 and 10)	2,398,608	-	2,330,097	-
Prepayments (Note 11)	3,618,902	1	5,060,878	1
Other current assets (Notes 18, 19, 31 and 38)	3,555,423	-	2,978,280	-
Total current assets	101,901,664	20	91,021,059	18
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss (Notes 3, 4 and 7)	1,020,203	-	908,775	-
Financial assets at fair value through other comprehensive income (Notes 3, 4, 8 and 34)	3,491,381	1	3,615,888	1
Investments accounted for using equity method (Notes 3, 14 and 34)	3,158,851	1	7,532,774	2
Goodwill (Notes 3, 4 and 29)	1,000,000	-	1,000,000	-
Property, plant and equipment (Notes 3, 4, 15, 34, 37 and 38)	291,527,910	56	289,100,461	56
Right-of-use assets (Notes 3, 4, 16 and 37)	11,102,549	2	11,050,936	2
Investment properties (Notes 3, 4, 16 and 37)	9,803,861	2	9,662,638	2
Intangible assets (Notes 3, 4, 18 and 37)	79,187,087	15	83,945,083	16
Deferred income tax assets (Notes 3 and 31)	2,196,645	-	2,785,006	-
Incremental costs of obtaining contracts (Notes 3 and 29)	979,914	-	3,987,656	-
Net defined benefit assets (Notes 3, 4 and 27)	5,748,271	1	1,798,463	-
Prepayments (Note 11)	1,738,277	-	4,862,800	-
Other noncurrent assets (Notes 19, 38 and 39)	4,705,624	-	-	-
Total noncurrent assets	421,301,824	80	472,049,301	82
TOTAL	\$ 523,203,488	100	\$ 513,070,360	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Note 21)	\$ 722,000	-	\$ 65,000	-
Financial liabilities at fair value through profit or loss (Notes 3, 4 and 7)	-	-	6,180	-
Financial liabilities at fair value through other comprehensive income (Notes 3, 4 and 20)	-	-	1,000,000	-
Current liabilities (Notes 3, 20)	13,398,439	3	12,234,276	2
Trade notes and accounts payable (Note 24)	16,428,856	3	18,065,288	4
Payables to related parties (Note 37)	539,194	-	391,358	-
Current tax liabilities (Notes 3 and 31)	4,956,465	1	4,593,458	1
Lease liabilities (Notes 3, 4, 16, 34 and 37)	3,338,813	1	3,210,564	1
Other payables (Notes 25 and 34)	25,079,960	5	24,436,708	5
Provisions (Notes 3 and 26)	25,600,000	-	24,436,708	-
Other current liabilities	1,016,129	-	998,362	-
Total current liabilities	65,697,925	13	64,292,298	13
NONCURRENT LIABILITIES				
Long-term loans (Notes 22 and 38)	1,600,000	-	1,600,000	-
Bonds payable (Note 23)	30,757,373	6	26,706,625	6
Current liabilities (Notes 3 and 20)	77,624,095	2	8,989,410	1
Deferred income tax liabilities (Notes 3 and 31)	2,309,845	-	2,189,411	-
Provisions (Notes 3 and 26)	173,033	-	141,865	-
Lease liabilities (Notes 3, 4, 16, 34 and 37)	7,333,694	2	7,061,689	2
Customers' deposits (Note 37)	5,156,700	1	5,336,343	1
Net defined benefit liabilities (Notes 3, 4 and 27)	2,285,224	-	2,287,663	-
Other noncurrent liabilities	6,726,187	-	5,081,910	-
Total noncurrent liabilities	63,722,135	12	57,515,612	11
Total liabilities	129,420,060	25	121,807,910	24
EQUITY ATTRIBUTABLE TO STOCKHOLDERS OF THE PARENT (Notes 13 and 28)				
Common stocks	77,574,465	15	77,574,465	15
Additional paid-in capital	171,406,828	32	171,429,623	33
Retained earnings	77,574,465	15	77,574,465	15
Legal reserve	3,083,569	1	2,675,419	1
Special reserve	51,868,574	10	50,639,022	10
Unappropriated earnings	132,525,608	26	130,888,906	26
Total retained earnings	(223,084)	-	(408,150)	-
Others	381,178,887	73	379,334,846	74
Total equity attributable to stockholders of the parent	12,599,541	2	11,927,604	2
NONCONTROLLING INTERESTS (Notes 13 and 28)				
Total equity	393,778,428	75	391,262,450	76
TOTAL	\$ 523,203,488	100	\$ 513,070,360	100

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

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

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

	2022	%	2021	%
Amount	Amount		Amount	
REVENUES (Notes 3, 29, 37 and 43)	\$ 216,739,234	100	\$ 210,477,948	100
OPERATING COSTS (Notes 3, 10, 27, 30 and 37)	136,717,375	63	135,110,751	64
GROSS PROFIT	80,021,859	37	75,367,197	36
OPERATING EXPENSES (Notes 3, 9, 27, 30 and 37)				
Marketing	22,819,067	10	20,944,091	10
General and administrative	6,579,537	3	5,293,136	2
Research and development	3,774,309	2	3,687,747	2
Expected credit loss	117,070	-	142,991	-
Total operating expenses	33,289,983	15	30,067,965	14
OTHER INCOME AND EXPENSES (Notes 16, 17, 18, 30 and 43)	93,013	-	(369,411)	-
INCOME FROM OPERATIONS	46,824,889	22	44,929,821	22
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 43)	249,129	-	94,684	-
Other income (Notes 8, 30 and 37)	368,523	-	377,820	-
Other gains and losses (Notes 14, 30, 36 and 37)	(403,784)	-	460,830	-
Interest expense (Notes 16, 30, 37 and 43)	(262,738)	-	(218,171)	-
Share of profits of associates and joint ventures accounted for using equity method (Notes 14 and 43)	452,931	-	421,640	-
Total non-operating income and expenses	404,061	-	1,136,803	-
INCOME BEFORE INCOME TAX	47,228,950	22	46,066,624	22
INCOME TAX EXPENSE (Notes 3 and 31)	9,228,911	4	8,871,745	4
NET INCOME	38,000,039	18	37,194,879	18

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

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

	2022	%	2021	%
	Amount		Amount	
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss:				
Remeasurements of defined benefit pension plans (Note 27)	\$ 1,153,576	-	\$ 390,441	-
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income (Notes 3, 28 and 36)	(136,563)	-	(1,185,849)	-
Gain or loss on hedging instruments subject to basis adjustment (Notes 3 and 20)	21,177	-	(10,038)	-
Share of other comprehensive income (loss) of associates and joint ventures (Note 14)	2,802	-	(4,154)	-
Income tax relating to items that will not be reclassified to profit or loss (Note 31)	(230,715)	-	(78,088)	-
	<u>810,277</u>	-	<u>(887,688)</u>	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising from the translation of the foreign operations	296,484	-	(76,620)	-
Share of other comprehensive income (loss) of associates and joint ventures (Note 14)	<u>5,961</u>	-	<u>(1,523)</u>	-
	<u>302,445</u>	-	<u>(78,143)</u>	-
Total other comprehensive income (loss), net of income tax	<u>1,112,722</u>	-	<u>(965,831)</u>	-
TOTAL COMPREHENSIVE INCOME	<u>\$ 39,112,761</u>	<u>18</u>	<u>\$ 36,229,048</u>	<u>18</u>
NET INCOME ATTRIBUTABLE TO				
Stockholders of the parent	\$ 36,477,157	17	\$ 35,753,579	17
Noncontrolling interests	<u>1,522,882</u>	<u>1</u>	<u>1,441,300</u>	<u>1</u>
	<u>\$ 38,000,039</u>	<u>18</u>	<u>\$ 37,194,879</u>	<u>18</u>

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

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

	2022	%	2021	%
	Amount		Amount	
COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Stockholders of the parent	\$ 37,569,082	17	\$ 34,789,149	17
Noncontrolling interests	<u>1,543,679</u>	<u>1</u>	<u>1,439,899</u>	<u>1</u>
	<u>\$ 39,112,761</u>	<u>18</u>	<u>\$ 36,229,048</u>	<u>18</u>
EARNINGS PER SHARE (Note 32)				
Basic	<u>\$ 4.70</u>		<u>\$ 4.61</u>	
Diluted	<u>\$ 4.70</u>		<u>\$ 4.60</u>	

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

(Concluded)

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

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

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 47,228,950	\$ 46,066,624
Adjustments for:		
Depreciation	32,785,526	31,832,326
Amortization	6,642,657	6,568,547
Amortization of incremental costs of obtaining contracts	840,553	815,241
Expected credit loss	117,070	142,991
Interest expense	262,738	218,171
Interest income	(249,129)	(94,684)
Dividend income	(157,465)	(154,008)
Compensation cost of share-based payment transactions	15,513	19,371
Share of profits of associates and joint ventures accounted for using equity method	(452,931)	(421,640)
Loss on disposal of property, plant and equipment	4,907	3,349
Gain on disposal of financial instruments	(726)	(353)
Gain on disposal of investments accounted for using equity method	-	(3,239)
Provision for impairment loss and obsolescence of inventory	34,167	206,824
Reversal of impairment loss on right-of-use assets	-	420,590
Reversal of impairment loss on investment properties	(107,467)	(83,429)
Impairment loss on intangible assets	9,547	28,901
Valuation loss (gain) on financial assets and liabilities at fair value through profit or loss, net	205,805	(243,381)
Others	254,276	(132,924)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Contract assets	(1,031,379)	(335,554)
Trade notes and accounts receivable	(785,476)	(1,339,250)
Receivables from related parties	(33,533)	189,168
Inventories	(23,164)	874,670
Prepayments	1,675	391,207
Other current monetary assets	(164,346)	(385,757)
Other current assets	(576,643)	(629,683)
Incremental cost of obtaining contracts	(832,811)	(803,304)
Increase (decrease) in:		
Contract liabilities	1,990,202	(1,651,461)
Trade notes and accounts payable	(1,630,693)	2,468,093
Payables to related parties	147,836	(254,586)
Other payables	782,340	248,112
		(Continued)

- 11 -

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

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

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(19,394)	(313,171)
Proceeds from disposal of financial assets at fair value through other comprehensive income	154	2,911,570
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	7,184	-
Acquisition of financial assets at fair value through profit or loss	(360,214)	(44,072)
Proceeds from disposal of financial assets at fair value through profit or loss	14,573	25,201
Proceeds from capital reduction of financial assets at fair value through profit or loss	65,967	-
Acquisition of time deposits and negotiable certificates of deposit with maturities of more than three months	(5,669,860)	(17,369,138)
Proceeds from disposal of time deposits and negotiable certificates of deposit with maturities of more than three months	7,310,021	18,446,270
Acquisition of investments accounted for using equity method	(52,175)	(329,520)
Proceeds from disposal of investments accounted for using equity method	-	8,519
Proceeds from capital reduction of investments accounted for using equity method	340,182	-
Acquisition of property, plant and equipment	(31,534,946)	(35,333,028)
Proceeds from disposal of property, plant and equipment	15,743	27,038
Acquisition of intangible assets	(1,892,675)	(255,852)
Acquisition of investment properties	(18,333)	(146)
Decrease in other noncurrent assets	235,178	336,878
Interests received	219,092	95,118
Dividends received	550,310	621,972
Net cash used in investing activities	(30,789,193)	(31,172,361)
		(Continued)

- 12 -

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

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

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term loans	\$ 1,292,000	\$ 154,000
Repayments of short-term loans	(635,000)	(156,000)
Proceeds from short-term bills payable	-	5,000,000
Repayments of short-term bills payable	-	(12,000,000)
Proceeds from issuance of bonds	3,500,000	7,000,000
Payments for transaction costs attributable to the issuance of bonds	(4,463)	(7,675)
Increase (decrease) in customers' deposits	(221,994)	477,444
Payments for the principal of lease liabilities	(3,776,965)	(3,728,949)
Increase in other noncurrent liabilities	1,644,277	3,191,105
Cash dividends paid	(35,746,314)	(33,403,565)
Cash dividends distributed to noncontrolling interests	(1,053,240)	(896,335)
Change in other noncontrolling interests	199,836	54,079
Unclaimed dividend	1,632	1,968
Net cash used in financing activities	<u>(34,800,231)</u>	<u>(34,313,928)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	52,556	(12,942)
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,413,980	9,358,969
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	39,778,624	30,419,655
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 50,192,604</u>	<u>\$ 39,778,624</u>

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

(Concluded)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

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

1. GENERAL

Chunghua Telecom Co., Ltd. ("Chunghua"; Chunghua together with its subsidiaries are hereinafter referred to collectively as the "Company") was incorporated on July 1, 1996 in the Republic of China ("ROC"). Chunghua is a company limited by shares and, prior to August 2000, was wholly owned by the Ministry of Transportation and Communications ("MOTC"). Prior to July 1, 1996, the current operations of Chunghua were carried out under the Directorate General of Telecommunications ("DGT"). The DGT was established by the MOTC in June 1943 to take primary responsibility in the development of telecommunications infrastructure and to formulate policies related to telecommunications. On July 1, 1996, the telecom operations of the DGT were spun-off as Chunghua which continues to carry out the business and the DGT continues to be the industry regulator.

Effective August 12, 2005, the MOTC completed the process of privatizing Chunghua by reducing the government ownership to below 50% in various stages. In July 2000, Chunghua received approval from the Securities and Futures Commission (the "SFC") for a domestic initial public offering and its common stocks were listed and traded on the Taiwan Stock Exchange (the "TWSE") on October 27, 2000. Certain of Chunghua's common stocks were sold, in connection with the foregoing privatization plan, in domestic public offerings at various dates from August 2000 to July 2003. Certain of Chunghua's common stocks were also sold in an international offering of securities in the form of American Depositary Shares ("ADS") on July 17, 2003 and were listed and traded on the New York Stock Exchange (the "NYSE"). The MOTC sold common stocks of Chunghua by auction in the ROC on August 9, 2005 and completed the second international offering on August 10, 2005. Upon completion of the share transfers associated with these offerings on August 12, 2005, the MOTC owned less than 50% of the outstanding shares of Chunghua and completed the privatization plan.

Chunghua launched its organizational transformation based on customer-centric structure effective from January 2022. Please refer to Note 43 Segment Information for details.

The consolidated financial statements are presented in Chunghua's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on February 24, 2023.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (the "FSC") (collectively, the "Taiwan-IFRS").

Basis of Preparation

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

Current and Noncurrent Assets and Liabilities

Current assets include:

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

Current liabilities include:

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

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

Light Era Development Co., Ltd. ("LED") engages mainly in development of property for rent and sale. The assets and liabilities of LED related to property development within its operating cycle, which is over one year, are classified as current items.

Basis of Consolidation

- Principles for preparing consolidated financial statements

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

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

All inter-company transactions, balances, income and expenses are eliminated in full upon consolidation.

Attribution of total comprehensive income to noncontrolling interests

Total comprehensive income of subsidiaries is attributed to the stockholders of the parent and to the noncontrolling interests even if it results in the noncontrolling interests having a deficit balance.

Changes in the Company's ownership interests in subsidiaries

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company'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 stockholders of the parent.

- The subsidiaries in the consolidated financial statements

The detail information of the subsidiaries at the end of reporting period was as follows:

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership Interests		Note
			2022	2021	
Chunghwa Telecom Co., Ltd.	Sensuo International Co., Ltd. ("SENAO")	Handset and peripherals retailer, sales agent of CHT mobile phone plans as an agent	28	28	a)
	Light Era Development Co., Ltd. ("LED")	Planning and development of real estate and intelligent buildings, and property management	100	100	
	Donghua Telecom Co., Ltd. ("DHT")	International private leased circuit, IP VPN service, and IP transit services	100	100	b)
	Chunghwa Telecom Singapore Pte. Ltd. ("CHTS")	International private leased circuit, IP VPN service, and IP transit services	100	100	
	Chunghwa System Integration Co., Ltd. ("CHSI")	Providing system integration services and telecommunications equipment	100	100	
	Chunghwa Investment Co., Ltd. ("CHIT")	Investment	89	89	
	CHIEF Telecom Inc. ("CHIEF")	Network integration, internet data center ("IDC"), communications integration and cloud application services	56	56	c)
	CHYP Multimedia Marketing & Communications Co., Ltd. ("CHYP")	Digital information supply services and advertisement services	100	100	
	Prime Asia Investments Group Ltd. ("Prime Asia")	Investment	100	100	
	Spring House Entertainment Tech. Inc. ("SHE")	Software design services, internet contents production and play, and motion picture production and distribution	56	56	
	Chunghwa Telecom Global, Inc. ("CHTG")	International private leased circuit, internet services, and transit services	100	100	
	Chunghwa Telecom Vietnam Co., Ltd. ("CHTV")	Intelligent energy saving solutions, international circuit, and information and communication technology ("ICT") services	100	100	
	Smartfun Digital Co., Ltd. ("SFD")	Providing diversified family education digital services	65	65	
	Chunghwa Telecom Japan Co., Ltd. ("CHJT")	International private leased circuit, IP VPN service, and IP transit services	100	100	
	Chunghwa Soehamp Technology Inc. ("CHST")	Design, development and production of Automatic License Plate Recognition software and hardware	37	51	d)
	Honghua International Co., Ltd. ("HHI")	Telecommunications engineering, sales agent of mobile phone plan application and other business services, etc.	100	100	
	Chunghwa Leading Photonics Tech Co., Ltd. ("CLPT")	Production and sale of electronic components and finished products	75	75	
	Chunghwa Telecom (Thailand) Co., Ltd. ("CHTT")	International private leased circuit, IP VPN service, ICT and cloud VAS services	100	100	

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership Interests		Note
			2022	2021	
Senao International Co., Ltd.	CHT Security Co., Ltd. ("CHTSC")	Computing equipment installation, wholesale of computing and business machinery equipment and software, management consulting services, data processing services, digital information supply services and internet identity services	73	77	e)
International Integrated Systems, Inc. ("IISI")	International Integrated Systems, Inc. ("IISI")	IT solution provider, IT application consultation, system integration and package solution	51	51	f)
Senao International Holding Ltd. ("SIS")	Senao International (Samoa) Holding Ltd. ("SIS")	International investment	100	100	g)
Aval Technologies Co., Ltd. ("Aval")	YOUTH Co., Ltd. ("Youth")	Sale of information and communication technologies products	96	96	
Senyoung Insurance Agent Co., Ltd. ("SENYOUNG")	Aval Technologies Co., Ltd. ("Aval")	Sale of information and communication technologies products	100	100	
Youth Co., Ltd. ("Youth")	Senyoung Insurance Agent Co., Ltd. ("SENYOUNG")	Property and liability insurance agency	100	100	
	ISPO Co., Ltd. ("ISPO")	Sale of information and communication technologies products	100	100	
	Youyi Co., Ltd. ("Youyi")	Maintenance of information and communication technologies products	100	100	
Aval Technologies Co., Ltd.	Win Technology Co., Ltd. ("Win")	Sale of information and communication technologies products	100	100	
Senyoung Insurance Agent Co., Ltd.	SenaoLife Insurance Agent Co., Ltd. ("SenaoLife")	Life insurance services	100	100	h)
CHIEF Telecom Inc.	Unigate Telecom Inc. ("Unigate")	Telecommunications and internet service	100	100	
	Chief International Corp. ("CIC")	Telecommunications and internet service	100	100	
	Shanghai Chief Telecom Co., Ltd. ("SCT")	Telecommunications and internet service	49	49	i)
Chunghwa Investment Co., Ltd.	Chunghwa Precision Test Tech. Co., Ltd. ("CHPT")	Production and sale of semiconductor testing components and printed circuit board	34	34	j)
Chunghwa Precision Test Tech. Co., Ltd.	Chunghwa Precision Test Tech. USA Corporation ("CHPT (US)")	Design and after-sale services of semiconductor testing components and printed circuit board	100	100	k)
	CHPT Japan Co., Ltd. ("CHPT (JP)")	Related services of electronic parts, machinery processed products and printed circuit board	100	100	
	Chunghwa Precision Test Tech. International Ltd. ("CHPT (International)")	Wholesale and retail of electronic materials, and investment	100	100	l)
	TestPro Investment Co., Ltd. ("TestPro")	Investment	100	-	m)
TestPro Investment Co., Ltd.	NavCore Tech. Co., Ltd. ("NavCore")	Sale and manufacturing of smart equipment, smart factory software and hardware integration and technical consulting service	54	-	n)
Senao International (Samoa) Holding Ltd.	Senao International HK Limited ("SIHK")	International investment	100	100	o)
Senao International HK Limited	Senao International Trading (Shanghai) Co., Ltd. ("SITS")	Sale of information and communication technologies products	-	-	p)

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership Interests		Note
			2022	2021	
Prime Asia Investments Group Ltd.	Chunghwa Hsingta Co., Ltd. ("CHC")	Investment	100	100	
Chunghwa Hsingta Co., Ltd.	Chunghwa Telecom (China) Co., Ltd. ("CTC")	Integrated information and communication solution services for enterprise clients, and intelligent energy network service	-	100	q)
Chunghwa Precision Test Tech. International, Ltd.	Shanghai Taihua Electronic Technology Limited ("STET")	Design of printed circuit board and related consultation service	100	100	
International Integrated Systems, Inc.	Su Zhou Precision Test Tech. Ltd. ("SZPT")	Assembly processed of circuit board, design of printed circuit board and related consultation service	100	100	r)
	Infoexplorer International Co., Ltd. ("IESA")	Investment	100	100	s)
	IISI Investment Co., Ltd. ("IICL")	Investment	-	100	t)
	Unitronics Technology Corp. ("UTC")	Development and maintenance of information system	99.96	99.96	
Infoexplorer International Co., Ltd.	International Integrated Systems (Hong Kong) Limited ("IEHK")	Investment and technical consulting service	100	100	s)
IISI Investment Co., Ltd.	Leading Tech Co., Ltd. ("LTCL")	Investment	-	100	t)
Leading Tech Co., Ltd.	Leading Systems Co., Ltd. ("LSCL")	Investment	-	100	t)
Leading Systems Co., Ltd.	International Integrated Systems Inc. (Shanghai) ("IIS")	Development and maintenance of information system	-	-	u)

(Concluded)

a) Chunghwa continues to control seven out of thirteen seats of the Board of Directors of SENAO through the support of large beneficial stockholders. As a result, the Company treated SENAO as a subsidiary.

b) DHT reduced and returned its capital to its stakeholders in March 2021. The Company's ownership interest in DHT remained the same.

c) CHIEF issued new shares in March 2021, December 2021, March 2022 and December 2022 as its employees exercised options. Therefore, the Company's ownership interest in CHIEF decreased to 58.89% and 58.67% as of December 31, 2021 and 2022, respectively.

d) Chunghwa did not participate in the capital increase of CHST in November 2022. Therefore, the Company's ownership interest in CHST decreased to 37.09% as of December 31, 2022. However, Chunghwa continues to control three out of five seats of the Board of Directors of CHST. As a result, the Company treated CHST as a subsidiary.

e) CHTSC issued new shares in February 2021, February 2022 and May 2022 as its employees exercised options. Therefore, the Company's ownership interest in CHTSC decreased to 77.46% and 73.09% as of December 31, 2021 and 2022, respectively.

f) IISI issued new shares in January 2021 as its employees exercised options. Therefore, the Company's ownership interest in IISI decreased to 51.02%.

The following diagram presented information regarding the relationship and percentages of ownership interests between Chunghwa and its subsidiaries as of December 31, 2022:

[illegible][illegible][illegible]

Shanghai Tuliao Electronic Technology Limited	Suzhou Precision Test Tech Ltd. ("SPT")

Foreign Currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated

translation are recognized in profit or loss in the period in which they arise.

comprehensive means, related exchange differences shall be recognized in other comprehensive income:

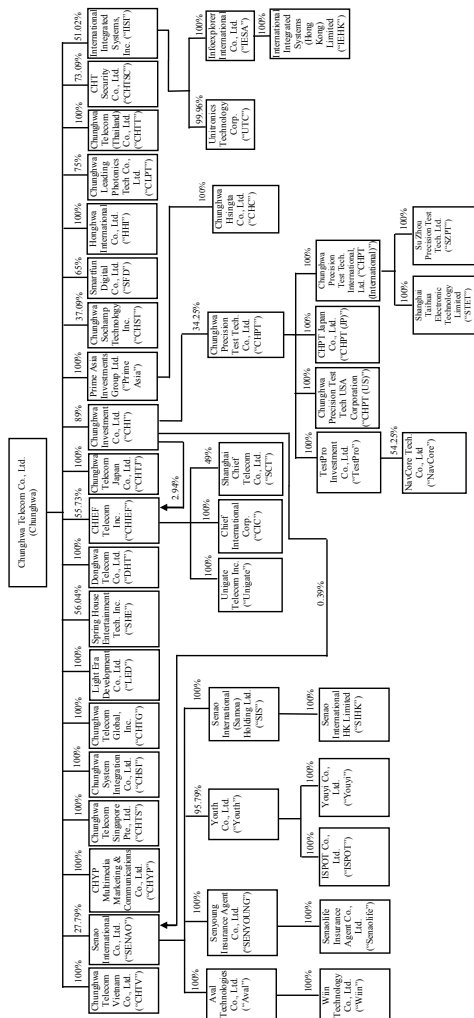
non-monetary items that are measured at historical cost in a foreign currency are not remeasured.

Company's foreign operations (including those subsidiaries, associates and joint ventures in other countries or currencies used different with Chunghua) are translated into New Taiwan dollars using

Exchange differences arising, if any, are recognized in the average exchange rates for the period. Exchange differences attributable to stockholders of the parent and noncontrolling interests as well as other comprehensive income and attributed to stockholders of the parent and noncontrolling interests as well as other comprehensive income are reported in the consolidated statement of comprehensive income for the period.

Received

Case Equipment



Foreign Currencies

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

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

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined and related exchange differences are recognized in profit or loss. Conversely, when the fair value changes were recognized in other comprehensive income, related exchange difference shall be recognized in other comprehensive income.

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations (including those subsidiaries, associates and joint ventures in other countries or currencies used different with Chungwa) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and attributed to stockholders of the parent and noncontrolling interests as appropriate.

Cash Equivalents

Cash equivalents include those maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value such as commercial papers, negotiable certificates of deposit, time deposits and stimulus vouchers. These cash equivalents are held for the purpose of meeting short-term cash commitments.

Inventories

Inventories are stated at the lower of cost or net realizable value item by item, except for those that may be appropriate to group items of similar or related inventories. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. The calculation of the cost of inventory is derived using the weighted-average method.

Buildings and Land Consigned to Construction Contractors

Inventories of LED are stated at the lower of cost or net realizable value item by item, except for those that may be appropriate to group as similar items or related inventories. Land acquired before construction is classified as land held for development and then reclassified as land held under development after LED begins its construction project.

Upon the completion of the construction project, LED recognizes revenues in the amount of proceeds from customers for land and buildings and related costs when ownership is transferred to the customers. The unsold portion of the completed construction project is transferred to land and building held for sale.

Investments in Associates and Joint Ventures

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Company and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investments accounted for using the equity method include investments in associates and interests in joint ventures. Under the equity method, an investment in an associate and a joint venture is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the associate and joint venture as well as the distribution received. The Company also recognizes its share in changes in the associates and joint ventures.

When the Company subscribes for new shares of an associate and a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate and joint venture. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to additional paid-in capital. When the adjustment should be debited to additional paid-in capital but the additional paid-in capital recognized from investments accounted for using equity method is insufficient, the shortage is debited to retained earnings.

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

The entire carrying amount of an 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, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and joint venture. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate and joint venture directly disposed of the related assets or liabilities.

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

Property, Plant and Equipment

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

Property, plant and equipment in the course of construction are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. Freehold land is not depreciated. The estimated useful lives, residual values and depreciation method are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

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

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

For a transfer from the investment properties to property, plant and equipment, the deemed cost of the property, plant and equipment for subsequent accounting is its carrying amount at the commencement of owner-occupation.

For a transfer from the property, plant and equipment to investment properties, the deemed cost of the investment properties for subsequent accounting is its carrying amount at the end of owner-occupation.

On derecognition of the investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period in which the property is derecognized.

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 purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units or groups of cash-generating units (referred to as "cash-generating unit") that are expected to benefit from the synergies of the business 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 attributable 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.

Intangible Assets Other Than Goodwill

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 life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Company expects to dispose of the intangible asset before the end of its economic life.

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.

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss in the period in which the asset is derecognized.

Impairment of Property, Plant and Equipment, Right-of-use Assets, Investment Properties, Intangible Assets Other Than Goodwill and Incremental Costs of Obtaining Contracts

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

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.

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.

Impairment loss from the assets related to incremental cost of obtaining contracts is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services.

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

Financial Instruments

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

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

a. Financial assets

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

1) Measurement category

a) Financial assets at fair value through profit or loss (FVTPL)

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 investments in equity instruments which are not designated as at fair value through other comprehensive income (FVOCI).

Financial assets at FVTPL are stated 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 does not incorporate any dividend earned on the financial asset. Fair value is determined in the manner described in Note 36.

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; and
 - 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 are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss, except for short-term receivables as the effect of discounting is immaterial. Exchange differences are recognized in profit or loss.

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

c) Investments in equity instruments at FVOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVOCI. Designation at FVOCI 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 FVOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments. Instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and contract assets.

The Company recognizes lifetime Expected Credit Loss (ECL) for accounts receivable and contract assets. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes an impairment loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of investments in equity instruments at FVOCI in its entirety, the cumulative gain or loss is directly transferred to retained earnings, and it is not reclassified to profit or loss.

b. Financial liabilities

1) Subsequent measurement

Except for financial liabilities at FVTPL, all the financial liabilities are subsequently measured at amortized cost using the effective interest method.

2) Derecognition of financial liabilities

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

c. Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including forward exchange contracts.

Derivatives are initially measured at fair value at the date 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 derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Hedge Accounting

The Company designates some derivatives instruments as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and are included in the initial cost of the non-financial asset or non-financial liability.

The Company 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. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

Provisions

Provisions are measured at the best estimate of the expenditure required to settle the Company's obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. The provisions for warranties claims are made by management according to the sales agreements which represent the management's best estimate of the future outflow of economic benefits. The provisions of warranties claims are recognized as operating cost in the period in which the goods

are sold. The provision for onerous contracts represents the present obligation resulting from the measurement for the unavoidable costs of meeting the Company's contractual obligations exceed the economic benefits expected to be received from the contracts. In assessing whether a contract is onerous, the cost of fulfilling a contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that are related directly to fulfilling contracts.

Revenue Recognition

The Company identifies the performance obligations in the contract with the customers, allocates transaction price to each performance obligation and recognizes revenue when performance obligations are satisfied.

Sales of products are recognized as revenue when the Company delivers products and the customer accepts and controls the product. Except for the consumer electronic products such as mobile devices sold in channel stores which are usually in cash sale, the Company recognizes revenues for sale of other electronic devices and corresponding trade notes and accounts receivable.

Usage revenues from fixed-line services (including local, domestic long distance and international long distance telephone services), mobile services, internet and data services, and interconnection and call transfer fees from other telecommunications companies and carriers are billed in arrears and are recognized based upon seconds or minutes of traffic processed when the services are provided in accordance with contract terms. The usage revenues and corresponding trade notes and accounts receivable are recognized monthly.

Other revenues are recognized as follows: (a) one-time subscriber connection fees (on fixed-line services) are first recognized as contract liabilities and revenues are recognized subsequently over the average expected customer service periods, (b) monthly fees (on fixed-line services, mobile, internet and data services) and related receivables are accrued monthly, and (c) prepaid services (fixed-line, mobile, internet and data services) are recognized as contract liabilities upon collection considerations from customers and are recognized as revenues subsequently based upon actual usage by customers.

Where the Company enters into transactions which involve both the provision of telecommunications service bundled with products such as handsets, total consideration received from products and telecommunications service in these arrangements are allocated based on their relative stand-alone selling price. The amount of sales revenue recognized for products is not limited to the amount paid by the customer for the products. When the amount of sales revenue recognized for products exceeded the amount paid by the customer for the products, the difference is recognized as contract assets. Contract assets are reclassified to accounts receivable when the amounts become collectible from customers subsequently. When the amount of sales revenue recognized for products was less than the amount paid by the customer for the products, the difference is recognized as contract liabilities and revenues are recognized subsequently when the telecommunications service are provided.

For project business contracts, if a substantial part of the Company's promise to customers is to manage and coordinate the various tasks and assume the risks of those tasks to ensure the individual goods or services are incorporated into the combined output, they are treated as a single performance obligation since the Company provides a significant integration service. The Company recognizes revenues and corresponding accounts receivable when the project business contract is completed and accepted by customers. For some project contracts, the Company does not create an asset with an alternative use to the Company and has an enforceable right to payment for performance completed to date; therefore, performance obligations are satisfied and revenues are recognized over time.

For service contracts such as maintenance and warranties, customers simultaneously receive and consume the benefits provided by the Company; thus, revenues and corresponding accounts receivable of service contracts are recognized over the related service period.

When another party is involved in providing goods or services to a customer, the Company is acting as a principal if it controls the specified good or service before that good or service is transferred to a customer; otherwise, the Company is acting as an agent. When the Company is acting as a principal, gross inflow of economic benefits arising from transactions is recognized as revenue. When the Company is acting as an agent, revenue is recognized as its share of transaction.

Incremental Costs of Obtaining Contracts

Commissions and equipment subsidy related to telecommunications service as a result of obtaining contracts are recognized as an asset under the incremental costs of obtaining contracts to the extent the costs are expected to be recovered and are amortized over the contract period. However, the Company elects not to capitalize the incremental costs of obtaining contracts if the amortization period of the assets that the Company otherwise would have recognized is expected to be one year or less.

Leasing

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

a. The Company as lessor

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

b. The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for lease payments for low-value assets are recognized as expenses on a straight-line basis over the lease terms accounted for applying recognition exemption.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities and for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented separately on the consolidated balance sheets.

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

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

Lease liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. The Company accounts for the remeasurement of the lease liability as a result of the decrease of lease scope by decreasing the carrying amount of the right-of-use assets and recognizes in profit or loss any gain or loss on the partial or full termination of the lease. Lease liabilities are presented separately on the consolidated balance sheets.

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

Borrowing Costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government Grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to government grants and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses of the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should construct 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 become receivable as compensation for expenses or losses already incurred 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 service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and gains or losses on settlements) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising (a) actuarial gains and losses; and (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. 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. Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plan except that remeasurement is recognized in profit or loss.

Share-based Payment Arrangements - Employee Stock Options

The fair value determined at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's estimate of employee stock options that are expected to ultimately vest, with a corresponding increase in additional paid-in capital - employee stock options. If the equity instruments granted vest immediately at the grant date, expenses are recognized in full in profit or loss.

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

Income Tax

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

- a. Current tax

Income tax payable or recoverable is based on taxable profit or loss for the period determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax of unappropriated earnings is provided for in the year the stockholders approve to retain the earnings.

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

- b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. A deferred tax liability is not recognized on taxable temporary difference arising from initial recognition of goodwill.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits from purchases of machinery, equipment and technology and research, and development expenditures, etc. 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, associates, and joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests 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 they 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred tax

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

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.

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

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

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

a. Critical accounting judgments

1) Principal versus agent

The Company's project agreements are mainly to provide one or more customized equipment or services to customers. In order to fulfill the agreements, another party may be involved in some agreements. The Company considers the following factors to determine whether the Company is a principal of the transaction: whether the Company is the primary obligation provider of the agreements, its exposures to inventory risks and the discretion in establishing prices, etc. The determination of whether the Company is a principal or an agent will affect the amount of revenue recognized by the Company. Only when the Company is acting as a principal, gross inflows of economic benefits arising from transactions is recognized as revenue.

2) Control over subsidiaries

As discussed in Note 3, "Summary of Significant Accounting Policies - Basis of Consolidation", some entities are subsidiaries of the Company although the Company only owns less than 50% ownership interests in these entities. After considering the Company's absolute size of holding in the entity and the relative size of and the dispersion of shares owned by the other stockholders, and the contractual arrangements between the Company and other investors, potential voting interests and the written agreement between stockholders, the management concluded that the Company has a sufficiently dominant voting interest to direct the relevant activities of the entity and therefore the Company has control over these entities.

b. Key sources of estimation uncertainty and assumption

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period. Actual results may differ from these estimates.

1) Impairment of trade notes and accounts receivable

The provision for impairment of trade notes and accounts receivable is based on assumptions on probability of default and expected credit loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's past experience, current market conditions as well as forward looking information at the end of each reporting period. For details of the key assumptions and inputs used, see Note 9. Where the actual future cash flows are less than expected, a material impairment loss may arise.

2) Fair value measurements and valuation processes

For the assets and liabilities measured at fair value without quoted prices in active markets, the Company's management determines the appropriate valuation techniques for the fair value measurements and whether to engage third party qualified appraisers based on the related regulations and professional judgments.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities was disclosed in Note 36. If the actual changes of inputs in the future differ from expectation, the fair value may vary accordingly. The Company updates inputs periodically to monitor the appropriateness of the fair value measurement.

3) Provision for inventory valuation and obsolescence

Inventories are stated at the lower of cost or net realizable value. Net realizable value is calculated as the estimated selling price less the estimated costs necessary to make a sale. Comparison of net realizable value and cost is determined on an item by item basis, except for those similar items which could be categorized into the same groups. The Company uses the inventory holding period and turnover as the evaluation basis for inventory obsolescence losses.

4) Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets

When an indication of impairment is assessed with objective evidence, the Company considers whether the recoverable amount of an asset is less than its carrying amount and recognizes the impairment loss based on difference between the recoverable amount and its carrying amount. The estimate of recoverable amount would impact on the timing and the amount of impairment loss recognition.

5) Useful lives of property, plant and equipment

As discussed in Note 3, "Summary of Significant Accounting Policies - Property, Plant and Equipment", the Company reviews estimated useful lives of property, plant and equipment at the end of each year.

6) Recognition and measurement of defined benefit plans

Net defined benefit liabilities (assets) and the resulting pension expense under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, employee turnover rate, average future salary increase and etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

7) Lessees' incremental borrowing rates

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for relevant duration and the same currency is selected as a reference rate. The lessee's credit spread adjustments and lease specific adjustments are also taken into account.

5. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC
- The initial application of the amendments to the IFRS, IAS, IFRIC and SIC issued by the International Accounting Standards Board and endorsed and issued into effect by the FSC does not have material impacts on the Company's consolidated financial statements.

- b. Amendments to IFRSs endorsed by the FSC for application starting from January 1, 2023

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1	January 1, 2023 (Note 1)
Amendments to IAS 8	January 1, 2023 (Note 2)
Amendments to IAS 12	January 1, 2023 (Note 3)
Deferred Tax related to Assets and Liabilities arising from a Single Transaction	

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

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

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

The application of the above new, revised or amended standards and interpretations will not have a material impact on the Company's consolidated financial statements.

- c. IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC

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

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

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

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

6. CASH AND CASH EQUIVALENTS

	December 31	2021
2022		
Cash	\$ 471,751	\$ 439,989
Cash on hand	10,423,195	15,646,840
Bank deposits	10,894,946	16,086,829
Cash equivalents (with maturities of less than three months)		
Commercial papers	19,592,233	13,530,111
Negotiable certificates of deposit	15,500,000	7,500,000
Time deposits	4,205,425	2,656,545
Stimulus vouchers	-	5,139
	39,297,658	23,691,795
	<u>\$ 50,192,604</u>	<u>\$ 39,778,624</u>

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

	December 31	2021
2022		
Bank deposits	0.00%~2.62%	0.00%~0.45%
Commercial papers	0.56%~1.30%	0.17%~0.30%
Negotiable certificates of deposit	1.20%~1.45%	0.27%~0.30%
Time deposits	0.01%~4.65%	0.01%~3.60%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	2021
2022		
Financial assets-current		
Mandatorily measured at FVTPL		
Derivatives (not designated for hedge)	\$ 3,514	\$ -
Forward exchange contracts		
Non-derivatives	439	2,566
Listed stocks - domestic		
	<u>\$ 3,953</u>	<u>\$ 2,566</u>

(Continued)

Financial assets-noncurrent

Mandatorily measured at FVTPL

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Non-derivatives		
Non-listed stocks - domestic	\$ 758,312	\$ 647,998
Non-listed stocks - foreign	102,648	236,672
Limited partnership - domestic	135,121	24,105
Film and drama investing agreements	24,122	-
	<u>\$ 1,020,203</u>	<u>\$ 908,775</u>

Financial liabilities-current

Held for trading

Derivatives (not designated for hedge)

Forward exchange contracts	\$ -	\$ 6,180
		(Concluded)

Chunghwa's Board of Directors approved an investment in Taiwan Capital Buffalo Fund VI, L.P. at the amount of \$600,000 thousand in January 2022. As of December 31, 2022, Chunghwa invested \$100,000 thousand.

Outstanding forward exchange contracts not designated for hedge as of balance sheet dates were as follows:

	<u>Currency</u>	<u>Maturity Period</u>	<u>Contract Amount (In Thousands)</u>
<u>December 31, 2022</u>			
Forward exchange contracts - buy	NT\$/EUR	2023.03	NT\$61,746/EUR2,000
<u>December 31, 2021</u>			
Forward exchange contracts - buy	NT\$/EUR	2022.03	NT\$257,081/EUR8,000

The Company entered into the above forward exchange contracts to manage its exposure to foreign currency risk due to fluctuations in exchange rates. However, the aforementioned derivatives did not meet the criteria for hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NONCURRENT

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Domestic investments		
Listed stocks	\$ 272,802	\$ 458,582
Non-listed stocks	3,084,670	3,029,957
		(Continued)

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Foreign investments		
Non-listed stocks	\$ 133,909	\$ 127,349
	<u>\$ 3,491,381</u>	<u>\$ 3,615,888</u>
		(Concluded)

The Company holds the above foreign and domestic stocks for medium to long-term strategic purposes and expects to profit from long-term investment. Accordingly, the management elected to designate these investments in equity instruments at FVOCI as they believe that recognizing short-term fair value fluctuations of these investments in profit or loss is not consistent with the Company's strategy of holding these investments for long-term purposes.

The Company disposed of all its investments in UUPON Inc. (UUPON) in December 2022 and the fair value of the disposed investment was \$154 thousand. The Company disposed of its investment in China Airlines, Ltd. starting from December 2020 and sold all its shares by February 2021. The total fair value of the disposed investment was \$2,635,568 thousand in 2021. The Company disposed of its investments in UUPON and Cotech Engineering Fuzhou Corp. in October and December 2021 and the fair value of the disposed investment were \$1,478 thousand and \$4,203 thousand, respectively.

CHI obtained significant influence over Imedtac Co., Ltd. ("IME") and AgriTalk Technology Inc. ("ATT") in August 2021 and July 2021, respectively. Therefore, the aforementioned investments were reclassified from financial asset at FVOCI to investments in associates at fair value of \$44,850 thousand and \$18,509 thousand, respectively. (Please refer to Note 14 (a)).

The related unrealized gains and losses on financial assets at FVOCI of loss of \$116 thousand and gain of \$59,653 thousand were transferred from other equity to retained earnings upon the aforementioned disposals in 2022 and 2021, respectively.

CHI participated in the private placement of PChome Online Inc. in the amount of \$200,000 thousand in October 2021.

The Company recognized dividend income of \$157,465 thousand and \$154,008 thousand for the years ended December 31, 2022 and 2021, respectively, of which \$157,465 thousand and \$153,984 thousand were from the outstanding investments on December 31, 2022 and 2021, respectively.

9. TRADE NOTES AND ACCOUNTS RECEIVABLE, NET

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Trade notes and accounts receivable	\$ 26,037,695	\$ 25,551,942
Less: Loss allowance	(1,365,222)	(1,604,835)
	<u>\$ 24,672,473</u>	<u>\$ 23,947,107</u>

The main credit terms range from 30 to 90 days.

The Company serves a large consumer base for telecommunications business; therefore, the concentration of credit risk is limited. When having transactions with customers, the Company considers the record of arrears in the past. In addition, the Company may also collect some telecommunication charges in advance to reduce the payment arrears in subsequent periods.

The Company adopted a policy of dealing with counterparties with certain credit ratings for project business and to obtain collateral where necessary to mitigate the risk of loss arising from defaults. Credit rating information is provided by independent rating agencies where available and, if such credit rating information is not available, the Company uses other publicly available financial information and its own historical transaction experience to rate its major customers. The Company continues to monitor the credit exposure and credit ratings of its counterparties and spread the credit risk amongst qualified counterparties.

In order to mitigate credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure the recoverability of receivables. In addition, the Company reviews the recoverable amount of receivables at balance sheet dates to ensure that adequate allowance is provided for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk could be reasonably reduced.

The Company applies the simplified approach to recognize expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for receivables. The expected credit losses on receivables are estimated using a provision matrix by reference to past default experience of the customers and an analysis of the customers' current financial positions, as well as the forward-looking indicators such as macroeconomic business indicator.

When there is evidence indicating that the counterparty is in evasion, bankruptcy, deregistration or the accounts receivable are over two years past due and the recoverable amount cannot be reasonable estimated, the Company writes off the trade notes and accounts receivable. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

Except for receivables arising from telecommunications business and project business, the Company's remaining accounts receivable are limited. Therefore, only Chunghwa's provision matrix arising from telecommunications business and project business is disclosed below:

December 31, 2022

	Not Past Due	Post Due Less than 30 Days	Post Due 31 to 60 Days	Post Due 61 to 90 Days	Post Due 91 to 120 Days	Post Due 121 to 180 Days	Post Due over 180 Days	Total
Telecommunications business								
Expected credit loss rate (Note a)	0%~1%	1%~20%	3%~64%	11%~80%	25%~90%	45%~96%	100%	
Gross carrying amount	\$ 17,162,634	\$ 310,392	\$ 86,590	\$ 32,826	\$ 27,774	\$ 599,316	\$ 18,253,569	
Loss allowance (lifetime ECL)	(49,644)	(22,109)	(19,806)	(20,927)	(20,085)	(599,316)	(361,331)	
Amortized cost	\$ 17,112,990	\$ 288,483	\$ 66,684	\$ 11,899	\$ 7,689	\$ 4,883	\$ 17,892,238	
Project business								
Expected credit loss rate (Note b)	0%~5%	5%	10%	30%	50%	80%	100%	
Gross carrying amount	\$ 3,797,905	\$ 119,329	\$ 11,424	\$ 53,189	\$ 1,360	\$ 785	\$ 547,269	\$ 4,531,261
Loss allowance (lifetime ECL)	(2,604)	(6,138)	(1,142)	(15,986)	(680)	(628)	(547,269)	(574,447)
Amortized cost	\$ 3,795,301	\$ 113,191	\$ 10,282	\$ 37,203	\$ 680	\$ 157	\$ 546,814	\$ 3,956,814

December 31, 2021

	Not Past Due	Post Due Less than 30 Days	Post Due 31 to 60 Days	Post Due 61 to 90 Days	Post Due 91 to 120 Days	Post Due 121 to 180 Days	Post Due over 180 Days	Total
Telecommunications business								
Expected credit loss rate (Note a)	0%~1%	1%~22%	3%~62%	11%~80%	25%~90%	49%~97%	100%	
Gross carrying amount	\$ 16,410,725	\$ 282,040	\$ 82,062	\$ 44,539	\$ 31,065	\$ 1,000	\$ 602,833	\$ 17,884,264
Loss allowance (lifetime ECL)	(50,733)	(33,465)	(28,596)	(29,800)	(25,403)	(28,423)	(602,833)	(389,852)
Amortized cost	\$ 16,359,992	\$ 248,575	\$ 53,466	\$ 14,739	\$ 5,663	\$ 2,577	\$ 16,695,012	
Project business								
Expected credit loss rate (Note b)	0%~5%	5%	10%	30%	50%	80%	100%	
Gross carrying amount	\$ 3,988,010	\$ 136	\$ 6,960	\$ 14,271	\$ 411	\$ 799	\$ 769,762	\$ 4,780,349
Loss allowance (lifetime ECL)	(7,852)	(68)	(890)	(4,292)	(210)	(629)	(769,762)	(783,692)
Amortized cost	\$ 3,980,158	\$ 68	\$ 6,070	\$ 9,978	\$ 201	\$ 169	\$ 3,996,652	

Note a: Please refer to Note 43 for the information of disaggregation of telecommunications service revenue. The expected credit loss rate applicable to different business revenue varies so as to reflect the risk level indicating by factors like historical experience.

Note b: The project business has different loss types according to the customer types. The expected credit loss rate listed above is for general customers. When the customer is a government-affiliated entity, it is anticipated that there will not be an instance of credit loss. Customers with past history of bounced checks or accounts receivable exceeding six months overdue are classified as high-risk customers, with an expected credit loss rate of 50%, increasing by period as the days overdue increase.

Movements of loss allowance for trade notes and accounts receivable were as follows:

	2022	Year Ended December 31 2021
Beginning balance	\$ 1,604,835	\$ 2,154,364
Add: Provision for credit loss	108,746	122,911
Less: Amounts written off	(348,359)	(672,440)
Ending balance	\$ 1,365,222	\$ 1,604,835

10. INVENTORIES

	2022	December 31 2021
Merchandise	\$ 3,977,853	\$ 4,070,189
Project in process	4,859,226	4,805,196
Work in process	98,712	144,847
Raw materials	279,022	224,338
	9,214,813	9,244,570
Land held under development	1,998,733	1,998,733
Construction in progress	102,860	84,106
	\$ 11,316,406	\$ 11,327,409

The operating costs related to inventories were \$49,544,267 thousand (including the valuation loss on inventories of \$34,167 thousand) and \$51,180,060 thousand (including the valuation loss on inventories of \$206,824 thousand) for the years ended December 31, 2022 and 2021, respectively.

As of December 31, 2022 and 2021, inventories of \$2,101,593 thousand and \$2,082,839 thousand, respectively, were expected to be recovered after more than twelve months. The aforementioned amount of inventories is related to property development owned by LED.

Land held under development and construction in progress was mainly developed by LED for Qingshan Sec., Dayuan Dist., Taoyuan City project. The Board of Directors of LED resolved to sign a joint construction and separate sale contract with Farglory Land Development Co., Ltd. in June 2021. LED entrusts Land Bank of Taiwan to execute fund control and property right management for the land held under development.

11. PREPAYMENTS

	December 31	
	2022	2021
Prepaid rents	\$ 2,316,088	\$ 2,349,236
Others	<u>1,810,797</u>	<u>1,779,324</u>
	<u>\$ 4,126,885</u>	<u>\$ 4,128,560</u>
Current		
Prepaid rents	\$ 589,506	\$ 565,950
Others	<u>1,809,102</u>	<u>1,764,147</u>
	<u>\$ 2,398,608</u>	<u>\$ 2,330,097</u>
Noncurrent		
Prepaid rents	\$ 1,726,582	\$ 1,783,286
Others	<u>1,695</u>	<u>15,177</u>
	<u>\$ 1,728,277</u>	<u>\$ 1,798,463</u>

Prepaid rents comprised the prepayments from the lease agreements applying the recognition exemption and the prepayments for leases that do not meet the definition of leases under IFRS 16.

12. OTHER CURRENT MONETARY ASSETS

	December 31	
	2022	2021
Time deposits and negotiable certificates of deposit with maturities of more than three months	\$ 1,915,755	\$ 3,498,534
Accrued custodial receipts	<u>815,547</u>	<u>765,339</u>
Others	<u>887,600</u>	<u>797,005</u>
	<u>\$ 3,618,902</u>	<u>\$ 5,060,878</u>

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

	December 31	
	2022	2021
Time deposits and negotiable certificates of deposit with maturities of more than three months	0.03%~3.00%	0.03%~2.70%

13. SUBSIDIARIES

a. Information on subsidiaries with material noncontrolling interests

Subsidiaries	Principal Place of Business	Proportion of Ownership Interests and Voting Rights Held by Noncontrolling Interests	
		December 31	
		2022	2021
SENAO	Taiwan	72%	72%
CHPT	Taiwan	66%	66%
		Accumulated Noncontrolling Interests	
		December 31	
		2022	2021
SENAO		\$ 471,454	\$ 427,817
CHPT		<u>\$ 492,637</u>	<u>\$ 586,332</u>
Individually immaterial subsidiaries with noncontrolling interests		<u>2,747,984</u>	<u>2,501,040</u>
		<u>\$ 12,599,541</u>	<u>\$ 11,927,604</u>

Summarized financial information in respect of SENAO and its subsidiaries that has material noncontrolling interests is set out below. The summarized financial information below represented amounts before intercompany eliminations.

	December 31	
	2022	2021
Current assets	\$ 7,249,222	\$ 7,962,726
Noncurrent assets	3,211,081	3,129,886
Current liabilities	(3,680,470)	(4,531,148)
Noncurrent liabilities	<u>(459,666)</u>	<u>(418,431)</u>
Equity	<u>\$ 6,320,167</u>	<u>\$ 6,143,033</u>
Equity attributable to the parent	\$ 1,727,841	\$ 1,677,446
Equity attributable to noncontrolling interests	<u>4,592,326</u>	<u>4,465,587</u>
	<u>\$ 6,320,167</u>	<u>\$ 6,143,033</u>

	Year Ended December 31	
	2022	2021
Revenues and income	\$ 31,611,424	\$ 31,303,161
Costs and expenses	<u>30,954,539</u>	<u>30,707,150</u>
Profit for the year	\$ <u>656,885</u>	\$ <u>596,011</u>
Profit attributable to the parent	\$ 185,431	\$ 168,194
Profit attributable to noncontrolling interests	<u>471,454</u>	<u>427,817</u>
Profit for the year	\$ <u>656,885</u>	\$ <u>596,011</u>
Other comprehensive income attributable to the parent	\$ 10,512	\$ 2,340
Other comprehensive income attributable to noncontrolling interests	<u>26,242</u>	<u>4,941</u>
Total comprehensive income attributable to the parent	\$ <u>36,754</u>	\$ <u>7,281</u>
Total comprehensive income attributable to noncontrolling interests	\$ 195,943	\$ 170,534
Net cash flow from operating activities	\$ 693,639	\$ 603,292
Net cash flow from investing activities	\$ (329,154)	\$ 654,179
Net cash flow from financing activities	36,666	215,473
Effect of exchange rate changes on cash and cash equivalents	<u>(826,206)</u>	<u>(690,084)</u>
Net cash inflow (outflow)	\$ <u>732</u>	\$ <u>(209)</u>
Dividends paid to noncontrolling interests	\$ (1,117,962)	\$ 179,359
Summarized financial information in respect of CHPT and its subsidiaries that has material noncontrolling interests is set out below. The summarized financial information below represented amounts before intercompany eliminations.	<u>\$ 370,957</u>	<u>\$ 278,218</u>
Current assets	\$ 4,406,032	\$ 4,656,928
Noncurrent assets	4,630,788	4,063,611
Current liabilities	(1,051,544)	(1,143,341)
Noncurrent liabilities	<u>(25,975)</u>	<u>(31,986)</u>
Equity	\$ <u>7,959,301</u>	\$ <u>7,545,212</u>
Equity attributable to CHI	\$ 2,700,070	\$ 2,584,235
Equity attributable to noncontrolling interests	<u>5,259,231</u>	<u>4,960,977</u>
	\$ <u>7,959,301</u>	\$ <u>7,545,212</u>

	Year Ended December 31	
	2022	2021
Revenues and income	\$ 4,434,662	\$ 4,254,027
Costs and expenses	<u>3,678,096</u>	<u>3,362,267</u>
Profit for the year	\$ <u>756,566</u>	\$ <u>891,760</u>
Profit attributable to CHI	\$ 263,929	\$ 305,428
Profit attributable to noncontrolling interests	<u>492,637</u>	<u>586,332</u>
Profit for the year	\$ <u>756,566</u>	\$ <u>891,760</u>
Other comprehensive income (loss) attributable to CHI	\$ 4,631	\$ (988)
Other comprehensive income (loss) attributable to noncontrolling interests	<u>7,321</u>	<u>(1,886)</u>
Total comprehensive income attributable to CHI	\$ <u>11,952</u>	\$ <u>(2,874)</u>
Total comprehensive income attributable to noncontrolling interests	\$ 268,560	\$ 304,440
Net cash flow from operating activities	\$ 768,518	\$ 888,886
Net cash flow from investing activities	\$ 1,400,873	\$ 1,089,645
Net cash flow from financing activities	(1,010,681)	(518,789)
Effect of exchange rate changes on cash and cash equivalents	<u>(387,845)</u>	<u>(413,663)</u>
Net cash inflow	\$ <u>7,496</u>	\$ <u>(1,671)</u>
Dividends paid to noncontrolling interests	\$ 9,843	\$ 155,522
Equity transactions with noncontrolling interests	<u>\$ 293,204</u>	<u>\$ 258,710</u>

b. Equity transactions with noncontrolling interests

Chunghwa did not participate in the capital increase of CHST in November 2022. Therefore, the Company's ownership interest in CHST decreased.

CHIEF issued new shares in March 2021, December 2021, March 2022 and December 2022 as its employees exercised options. Therefore, the Company's ownership interest in CHIEF decreased. See Note 33(a) for details.

CHTSC issued new shares in February 2021, February 2022 and May 2022 as its employees exercised options. Therefore, the Company's ownership interest in CHTSC decreased. See Note 33(b) for details.

IISI issued new shares in January 2021 as its employees exercised options. Therefore, the Company's ownership interest in IISI decreased. See Note 33(c) for details.

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

Information of the Company's equity transactions with noncontrolling interests for the years ended December 31, 2022 and 2021 were as follows:

	Year Ended December 31, 2022		Chunghwa Not Proportionately Participating in the Capital Increase of CHST
	CHIEF Share-Based Payment	CHTSC Share-Based Payment	
Cash consideration received from noncontrolling interests	\$ 38,677	\$ 35,402	\$ 15,000
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to noncontrolling interests	(16,835)	(30,037)	(9,847)
Differences arising from equity transactions	\$ 21,842	\$ 5,365	\$ 5,153
Line items for equity transaction adjustments			
Additional paid-in capital - arising from changes in equities of subsidiaries	\$ 21,842	\$ 5,365	\$ 5,153

	Year Ended December 31, 2021		HSI Share-Based Payment
	CHIEF Share-Based Payment	CHTSC Share-Based Payment	
Cash consideration received from noncontrolling interests	\$ 29,775	\$ 20,650	\$ 3,654
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to noncontrolling interests	(17,506)	(19,066)	(792)
Differences arising from equity transactions	\$ 12,269	\$ 1,584	\$ 2,862
Line items for equity transaction adjustments			
Additional paid-in capital - arising from changes in equities of subsidiaries	\$ 12,269	\$ 1,584	\$ 2,862

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2022	2021
Investments in associates	\$ 7,146,174	\$ 7,322,842
Investment in joint venture	9,677	9,932
	<u>\$ 7,155,851</u>	<u>\$ 7,332,774</u>
a. Investments in associates		
Investments in associates were as follows:		
		Carrying Amount
		December 31
	2022	2021
Material associate		
Non-listed		
Next Commercial Bank Co., Ltd. ("NCB")	\$ 3,173,309	\$ 3,592,054
Associates that are not individually material		
Listed		
Senao Networks, Inc. ("SNI")	1,395,858	1,077,604
KingwayTek Technology Co., Ltd. ("KWT")	267,125	258,943
Non-listed		
Viettel-CHT Co., Ltd. ("Viettel-CHT")	558,532	447,097
Taiwan International Standard Electronics Co., Ltd. ("TISE")	296,501	347,269
Chunghwa PChome Fund I Co., Ltd. ("CPFI")	277,776	222,491
ST-2 Satellite Ventures Pte., Ltd. ("STS")	246,815	518,165
So-net Entertainment Taiwan Limited ("So-net")	228,184	217,021
WiAdvance Technology Corporation ("WATC")	227,868	253,873
KKBOX Taiwan Co., Ltd. ("KKBOXTW")	173,634	157,524
Taiwan International Ports Logistics Corporation ("TIPL")	101,078	70,121
CHT Infinity Singapore Pte. Ltd. ("CISG")	62,948	54,952
Click Force Co., Ltd. ("CF")	40,932	36,938
Imediac Co., Ltd. ("IME")	40,866	44,565
AgriTalk Technology Inc. ("ATT")	34,738	17,637
Baohwa Trust Co., Ltd. ("BHT")	13,267	-
Cornerstone Ventures Co., Ltd. ("CVC")	6,743	6,588
Alliance Digital Tech Co., Ltd. ("ADT")	-	-
	<u>3,972,865</u>	<u>3,730,788</u>
	<u>\$ 7,146,174</u>	<u>\$ 7,322,842</u>

The percentages of ownership interests and voting rights in associates held by the Company as of balance sheet dates were as follows:

	% of Ownership Interests and Voting Rights	
	December 31, 2022	December 31, 2021
<u>Material associate</u>		
<u>Non-listed</u>		
Next Commercial Bank Co., Ltd. ("NCB")	42	42
<u>Associates that are not individually material</u>		
<u>Listed</u>		
Senao Networks, Inc. ("SNI")	34	34
KingwayTek Technology Co., Ltd. ("KWT")	23	23
<u>Non-listed</u>		
Viettel-CHT Co., Ltd. ("Viettel-CHT")	30	30
Taiwan International Standard Electronics Co., Ltd. ("TISE")	40	40
Chunghwa PCHome Fund I Co., Ltd. ("CPFI")	50	50
ST-2 Satellite Ventures Pte, Ltd. ("STS")	38	38
So-net Entertainment Taiwan Limited ("So-net")	30	30
WiAdvance Technology Corporation ("WATC")	20	20
KKBOX Taiwan Co., Ltd. ("KKBOXTW")	30	30
Taiwan International Ports Logistics Corporation ("TIPL")	27	27
CHT Infinity Singapore Pte. Ltd. ("CISG")	40	40
Click Force Co., Ltd. ("CF")	49	49
Imediac Co., Ltd. ("IME")	7	7
AgriTalk Technology Inc. ("ATT")	29	17
Baoehwa Trust Co., Ltd. ("BHT")	40	-
Cornerstone Ventures Co., Ltd. ("CVC")	49	49
Alliance Digital Tech Co., Ltd. ("ADT")	-	-

Summarized financial information of NCB was set out below:

	December 31, 2022	December 31, 2021
Assets	\$ 33,540,595	\$ 9,197,280
Liabilities	(25,882,268)	(524,813)
Equity	\$ 7,658,327	\$ 8,672,467
The percentage of ownership interest held by the Company	41.90%	41.90%
Equity attributable to the Company	\$ 3,208,839	\$ 3,633,764
Unrealized gain or loss from downstream transactions	(35,530)	(41,710)
The carrying amount of investment	\$ 3,173,309	\$ 3,592,054

	Year Ended December 31, 2022	Year Ended December 31, 2021
Net revenues (losses)	\$ (47,349)	\$ 14,907
Net loss for the year	\$ (1,004,331)	\$ (445,665)
Other comprehensive income	(9,809)	-
Total comprehensive loss for the year	\$ (1,014,140)	\$ (445,665)

Except for NCB, no associate is considered individually material to the Company. Summarized financial information of associates that are not individually material to the Company was as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
The Company's share of profits	\$ 867,821	\$ 606,730
The Company's share of other comprehensive loss	12,873	(5,677)
The Company's share of total comprehensive income	\$ 880,694	\$ 601,053

The Level 1 fair values of associates based on the closing market prices as of the balance sheet dates were as follows:

	December 31, 2022	December 31, 2021
SNI	\$ 3,299,228	\$ 1,699,351
KWT	\$ 804,187	\$ 909,787

The Company originally invested and obtained 17.19% ownership interest in ATT and treated it as a financial asset at FVOCI. However, as the Company obtained one out of three seats of the Board of Directors of ATT in July 2021 and has significant influence over ATT, the Company reclassified it as an associate. The Company subscribed for all the shares in the capital increase of ATT at the price of \$32,175 thousand in November 2022. Therefore, the Company's ownership interest in ATT increased to 29.33% as of December 31, 2022.

The Company invested \$273,800 thousand and obtained 20.33% ownership interest by participating in the capital increase of WATC in March 2021. WATC mainly engages in software solution integration. WATC issued new shares in March 2022 and October 2022 as its employees exercised option. Therefore, the Company's ownership interest in WATC decreased to 20.05% as of December 31, 2022.

STS reduced its capital in April 2022 and the Company received \$340,182 thousand from capital reduction. The Company's ownership interest in STS remained the same.

The Company invested \$20,000 thousand and obtained 40.00% ownership interest in BHT in March 2022. BHT mainly engages in VR integration and AIoT security services.

The Company invested \$55,720 thousand and obtained 40.00% ownership interest in CISG in June 2021. CISG mainly engages in investment business.

The Company's ownership interest in NCB is 41.90%. Although Chunghwa is the single largest stockholder of NCB, it only obtained six out of fifteen seats of the Board of Directors of NCB. In addition, the management considered the size of ownership interest and the dispersion of shares owned by the other stockholders, other holdings are not extremely dispersed. Chunghwa is not able to direct its relevant activities. Therefore, Chunghwa does not have control over NCB and merely has significant influence over NCB and treats it as an associate.

The Company invested and obtained 50% ownership interest in CPFI. However, as the Company has only two out of five seats of the Board of Directors of CPFI and has no control but significant influence over CPFI. Therefore, the Company recognized CPFI as an investment in associate.

The Company invested and obtained 49% ownership interest in CVC. However, as the Company has only two out of five seats of the Board of Directors of CVC and has no control but significant influence over CVC. Therefore, the Company recognized CVC as an investment in associate.

The Company invested and obtained 7.54% ownership interest in IME. The Company originally treated it as a financial asset at FVOCI. However, as the Company obtained one out of five seats of the Board of Directors of IME in August 2021 and has significant influence over IME, the Company reclassified it as an associate. IME issued new shares in December 2021 as its employees exercised options; therefore, the Company's ownership interest in IME decreased to 6.74% as of December 31, 2021.

The Company owns 14% ownership interest in ADT. Considering the seats that the Company controls in the Board of Directors of ADT and the relative size of ownership interest and the dispersion of shares owned by the other stockholders, the Company has significant influence over ADT. ADT completed its liquidation in August 2021. The Company received the liquidation distribution of \$8,519 thousand and recognized gain on disposal of \$3,239 thousand under "other gains and losses" on the consolidated statements of comprehensive income.

The Company's share of profits and other comprehensive income (loss) of associates was recognized based on the audited financial statements.

b. Investment in joint venture

Investment in joint venture was as follows:

Name of Joint Venture	Carrying Amount		% of Ownership Interests and Voting Rights	
	2022	2021	December 31	December 31
Non-listed				
Chunghwa SEA Holdings ("CHT SEA")	\$ 9,677	\$ 9,932	51	51

The Company invested and established a joint venture, CHT SEA, with Delta Electronics, Inc. and Kwang Hsing Industrial Co., Ltd. and obtained 51% ownership interest of CHT SEA. However, according to the mutual agreements among stockholders, the Company does not individually direct CHT SEA's relevant activities and has joint control with the other party; therefore, the Company treated CHT SEA as a joint venture.

The joint venture is not considered individually material to the Company. Summarized financial information of CHT SEA was set out below:

	Year Ended December 31	
	2022	2021
The Company's share of loss	\$ (255)	\$ (268)
The Company's share of other comprehensive income	-	-
The Company's share of total comprehensive loss	\$ (255)	\$ (268)

The Company's share of loss and other comprehensive income of the joint venture was recognized based on the audited financial statements.

15. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2022	2021
Assets used by the Company	\$ 285,328,919	\$ 281,849,188
Assets subject to operating leases	6,198,991	7,251,273
	<u>\$ 291,527,910</u>	<u>\$ 289,100,461</u>

a. Assets used by the Company

	Land	Land Improvements	Buildings	Computer Equipment	Telecommunications Equipment	Transportation Equipment	Miscellaneous Equipment	Construction in Progress - Equipment to be Accepted	Total
Cost									
Balance on January 1, 2021	\$ 101,990,645	\$ 1,630,362	\$ 70,889,578	\$ 12,405,900	\$ 710,775,709	\$ 3,894,243	\$ 10,290,819	\$ 8,529,446	\$ 920,415,952
Additions	-	-	37,437	71,387	83,912	-	188,969	35,222,533	35,613,518
Disposal	-	(1,025)	(29,418)	(173,343)	(27,916,170)	(84,271)	(470,175)	-	(30,214,400)
Effect of foreign exchange differences	-	-	-	-	(64,331)	(889)	(1,643)	(5,366)	(71,594)
Others	65,102	39,291	469,432	135	30,655,202	117,754	782,903	(32,960,143)	215,301
Balance on December 31, 2021	\$ 102,055,747	\$ 1,668,628	\$ 71,359,536	\$ 11,232,686	\$ 713,538,222	\$ 3,927,332	\$ 10,808,873	\$ 10,276,468	\$ 925,538,807
Accumulated depreciation and impairment									
Balance on January 1, 2021	\$ -	\$ (1,249,264)	\$ (29,242,331)	\$ (9,638,967)	\$ (92,545,032)	\$ (1,718,202)	\$ (7,025,836)	\$ -	\$ (166,492,766)
Disposal	-	(43,433)	(1,401,187)	(715,817)	(24,801,813)	(65,024)	(700,648)	-	(27,272,529)
Effect of foreign exchange differences	-	1,025	29,418	1,724,140	27,900,053	(83,646)	466,821	-	30,204,103
Others	-	-	-	(1,269)	30,948	164	934	-	31,912
Balance on December 31, 2021	\$ -	\$ -	\$ (41,530)	\$ (9,633,069)	\$ (66,332,269)	\$ (1,638,270)	\$ (6,256,329)	\$ -	\$ (144,088,419)
Balance on January 1, 2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Balance on December 31, 2021	\$ 102,055,747	\$ 1,668,628	\$ 71,359,536	\$ 11,232,686	\$ 713,538,222	\$ 3,927,332	\$ 10,808,873	\$ 10,276,468	\$ 925,538,807
Balance on January 1, 2021	\$ 102,055,747	\$ 1,668,628	\$ 71,359,536	\$ 11,232,686	\$ 713,538,222	\$ 3,927,332	\$ 10,808,873	\$ 10,276,468	\$ 925,538,807
Balance on December 31, 2021	\$ 102,055,747	\$ 1,668,628	\$ 71,359,536	\$ 11,232,686	\$ 713,538,222	\$ 3,927,332	\$ 10,808,873	\$ 10,276,468	\$ 925,538,807
Balance on January 1, 2021	\$ 102,055,747	\$ 1,668,628	\$ 71,359,536	\$ 11,232,686	\$ 713,538,222	\$ 3,927,332	\$ 10,808,873	\$ 10,276,468	\$ 925,538,807
Balance on December 31, 2021	\$ 102,055,747	\$ 1,668,628	\$ 71,359,536	\$ 11,232,686	\$ 713,538,222	\$ 3,927,332	\$ 10,808,873	\$ 10,276,468	\$ 925,538,807

There was no indication that property, plant and equipment was impaired; therefore, the Company did not recognize any impairment loss for the years ended December 31, 2022 and 2021.

Depreciation expense for assets used by the Company is computed using the straight-line method over the following estimated service lives:

Land improvements	10~30 years
Buildings	
Main buildings	20~60 years
Other building facilities	3~15 years
Computer equipment	2~8 years
Telecommunications equipment	
Telecommunication circuits	2~30 years
Telecommunication machinery and antennas equipment	2~30 years
Transportation equipment	3~10 years
Miscellaneous equipment	
Leasehold improvements	1~9 years
Mechanical and air conditioner equipment	3~16 years
Others	1~15 years

b. Assets subject to operating leases

	Land	Buildings	Total
<u>Cost</u>			
Balance on January 1, 2021	\$ 4,972,920	\$ 4,236,156	\$ 9,209,076
Others	(163,994)	(102,167)	(266,161)
Balance on December 31, 2021	<u>\$ 4,808,926</u>	<u>\$ 4,133,989</u>	<u>\$ 8,942,915</u>
<u>Accumulated depreciation and impairment</u>			
Balance on January 1, 2021	\$ -	\$ (1,615,721)	\$ (1,615,721)
Depreciation expenses	-	(76,959)	(76,959)
Others	-	1,038	1,038
Balance on December 31, 2021	<u>\$ -</u>	<u>\$ (1,691,642)</u>	<u>\$ (1,691,642)</u>
Balance on January 1, 2021, net	<u>\$ 4,972,920</u>	<u>\$ 2,620,435</u>	<u>\$ 7,593,355</u>
Balance on December 31, 2021, net	<u>\$ 4,808,926</u>	<u>\$ 2,442,347</u>	<u>\$ 7,251,273</u>

<u>Cost</u>	
Balance on January 1, 2022	\$ 4,808,926
Additions	196
Others	(432,730)
Balance on December 31, 2022	<u>\$ 4,376,196</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2022	\$ (1,691,642)
Depreciation expenses	(59,475)
Others	388,815
Balance on December 31, 2022	<u>\$ (1,362,302)</u>

(Continued)

	Land	Buildings	Total
Balance on January 1, 2022, net	\$ 4,808,926	\$ 2,442,347	\$ 7,251,273
Balance on December 31, 2022, net	<u>\$ 4,376,196</u>	<u>\$ 1,822,795</u>	<u>\$ 6,198,991</u>
			(Concluded)

The Company leases out land and buildings with lease terms between 1 to 20 years. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The future aggregate lease collection under operating lease for the freehold plant, property and equipment was as follows:

	December 31	
	2022	2021
Year 1	\$ 389,376	\$ 371,380
Year 2	280,705	300,591
Year 3	211,059	210,073
Year 4	176,548	158,541
Year 5	149,434	135,208
Onwards	<u>1,122,237</u>	<u>1,177,460</u>
	\$ 2,329,359	\$ 2,353,253

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

Buildings	
Main buildings	35~60 years
Other building facilities	3~15 years

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Land and buildings		
Handsets base stations	\$ 7,175,277	\$ 6,987,731
Others	1,726,510	1,537,852
Equipment	<u>2,200,762</u>	<u>2,525,353</u>
	\$ 11,102,549	\$ 11,050,936

	Year Ended December 31	
	2022	2021
Additions to right-of-use assets	\$ 4,369,219	\$ 4,669,219
Depreciation charge for right-of-use assets		
Land and buildings		
Handsets base stations	\$ 2,862,478	\$ 2,788,774
Others	770,276	786,645
Equipment	348,963	409,765
	\$ 3,981,717	\$ 3,985,184

Chungghwa entered into a contract with ST-2 Satellite Ventures Pte., Ltd. to lease capacity on the ST-2 satellite. However, certain frequency that ST-2 satellite originally used was transferred for the use of 5G spectrum to the government. Chungghwa evaluated and determined that the recoverable amount of the related right-of-use assets was nil. Therefore, Chungghwa recognized an impairment loss of \$420,590 thousand for the year ended December 31, 2021. The impairment loss was included under "other income and expenses" in the consolidated statement of comprehensive income.

The Company did not have significant sublease or impairment of right-of-use assets for the year ended December 31, 2022. The Company did not have significant sublease of right-of-use assets for the year ended December 31, 2021.

b. Lease liabilities

	December 31	
	2022	2021
Lease liabilities		
Current	\$ 3,338,813	\$ 3,210,564
Noncurrent	7,333,694	7,061,689
	\$ 10,672,507	\$ 10,272,253

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2022	2021
Land and buildings		
Handsets base stations	0.37%-1.71%	0.37%-1.18%
Others	0.37%-9.00%	0.37%-9.00%
Equipment	0.37%-2.99%	0.37%-2.99%

c. Important lease-in activities and terms

The Company mainly enters into lease-in agreements of land and buildings for handsets base stations located throughout Taiwan with lease terms ranging from 1 to 20 years. The lease agreements do not contain bargain purchase options to acquire the assets at the expiration of the respective leases. For majority of the lease-in agreements on handsets base station, the Company has the right to terminate the agreement prior to the expiration date if the Company is unable to build the required telecommunication equipment, either due to legal restrictions, controversial events, or other events.

The Company also leases land and buildings for the use of offices, server rooms, and stores with lease terms from 1 to 30 years. Most of the lease agreements for national land adjust the lease payment according to the changes of the announced land values by the authority. At the expiry of the lease term, the Company does not have bargain purchase options to acquire the assets.

The lease agreements for equipment include a contract between Chungghwa and ST-2 Satellite Ventures Pte., Ltd. to lease capacity on the ST-2 satellite. For the information of lease agreements with related parties, please refer to Note 37 to the consolidated financial statements for details.

d. Other lease information

	Year Ended December 31	
	2022	2021
Expenses relating to low-value asset leases	\$ 8,952	\$ 8,297
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 8,078	\$ 7,462
Total cash outflow for leases	\$ 3,869,421	\$ 3,813,681

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

Lease-out arrangements under operating leases for freehold property, plant, and equipment and investment properties were set out in Notes 15 and 17 to the consolidated financial statements.

17. INVESTMENT PROPERTIES

	Cost	
Balance on January 1, 2021	\$ 10,662,450	
Additions	146	
Balance on December 31, 2021	\$ 10,662,596	
Accumulated depreciation and impairment		
Balance on January 1, 2021	\$ (1,041,128)	
Depreciation expense	(42,259)	
Reversal of impairment loss	83,429	
Balance on December 31, 2021	\$ (999,958)	
Balance on January 1, 2021, net	\$ 9,621,322	
Balance on December 31, 2021, net	\$ 9,662,638	
Cost		
Balance on January 1, 2022	\$ 10,662,596	
Additions	18,333	
Reclassification	99,100	
Balance on December 31, 2022	\$ 10,780,029	

(Continued)

Accumulated depreciation and impairment

Balance on January 1, 2022	\$ (999,958)
Depreciation expense	(43,754)
Reversal of impairment loss	107,467
Reclassification	(39,923)
Balance on December 31, 2022	<u>\$ (976,168)</u>
Balance on January 1, 2022, net	<u>\$ 9,662,638</u>
Balance on December 31, 2022, net	<u>\$ 9,803,861</u>
	(Concluded)

After the evaluation of land and buildings, the Company concluded the recoverable amount which represented the fair value less costs to sell of some land and buildings was higher than the carrying amount. Therefore, the Company recognized reversal of impairment losses of \$107,467 thousand and \$83,429 thousand for the years ended December 31, 2022 and 2021, respectively, and the amounts were recognized only to the extent of impairment losses that had been recognized in prior years. The reversal of impairment loss was included in other income and expenses in the consolidated statements of comprehensive income.

Depreciation expense is computed using the straight-line method over the following estimated service lives:

Land improvements	10~30 years
Buildings	
Main buildings	35~60 years
Other building facilities	4~10 years

The fair values of the Company's investment properties as of December 31, 2022 and 2021 were determined by Level 3 fair value measurements inputs based on the appraisal reports conducted by independent appraisers. Those appraisal reports are based on the comparison approach, income approach or cost approach. Key assumptions and the fair values were as follows:

	December 31 2022	December 31 2021
Fair value	<u>\$ 26,861,591</u>	<u>\$ 25,547,766</u>
Overall capital interest rate	1.31%~4.91%	0.91%~3.05%
Profit margin ratio	8%~20%	8%~20%
Discount rate	-	-
Capitalization rate	0.23%~2.16%	0.53%~2.11%

All of the Company's investment properties are held under freehold interest.

The future aggregate lease collection under operating lease for investment properties is as follows:

	December 31 2022	December 31 2021
Year 1	\$ 118,370	\$ 107,183
Year 2	99,077	82,505
Year 3	89,821	61,629
Year 4	69,934	55,510
		(Continued)

	December 31 2022	December 31 2021
Year 5	\$ 43,608	\$ 38,605
Onwards	<u>149,168</u>	<u>77,626</u>
	<u>\$ 569,978</u>	<u>\$ 423,058</u>
		(Concluded)

18. INTANGIBLE ASSETS

	Mobile Broadband Concession	Computer Software	Goodwill	Others	Total
<u>Cost</u>					
Balance on January 1, 2021	\$ 108,338,000	\$ 3,319,223	\$ 291,206	\$ 392,326	\$ 112,340,755
Additions-acquired separately	-	224,797	-	31,055	255,852
Disposal	-	(342,938)	-	(10,867)	(353,805)
Effect of foreign exchange differences	-	(364)	-	(37)	(401)
Others	-	2,183	-	-	2,183
Balance on December 31, 2021	<u>\$ 108,338,000</u>	<u>\$ 3,202,901</u>	<u>\$ 291,206</u>	<u>\$ 412,477</u>	<u>\$ 112,244,584</u>
<u>Accumulated amortization and impairment</u>					
Balance on January 1, 2021	\$ (19,318,842)	\$ (2,532,910)	\$ (44,926)	\$ (159,517)	\$ (22,056,195)
Amortization expenses	(6,198,911)	(340,298)	-	(29,338)	(6,568,547)
Disposal	-	342,938	-	10,867	353,805
Impairment losses	-	-	(28,698)	(203)	(28,901)
Effect of foreign exchange differences	-	355	-	8	363
Others	-	(26)	-	-	(26)
Balance on December 31, 2021	<u>\$ (25,517,753)</u>	<u>\$ (2,529,941)</u>	<u>\$ (73,624)</u>	<u>\$ (178,183)</u>	<u>\$ (28,299,501)</u>
Balance on January 1, 2021, net	<u>\$ 89,019,158</u>	<u>\$ 786,313</u>	<u>\$ 246,280</u>	<u>\$ 232,809</u>	<u>\$ 90,284,560</u>
Balance on December 31, 2021, net	<u>\$ 82,820,247</u>	<u>\$ 672,960</u>	<u>\$ 217,582</u>	<u>\$ 234,294</u>	<u>\$ 83,945,083</u>
<u>Cost</u>					
Balance on January 1, 2022	\$ 108,338,000	\$ 3,202,901	\$ 291,206	\$ 412,477	\$ 112,244,584
Additions-acquired separately	1,625,431	256,932	-	10,312	1,892,675
Disposal	-	(663,617)	-	(1,008)	(664,625)
Effect of foreign exchange differences	-	167	-	32	199
Others	-	1,452	-	-	1,452
Balance on December 31, 2022	<u>\$ 109,963,431</u>	<u>\$ 2,797,835</u>	<u>\$ 291,206</u>	<u>\$ 421,813</u>	<u>\$ 113,474,285</u>
<u>Accumulated amortization and impairment</u>					
Balance on January 1, 2022	\$ (25,517,753)	\$ (2,529,941)	\$ (73,624)	\$ (178,183)	\$ (28,299,501)
Amortization expenses	(6,294,525)	(309,800)	-	(38,332)	(6,642,657)
Disposal	-	663,617	-	1,008	664,625
Impairment losses	-	-	-	(9,547)	(9,547)
Effect of foreign exchange differences	-	(110)	-	(8)	(118)
Balance on December 31, 2022	<u>\$ (31,812,278)</u>	<u>\$ (2,176,234)</u>	<u>\$ (73,624)</u>	<u>\$ (225,062)</u>	<u>\$ (34,287,198)</u>
Balance on January 1, 2022, net	<u>\$ 82,820,247</u>	<u>\$ 672,960</u>	<u>\$ 217,582</u>	<u>\$ 234,294</u>	<u>\$ 83,945,083</u>
Balance on December 31, 2022, net	<u>\$ 78,151,153</u>	<u>\$ 621,601</u>	<u>\$ 217,582</u>	<u>\$ 196,751</u>	<u>\$ 79,187,087</u>

Chunghwa's Board of Directors approved the acquisition of the 900MHz frequency band and equipment from Asia Pacific Telecom Co., Ltd. in November 2021. The aforementioned tax-excluded transaction amount was \$1,800,113 thousand included in intangible assets-mobile broadband concession and other assets- spare parts. The transaction was approved by the related authority in May 2022 and completed in July 2022.

The concessions are granted and issued by the National Communications Commission ("NCC"). The concession fees are amortized using the straight-line method over the period from the date operations commence through the date the license expires or the useful life, whichever is shorter. The 4G concession fees will be fully amortized by December 2030 and December 2033 and 5G concession fees will be fully amortized by December 2040.

The computer software is amortized using the straight-line method over the estimated useful lives of 1 to 10 years. Other intangible assets are amortized using the straight-line method over the estimated useful lives of 1 to 20 years. Goodwill is not amortized.

SENAO evaluated the goodwill, license agreement and the right of trademark that arose in the acquisition of Youth and its subsidiaries at the end of each year. Due to the competition in the industrial environment, the gross profit margin decreased. SENAO concluded the recoverable amount of the goodwill was lower than the carrying value and recognized impairment loss of \$28,698 thousand for the years ended December 31, 2021. In addition, SENAO concluded the recoverable amount of the license agreement and the right of trademark were lower than the carrying value and recognized impairment loss of \$9,547 thousand and \$203 thousand for the years ended December 31, 2022 and 2021, respectively. The aforementioned impairment losses were included in other income and expenses of consolidated statements of comprehensive income. The recoverable amount of license agreement and right of trademark was measured at the fair value less costs to sell. The fair value was calculated based on asset approach by reference to the net assets value of Youth.

19. OTHER ASSETS

	December 31	
	2022	2021
Spare parts	\$ 3,379,837	\$ 2,836,191
Refundable deposits	1,964,648	1,971,058
Other financial assets	1,000,000	1,000,000
Others	<u>1,916,562</u>	<u>2,034,331</u>
	<u>\$ 8,261,047</u>	<u>\$ 7,841,580</u>
Current		
Spare parts	\$ 3,379,837	\$ 2,836,191
Others	<u>175,586</u>	<u>142,589</u>
	<u>\$ 3,555,423</u>	<u>\$ 2,978,780</u>
Noncurrent		
Refundable deposits	\$ 1,964,648	\$ 1,971,058
Other financial assets	1,000,000	1,000,000
Others	<u>1,740,976</u>	<u>1,891,742</u>
	<u>\$ 4,705,624</u>	<u>\$ 4,862,800</u>

Other financial assets - noncurrent was Piping Fund. As part of the government's effort to upgrade the existing telecommunications infrastructure, Chunghwa and other public utility companies were required by the ROC government to contribute to a Piping Fund administered by the Taipei City Government. This fund was used to finance various telecommunications infrastructure projects. Net assets of this fund will be returned proportionately after the project is completed.

20. HEDGING FINANCIAL INSTRUMENTS

Chunghwa's hedge strategy is to enter into forward exchange contracts - buy to avoid its foreign currency exposure to certain foreign currency denominated equipment payments in the following six months. In addition, Chunghwa's management considers the market condition to determine the hedge ratio and enters into forward exchange contracts with the banks to avoid the foreign currency risk.

Chunghwa signed equipment purchase contracts with suppliers and entered into forward exchange contracts to avoid foreign currency risk exposure to Euro-denominated purchase commitments. Those forward exchange contracts were designated as cash flow hedges. When forecast purchases actually take place, basis adjustments are made to the initial carrying amounts of hedged items.

For the hedges of highly probable forecast sales and purchases, as the critical terms (i.e. the notional amount, life and underlying) of the forward foreign exchange contracts and their corresponding hedged items are the same, the Company performs a qualitative assessment of effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying exchange rates.

The main source of hedge ineffectiveness in these hedging relationships is the effect of credit risks of the Company and the counterparty on the fair value of the forward exchange contracts. Such credit risks do not impact the fair value of the hedged item attributable to changes in foreign exchange rates. No other sources of ineffectiveness emerged from these hedging relationships.

The following tables summarized the information relating to the hedges for foreign currency risk.

December 31, 2022

Hedging Instruments	Currency	Notional Amount (In Thousands)	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount		Change in Fair Values of Values of Hedging Instruments Used for Calculating Hedge Ineffectiveness
						Asset	Liability	
Cash flow hedge - Forecast purchases - forward exchange contracts	NT\$/EUR	NT\$/423,024 /EUR 13,350	2023.03	\$ 31.69	Hedging financial assets (liabilities)	\$ 12,891	\$ -	\$ 21,177
Change in Value of Hedged Item Used for Calculating Hedge Ineffectiveness								
						Accumulated Gain or Loss on Hedging Instruments in Other Equity		
						Continuing Hedges	Accounting no Longer Applied	
Hedged Items								
Cash flow hedge								
Forecast equipment purchases						\$ (21,177)	\$ 12,891	\$ -

December 31, 2021

Hedging Instruments	Currency	Notional Amount (In Thousands)	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount Asset	Liability	Change in Fair Values of Hedging Instruments Used for Calculating Hedge Ineffectiveness
Cash flow hedge Forecast purchases - forward exchange contracts	NTS/EUR	NTS 227,780/ EUR 7,000	2022.03	\$ 32.54	Hedging financial assets (liabilities)	\$ -	\$ 8,286	\$(10,038)

Change in Value of Hedged Item Used for Calculating Hedge Ineffectiveness	Accumulated Gain or Loss on Hedging Instruments in Other Equity	Continuing Hedges	Hedge Accounting no Longer Applied

Hedged Items

Cash flow hedge
Forecast equipment purchases
Year ended December 31, 2022

Hedge Transaction	Comprehensive Income			Reclassification from Equity to Assets and the Adjusted Line Item		
	Hedging Gain or Loss Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Which Hedge Ineffectiveness is Included	Amount Reclassified to Assets and the Adjusted Line Item	Due to Hedged Future Cash Flows No Longer Expected to Occur	
Cash flow hedge Forecast equipment purchases	\$ 21,177	\$ -	-	\$ 6,273 Construction in progress and equipment to be accepted	\$ - Other gains and losses	-

Year ended December 31, 2021

Hedge Transaction	Comprehensive Income			Reclassification from Equity to Assets and the Adjusted Line Item		
	Hedging Gain or Loss Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Which Hedge Ineffectiveness is Included	Amount Reclassified to Assets and the Adjusted Line Item	Due to Hedged Future Cash Flows No Longer Expected to Occur	
Cash flow hedge	\$ (10,038)	\$ -	-	\$ (42,574)	\$ -	
Forecast equipment purchases				Construction in progress and equipment to be accepted	Other gains and losses	

21. SHORT-TERM LOANS

	December 31	2021
	2022	
Unsecured bank loans	\$ 722,000	\$ 65,000

The annual interest rates of bank loans were as follows:

	December 31	2021
	2022	
Unsecured bank loans	1.30%~3.19%	1.97%~2.43%

22. LONG-TERM LOANS

	December 31	2021
	2022	
Secured bank loans (Note 38)	\$ 1,600,000	\$ 1,600,000

The annual interest rates of bank loans were as follows:

	December 31	2021
	2022	
Secured bank loans	1.80%	0.89%

LED obtained a secured loan from Chang Hwa Bank in September 2010. Interest is paid monthly. \$300,000 thousand and \$1,350,000 thousand were originally due in December 2014 and September 2015, respectively. In October 2014, the bank borrowing mentioned above was extended to September 2018 for one time repayment. LED made an early repayment of \$50,000 thousand in April 2015. LED entered into a contract with Chang Hwa Bank to renew the contract upon the maturity of the aforementioned contract in December 2017 and the due date of the renewed contract is September 2021. Furthermore, LED entered into another contract with Chang Hwa Bank to renew the contract upon the maturity of the aforementioned contract in August 2021 and the due date of the renewed contract is September 2024.

23. BONDS PAYABLE

	December 31	2021
	2022	
Unsecured domestic bonds	\$ 30,500,000	\$ 27,000,000
Less: Discounts on bonds payable	(22,643)	(23,325)
	\$ 30,477,357	\$ 26,976,675

The major terms of unsecured domestic bonds issued by Chunghwa were as follows:

Issuance	Tranche	Issuance Period	Total Amount	Coupon Rate	Repayment and Interest Payment
2020-1	A	July 2020 to July 2025	\$ 8,800,000	0.50%	One-time repayment upon maturity; interest payable annually
2021-1	B	July 2020 to July 2027	7,500,000	0.54%	The same as above
	C	July 2020 to July 2030	3,700,000	0.59%	The same as above
	A	April 2021 to April 2026	1,900,000	0.42%	The same as above
	B	April 2021 to April 2028	4,100,000	0.46%	The same as above
2022-1 (Sustainable Bond)	C	April 2021 to April 2031	1,000,000	0.50%	The same as above
	-	March 2022 to March 2027	3,500,000	0.69%	The same as above

24. TRADE NOTES AND ACCOUNTS PAYABLE

	December 31	2021
	2022	
Trade notes and accounts payable	\$ 16,428,856	\$ 18,063,288

Trade notes and accounts payable were attributable to operating activities and the trading conditions were agreed separately.

25. OTHER PAYABLES

	December 31	2021
	2022	
Accrued salary and compensation	\$ 10,409,299	\$ 10,125,732
Payables to contractors	2,571,376	3,014,677
Accrued compensation to employees and remuneration to directors and supervisors	2,143,523	1,997,277
Amounts collected for others	1,596,341	1,426,443
Payables to equipment suppliers	1,278,738	1,153,550
Accrued maintenance costs	1,060,534	1,010,892
Others	6,020,149	5,708,137
	\$ 25,079,960	\$ 24,436,708

26. PROVISIONS

	December 31	2021
	2022	
Warranties	\$ 235,308	\$ 213,537
Onerous contracts	95,201	146,541
Employee benefits	64,776	62,833
Others	3,767	3,767
	\$ 399,052	\$ 426,678

(Continued)

	December 31	
	2022	2021
Current	\$ 226,019	\$ 284,813
Noncurrent	173,033	141,865
	\$ 399,052	\$ 426,678
		(Concluded)
Balance on January 1, 2021	\$ 182,431	\$ 170,433
Additional / (reversal of) provisions recognized	102,475	(23,892)
Used / forfeited during the year	(71,367)	-
Effect of foreign exchange differences	(2)	-
Balance on December 31, 2021	\$ 213,537	\$ 146,541
Balance on January 1, 2022	\$ 213,537	\$ 146,541
Additional / (reversal of) provisions recognized	107,714	(51,340)
Used / forfeited during the year	(85,953)	-
Effect of foreign exchange differences	10	-
Balance on December 31, 2022	\$ 235,308	\$ 95,201
	\$ 64,776	\$ 3,767
	\$ 399,052	\$ 426,678

a. The provision for warranty claims represents the present value of the management's best estimate of the future outflow of economic benefits that will be required under the Company's obligation for warranties in sales agreements. The estimate has been made based on historical warranty experience.

b. The provision for employee benefits represents vested long-term service compensation accrued.

c. The provision for onerous contracts represents the present obligation resulting from the measurement for the unavoidable costs of meeting the Company's contractual obligations exceed the economic benefits expected to be received from the contracts.

27. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The pension plan under the Labor Pension Act of ROC (the "LPA") is considered as a defined contribution plan. Based on the LPA, Chunghwa and its domestic subsidiaries make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Its foreign subsidiaries would make monthly contributions based on the local pension requirements.

b. Defined benefit plans

Chunghwa completed its privatization plans on August 12, 2005. Chunghwa is required to pay all accrued pension obligations including service clearance payment, lump sum payment under civil service plan, additional separation payments, etc. upon the completion of the privatization in accordance with the Statute Governing Privatization of Stated-owned Enterprises. After paying all pension obligations for privatization, the plan assets of Chunghwa should be transferred to the Fund for Privatization of Government-owned Enterprises (the "Privatization Fund") under the Executive

Yuan. On August 7, 2006, Chungghwa transferred the remaining balance of fund to the Privatization Fund. However, according to the instructions of MOTC, Chungghwa was requested to administer the distributions to employees for pension obligations including service clearance payment, lump sum payment under civil service plan, additional separation payments, etc. upon the completion of the privatization and recognized in other current monetary assets.

Chungghwa and its subsidiaries SENAO, CHIEF, CHSI, SHE, IISI and UTC with the pension mechanism under the Labor Standards Law in the ROC are considered as defined benefit plans. These pension plans provide benefits based on an employee's length of service and average six-month salary prior to retirement. Chungghwa and its subsidiaries contribute an amount no more than 15% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the names of the Committees in the Bank of Taiwan. The plan assets are held in a commingled fund which is operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the funds. According to the Article 56 of the Labor Standards Law in the ROC, entities are required to contribute the difference in one appropriation to their pension funds before the end of next March when the balance of the Funds is insufficient to pay the eligible employees who meet the retirement criteria in the following year.

The amounts included in the consolidated balance sheets arising from the Company's obligation in respect of its defined benefit plans were as follows:

	2022	2021
Present value of funded defined benefit obligations	\$ 33,599,272	\$ 35,501,968
Fair value of plan assets	(36,579,769)	(36,605,382)
Funded status - surplus	<u>\$ (2,980,497)</u>	<u>\$ (1,103,414)</u>
Net defined benefit liabilities	\$ 2,285,224	\$ 2,287,663
Net defined benefit assets	<u>(5,265,721)</u>	<u>(3,391,077)</u>
	<u>\$ (2,980,497)</u>	<u>\$ (1,103,414)</u>

Movements in the defined benefit obligations and the fair value of plan assets were as follows:

	Present Value of Funded Defined Benefit Obligations	Fair Value of Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance on January 1, 2021	\$ 39,536,563	\$ 39,493,787	\$ 42,776
Current service cost	1,253,241	-	1,253,241
Interest expense / interest income	189,488	195,225	(5,737)
Amounts recognized in profit or loss	<u>1,442,729</u>	<u>195,225</u>	<u>1,247,504</u>
Remeasurement on the net defined benefit liability			
Return on plan assets (excluding amounts included in net interest)	-	500,851	(500,851)
Actuarial gain recognized from changes in demographic assumptions	(433,952)	-	(433,952)
			(Continued)

	Present Value of Funded Defined Benefit Obligations	Fair Value of Plan Assets	Net Defined Benefit Liabilities (Assets)
Actuarial loss recognized from experience adjustments	\$ 544,362	\$ -	\$ 544,362
Amounts recognized in other comprehensive income	110,410	500,851	(390,441)
Contributions from employer	-	1,727,329	(1,727,329)
Benefits paid	(5,311,810)	(5,311,810)	-
Benefits paid directly by the Company	(275,924)	-	(275,924)
Balance on December 31, 2021	35,501,968	36,605,382	(1,103,414)
Current service cost	1,085,437	-	1,085,437
Interest expense / interest income	170,797	181,249	(10,452)
Amounts recognized in profit or loss	<u>1,256,234</u>	<u>181,249</u>	<u>1,074,985</u>
Remeasurement on the net defined benefit liability			
Return on plan assets (excluding amounts included in net interest)	-	2,968,012	(2,968,012)
Actuarial loss recognized from changes in financial assumptions	208,369	-	208,369
Actuarial loss recognized from experience adjustments	<u>1,606,067</u>	<u>-</u>	<u>1,606,067</u>
Amounts recognized in other comprehensive income	1,814,436	2,968,012	(1,153,576)
Contributions from employer	-	1,554,804	(1,554,804)
Benefits paid	(4,729,678)	(4,729,678)	-
Benefits paid directly by the Company	(243,688)	-	(243,688)
Balance on December 31, 2022	<u>\$ 33,599,272</u>	<u>\$ 36,579,769</u>	<u>\$ (2,980,497)</u>
			(Concluded)

Relevant pension costs recognized in profit and loss for defined benefit plans were as follows:

	Year Ended December 31 2022	2021
Operating costs	\$ 564,616	\$ 724,943
Marketing expenses	360,415	366,925
General and administrative expenses	86,182	80,248
Research and development expenses	<u>36,595</u>	<u>44,362</u>
	<u>\$ 1,047,808</u>	<u>\$ 1,216,478</u>

The Company is exposed to following risks for the defined benefits plans under the Labor Standards Law in the ROC:

a. Investment risk

Under the Labor Standards Law in the ROC, the rate of return on assets shall not be lower than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return. The plan assets are held in a commingled fund mainly invested in foreign and domestic equity and debt securities and bank deposits which is operated and managed by the government's designated

authorities; as such, the Company does not have any right to intervene in the investments of the funds.

b. Interest rate risk

The decline in government bond interest rate will increase the present value of the obligation on the defined benefit plan, while the return on plan assets will increase. The net effect on the present value of the obligation on defined benefit plan is partially offset by the return on plan assets.

c. Salary risk

The calculation of the present value of defined benefit obligations is referred to the plan participants' future salary. Hence, the increase in plan participants' salary will increase the present value of the defined benefit obligations.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligations were carried out by the independent actuary.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Measurement Date	
	December 31	2021
Discount rates	1.25%	0.50%
Expected rates of salary increase	1.00%-2.25%	1.00%-2.25%

If reasonably possible changes of the respective significant actuarial assumptions occur at the end of reporting periods, while holding all other assumptions constant, the present values of the defined benefit obligations would increase (decrease) as follows:

	December 31	
	2022	2021
Discount rates		
0.5% increase	\$ (995,704)	\$ (1,073,185)
0.5% decrease	\$ 1,055,779	\$ 1,139,142
Expected rates of salary increase		
0.5% increase	\$ 1,129,812	\$ 1,217,115
0.5% decrease	\$ (1,075,216)	\$ (1,157,095)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There is no change in the methods and assumptions used in preparing the sensitivity analysis from the previous period.

	December 31	
	2022	2021
The expected contributions to the plan for the next year	\$ 1,542,033	\$ 1,681,091
The average duration of the defined benefit obligations	6.2~11 years	6.3~12 years

As of December 31, 2022, the Company's maturity analysis of the undiscounted benefit payments was as follows:

Year	Amount
2023	\$ 2,673,046
2024	6,184,201
2025	9,312,821
2026	10,556,293
2027 and thereafter	36,622,841
	<u>\$ 65,349,202</u>

28. EQUITY

a. Share capital

1) Common stocks

	December 31	
	2022	2021
Number of authorized shares (thousand)	12,000,000	12,000,000
Authorized shares	\$ 120,000,000	\$ 120,000,000
Number of issued and paid shares (thousand)	7,757,447	7,757,447
Issued shares	\$ 77,574,465	\$ 77,574,465

Each issued common stock with par value of \$10 is entitled the right to vote and receive dividends.

2) Global depositary receipts

The MOTC and some stockholders sold some common stocks of Chungghwa in an international offering of securities in the form of American Depositary Shares ("ADS") (one ADS represents 10 common stocks) in July 2003, August 2005, and September 2006. The ADSs were traded on the New York Stock Exchange since July 17, 2003. As of December 31, 2022, the outstanding ADSs were 195,211 thousand common stocks, which equaled 19,521 thousand units and represented 2.52% of Chungghwa's total outstanding common stocks.

The ADS holders generally have the same rights and obligations as other common stockholders, subject to the provision of relevant laws. The exercise of such rights and obligations shall comply with the related regulations and deposit agreement, which stipulate, among other things, that ADS holders are entitled to, through deposit agents:

- Exercise their voting rights,
- Sell their ADSs, and
- Receive dividends declared and subscribe to the issuance of new shares.

b. Additional paid-in capital

The adjustments of additional paid-in capital for the years ended December 31, 2022 and 2021 were as follows:

	Share Premium	Movements of Additional Paid-in Capital for Associates and Joint Ventures	Movements of Additional Paid-in Capital Arising from Changes in Equity of Subsidiaries	Difference Between Carrying Amount and the Subsidiaries' Net Assets upon Disposal	Donated Capital	Stockholders' Contribution due to Privatization	Total
Balance on January 1, 2021	\$ 147,329,386	\$ 186,828	\$ 2,087,957	\$ 987,611	\$ 21,519	\$ 20,648,078	\$ 171,261,379
Unclaimed dividend	-	-	-	-	1,968	-	1,968
Change in additional paid-in capital from investments in associates and joint ventures accounted for using equity method	-	(437)	-	-	-	-	(437)
Share-based payment	-	-	-	-	-	-	-
Share-based payment for subsidiaries	-	-	-	-	-	-	-
Balance on December 31, 2021	<u>147,329,386</u>	<u>186,391</u>	<u>2,087,957</u>	<u>987,611</u>	<u>23,487</u>	<u>20,648,078</u>	<u>171,279,625</u>
Unclaimed dividend	-	-	-	-	1,632	-	1,632
Change in additional paid-in capital from investments in associates and joint ventures accounted for using equity method	-	(12,719)	-	-	-	-	(12,719)
Change in additional paid-in capital for not proportionately participating subsidiaries	-	-	-	-	-	-	-
Share-based payment	-	-	-	-	-	-	-
Share-based payment transactions of subsidiaries	-	-	-	-	-	-	-
Balance on December 31, 2022	<u>\$ 147,329,386</u>	<u>\$ 173,672</u>	<u>\$ 2,137,032</u>	<u>\$ 987,611</u>	<u>\$ 25,119</u>	<u>\$ 20,648,078</u>	<u>\$ 171,300,898</u>

Additional paid-in capital from share premium, donated capital and the difference between consideration received and the carrying amount of the subsidiaries' net assets upon disposal may be utilized to offset deficits. Furthermore, when Chunghwa has no deficit, it may be distributed in cash or capitalized, which however is limited to a certain percentage of Chunghwa's paid-in capital except the additional paid-in capital arising from unclaimed dividend can only be utilized to offset deficits.

The additional paid-in capital from movements of paid-in capital arising from changes in equities of subsidiaries may only be utilized to offset deficits.

Among additional paid-in capital from movements of investments in associates and joint ventures accounted for using equity method, the portion arising from the difference between consideration received and the carrying amount of the subsidiaries' net assets upon disposal may be utilized to offset deficits; furthermore, when the Company has no deficit, it may be distributed in cash or capitalized. However, other additional paid-in capital recognized in proportion of share ownership may only be utilized to offset deficits.

c. Retained earnings and dividends policy

In accordance with the Chunghwa's Articles of Incorporation, Chunghwa must pay all outstanding taxes, offset deficits in prior years and set aside a legal reserve equal to 10% of its net income before distributing a dividend or making any other distribution to stockholders, except when the accumulated amount of such legal reserve equals to Chunghwa's total issued capital, and depending on its business needs or requirements, may also set aside or reverse special reserves. No less than 50% of the remaining earnings comprising remaining balance of net income, if any, plus cumulative undistributed earnings shall be distributed as stockholders' dividends, of which cash dividends to be distributed shall not be less than 50% of the total amount of dividends to be distributed. If cash dividend to be distributed is less than \$0.10 per share, such cash dividend shall be distributed in the form of common stocks.

The Company should appropriate a special reserve when the net amount of other equity items is negative at the end of reporting period upon the earnings distribution. Distributions can be made out of any subsequent reversal of the debit to other equity items.

The appropriation for legal reserve shall be made until the accumulated reserve equals the aggregate par value of the outstanding capital stock of Chunghwa. This reserve can only be used to offset a deficit, or when the legal reserve has exceeded 25% of Chunghwa's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of the 2021 and 2020 earnings of Chunghwa approved by the stockholders in their meetings on May 27, 2022 and August 20, 2021, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For Fiscal Year 2021	For Fiscal Year 2020	For Fiscal Year 2021	For Fiscal Year 2020
Special reserve	\$ 408,150	\$ -	-	\$ 4,608
Cash dividends	35,746,314	33,403,565	\$ 4.608	\$ 4.306

The appropriations of earnings for 2022 had been proposed by Chunghwa's Board of Directors on February 24, 2023. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Reversal of special reserve	\$ 185,066	-
Cash dividends	36,475,514	\$ 4.702

The appropriations of earnings for 2022 are subject to the resolution of the stockholders' meeting planned to be held on May 26, 2023. Information of the appropriation of Chunghwa's earnings proposed by the Board of Directors and approved by the stockholders is available on the Market Observation Post System website.

d. Others

1) Exchange differences arising from the translation of the foreign operations

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

2) Unrealized gain or loss on financial assets at FVOCI

	Year Ended December 31	
	2022	2021
Beginning balance	\$ -	\$ 1,239,901
Unrealized gain or loss for the year	(7,588)	(11,878,36)
Equity instruments	(111,551)	-
Share of loss of associates and joint ventures accounted for using equity method	(5,739)	-
Transferred accumulated gain or loss to unappropriated earnings resulting from the disposal of equity instruments (Note 8)	116	(59,653)
Ending balance	<u>\$ (124,762)</u>	<u>\$ (7,588)</u>

e. Noncontrolling interests

	Year Ended December 31 2022	2021
Beginning balance	\$ 11,927,604	\$ 11,327,441
Shares attributed to noncontrolling interests		
Net income for the year	1,522,882	1,441,300
Exchange differences arising from the translation of the foreign operations	20,710	602
Unrealized gain or loss on financial assets at FVOCI	(25,012)	1,987
Remeasurements of defined benefit pension plans	24,040	(5,426)
Income tax relating to remeasurements of defined benefit pension plans	(4,808)	1,085
Share of other comprehensive income of associates and joint ventures accounted for using equity method	5,867	351
Cash dividends distributed by subsidiaries	(1,053,240)	(896,335)
Changes in additional paid-in capital from investments in associates and joint ventures accounted for using equity method	(1,491)	(136)
Share-based payment transactions of subsidiaries	62,385	56,735
Change in additional paid-in capital for not proportionately participating in the capital increase of subsidiaries	9,847	-
Net increase in noncontrolling interests	110,757	-
Ending balance	<u>\$ 12,599,541</u>	<u>\$ 11,927,604</u>

29. REVENUES

Revenue from contracts with customers	\$ 214,497,968	\$ 208,412,156
Other revenues		
Government grants income	1,030,506	1,037,057
Rental income	1,021,709	863,719
Others	189,051	165,016
	<u>2,241,266</u>	<u>2,065,792</u>
	<u>\$ 216,739,234</u>	<u>\$ 210,477,948</u>

For the information of performance obligations related to customer contracts, please refer to Note 3 Summary of Significant Accounting Policies for details.

a. Disaggregation of revenue

Please refer to Note 43 Segment Information for details.

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Trade notes and accounts receivable (Note 9)	<u>\$ 24,672,473</u>	<u>\$ 23,947,107</u>	<u>\$ 22,621,902</u>
Contract assets			
Products and service bundling	\$ 7,955,689	\$ 7,197,206	\$ 7,232,134
Others	1,255,584	982,688	612,206
Less: Loss allowance	(19,129)	(18,080)	(17,792)
	<u>\$ 9,192,144</u>	<u>\$ 8,161,814</u>	<u>\$ 7,826,548</u>
Current	\$ 6,055,343	\$ 5,554,070	\$ 5,331,246
Noncurrent	<u>3,136,801</u>	<u>2,607,744</u>	<u>2,495,302</u>
	<u>\$ 9,192,144</u>	<u>\$ 8,161,814</u>	<u>\$ 7,826,548</u>
Contract liabilities			
Telecommunications business	\$ 14,081,316	\$ 13,143,598	\$ 13,601,662
Project business	6,586,384	5,435,268	6,686,561
Products and service bundling	8,559	4,168	16,404
Others	<u>388,275</u>	<u>491,298</u>	<u>421,166</u>
	<u>\$ 21,064,534</u>	<u>\$ 19,074,332</u>	<u>\$ 20,725,793</u>
Current	\$ 13,390,439	\$ 12,234,276	\$ 13,436,706
Noncurrent	<u>7,674,095</u>	<u>6,840,056</u>	<u>7,289,087</u>
	<u>\$ 21,064,534</u>	<u>\$ 19,074,332</u>	<u>\$ 20,725,793</u>

The changes in the contract asset and the contract liability balances primarily result from the timing difference between the satisfaction of performance obligations and the payments collected from customers. Significant changes of contract assets and liabilities recognized resulting from product and service bundling were as follows:

	Year Ended December 31 2022	2021
Contract assets		
Net increase of customer contracts	\$ 6,933,294	\$ 6,034,998
Reclassified to trade receivables	<u>(6,148,501)</u>	<u>(6,039,413)</u>
	<u>\$ 784,793</u>	<u>\$ (4,415)</u>
Contract liabilities		
Net increase of customer contracts	\$ 9,161	\$ 162
Recognized as revenues	<u>(4,770)</u>	<u>(12,398)</u>
	<u>\$ 4,391</u>	<u>\$ (12,236)</u>

The Company applies the simplified approach to recognize expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for receivables. Contract assets will be reclassified to trade receivables when the corresponding invoice is billed to the client. Contract assets have substantially the same risk characteristics as the trade receivables of the same types of contracts. Therefore, the Company concluded that the expected loss rates for trade receivables can be applied to the contract assets.

Revenue recognized for the year that was included in the contract liability at the beginning of the year was as follows:

	Year Ended December 31	2021
	2022	
Telecommunications business	\$ 6,625,564	\$ 5,952,356
Project business	4,066,613	4,630,103
Others	<u>440,093</u>	<u>430,982</u>
	<u>\$ 11,132,270</u>	<u>\$ 11,013,441</u>

c. Incremental costs of obtaining contracts

Noncurrent

Incremental costs of obtaining contracts

	\$ 979,914	\$ 987,656

The Company considered the past experience and the default clauses in the telecommunications service contracts and believes the commissions and equipment subsidies paid for obtaining such contracts are expected to be recoverable; therefore, such costs were capitalized. Amortization expenses for the years ended December 31, 2022 and 2021 were \$840,553 thousand and \$815,241 thousand, respectively.

d. Remaining Performance Obligations

As of December 31, 2022, the aggregate amount of transaction price allocated to performance obligations for non-cancellable telecommunications service contracts that are unsatisfied is \$31,247,091 thousand. The Company recognizes revenue when service is provided over contract terms. The Company expects to recognize such revenue of \$18,976,104 thousand, \$9,516,800 thousand and \$2,754,187 thousand in 2023, 2024 and 2025, respectively. The variable consideration collected from customers on nonrecurring basis resulting from exceeded usage from monthly fee and revenue recognized for contracts that the Company has a right to consideration from customers in the amount corresponding directly with the value to the customers of the Company's performance completed to date have been excluded from the disclosure of remaining performance obligations.

As of December 31, 2022, the aggregate amount of transaction price allocated to performance obligations for non-cancellable project business contracts that are unsatisfied is \$25,007,150 thousand. The Company recognizes revenues when the project business contract is completed and accepted by customers. The Company expects to recognize such revenue of \$9,373,665 thousand, \$6,447,143 thousand and \$9,186,342 thousand in 2023, 2024 and 2025, respectively. Project business contracts whose expected duration are less than a year have been excluded from the aforementioned disclosure.

30. NET INCOME

a. Other income and expenses

	Year Ended December 31	2021
	2022	
Loss on disposal of property, plant and equipment, net	\$ (4,907)	\$ (3,349)
Impairment loss on right-of-use assets	-	(420,590)
Reversal of impairment loss on investment properties	107,467	83,429
Impairment loss on intangible assets	<u>(9,547)</u>	<u>(28,901)</u>
	<u>\$ 93,013</u>	<u>\$ (369,411)</u>

b. Other income

	Year Ended December 31	2021
	2022	
Dividend income	\$ 157,465	\$ 154,008
Rental income	78,089	69,669
Others	<u>132,969</u>	<u>154,143</u>
	<u>\$ 368,523</u>	<u>\$ 377,820</u>

c. Other gains and losses

	Year Ended December 31	2021
	2022	
Valuation gain (loss) on financial assets and liabilities at fair value through profit or loss, net	\$ (205,805)	\$ 243,381
Foreign currency exchange gain or loss, net	(185,243)	229,502
Gain on disposal of investments accounted for using equity method, net	-	3,239
Gain on disposal of financial instruments, net	726	353
Others	<u>(13,462)</u>	<u>(15,645)</u>
	<u>\$ (403,784)</u>	<u>\$ 460,830</u>

d. Interest expenses

	Year Ended December 31	2021
	2022	
Interest on bonds payable	\$ 161,427	\$ 131,635
Interest on lease liabilities	75,426	68,973
Interest paid to financial institutions	25,830	16,587
Others	<u>55</u>	<u>976</u>
	<u>\$ 262,738</u>	<u>\$ 218,171</u>

e. Impairment loss (reversal of impairment loss)

	Year Ended December 31	2021
	2022	
Contract assets	\$ 1,049	\$ 288
Trade notes and accounts receivable	\$ 108,746	\$ 122,911
Other receivables	\$ 7,275	\$ 19,792
Inventories	\$ 34,167	\$ 206,824
Right-of-use assets	\$ -	\$ 420,590
Investment properties	\$ (107,467)	\$ (83,429)
Intangible assets	\$ 9,547	\$ 28,901

f. Depreciation and amortization expenses

	Year Ended December 31	2021
	2022	
Property, plant and equipment	\$ 28,760,055	\$ 27,804,883
Right-of-use assets	3,981,717	3,985,184
Investment properties	43,754	42,259
Intangible assets	6,642,657	6,568,547
Incremental costs of obtaining contracts	840,553	815,241
Total depreciation and amortization expenses	\$ 40,268,736	\$ 39,216,114
Depreciation expenses summarized by functions		
Operating costs	\$ 30,734,623	\$ 30,020,758
Operating expenses	2,050,903	1,811,568
	\$ 32,785,526	\$ 31,832,326
Amortization expenses summarized by functions		
Operating costs	\$ 7,285,987	\$ 7,171,851
Marketing expenses	76,209	92,823
General and administrative expenses	71,127	75,331
Research and development expenses	49,887	43,783
	\$ 7,483,210	\$ 7,383,788

g. Employee benefit expenses

	Year Ended December 31	2021
	2022	
Post-employment benefit		
Defined contribution plans	\$ 862,200	\$ 783,762
Defined benefit plans	1,047,808	1,216,478
	1,910,008	2,000,240
Share-based payment		
Equity-settled share-based payment	15,513	19,371
Other employee benefit (Note)	43,746,874	42,653,703
Total employee benefit expenses	\$ 45,672,395	\$ 44,673,314

(Continued)

Year Ended December 31

	2022	2021
Summary by functions		
Operating costs	\$ 21,857,680	\$ 22,734,259
Operating expenses	23,814,715	21,939,055
	\$ 45,672,395	\$ 44,673,314
		(Concluded)

Note: Other employee benefit mainly includes salaries, compensation and labor and health insurance expenses, etc.

Chunghwa distributes employees' compensation at the rates from 1.7% to 4.3% and remuneration to directors not higher than 0.17%, respectively, of pre-tax income. As of December 31, 2022, the payables of the employees' compensation and the remuneration to directors were \$1,498,374 thousand and \$39,480 thousand, respectively. Such amounts have been approved by the Chunghwa's Board of Directors on February 24, 2023 and will be reported to the stockholders in their meeting planned to be held on May 26, 2023.

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

The compensation to the employees and remuneration to the directors of 2021 and 2020 approved by the Board of Directors on February 23, 2022 and 2021, respectively, were as follows:

	Cash	
	2021	2020
Compensation distributed to the employees	\$ 1,429,000	\$ 1,202,448
Remuneration paid to the directors	38,552	35,803

There was no difference between the initial accrued amounts recognized in 2021 and 2020 and the amounts approved by the Board of Directors in 2022 and 2021 of the aforementioned compensation to employees and the remuneration to directors.

Information of the appropriation of Chunghwa's employees compensation and remuneration to directors and those approved by the Board of Directors is available on the Market Observation Post System website.

31. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	Year Ended December 31	2021
	2022	
Current tax		
Current tax expenses recognized for the year	\$ 8,863,349	\$ 8,490,402
Income tax on unappropriated earnings	31,209	32,728

(Continued)

	Year Ended December 31	
	2022	2021
Income tax adjustments on prior years	\$ (141,850)	\$ (150,719)
Others	<u>7,123</u>	<u>6,842</u>
	<u>8,759,831</u>	<u>8,379,253</u>
Deferred tax		
Deferred tax expenses recognized for the year	318,191	489,181
Income tax adjustments on prior years	<u>150,889</u>	<u>3,311</u>
	<u>469,080</u>	<u>492,492</u>
Income tax recognized in profit or loss	<u>\$ 9,228,911</u>	<u>\$ 8,871,745</u>
		(Concluded)

Reconciliation of accounting profit and income tax expense was as follows:

	Year Ended December 31	
	2022	2021
Income before income tax	<u>\$ 47,228,950</u>	<u>\$ 46,066,624</u>
Income tax expense calculated at the statutory rate	\$ 9,445,790	\$ 9,213,325
Nondeductible income and expenses in determining taxable income	(19,903)	7,809
Tax-exempt income	(8,050)	(30,181)
Income tax on unappropriated earnings	31,209	32,728
Investment credits	(206,815)	(217,318)
Effect of different tax rates of group entities operating in other jurisdictions	(30,878)	(10,374)
Income tax adjustments on prior years	<u>9,039</u>	<u>(147,408)</u>
Others	<u>8,519</u>	<u>23,164</u>
Income tax expense recognized in profit or loss	<u>\$ 9,228,911</u>	<u>\$ 8,871,745</u>

The applicable tax rate used by the entities subject to the Income Tax Act of the Republic of China is 20%, while the applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other entities of the Company operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax recognized in other comprehensive income

	Year Ended December 31	
	2022	2021
Deferred tax		
Remeasurement on defined benefit pension plans	<u>\$ 230,715</u>	<u>\$ 78,088</u>

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax assets		
Tax refund receivable (included in other current assets - others)	<u>\$ 1,553</u>	<u>\$ 4,532</u>
Current tax liabilities		
Income tax payable	<u>\$4,956,465</u>	<u>\$4,593,458</u>

d. Deferred income tax assets and liabilities

The movements of deferred income tax assets and liabilities were as follows:

For the year ended December 31, 2022

	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
<u>Deferred income tax assets</u>				
Temporary differences				
Defined benefit pension plans	\$ 1,744,030	\$ 900	\$ (230,282)	\$ 1,514,648
Allowance for doubtful receivables over quota	264,797	(80,823)	-	183,974
Valuation loss on inventory	197,071	(92,204)	-	104,867
Unrealized foreign exchange loss, net	1,638	56,225	-	57,863
Estimated warranty liabilities	42,741	4,358	-	47,099
Deferred revenue	48,678	(19,323)	-	29,355
Valuation loss on financial instruments	-	23,668	-	23,668
Valuation loss on onerous contracts	26,519	(8,166)	-	18,353
Accrued award credits liabilities	8,935	2,577	-	11,512
Share of profit or loss of associates and joint ventures accounted for using equity method	400,951	(398,892)	-	2,059
Others	<u>37,840</u>	<u>(4,953)</u>	<u>-</u>	<u>32,887</u>
	<u>2,773,200</u>	<u>(516,633)</u>	<u>(230,282)</u>	<u>2,026,285</u>
Loss carryforwards	<u>11,806</u>	<u>158,554</u>	<u>-</u>	<u>170,360</u>
	<u>\$ 2,785,006</u>	<u>\$ (358,079)</u>	<u>\$ (230,282)</u>	<u>\$ 2,196,645</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Defined benefit pension plans	\$ 1,968,873	\$ 145,151	\$ 433	\$ 2,114,457
Land value incremental tax	94,986	-	-	94,986
Deferred revenue for award credits	55,708	14,394	-	70,102
				(Continued)

e. Unused loss carryforwards and deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2022	2021
Loss carryforwards		
Expire in 2022	\$ -	\$ 21
Expire in 2023	24	25
Expire in 2024	770	1,255
Expire in 2025	15,223	15,223
Expire in 2026	8,423	8,423
Expire in 2027	2,585	2,585
Expire in 2028	930	930
Expire in 2029	697	697
Expire in 2030	198	198
Expire in 2031	-	-
Expire in 2032	286	-
	<u>\$ 29,136</u>	<u>\$ 29,357</u>
Deductible temporary differences	<u>\$ 12,743</u>	<u>\$ -</u>

f. Information about unused loss carryforwards

As of December 31, 2022, information about loss carryforwards was as follows:

Remaining Creditable Amount	Expiry Year
\$ 697	2023
953	2024
18,018	2025
10,172	2026
3,503	2027
930	2028
2,034	2029
1,615	2030
62,618	2031
<u>98,956</u>	2032
<u>\$ 199,496</u>	

g. Income tax examinations

Income tax returns of Chunghwa has been examined by the tax authorities through 2019. Income tax returns of SENAO, ISPOPT, Youth, Youyi, Aval, Win, SENYOUNG, Senaolife, CHYP, CHSI, CHI, CHPT, CHIEF, Unigate, SFD, CLPT, CHTSC, LED, SHE, CHST, HHI, IISI and UTC have been examined by the tax authorities through 2020.

32. EARNINGS PER SHARE ("EPS")

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

	Year Ended December 31	
Net Income	2022	2021
Net income used to compute the basic earnings per share		
Net income attributable to the parent	\$ 36,477,157	\$ 35,753,579
Assumed conversion of all dilutive potential common stocks		
Employee stock options and employee compensation of subsidiaries	(7,370)	(6,258)
Net income used to compute the diluted earnings per share	<u>\$ 36,469,787</u>	<u>\$ 35,747,321</u>

Weighted Average Number of Common Stocks

	(Thousand Shares)	
	Year Ended December 31	2021
Weighted average number of common stocks used to compute the basic earnings per share	7,757,447	7,757,447
Assumed conversion of all dilutive potential common stocks		
Employee compensation	<u>8,342</u>	<u>7,773</u>
Weighted average number of common stocks used to compute the diluted earnings per share	<u>7,765,789</u>	<u>7,765,220</u>

As Chunghwa may settle the employee compensation in shares or cash, Chunghwa shall presume that it will be settled in shares and take those shares into consideration when calculating the weighted average number of outstanding shares used in the calculation of diluted EPS if the shares have a dilutive effect. The dilutive effect of the shares needs to be considered until the approval of the number of shares to be distributed to employees as compensation in the following year.

33. SHARE-BASED PAYMENT ARRANGEMENT

a. CHIEF share-based compensation plan ("CHIEF Plan") described as follows:

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

Each option is eligible to subscribe for one thousand common stocks when exercisable. The options are granted to specific employees that meet the vesting conditions. The CHIEF Plan has an exercise price adjustment formula upon the changes in common stocks or distribution of cash dividends. The options of the CHIEF Plan are valid for five years and the graded vesting schedule will vest two years after the grant date.

The Board of Directors of CHIEF resolved to issue stock options on October 26, 2020 and authorized the chairman to decide the grant date. Afterwards, the grant date was decided as November 13, 2020.

The compensation costs for stock options for the year ended December 31, 2022 and 2021 were as follows:

	Year Ended December 31	
	2022	2021
Granted on November 13, 2020	\$ 8,780	\$ 9,729
Granted on October 31, 2018	58	153
Granted on December 19, 2017	-	152
	<u>\$ 8,838</u>	<u>\$ 10,034</u>

CHIEF modified the plan terms of stock options granted on November 13, 2020 in September 2021 and July 2022; therefore, the exercise price changed from \$206.00 to \$199.70 and \$193.50 per share, respectively. The modification did not cause any incremental fair value granted.

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

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

Information about CHIEF's outstanding stock options for the years ended December 31, 2022 and 2021 was as follows:

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

The compensation costs for stock options for the years ended December 31, 2022 and 2021 were as follows:

	Year Ended December 31	
	2022	2021
Granted on February 20, 2021	\$ 3,555	\$ 5,511
Granted on December 20, 2019	1,577	2,923
	<u>\$ 5,132</u>	<u>\$ 8,434</u>

Information about CHTSC's outstanding stock options for the years ended December 31, 2022 and 2021 was as follows:

	Year Ended December 31, 2022		
	Granted on February 20, 2021	Granted on December 20, 2019	
	Weighted Average Exercise Price (NT\$)	Weighted Average Exercise Price (NT\$)	
	Number of Options	Number of Options	Price (NT\$)
<u>Employee stock options</u>			
Options outstanding at beginning of the year	3,324	3,174	\$ 19,085
Options exercised	(815)	(2,049)	19,085
Options forfeited	(166)	(42)	-
	<u>2,343</u>	<u>1,083</u>	19,085
Options outstanding at end of the year	<u>7</u>	<u>31</u>	19,085
Weighted average remaining contractual life (years)	3.14	1.97	

	Year Ended December 31, 2021		
	Granted on February 20, 2021	Granted on December 20, 2019	
	Weighted Average Exercise Price (NT\$)	Weighted Average Exercise Price (NT\$)	
	Number of Options	Number of Options	Price (NT\$)
<u>Employee stock options</u>			
Options outstanding at beginning of the year	-	4,328	\$ 19,085
Options granted	3,500	-	-
Options exercised	-	(1,082)	19,085
			(Continued)

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

CHIEF used the fair value method to evaluate the options using the Black-Scholes model and binomial option pricing model and the related assumptions and the fair value of the options were as follows:

	Stock Options Granted on November 13, 2020	Stock Options Granted on October 31, 2018	Stock Options Granted on December 19, 2017
Grant-date share price (NT\$)	\$356.00	\$166.00	\$95.92
Exercise price (NT\$)	\$206.00	\$147.00	\$147.00
Dividend yield	-	-	-
Risk-free interest rate	0.18%	0.72%	0.62%
Expected life	5 years	5 years	5 years
Expected volatility	34.61%	16.60%	17.35%
Weighted average fair value of grants (NT\$)	\$173,893	\$33,540	\$2,318

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

- b. CHTSC share-based compensation plan ("CHTSC Plan") described as follows:

The Board of Directors of CHTSC resolved to issue 4,500 and 3,500 stock options on December 20, 2019 and February 20, 2021, respectively. Each option is eligible to subscribe for one thousand common stocks when exercisable and the exercise price are both \$19,085 per share. The options are granted to specific employees that meet the vesting conditions. The CHTSC Plan has an exercise price adjustment formula upon the changes in common stocks. The options of the CHTSC Plan are valid for five years and the graded vesting schedule will vest one year after the grant date.

Information about IISI's outstanding stock options for the years ended December 31, 2021 was as follows:

	Year Ended December 31, 2021		
	Granted on February 20, 2021	Granted on December 20, 2019	Weighted Average Exercise Price (NT\$)
	Number of Options	Number of Options	
Options forfeited	(176)	(72)	-
Options outstanding at end of the year	3,324	3,174	19.085
Options exercisable at end of the year	-	1,058	19.085
Weighted average remaining contractual life (years)	4.14	2.97	(Concluded)

CHTSC used the fair value method to evaluate the options using the Black-Scholes model and the related assumptions and the fair value of the options were as follows:

	Stock Options Granted on February 20, 2021	Stock Options Granted on December 20, 2019
Grant-date share price (NT\$)	\$23.76	\$20.17
Exercise price (NT\$)	\$19.085	\$19.085
Dividend yield	15.18%	12.49%
Risk-free interest rate	0.25%	0.54%
Expected life	5 years	5 years
Expected volatility	47.35%	42.41%
Weighted average fair value of grants (NT\$)	\$3,350	\$2,470

Expected volatility was based on the average annualized historical share price volatility of CHTSC's comparable companies before the grant date.

c. IISI share-based compensation plan ("IISI Plan") described as follows:

IISI issued 1,665 stock options in January 2014. Each option is eligible to subscribe for one thousand common stocks when exercisable. The options are granted to specific employees of IISI and its subsidiaries that meet the vesting conditions. The options of the IISI Plan are valid for seven years and the graded vesting schedule will vest at certain percentages starting from two years after the grant date. The exercise price of the original options is \$14 per share. After the options are issued, if the common stocks of IISI change, the exercise price of the options should be adjusted according to the prescribed formula.

Year Ended December 31, 2021	
Granted in January 2014	Weighted Average Exercise Price (NT\$)
Number of Options	

<u>Employee stock options</u>	
Options outstanding at beginning of the year	530.00 \$ 14.00
Options exercised	(261.00) 14.00
Options forfeited	(269.00) -
Options outstanding at end of the year	- -
Options exercisable at end of the year	- -
Weighted average remaining contractual life (years)	-

No compensation cost of stock options granted was recognized for the year ended December 31, 2021.

IISI used the fair value method to evaluate the options using the Black-Scholes model and the related assumptions and the fair value of the options were as follows:

	Stock Options Granted in January 2014
Grant-date share price (NT\$)	\$14.51
Exercise price (NT\$)	\$14.00
Dividend yield	6%
Risk-free interest rate	1.16%~1.32%
Expected life	4.5~5.5 years
Expected volatility	35.28%~35.97%
Weighted average fair value of grants (NT\$)	\$2,345

Expected volatility was based on the average annualized historical share price volatility of IISI's comparable companies before the grant date.

d. CLPT share-based compensation plan ("CLPT Plan") described as follows:

The Board of Directors of CLPT resolved to issue 690 and 600 stock options on February 26, 2021 and May 31, 2022, respectively. Each option is eligible to subscribe for one thousand common stocks when exercisable and the exercise price are both \$16.87 per share. The options are granted to specific employees that meet the vesting conditions. The CLPT Plan has an exercise price adjustment formula upon the changes in common stocks or distribution of cash dividends. The options of the CLPT Plan are valid for four years and the graded vesting schedule will vest two years after the grant date.

The compensation costs for stock options for the year ended December 31, 2022 and 2021 were as follows:

	Year Ended December 31	
	2022	2021
Granted on May 31, 2022	\$ 604	\$ -
Granted on February 26, 2021	939	903
	<u>\$ 1,543</u>	<u>\$ 903</u>

CLPT modified the plan terms of stock options granted on February 26, 2021 in September 2021; therefore, the exercise price changed from \$16.87 to \$15.90 per share. The modification did not cause any incremental fair value granted.

Information about CLPT's outstanding stock options for the year ended December 31, 2022 and 2021 was as follows:

	Year Ended December 31, 2022				Year Ended December 31, 2021			
	Granted on May 31, 2022		Granted on February 26, 2021		Granted on May 31, 2022		Granted on February 26, 2021	
	Number of Options	Weighted Average Exercise Price (NT\$)	Number of Options	Weighted Average Exercise Price (NT\$)	Number of Options	Weighted Average Exercise Price (NT\$)	Number of Options	Weighted Average Exercise Price (NT\$)
Employee stock options								
Options outstanding at beginning of the year	-	\$ -	550	\$ 15.90	-	\$ -	550	\$ 15.90
Options granted	600	16.87	-	-	600	16.87	-	-
Options forfeited	(160)	-	(40)	-	(160)	-	(40)	-
Options outstanding at end of the year	<u>440</u>	<u>16.87</u>	<u>510</u>	<u>15.90</u>	<u>440</u>	<u>16.87</u>	<u>510</u>	<u>15.90</u>
Options exercisable at end of the year	-	-	-	-	-	-	-	-
Weighted average remaining contractual life (years)	3.41		2.16		3.41		2.16	

	Year Ended December 31, 2021	
	Granted on February 26, 2021	Weighted Average Exercise Price (NT\$)
Employee stock options		
Options outstanding at beginning of the year	-	\$ -
Options granted	690	16.87
Options forfeited	(140)	-
Options outstanding at end of the year	<u>550</u>	<u>15.90</u>
Options exercisable at end of the year	-	-
Weighted average remaining contractual life (years)	3.16	

CLPT used the fair value method to evaluate the options using the Black-Scholes model and the related assumptions and the fair value of the options were as follows:

	Stock Options Granted on May 31, 2022	Stock Options Granted on February 26, 2021
Grant-date share price (NT\$)	\$18.66	\$17.63
Exercise price (NT\$)	\$16.87	\$16.87
Dividend yield	-	-
Risk-free interest rate	0.98%	0.31%
Expected life	4 years	4 years
Expected volatility	35.76%	35.22%
Weighted average fair value of grants (NT\$)	\$5,665	\$4,750

Expected volatility was based on the average annualized historical share price volatility of CLPT's comparable companies before the grant date.

34. CASH FLOW INFORMATION

Except for those disclosed in other notes, the Company entered into the following non-cash investing and financing activities:

	Year Ended December 31	
	2022	2021
Investing activities		
Additions of property, plant and equipment	\$31,265,688	\$35,613,438
Changes in other payables	<u>269,258</u>	<u>(280,410)</u>
Payments for acquisition of property, plant and equipment	<u>\$31,534,946</u>	<u>\$35,333,028</u>

(Continued)

Investing activities

	Year Ended December 31	
	2022	2021
The carrying amounts of disposal of financial assets at fair value through other comprehensive income	\$ 154	\$ 2,704,608
Changes in other current monetary assets	-	270,321
Reclassified to investment accounted for using equity method	-	(63,359)
Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ 154	\$ 2,911,570
		(Concluded)

Financing Activities

	Cash Flows from Financing Activities	Changes in Non-Cash Transactions	Cash Flows from Operation Activities - Interest Paid	Balance on January 1, 2022
		New Leases	Others	December 31, 2022
Lease liabilities	\$10,272,253	\$ 4,369,219	\$ (116,574)	\$ (75,426)
	\$10,272,253	\$ 4,369,219	\$ (116,574)	\$ (75,426)
				\$10,672,507
	Cash Flows from Financing Activities	Changes in Non-Cash Transactions	Cash Flows from Operation Activities - Interest Paid	Balance on January 1, 2021
		New Leases	Others	December 31, 2021
Lease liabilities	\$ 9,596,667	\$ 4,669,219	\$ (195,711)	\$ (68,973)
	\$ 9,596,667	\$ 4,669,219	\$ (195,711)	\$ (68,973)
				\$10,272,253

35. CAPITAL MANAGEMENT

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

The capital structure of the Company consists of debt of the Company and the equity attributable to the parent.

Some consolidated entities are required to maintain minimum paid-in capital amount as prescribed by the applicable laws.

The management reviews the capital structure of the Company as needed. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. According to the management's suggestions, the Company maintains a balanced capital structure through paying cash dividends, increasing its share capital, purchasing outstanding shares, and issuing new debt or repaying debt.

36. FINANCIAL INSTRUMENTS

Fair Value Information

The fair value measurement guidance establishes a framework for measuring fair value and expands disclosure about fair value measurements. The standard describes a fair value hierarchy based on three levels of inputs that may be used to measure fair value. These levels are:

Level 1 fair value measurements: These measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements: These measurements are those derived from 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).

Level 3 fair value measurements: These measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

a. Financial instruments that are not measured at fair value but for which fair value is disclosed

Except those listed in the table below, the Company considers that the carrying amounts of financial assets and liabilities not measured at fair value approximate their fair values or the fair values cannot be reliable estimated.

	December 31	
	2022	2021
	Carrying Value	Fair Value
Financial liabilities		
Financial liabilities measured at amortized cost		
Bonds payable	\$ 30,477,357	\$ 30,452,475
		\$ 26,976,675
		\$ 27,082,090

The fair value of bonds payable is measured using Level 2 inputs. The valuation of fair value is based on the quoted market prices provided by third party pricing services.

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

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	\$ -	\$ 3,514	\$ -	\$ 3,514
Listed stocks	439	-	-	439
Non-listed stocks	-	-	860,960	860,960
Limited partnership	-	-	135,121	135,121
Film and drama investing agreements	-	-	24,122	24,122
	\$ 439	\$ 3,514	\$ 1,020,203	\$ 1,024,156
Hedging financial assets	\$ -	\$ 12,891	\$ -	\$ 12,891
Financial assets at FVOCI				
Listed stocks	\$ 272,802	\$ -	\$ -	\$ 272,802
Non-listed stocks	-	-	3,218,579	3,218,579
	\$ 272,802	\$ -	\$ 3,218,579	\$ 3,491,381

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed stocks	\$ 2,566	\$ -	\$ -	\$ 2,566
Non-listed stocks	-	-	884,670	884,670
Limited partnership	-	-	24,105	24,105
	<u>\$ 2,566</u>	<u>\$ -</u>	<u>\$ 908,775</u>	<u>\$ 911,341</u>
Financial assets at FVOCI				
Listed stocks	\$ 458,582	\$ -	\$ -	\$ 458,582
Non-listed stocks	-	-	3,157,306	3,157,306
	<u>\$ 458,582</u>	<u>\$ -</u>	<u>\$ 3,157,306</u>	<u>\$ 3,615,888</u>
Financial liabilities at FVTPL				
Derivatives	\$ -	\$ 6,180	\$ -	\$ 6,180
Hedging financial liabilities	\$ -	\$ 8,286	\$ -	\$ 8,286

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

The reconciliations for financial assets measured at Level 3 were listed below:

2022

	Measured at Fair Value through Profit or Loss	Measured at Fair Value through Other Comprehensive Income	Total
Financial Assets			
Balance on January 1, 2022	\$ 908,775	\$ 3,157,306	\$ 4,066,081
Acquisition	348,321	16,092	364,413
Disposal	-	(154)	(154)
Recognized in profit or loss under "Other gains and losses"	(215,326)	-	(215,326)
Recognized in other comprehensive income under "Unrealized gain or loss on financial assets at fair value through other comprehensive income"	-	52,519	52,519
Proceeds from capital reduction of the investees	(21,567)	(7,184)	(28,751)
	<u>\$ 1,020,203</u>	<u>\$ 3,218,579</u>	<u>\$ 4,238,782</u>
Balance on December 31, 2022			
Unrealized gain or loss in 2022	<u>\$ (208,809)</u>		

2021

	Financial Assets	Measured at Fair Value through Profit or Loss	Measured at Fair Value through Other Comprehensive Income	Total
Balance on January 1, 2021		\$ 677,202	\$ 4,438,999	\$ 5,116,201
Acquisition		25,000	81,000	106,000
Disposal		-	(5,681)	(5,681)
Reclassified to investments accounted for using equity method		-	(63,359)	(63,359)
Recognized in profit or loss under "Other gains and losses"		250,973	-	250,973
Recognized in other comprehensive income under "Unrealized gain or loss on financial assets at fair value through other comprehensive income"		-	(1,293,653)	(1,293,653)
Proceeds from capital reduction of the investees		(44,400)	-	(44,400)
		<u>\$ 908,775</u>	<u>\$ 3,157,306</u>	<u>\$ 4,066,081</u>
Balance on December 31, 2021				
Unrealized gain or loss in 2021		<u>\$ 232,377</u>		

The fair values of financial assets and financial liabilities of Level 2 are determined as follows:

- 1) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market prices.
- 2) For derivatives, fair values are estimated using discounted cash flow model. Future cash flows are estimated based on observable inputs including forward exchange rates at the end of the reporting periods and the forward and spot exchange rates stated in the contracts, discounted at a rate that reflects the credit risk of various counterparties.

The fair values of non-listed domestic and foreign equity investments and film and drama investing agreements were Level 3 financial assets and determined using the market approach by reference the Price-to-Book ratios (P/B ratios) of peer companies that traded in active markets, using the income approach, in which the discounted cash flow is used to capture the present value of the expected future economic benefits to be derived from the investments, or using assets approach. The Company originally used the market approach to measure the fair value of its investment in Taipei Financial Center Corp.; however, as the stock market was impacted by COVID-19 pandemic, the multiples of the referenced companies were changed significantly. With continuing impact of COVID-19 pandemic, the Company evaluated that the income approach, instead of the former market approach, would better reflect the future cash flows of Taipei Financial Center Corp. Therefore, the Company changed its valuation technique to the income approach starting from the second quarter of 2021. The significant unobservable inputs used were listed in the below table. An increase in growth rate of long-term revenue, a decrease in discount for the lack of marketability or noncontrolling interests discount, or a decrease in the discount rate would result in increases in the fair values.

Financial Risk Management Objectives

The main financial instruments of the Company include equity investments, trade notes and accounts receivable, trade notes and accounts payable, lease liabilities, loans, short-term bills payable and bonds payable. The Company's Finance Department provides services to its business units, co-ordinates access to domestic and international capital markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

The Company 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 Company's policies approved by the Board of Directors. Those derivatives are used to hedge the risks of exchange rate fluctuation arising from operating or investment activities. Compliance with policies and risk exposure limits is reviewed by the Company's Finance Department on a continuous basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Chungwa reports the significant risk exposures and related action plans timely and actively to the audit committee and if needed to the Board of Directors.

a. Market risk

The Company is exposed to market risks of changes in foreign currency exchange rates and interest rates. The Company uses forward exchange contracts to hedge the exchange rate risk arising from assets and liabilities denominated in foreign currencies.

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

1) Foreign currency risk

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

	December 31	
	2022	2021
Assets		
USD	\$ 2,354,691	\$ 2,009,607
EUR	89,645	48,962
SGD	626,538	259,571
JPY	27,855	37,123
RMB	36,591	88,654
HKD	9,669	69,776
Liabilities		
USD	852,302	889,578
EUR	875,256	861,481
SGD	2,010,250	1,964,490
JPY	15,748	12,662
RMB	37,386	38,521
HKD	17,193	15,792

	December 31	
	2022	2021
Discount for lack of marketability	14.09%~20.00%	16.05%~20.00%
Noncontrolling interests discount	17.29%~20.00%	17.29%~25.00%
Growth rate of long-term revenue	0.19%	0.19%
Discount rate	7.20%~8.80%	8.50%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair values of Level 3 financial assets would increase (decrease) as below table.

	December 31	
	2022	2021
Discount for lack of marketability		
5% increase	\$ (33,111)	\$ (31,655)
5% decrease	\$ 33,111	\$ 31,655
Noncontrolling interests discount		
5% increase	\$ (23,794)	\$ (18,998)
5% decrease	\$ 23,794	\$ 18,998
Long-term revenue growth rates		
0.1% increase	\$ 29,506	\$ 25,190
0.1% decrease	\$ (28,938)	\$ (24,733)
Discount rate		
1% increase	\$ (329,863)	\$ (287,845)
1% decrease	\$ 406,648	\$ 350,328

Categories of Financial Instruments

Financial assets

Measured at FVTPL		
Mandatorily measured at FVTPL	\$ 1,024,156	\$ 911,341
Hedging financial assets	12,891	-
Financial assets at amortized cost (Note a)	81,523,688	71,799,195
Financial assets at FVOCI	3,491,381	3,615,888

Financial liabilities

Measured at FVTPL		
Held for trading	-	6,180
Hedging financial liabilities	-	8,286
Measured at amortized cost (Note b)	67,451,245	64,746,363

Note a: The balances included cash and cash equivalents, trade notes and accounts receivable, receivables from related parties, other current monetary assets and refundable deposits (classified as other noncurrent assets), which were financial assets measured at amortized cost.

Note b: The balances included short-term loans, trade notes and accounts payable, payables to related parties, partial other payables, customers' deposits, bonds payable and long-term loans which were financial liabilities carried at amortized cost.

The carrying amounts of the Company's derivatives with exchange rate risk exposures at the balance sheet dates were as follows:

	December 31	
	2022	2021
Assets		
EUR	\$ 16,405	\$ -
Liabilities		
EUR	-	14,466

Foreign currency sensitivity analysis

The Company is mainly exposed to the fluctuations of the currencies USD, EUR, SGD, JPY, RMB and HKD as listed above.

The following table details the Company's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible changes in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and forward exchange contracts. A positive number below indicates an increase in pre-tax profit or equity where the functional currency weakens 5% against the relevant currency.

	Year Ended December 31	
	2022	2021
Profit or loss		
Monetary assets and liabilities (a)		
USD	\$ 75,119	\$ 56,001
EUR	(39,281)	(40,626)
SGD	(69,186)	(85,246)
JPY	605	1,223
RMB	(40)	2,507
HKD	(376)	2,699
Derivatives (b)		
EUR	3,272	12,528
Equity		
Derivatives (c)		
EUR	21,841	10,962

a) This is mainly attributable to the exposure to foreign currency denominated receivables and payables of the Company outstanding at the balance sheet dates.

b) This is mainly attributable to forward exchange contracts.

c) This is mainly attributable to the changes in the fair value of derivatives that are designated as cash flow hedges.

For a 5% strengthening of the functional currency against the relevant currencies, there would be an equal and opposite effect on the pre-tax profit or equity for the amounts shown above.

2) Interest rate risk

The carrying amounts of the Company's exposures to interest rates on financial assets and financial liabilities at the balance sheet dates were as follows:

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 41,593,475	\$ 27,670,982
Financial liabilities	41,149,864	37,248,928
Cash flow interest rate risk		
Financial assets	9,631,079	14,171,472
Financial liabilities	2,322,000	1,665,000

Interest rate sensitivity analysis

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

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's pre-tax income would increase/decrease by \$18,273 thousand and \$31,266 thousand for the years ended December 31, 2022 and 2021, respectively. This is mainly attributable to the Company's exposure to floating interest rates on its financial assets, short-term and long-term loans.

3) Other price risk

The Company is exposed to equity price risks arising from holding other company's equity. Equity investments are held for strategic rather than trading purposes. The management managed the risk through holding various risk portfolios. Further, the Company assigned finance and investment departments to monitor the price risk.

Equity price sensitivity analysis

The sensitivity analyses below have been 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 and pre-tax other comprehensive income would have increased/decreased by \$49,826 thousand and \$174,569 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL and financial assets at FVOCI for the year ended December 31, 2022. If equity prices had been 5% higher/lower, pre-tax profit and pre-tax other comprehensive income would have increased/decreased by \$45,567 thousand and \$180,794 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL and financial assets at FVOCI for the year ended December 31, 2021.

b. Credit risk

Credit risk refers to the risk that a counterparty would default on its contractual obligations resulting in financial loss to the Company. The maximum credit exposure of the aforementioned financial instruments is equal to their carrying amounts recognized in the consolidated balance sheet as of the balance sheet date.

The Company has large trade receivables outstanding with its customers. A substantial majority of the Company's outstanding trade receivables are not covered by collateral or credit insurance. The Company has implemented ongoing measures including enhancing credit assessments and strengthening overall risk management to reduce its credit risk. While the Company has procedures to monitor and limit exposure to credit risk on trade receivables, there can be no assurance such procedures will effectively limit its credit risk and avoid losses. This risk is heightened during periods when economic conditions worsen.

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

c. Liquidity risk

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

1) Liquidity and interest risk tables

The following tables detailed the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company is required to pay.

December 31, 2022

	Weighted Average Effective Interest Rate (%)	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years	Total
Non-derivative financial liabilities							
Non-interest bearing	-	\$ 39,904,488	\$ -	\$ 2,143,523	\$ 5,156,700	\$ -	\$ 47,204,711
Floating interest rate instruments	1.79	-	300,000	422,000	1,600,000	-	2,322,000
Fixed interest rate instruments	0.53	-	-	-	21,700,000	8,800,000	30,500,000
		<u>\$ 39,904,488</u>	<u>\$ 300,000</u>	<u>\$ 2,565,523</u>	<u>\$ 26,456,700</u>	<u>\$ 8,800,000</u>	<u>\$ 80,026,711</u>

Information about the maturity analysis for lease liabilities was as follows:

	Less than 1 Year	1-3 Years	3-5 Years	5 Years	Total
Lease liabilities	<u>\$ 3,390,348</u>	<u>\$ 4,445,772</u>	<u>\$ 2,142,864</u>	<u>\$ 8,69,994</u>	<u>\$10,848,978</u>

December 31, 2021

	Weighted Average Effective Interest Rate (%)	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years	Total
Non-derivative financial liabilities							
Non-interest bearing	-	\$ 40,894,077	\$ -	\$ 1,997,277	\$ 5,336,343	\$ -	\$ 48,227,697
Floating interest rate instruments	0.95	-	15,000	50,000	1,600,000	-	1,665,000
Fixed interest rate instruments	0.51	-	-	-	10,700,000	16,300,000	27,000,000
		<u>\$ 40,894,077</u>	<u>\$ 15,000</u>	<u>\$ 2,047,277</u>	<u>\$ 17,636,343</u>	<u>\$ 16,300,000</u>	<u>\$ 76,892,697</u>

Information about the maturity analysis for lease liabilities was as follows:

	Less than 1 Year	1-3 Years	3-5 Years	5 Years	Total
Lease liabilities	<u>\$ 3,227,909</u>	<u>\$ 4,125,893</u>	<u>\$ 1,808,056</u>	<u>\$ 1,243,987</u>	<u>\$10,405,845</u>

The following table detailed the Company's liquidity analysis for its derivative financial instruments. The table had been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2022

Gross settled	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
Forward exchange contracts					
Inflow	\$ -	\$ 501,175	\$ -	\$ -	\$ 501,175
Outflow	-	<u>484,770</u>	-	-	<u>484,770</u>
	<u>\$ -</u>	<u>\$ 16,405</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,405</u>

December 31, 2021

Gross settled	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
Forward exchange contracts					
Inflow	\$ -	\$ 470,395	\$ -	\$ -	\$ 470,395
Outflow	-	<u>484,861</u>	-	-	<u>484,861</u>
	<u>\$ -</u>	<u>\$ (14,466)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,466)</u>

2) Financing facilities

	December 31 2022	December 31 2021

Unsecured bank loan facilities

Amount used	\$ 722,000	\$ 65,000
Amount unused	<u>56,861,505</u>	<u>61,620,489</u>
	<u>\$ 57,583,505</u>	<u>\$ 61,685,489</u>

Secured bank loan facilities

Amount used	\$ 1,600,000	\$ 1,600,000
Amount unused	-	-
	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>

37. RELATED PARTIES TRANSACTIONS

The ROC Government, one of Chunghwa's customers, has significant equity interest in Chunghwa. Chunghwa provides fixed-line services, wireless services, internet and data and other services to the various departments and institutions of the ROC Government in the normal course of business and at arm's-length prices. Except for those disclosed in other notes or this note, the transactions with the ROC government bodies have not been disclosed because the transactions are not individually or collectively significant. However, the related revenues and operating costs have been appropriately recorded.

a. The Company engages in business transactions with the following related parties:

Company	Relationship
Taiwan International Standard Electronics Co., Ltd.	Associate
So-net Entertainment Taiwan Limited	Associate
KKBOX Taiwan Co., Ltd.	Associate
KingwayTek Technology Co., Ltd.	Associate
Taiwan International Ports Logistics Corporation	Associate
Senao Networks, Inc.	Associate
EnRack Tech. Co., Ltd.	Subsidiary of the Company's associate, Senao Networks, Inc.
ST-2 Satellite Ventures Pte., Ltd.	Associate
CHT Infinity Singapore Pte. Ltd.	Associate
Viettel-CHT Co., Ltd.	Associate
Click Force Co., Ltd.	Associate
Alliance Digital Tech Co., Ltd.	Associate (Note 1)
Chungghwa PCHome Fund I Co., Ltd.	Associate
Comerstone Ventures Co., Ltd.	Associate
Next Commercial Bank Co., Ltd.	Associate
WiAdvance Technology Corporation	Associate
AgriTalk Technology Inc.	Associate (Note 2)
Imedtac Co., Ltd.	Associate (Note 2)
Baoehwa Trust Co., Ltd.	Associate
Chungghwa SEA Holdings	Joint venture
Other related parties	
Chungghwa Telecom Foundation	A nonprofit organization of which the funds donated by Chungghwa exceeds one third of its total funds
Senao Technical and Cultural Foundation	A nonprofit organization of which the funds donated by SENAO exceeds one third of its total funds
Sochamp Technology Co., Ltd.	Investor of significant influence over CHST
E-Life Mail Co., Ltd.	Substantial related party of SENAO
Engenius Technologies Co., Ltd.	Substantial related party of SENAO
Cheng Keng Investment Co., Ltd.	Substantial related party of SENAO
Cheng Feng Investment Co., Ltd.	Substantial related party of SENAO
All Oriented Investment Co., Ltd.	Substantial related party of SENAO
Hwa Shun Investment Co., Ltd.	Substantial related party of SENAO
Yu Yu Investment Co., Ltd.	Substantial related party of SENAO
Divine Fine Foods & Wine Inc.	Substantial related party of SENAO (Note 3)
Kangsin Co., Ltd.	Substantial related party of SENAO
United Daily News Co., Ltd.	Investor of significant influence over SFD
Shenzhen Century Communication Co., Ltd.	Investor of significant influence over SCT
Advantech Co., Ltd.	Investor of significant influence over IISI

Note 1: ADT completed its liquidation in August 2021. Please refer to Note 14.

Note 2: ATT and IME were previously treated as financial assets at FVOCI. As the Company acquired seats in the Board of Directors of each company and has significant influence over ATT and IME in July and August 2021, respectively, these investments are reclassified as associates. Please refer to Note 14.

Note 3: Divine Fine Foods & Wine Inc. replaced its responsible persons in October 2021. Since then, Divine Fine Foods & Wine Inc. is no longer a related party of the Company.

b. Balances and transactions between Chungghwa and its subsidiaries, which are related parties of Chungghwa, have been eliminated on consolidation and are not disclosed in this note. Terms of the foregoing transactions with related parties were not significantly different from transactions with non-related parties. When no similar transactions with non-related parties can be referenced, terms were determined in accordance with mutual agreements. Details of transactions between the Company and other related parties are disclosed below:

1) Operating transactions

	Revenues	
	Year Ended December 31 2022	2021
Associates	\$ 416,922	\$ 499,321
Others	<u>60,767</u>	<u>54,453</u>
	\$ 477,689	\$ 553,774
	Operating Costs and Expenses	
	Year Ended December 31 2022	2021
Associates	\$ 1,246,744	\$ 852,909
Others	<u>79,759</u>	<u>73,825</u>
	\$ 1,326,503	\$ 926,734

2) Non-operating transactions

	Non-operating Income and Expenses	
	Year Ended December 31 2022	2021
Associates	\$ 37,014	\$ 38,192
Others	<u>1,928</u>	<u>2,936</u>
	\$ 38,942	\$ 41,128

3) Receivables

	December 31	
	2022	2021
Associates	\$ 70,091	\$ 34,864
Others	<u>4,970</u>	<u>6,664</u>
	\$ 75,061	\$ 41,528

4) Payables

	December 31	
	2022	2021
Associates	\$ 534,515	\$ 385,327
Others	<u>4,679</u>	<u>6,031</u>
	\$ <u>539,194</u>	\$ <u>391,358</u>

5) Customers' deposits

	December 31	
	2022	2021
Associates	\$ 68,942	\$ 16,120
Others	<u>284</u>	<u>-</u>
	\$ <u>69,226</u>	\$ <u>16,120</u>

6) Acquisition of property, plant and equipment

	Year Ended December 31	
	2022	2021
Associates	\$ <u>32,477</u>	\$ <u>397,884</u>

7) Acquisition of intangible assets

	Year Ended December 31	
	2022	2021
Associates	\$ <u>677</u>	\$ <u>-</u>

8) Disposal of property, plant and equipment

	Proceeds		Gain on Disposal	
	Year Ended December 31		Year Ended December 31	
	2022	2021	2022	2021
Associates	\$ <u>-</u>	\$ <u>9,800</u>	\$ <u>-</u>	\$ <u>1,628</u>

9) Lease-in agreements

Chunghwa entered into a contract with ST-2 Satellite Ventures Pte., Ltd. on March 12, 2010 to lease capacity on the ST-2 satellite. This lease term is for 15 years which should start from the official operation of ST-2 satellite and the total contract value is approximately \$6,000,000 thousand (SGD 260,723 thousand), including a prepayment of \$3,067,711 thousand at the inception of the lease, and the rest of amount should be paid annually when ST-2 satellite starts its official operation. ST-2 satellite was launched in May 2011 and began its official operation in August 2011. As ST-2 satellite is in good operating condition, the useful life is extended for another 3 years and 3 months after evaluation in 2021. The Board of Directors of Chunghwa approved to extend the lease period accordingly with the original contract terms in December 2021; therefore, Chunghwa acquired right-of-use asset of \$1,124,780 thousand from the aforementioned lease extension.

The lease liabilities of ST-2 Satellite Ventures Pte., Ltd. as of balance sheet dates were as follows:

	December 31	
	2022	2021
Lease liabilities - current	\$ 193,805	\$ 173,306
Lease liabilities - noncurrent	<u>1,760,815</u>	<u>1,740,557</u>
	\$ <u>1,954,620</u>	\$ <u>1,913,863</u>

The interest expense recognized for the aforementioned lease liabilities for the years ended December 31, 2022 and 2021 were \$8,165 thousand and \$7,420 thousand, respectively.

c. Compensation of key management personnel

The compensation of directors and key management personnel was as follows:

	Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 359,936	\$ 320,619
Post-employment benefits	7,974	7,568
Share-based payment	1,481	1,648
Termination benefits	<u>237</u>	<u>-</u>
	\$ <u>369,628</u>	\$ <u>329,835</u>

The compensation of directors and key management personnel was mainly determined by the compensation committee having regard to the performances and market trends.

38. PLEDGED ASSETS

The following assets are pledged as collaterals for bank loans, custom duties of the imported materials, and warranties of contract performance as well as the bank deposits for the restricted purpose in accordance with The Management, Utilization, and Taxation of Repatriated Offshore Funds Act.

	December 31	
	2022	2021
Property, plant and equipment	\$ 2,402,781	\$ 2,432,296
Restricted assets (included in other assets - others)	<u>131,136</u>	<u>163,012</u>
	\$ <u>2,533,917</u>	\$ <u>2,595,308</u>

39. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Except for those disclosed in other notes, the Company's significant commitments and contingent liabilities as of December 31, 2022 were as follows:

- Acquisitions of land and buildings of \$73,769 thousand.
- Acquisitions of telecommunications-related inventory and equipment of \$34,999,322 thousand.

c. Unused letters of credit amounting to \$10,000 thousand.

d. A commitment to contribute \$2,000,000 thousand to a Piping Fund administered by the Taipei City Government, of which \$1,000,000 thousand was contributed by Chungghwa on August 15, 1996 (classified as other financial assets - noncurrent). If the fund is not sufficient, Chungghwa will contribute the remaining \$1,000,000 thousand upon notification from the Taipei City Government.

e. Chungghwa committed that when its ownership interest in NCB is greater than 25% and NCB encounters financial difficulty or the capital adequacy ratio of NCB cannot meet the related regulation requirements, Chungghwa will provide financial support to assist NCB in maintaining a healthy financial condition.

40. OTHER MATTERS

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

41. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information summarizes the disclosure of foreign currencies other than the functional currency of Chungghwa and its subsidiaries. The following exchange rates are the exchange rates used to translate to the presentation currency of the consolidated financial statements, which is the NTD:

	December 31, 2022		
	Foreign Currencies (Thousands)	Exchange Rate	New Taiwan Dollars (Thousands)
<u>Assets denominated in foreign currencies</u>			
Monetary items			
USD	\$ 76,675	30.71	\$ 2,354,691
EUR	2,740	32.72	89,645
SGD	27,384	22.88	626,538
JPY	119,858	0.232	27,855
RMB	8,301	4.408	36,591
HKD	2,455	3.938	9,669
Non-monetary items			
Investments accounted for using equity method			
SGD	10,787	22.88	246,815
VND	434,655,397	0.0013	558,532
<u>Liabilities denominated in foreign currencies</u>			
Monetary items			
USD	27,753	30.71	852,302
EUR	26,750	32.72	875,256
SGD	87,861	22.88	2,010,250
JPY	67,762	0.232	15,748
			(Continued)

December 31, 2022

	Foreign Currencies (Thousands)	Exchange Rate	New Taiwan Dollars (Thousands)
RMB	\$ 8,481	4.408	\$ 37,386
HKD	4,366	3.938	17,193
			(Continued)

December 31, 2021

	Foreign Currencies (Thousands)	Exchange Rate	New Taiwan Dollars (Thousands)

Assets denominated in foreign currencies

Monetary items			
USD	\$ 72,601	27.68	\$ 2,009,607
EUR	1,563	31.32	48,962
SGD	12,687	20.46	259,571
JPY	154,358	0.241	37,123
RMB	20,408	4.344	88,654
HKD	19,661	3.549	69,776

Non-monetary items

Investments accounted for using equity method

SGD	25,326	20.46	518,165
VND	374,139,749	0.0012	447,097

Liabilities denominated in foreign currencies

Monetary items			
USD	32,138	27.68	889,578
EUR	27,506	31.32	861,481
SGD	96,016	20.46	1,964,490
JPY	52,648	0.241	12,662
RMB	8,868	4.344	38,521
HKD	4,450	3.549	15,792

The unrealized foreign currency exchange gains and losses were loss of \$265,035 thousand and gain of \$113,174 thousand for the years ended December 31, 2022 and 2021, respectively. Due to the various foreign currency transactions and the functional currency of each individual entity of the Company, foreign exchange gains and losses cannot be disclosed by the respective significant foreign currency.

42. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the FSC for the Company:

- Financing provided: None.
- Endorsement/guarantee provided: Please see Table 1.
- Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Please see Table 2.

- d. Marketable securities acquired or disposed of at costs or prices at least \$300 million or 20% of the paid-in capital: Please see Table 3.
- e. Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital: Please see Table 4.
- f. Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital: None
- g. Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital: Please see Table 5.
- h. Receivables from related parties amounting to \$100 million or 20% of the paid-in capital: Please see Table 6.
- i. Names, locations, and other information of investees on which the Company exercises significant influence (excluding investments in Mainland China): Please see Table 7.
- j. Derivative instruments transactions: Please see Notes 7, 20 and 36.
- k. Investments in Mainland China: Please see Table 8.
- l. Intercompany relationships and significant intercompany transactions: Please see Table 9.
- m. Information of main stakeholders: Please see Table 10.

43. SEGMENT INFORMATION

In response to changes in the operating environment and new business challenges, the Company launched its organizational transformation and redesigned the operational decision-making processes and the performance assessment under the new structure. The aforementioned organizational transformation was effective from January 1, 2022. The Company redefined the reportable segments as "Consumer Business", "Enterprise Business", "International Business" and "Others" and restated the corresponding items of segment information for the comparative period. The reportable segments are managed separately because each segment represents a strategic business unit that serves different customers. Segment information is provided to the CEO who allocates resources and assesses segment performance. The Company's measure of segment performance is mainly based on revenues and income before income tax.

Some operating segments have been aggregated into a single operating segment taking into account the following factors: (a) the type or class of customer for the telecommunications products and services are similar; (b) the nature of the telecommunications products and services are similar; and (c) the methods used to provide the services to the customers are similar.

The accounting policies of the operating segments are the same as those described in Note 3.

Segment Revenues and Operating Results

Analysis by reportable segment of revenues and operating results of continuing operations are as follows:

Year ended December 31, 2022	Consumer Business	Enterprise Business	International Business	Others	Total
Revenues					
From external customers	\$ 132,062,750	\$ 72,152,293	\$ 7,188,697	\$ 5,335,494	\$ 216,739,234
Intersegment revenues	2,166,085	951,518	864,792	348,017	4,330,412
Segment revenues	<u>\$ 134,228,835</u>	<u>\$ 73,103,811</u>	<u>\$ 8,053,489</u>	<u>\$ 5,683,511</u>	<u>\$ 221,069,646</u>
Intersegment elimination					(4,330,412)
Consolidated revenues					<u>\$ 216,739,234</u>
Segment income before income tax	<u>\$ 28,515,614</u>	<u>\$ 15,608,640</u>	<u>\$ 1,693,789</u>	<u>\$ 1,410,907</u>	<u>\$ 47,228,950</u>
Year ended December 31, 2021					
Revenues					
From external customers	\$ 129,912,418	\$ 69,258,462	\$ 6,121,699	\$ 5,185,369	\$ 210,477,948
Intersegment revenues	2,857,212	1,693,026	960,825	340,298	5,851,361
Segment revenues	<u>\$ 132,769,630</u>	<u>\$ 70,951,488</u>	<u>\$ 7,082,524</u>	<u>\$ 5,525,667</u>	<u>\$ 216,329,309</u>
Intersegment elimination					(5,851,361)
Consolidated revenues					<u>\$ 210,477,948</u>
Segment income before income tax	<u>\$ 27,526,976</u>	<u>\$ 15,094,067</u>	<u>\$ 1,246,398</u>	<u>\$ 2,199,183</u>	<u>\$ 46,066,624</u>

Other Segment Information

Other information reviewed by the chief operating decision maker or regularly provided to the chief operating decision maker was as follows:

Year ended December 31, 2022	Consumer Business	Enterprise Business	International Business	Others	Total
Share of profits of associates and joint ventures accounted for using equity method	\$ (32,511)	\$ 24,275	\$ 315,133	\$ 146,034	\$ 452,931
Interest income	\$ 11,020	\$ 26,273	\$ 7,599	\$ 202,237	\$ 247,129
Interest expenses	\$ 150,875	\$ 83,296	\$ 6,587	\$ 21,980	\$ 262,738
Depreciation and amortization	<u>\$ 28,702,921</u>	<u>\$ 9,713,909</u>	<u>\$ 1,113,039</u>	<u>\$ 738,867</u>	<u>\$ 40,268,736</u>
Reversal of impairment loss on investment properties					
Impairment loss on intangible assets	<u>\$ 9,547</u>			<u>\$ 107,467</u>	<u>\$ 107,467</u>
Year ended December 31, 2021					
Share of profits of associates and joint ventures accounted for using equity method	\$ (48,691)	\$ 10,441	\$ 271,542	\$ 188,348	\$ 421,640
Interest income	\$ 6,671	\$ 16,431	\$ 5,153	\$ 66,422	\$ 88,687
Interest expenses	\$ 13,889	\$ 65,728	\$ 7,009	\$ 14,547	\$ 91,173
Depreciation and amortization	<u>\$ 27,933,387</u>	<u>\$ 9,700,088</u>	<u>\$ 865,020</u>	<u>\$ 697,619</u>	<u>\$ 39,196,114</u>
Reversal of impairment loss on investment properties	<u>\$ 3,346</u>	<u>\$ 382,321</u>	<u>\$ 32,923</u>		<u>\$ 420,590</u>
Impairment loss on intangible assets	<u>\$ 28,901</u>			<u>\$ 83,429</u>	<u>\$ 112,330</u>

Main Products and Service Revenues

	Year Ended December 31	
	2022	2021
Consumer Business		
Mobile services	\$ 51,821,044	\$ 49,042,476
Fixed-line services	42,766,155	42,277,164
Sales	35,171,564	36,145,331
Others	2,303,987	2,447,447
	<u>132,062,750</u>	<u>129,912,418</u>
Enterprise Business		
Fixed-line services	34,536,513	34,711,557
Project business	24,247,914	22,298,743
Mobile services	8,942,259	8,446,406
Others	4,425,607	3,801,756
	<u>72,152,293</u>	<u>69,258,462</u>
International Business		
Fixed-line services	5,063,377	5,007,780
Project business	1,506,495	679,315
Others	618,825	434,604
	<u>7,188,697</u>	<u>6,121,699</u>
Others		
Sales	4,553,403	4,334,998
Others	<u>782,091</u>	<u>850,371</u>
	<u>5,335,494</u>	<u>5,185,369</u>
	<u>\$ 216,739,234</u>	<u>\$ 210,477,948</u>

Geographic Information

The users of the Company's services are mainly from Taiwan, ROC. The revenues it derived outside Taiwan are mainly revenues from international long distance telephone and leased line services. The geographic information for revenues was as follows:

	Year Ended December 31	
	2022	2021
Taiwan, ROC	\$ 209,727,262	\$ 204,472,965
Overseas	<u>7,011,972</u>	<u>6,004,983</u>
	<u>\$ 216,739,234</u>	<u>\$ 210,477,948</u>

The Company has long-lived assets in U.S., Singapore, Hong Kong, China, Vietnam, Japan and Thailand for \$3,212,396 thousand and \$3,234,183 thousand at December 31, 2022 and 2021, respectively, in the aforementioned areas, the other long-lived assets are located in Taiwan, ROC.

Major Customers

As of December 31, 2022, and 2021, the Company did not have any single customer whose revenue exceeded 10% of the total revenues.

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
YEAR ENDED DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Nature of Relationship (Note 2)											
1	Senao International Co., Ltd.	Aval Technologies Co., Ltd. Win Technology Co., Ltd.	b	\$ 630,851	\$ 300,000	\$ 300,000	\$ 300,000	\$ -	4.76	\$ 3,154,258	Yes	No	No	Notes 3 and 4
			b	630,851	200,000	200,000	200,000	-	3.17	3,154,258	Yes	No	No	Notes 3 and 4

Note 1: Significant transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

- "0" for the Company.
- Subsidiaries are numbered from "1".

Note 2: Relationships between the endorsement/guarantee provider and the guaranteed party:

- A company with which it does business.
- A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
- Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
- The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- Companies in the same industry provide among themselves jointly and severally guarantee for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The limits on endorsement or guarantee amount provided to each guaranteed party is up to 10% of the net assets value of the latest financial statements of Senao International Co., Ltd.

Note 4: The total amount of endorsement or guarantee that the Company is allowed to provide is up to 50% of the net assets value of the latest financial statements of Senao International Co., Ltd.

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2022			Note
				Shares (Thousands/ Thousand Units)	Carrying Value (Note 1)	Percentage of Ownership	
Chunghwa Telecom Co., Ltd.	Stocks	-	Financial assets at FVOCI	172,927	\$ 3,008,391	12	-
	Taipei Financial Center Corp.	-	Financial assets at FVTPL - noncurrent	-	102,648	4	-
	Innovation Works Development Fund, L.P.	-	Financial assets at FVOCI	5,252	13,412	17	-
	Industrial Bank of Taiwan II Venture Capital Co., Ltd. (IBT II)	-	Financial assets at FVOCI	7,617	-	3	-
	Global Mobile Corp.	-	Financial assets at FVOCI	1,000	2,401	2	-
	Innovation Works Limited	-	Financial assets at FVOCI	4,765	-	10	-
	RPTI Intergroup International Ltd.	-	Financial assets at FVOCI	1,200	4,246	2	-
	Taiwan mobile payment Co., Ltd.	-	Financial assets at FVTPL - noncurrent	555,600	567,203	13	-
	Taiwan Capital Buffalo Fund Co., Ltd.	-	Financial assets at FVOCI	136	115,416	19.9	-
	4 Gamers Entertainment Inc.	-	Financial assets at FVTPL - noncurrent	20,000	191,109	9	-
Senao International Co., Ltd.	TOP TAIWAN XIV VENTURE CAPITAL CO., LTD.	-	Financial assets at FVTPL - noncurrent	-	93,114	10	-
	Limited partnership	-	Financial assets at FVTPL - noncurrent	-	10,428	9	-
CHIEF Telecom Inc.	Stocks	-	Financial assets at FVOCI	1,204	1,204	10	-
	3 Link Information Service Co., Ltd.	-	Financial assets at FVOCI	9	439	-	Note 2
	WPG Holdings Limited	-	Financial assets at FVOCI - current	2,102	102,998	-	Note 2
	WT Microelectronics Co., Ltd.	-	Financial assets at FVOCI	361	17,238	-	Note 2
Chunghwa Investment Co., Ltd.	Stocks	-	Financial assets at FVOCI	4,571	46,989	11	-
	Tatung Technology Inc.	-	Financial assets at FVOCI	10,000	-	7	-
	iSing99 Inc.	-	Financial assets at FVOCI	20,000	-	2	-
	Powtee ElectroChemical Corporation	-	Financial assets at FVOCI	2,200	52,800	7	Note 2
	Bossdom Diginnovation Co., Ltd.	-	Financial assets at FVOCI	1,875	99,766	1	Note 2
CHT Security Co., Ltd.	PChome Online Inc.	-	Financial assets at FVOCI	-	42,007	3	-
	Limited partnership	-	Financial assets at FVTPL - noncurrent	-	16,092	-	-
CHT Security Co., Ltd.	Taiwan Capital Buffalo Fund V, L.P.	-	Financial assets at FVOCI	91	-	-	-
	Stocks	-	Financial assets at FVOCI	-	-	-	-
CHT Security Co., Ltd.	TXOne Networks Inc.	-	Financial assets at FVOCI	-	-	-	-
	-	-	Financial assets at FVOCI	-	-	-	-

Note 1: Showed at carrying amounts with fair value adjustments.

Note 2: Fair value was based on the closing price on December 30, 2022.

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
 YEAR ENDED DECEMBER 31, 2022
 (Amounts in Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Shares (Thousands/Thousand Units)	Amount	Shares (Thousands/Thousand Units)	Amount	Shares (Thousands/Thousand Units)	Amount	Carrying Value	Gain on Disposal	Shares (Thousands/Thousand Units)	Amount
Chunghwa Precision Test Tech. Co., Ltd.	<u>Stocks</u> TestPro Investment Co., Ltd.	Investments accounted for using equity method	Invested and established	Subsidiary	-	\$ -	13,500	\$ 135,000	-	\$ -	-	\$ -	13,500	\$ 135,000 (Note)
TestPro Investment Co., Ltd.	<u>Stocks</u> NavCore Tech. Co., Ltd	Investments accounted for using equity method	Invested and established	Subsidiary	-	-	10,850	108,500	-	-	-	-	10,850	108,500 (Note)

Note: Showing at their original investment amounts. The amount was eliminated upon consolidation.

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty is a Related Party	Pricing Reference	Purpose of Acquisition	Other Terms
Chungwa Precision Test Tech. Co., Ltd.	Land	2021.01~2022.05	\$ 534,030	Fully paid	Taiwan Powder Technologies Co., Ltd.	-	Property Owner Relationship Transaction Date Amount	According to appraisal report	Space requirements for future business expansion and operational considerations	-

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details			Abnormal Transaction		Notes / Accounts Payable or Receivable Ending Balance (Notes 2 and 4)	% to Total
			Purchases/Sales (Note 1)	Amount (Note 4)	% to Total	Payment Terms	Unit Price	Payment Terms	
Chunghwa Telecom Co., Ltd.	Senao International Co., Ltd.	Subsidiary	Sales	\$ 3,961,183	2	30 days	\$	-	2
	Aval Technologies Co., Ltd.	Subsidiary	Purchase	1,010,242	1	30-90 days	-	-	(6)
	CHIEF Telecom Inc.	Subsidiary	Purchase	345,739	-	30 days	-	-	-
		Subsidiary	Sales	482,253	-	30 days	-	-	-
	Chunghwa System Integration Co., Ltd.	Subsidiary	Purchase	100,884	-	60 days	-	-	-
	CHYP Multimedia Marketing & Communications Co., Ltd.	Subsidiary	Purchase	1,383,311	1	30 days	-	-	(3)
	Honghua International Co., Ltd.	Subsidiary	Purchase	144,904	-	30 days	-	-	-
	Donghua Telecom Co., Ltd.	Subsidiary	Purchase	6,398,667	6	30-60 days	-	-	(6)
		Subsidiary	Sales	181,714	-	30 days	-	-	-
		Subsidiary	Purchase	526,207	-	90 days	-	-	(1)
	Chunghwa Telecom Global, Inc.	Subsidiary	Sales	130,426	-	90 days	-	-	-
		Subsidiary	Purchase	314,688	-	90 days	-	-	(1)
	GHT Security Co., Ltd.	Subsidiary	Purchase	365,383	-	30 days	-	-	(1)
	International Integrated Systems, Inc.	Subsidiary	Purchase	644,072	1	30 days	-	-	(1)
Senao International Co., Ltd.	Senyoung Insurance Agent Co., Ltd.	Subsidiary	Sales	137,915	-	90 days	-	-	-
	Next Commercial Bank Co., Ltd.	Associate	Sales	153,022	-	30-60 days	-	-	-
	Taiwan International Standard Electronics Co., Ltd.	Associate	Purchase	811,060	1	30-90 days	-	-	(2)
	KingwayTek Technology Co., Ltd.	Associate	Purchase	102,505	-	30 days	-	-	-
	Aval Technologies Co., Ltd.	Subsidiary	Sales	354,836	1	60 days	-	-	3
			Purchase	239,559	1	30 days	-	-	(1)
	So-net Entertainment Taiwan Limited	Associate	Sales	141,493	5	30 days	-	-	11
	Youth Co., Ltd.	Fellow subsidiary	Sales	129,705	-	30 days	-	-	1
	ISPOT Co., Ltd.	Fellow subsidiary	Sales	105,031	-	30 days	-	-	1
	Su Zhou Precision Test Tech. Ltd.	Subsidiary	Sales	185,105	4	90 days	-	-	5

Note 1: Purchases include costs to acquire services.

Note 2: Notes and accounts receivable did not include the amounts collected for others and other receivables.

Note 3: Transaction terms with related parties were determined in accordance with mutual agreements when there were no similar transactions with third parties. Other transactions with related parties were not significantly different from those with third parties.

Note 4: All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022**

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate (Note 1)	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amounts	Action Taken		
Chunghwa Telecom Co., Ltd.	Senao International Co., Ltd.	Subsidiary	\$ 553,907 (Note 2)	11.07	\$ -	-	\$ 542,039	\$ -
Senao International Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	1,096,214 (Note 2)	8.10	-	-	80,373	-
Chunghwa System Integration Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	547,598 (Note 2)	3.97	-	-	304,798	-
Honghua International Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	888,955 (Note 2)	7.30	-	-	159,406	-
CHT Security Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	132,146 (Note 2)	4.13	-	-	100,210	-
CHYP Multimedia Marketing & Communications Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	106,751 (Note 2)	2.89	-	-	65,982	-
Donghua Telecom Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	136,772 (Note 2)	3.10	-	-	43,210	-

Note 1: Payments and receipts collected in trust for others are excluded from the accounts receivable in calculating the turnover rate.

Note 2: The amount was eliminated upon consolidation.

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES IN WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)
 YEAR ENDED DECEMBER 31, 2022
 (Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022		Net Income (Loss) of the Investee	Recognized Gain (Loss) (Notes 1, 2 and 3)	Note
				December 31, 2022	December 31, 2021	Shares (Thousands)	Percentage of Ownership (%)			
Chungghwa Telecom Co., Ltd.	Senao International Co., Ltd.	Taiwan	Handset and peripherals retailer; sales of CHT mobile phone plans as an agent	\$ 1,065,813	\$ 1,065,813	71,773	28	\$ 658,038	\$ 177,150	Subsidiary (Note 5)
	Light Era Development Co., Ltd.	Taiwan	Planning and development of real estate and intelligent buildings, and property management	3,000,000	3,000,000	300,000	100	20,995	13,323	Subsidiary (Note 5)
	Dongghwa Telecom Co., Ltd.	Hong Kong	International private leased circuit, IP VPN service, and IP transit services	691,163	691,163	178,590	100	26,033	26,033	Subsidiary (Note 5)
	Chungghwa Telecom Singapore Pte., Ltd.	Singapore	International private leased circuit, IP VPN service, and IP transit services	574,112	574,112	26,383	100	250,922	250,982	Subsidiary (Note 5)
	Chungghwa System Integration Co., Ltd.	Taiwan	Providing system integration services and telecommunications equipment	838,506	838,506	60,000	100	32,836	25,296	Subsidiary (Note 5)
	CHIEF Telecom Inc.	Taiwan	Network integration, internet data center ("IDC"), communications integration and cloud application services	459,652	459,652	39,426	56	836,809	480,237	Subsidiary (Note 5)
	Chungghwa Investment Co., Ltd.	Taiwan	Investment	639,559	639,559	68,085	89	246,304	219,339	Subsidiary (Note 5)
	Prime Asia Investments Group Ltd.	British Virgin Islands	Investment	385,274	385,274	1	100	7,100	7,100	Subsidiary (Note 5)
	Hongghwa International Co., Ltd.	Taiwan	Telecommunication engineering, sales agent of mobile phone plan application and other business services, etc.	180,000	180,000	18,000	100	464,271	438,179	Subsidiary (Note 5)
	CHYP Multimedia Marketing & Communications Co., Ltd.	Taiwan	Digital information supply services and advertisement services	150,000	150,000	15,000	100	22,296	22,846	Subsidiary (Note 5)
	Chungghwa Telecom Vietnam Co., Ltd.	Vietnam	Intelligent energy saving solutions, international circuit, and information and communication technology ("ICT") services	148,275	148,275	-	100	(764)	(764)	Subsidiary (Note 5)
	Chungghwa Telecom Global, Inc.	United States	International private leased circuit, internet services, and transit services	70,429	70,429	6,000	100	79,803	80,191	Subsidiary (Note 5)
	CHT Security Co., Ltd.	Taiwan	Computing equipment installation, wholesale of computing and business machinery equipment and software, management consulting services, data processing services, digital information supply services and internet identity services	240,000	240,000	24,000	73	201,332	133,820	Subsidiary (Note 5)
	Chungghwa Telecom (Thailand) Co., Ltd.	Thailand	International private leased circuit, IP VPN service, ICT and cloud VAS services	119,624	119,624	1,300	100	7,322	7,322	Subsidiary (Note 5)
	Spring House Entertainment Tech. Inc.	Taiwan	Software design services, internet contents production and play, and motion picture production and distribution	62,209	62,209	8,251	56	44,541	24,961	Subsidiary (Note 5)
	Chungghwa leading Photonics Tech Co., Ltd.	Taiwan	Production and sale of electronic components and finished products	70,500	70,500	7,050	75	37,590	28,192	Subsidiary (Note 5)
	Smartfun Digital Co., Ltd.	Taiwan	Providing diversified family education digital services	65,000	65,000	6,500	65	19,479	12,388	Subsidiary (Note 5)
	Chungghwa Telecom Japan Co., Ltd.	Japan	International private leased circuit, IP VPN service, and IP transit services	17,291	17,291	1	100	28,268	28,268	Subsidiary (Note 5)
	Chungghwa Sochamp Technology Inc.	Taiwan	Design, development and production of Automatic License Plate Recognition software and hardware	20,400	20,400	2,040	37	(3,575)	(2,462)	Subsidiary (Note 5)
	International Integrated Systems, Inc.	Taiwan	IT solution provider, IT application consultation, system integration and package solution	517,423	517,423	37,211	51	191,147	112,461	Subsidiary (Note 5)
	Viettel-CHT Co., Ltd.	Vietnam	IDC services	288,327	288,327	-	30	389,161	116,780	Associate

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES IN WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)

YEAR ENDED DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022		Net Income (Loss) of the Investee	Recognized Gain (Loss) (Notes 1, 2 and 3)	Note
				December 31, 2022	December 31, 2021	Shares (Thousands)	Percentage of Ownership (%)			
Senao International Co., Ltd.	Taiwan International Standard Electronics Co., Ltd.	Taiwan	Manufacturing, selling, designing, and maintaining of telecommunications systems and equipment	\$ 164,000	\$ 164,000	1,760	40	\$ 162,479	\$ 84,401	Associate
	KKBOX Taiwan Co., Ltd.	Taiwan	Providing of music on-line, software, electronic information, and advertisement services	67,025	67,025	4,438	30	38,348	11,504	Associate
	So-net Entertainment Taiwan Limited	Taiwan	Online service and sale of computer hardware	120,008	120,008	9,429	30	35,925	10,777	Associate
	KingwayTek Technology Co., Ltd.	Taiwan	Design and sale of digital map, technical support for computer peripherals device, design and development of system programming projects	66,684	66,684	10,512	23	78,927	18,316	Associate
	Taiwan International Ports Logistics Corporation	Taiwan	Import and export storage, logistic warehouse, and ocean shipping service	80,000	80,000	8,000	27	116,075	30,957	Associate
	Chungghwa PChome Fund I Co., Ltd.	Taiwan	Investment, venture capital, investment advisor, management consultant and other consultancy service	200,000	200,000	20,000	50	133,610	66,805	Associate
	Comerstone Ventures Co., Ltd.	Taiwan	Investment, venture capital, investment advisor, management consultant and other consultancy service	4,900	4,900	490	49	315	155	Associate
	Next Commercial Bank Co., Ltd.	Taiwan	Online banking business	4,190,000	4,190,000	419,000	42	(1,004,331)	(414,635)	Associate
	Chungghwa SEA Holdings	Taiwan	Investment business	10,200	10,200	1,020	51	(501)	(255)	Joint venture
	WiAdvance Technology Corporation	Taiwan	Software solution integration	273,800	273,800	3,700	20	(94,522)	(25,344)	Associate
CHIEF Telecom Inc.	Senao Networks, Inc.	Taiwan	Telecommunication facilities manufactures and sales	202,758	202,758	16,579	34	1,064,850	359,842	Associate
	Senao International (Samoa) Holding Ltd.	Samoa Islands	International investment	2,046,143	2,046,143	1,191	100	278	278	Subsidiary (Note 5)
	Youth Co., Ltd.	Taiwan	Sale of information and communication technologies products	427,850	427,850	14,752	96	(10,463)	(16,082)	Subsidiary (Note 5)
	Aval Technologies Co., Ltd.	Taiwan	Sale of information and communication technologies products	89,550	89,550	11,660	100	9,945	9,946	Subsidiary (Note 5)
	Senyoung Insurance Agent Co., Ltd.	Taiwan	Property and liability insurance agency	59,000	59,000	5,900	100	33,444	33,450	Subsidiary (Note 5)
	Unigate Telecom Inc.	Taiwan	Telecommunications and internet service	2,000	2,000	200	100	134	134	Subsidiary (Note 5)
	Chief International Corp.	Samoa Islands	Telecommunications and internet service	6,068	6,068	200	100	8,450	8,450	Subsidiary (Note 5)
	ST-2 Satellite Ventures Pte., Ltd.	Singapore	Operation of ST-2 telecommunications satellite	21,309	409,061	943	38	517,590	196,684	Associate
	CHT Infinity Singapore Pte. Ltd.	Singapore	Investment business	55,720	55,720	2,000	40	4,808	1,923	Associate
	Chungghwa Precision Test Tech. Co., Ltd.	Taiwan	Production and sale of semiconductor testing components and printed circuit board	178,608	178,608	11,230	34	770,620	263,929	Subsidiary (Note 5)
Chungghwa Telecom Singapore Pte., Ltd.	CHIEF Telecom Inc.	Taiwan	Network integration, internet data center ("IDC"), communications integration and cloud application services	19,064	19,064	2,078	3	836,809	24,616	Associate (Note 5)
	Senao International Co., Ltd.	Taiwan	Selling and maintaining mobile phones and its peripheral products	49,731	49,731	1,001	-	658,038	2,551	Associate (Note 5)
	AgriTalk Technology Inc.	Taiwan	Providing smart agricultural solutions	65,175	33,000	3,300	29	(8,500)	(757)	Associate
	Imediac Co., Ltd.	Taiwan	scientific agricultural product, biological inhibitor, and biochips	48,000	48,000	960	7	(36,145)	(4,568)	Associate
Chungghwa Precision Test Tech. Co., Ltd.	Chungghwa Precision Test Tech USA Corporation	United States	Design and after-sale services of semiconductor testing components and printed circuit board	74,192	74,192	2,600	100	4,996	4,996	Subsidiary (Note 5)

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES IN WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)
YEAR ENDED DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022		Net Income (Loss) of the Investee	Recognized Gain (Loss) (Notes 1, 2 and 3)	Note
				December 31, 2022	December 31, 2021	Shares (Thousands)	Percentage of Ownership (%)			
				\$ 2,008	\$ 2,008	1	100	\$ 2,255	\$ 67	Subsidiary (Note 5)
	CHPT Japan Co., Ltd.	Japan	Related services of electronic parts, machinery processed products and printed circuit board	173,649	173,649	5,700	100	168,997	11,138	Subsidiary (Note 5)
	Chungghwa Precision Test Tech. International, Ltd.	Samoa Islands	Wholesale and retail of electronic materials, and investment	135,000	-	13,500	100	98,422	(13,775)	Subsidiary (Note 5)
	TestPro Investment Co., Ltd.	Taiwan	Sale and manufacturing of smart equipment, smart factory software and hardware integration and technical consulting service	108,500	-	10,850	54	92,692	(25,177)	Subsidiary (Note 5)
	NavCore Tech. Co., Ltd	Taiwan								
	Prime Asia Investments Group, Ltd.	Hong Kong	Investment	375,274	375,274	1	100	162,922	7,100	Subsidiary (Note 5)
	Senao International (Samoa) Holding Ltd.	Hong Kong	International investment	2,060,467	2,060,467	80,440	100	34,207	-	Subsidiary (Note 5)
	Youth Co., Ltd.	Taiwan	Sale of information and communication technologies products	53,021	53,021	-	100	14,131	2,420	Subsidiary (Note 5)
	ISPOC Co., Ltd.	Taiwan	Maintenance of information and communication technologies products	21,354	21,354	-	100	5,150	(2,013)	Subsidiary (Note 5)
	Yoyvi Co., Ltd.	Taiwan								
	Aval Technologies Co., Ltd.	Taiwan	Sale of information and communication technologies products	29,550	29,550	3,845	100	45,810	6,370	Subsidiary (Note 5)
	Senyoung Insurance Agent Co., Ltd.	Taiwan	Life insurance services	29,500	29,500	2,950	100	21,804	(1,685)	Subsidiary (Note 5)
	SenaoLife Insurance Agent Co., Ltd	Taiwan								
	CHYP Multimedia Marketing & Communications Co., Ltd	Taiwan	Advertisement services	44,607	44,607	1,401	49	40,932	14,887	Associate
	International Integrated Systems, Inc.	Samoa	Investment	24,806	24,806	795	100	28,893	(44)	Subsidiary (Note 5)
	Infexplorer International Co., Ltd.	Mauritius	Investment	-	81,302	-	-	-	4,013	Subsidiary (Notes 5 and 6)
	IISI Investment Co., Ltd.	Taiwan	Development and maintenance of information system	55,569	55,569	5,065	99.96	83,036	8,082	Subsidiary (Note 5)
	Unitronics Technology Corp.									
	Infexplorer International Co., Ltd.	Hong Kong	Investment and engaging in technical consulting service	24,336	24,336	780	100	28,887	(44)	Subsidiary (Note 5)
	IISI Investment Co., Ltd.	Mauritius	Investment	-	65,374	-	-	-	3,774	Subsidiary (Notes 5 and 6)
	Leading Tech Co., Ltd.	Mauritius	Investment	-	100,693	-	-	-	24	Subsidiary (Notes 5 and 6)
	Leading Tech Co., Ltd.									
	CHT Security Co., Ltd.	Taiwan	VR integration and AIoT security services	20,000	-	2,000	40	13,267	(16,833)	Associate

Note 1: The amounts were based on audited financial statements.

Note 2: Recognized gain (loss) of investees includes amortization of differences between the investment cost and net value and elimination of unrealized transactions.

Note 3: Recognized gain (loss) and carrying value of the investees did not include the adjustment of the difference between the accounting treatment on standalone basis and consolidated basis as a result of the application of IFRS 15.

Note 4: Investments in mainland China are included in Table 8.

Note 5: The amount was eliminated upon consolidation.

Note 6: IICL, LTCL and LSCL completed the cancellation of registration in September 2022.

(Concluded)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA

YEAR ENDED DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars)

Investee	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022	Note
					Outflow	Inflow							
Senao International Trading (Shanghai) Co., Ltd.	Sale of information and communication technologies products	\$ 955,838	2	\$ 955,838	\$ -	\$ -	\$ 955,838	\$ -	100	\$ -	\$ -	\$ -	Notes 8 and 12
Chungghwa Telecom (China) Co., Ltd.	Integrated information and communication solution services for enterprise clients, and intelligent energy network service	177,176	2	177,176	-	-	177,176	(4,725)	100	(4,725)	-	-	Notes 10 and 12
Jiangsu Zhenghua Information Technology Company, LLC	Providing intelligent energy saving solution and intelligent buildings services	189,410	2	142,057	-	-	142,057	-	75	-	-	-	Notes 9 and 12
Shanghai Taihua Electronic Technology Limited	Design of printed circuit board and related consultation service	51,233	2	51,233	-	-	51,233	176	100	176	9,231	-	Note 12
Su Zhou Precision Test Tech. Ltd.	Assembly processed of circuit board, design of printed circuit board and related consultation service	119,199	2	119,199	-	-	119,199	10,983	100	10,983	162,919	-	Note 12
Shanghai Chief Telecom Co., Ltd.	Telecommunications and internet service	10,150	1	4,973	-	-	4,973	871	49	428	14,459	-	Note 12
International Integrated Systems Inc. (Shanghai)	Development and maintenance of information system	48,753	2	39,923	-	15,701	24,222	-	100	-	-	-	Notes 11 and 12

(Continued)

Investee	Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Stipulated by Investment Commission, MOEA
SENAO and its subsidiaries (Note 3)	\$ 955,838	\$ 2,047,858	\$ 3,792,099
Chunghwa Telecom (China) Co., Ltd. (Note 4)	177,176	177,176	236,267,056
Jiangsu Zhenghua Information Technology Company, LLC (Note 4)	142,057	142,057	236,267,056
Chunghwa Precision Test Tech Co., Ltd and its subsidiaries (Note 5)	170,432	216,185	4,775,580
Shanghai Chief Telecom Co., Ltd. (Note 6)	4,973	4,973	1,996,687
IISI and its subsidiaries (Note 7)	24,222	39,923	715,297

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

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

Note 2: The amounts were calculated based on the investee's audited financial statements.

Note 3: Senao International Co., Ltd. and its subsidiaries were calculated based on the consolidated net assets value of Senao International Co., Ltd.

Note 4: Chunghwa Telecom (China) Co., Ltd. and Jiangsu Zhenghua Information Technology Company, LLC were calculated based on the consolidated net assets value of Chunghwa Telecom Co., Ltd.

Note 5: Chunghwa Precision Test Tech. Co., Ltd. and its subsidiaries were calculated based on the consolidated net assets value of Chunghwa Precision Test Tech. Co., Ltd

Note 6: Shanghai Chief Telecom Co., Ltd. was calculated based on the consolidated net assets value of CHIEF Telecom Inc.

Note 7: IISI and its subsidiaries were calculated based on the consolidated net assets value of IISI.

Note 8: Senao International Trading (Shanghai) Co., Ltd. completed its liquidation in April 2021.

Note 9: Jiangsu Zhenhua Information Technology Company, LLC. completed its liquidation in December 2018.

Note 10: Chunghwa Telecom (China) Co., Ltd. completed its liquidation in October 2022.

Note 11: International Integrated Systems Inc. (Shanghai) completed its liquidation in August 2021.

Note 12: The amount was eliminated upon consolidation.

(Concluded)

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
YEAR ENDED DECEMBER 31, 2022
 (Amounts in Thousands of New Taiwan Dollars)

Year	No. (Note 1)	Company Name	Related Party	Nature of Relationship (Note 2)	Transaction Details			
					Financial Statement Account	Amount (Note 5)	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
2022	0	Chunghwa Telecom Co., Ltd.	Senao International Co., Ltd.	a	Accounts receivable	\$ 411,867	-	-
					Accrued custodial receipts	142,040	-	-
					Accounts payable	951,467	-	-
					Amounts collected for others	144,967	-	-
					Revenues	3,961,183	-	2
					Operating costs and expenses	865,491	-	-
					Inventories	144,751	-	-
			CHIEF Telecom Inc.	a	Accounts receivable	60,896	-	-
					Revenues	482,253	-	-
					Accounts payable	29,434	-	-
					Operating costs and expenses	100,884	-	-
			CHYP Multimedia Marketing & Communications Co., Ltd.	a	Accounts payable	70,901	-	-
			Chunghwa System Integration Co., Ltd.	a	Operating costs and expenses	144,904	-	-
					Accounts payable	548,279	-	-
					Operating costs and expenses	1,369,194	-	1
					Inventories	14,117	-	-
			Chunghwa Telecom Global Inc.	a	Accounts receivable	20,368	-	-
					Accounts payable	45,523	-	-
					Revenues	130,426	-	-
					Operating costs and expenses	314,688	-	-
			Donghwa Telecom Co., Ltd.	a	Accounts receivable	43,519	-	-
					Accounts payable	136,772	-	-
					Revenues	181,714	-	-
					Operating costs and expenses	526,207	-	-
			Honghwa International Co., Ltd.	a	Accounts payable	889,437	-	-
					Operating costs and expenses	6,311,140	-	3
					Inventories	87,527	-	-
			CHT Security Co., Ltd.	a	Accounts payable	132,146	-	-
					Operating costs and expenses	320,770	-	-
					Inventories	44,613	-	-
			International Integrated Systems, Inc.	a	Accounts payable	105,962	-	-
					Operating costs and expenses	628,518	-	-
					Inventories	15,554	-	-
			Aval Technologies Co., Ltd.	a	Accounts payable	20,066	-	-
					Operating costs and expenses	345,739	-	-
			Senyoung Insurance Agent Co., Ltd.	a	Accounts receivable	41,775	-	-
					Revenues	137,915	-	-

Note 1: Significant transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

- a. "0" for the Company.
- b. Subsidiaries are numbered from "1".

Note 2: Related party transactions are divided into three categories as follows:

- a. The Company to subsidiaries.
- b. Subsidiaries to the Company.
- c. Subsidiaries to subsidiaries.

Note 3: Transaction terms with the related parties were determined in accordance with mutual agreements when there were no similar transactions with third parties. Other transactions with related parties were not significantly different from those with third parties.

Note 4: For assets and liabilities, amount is shown as a percentage to consolidated total assets as of December 31, 2022, while revenues, costs and expenses are shown as a percentage to consolidated revenues for the year ended December 31, 2022.

Note 5: The amount was eliminated upon consolidation.

TABLE 10**CHUNGHWA TELECOM CO., LTD.****INFORMATION OF MAJOR STOCKHOLDERS
DECEMBER 31, 2022**

Name of Major Stockholders	Shares	
	Number of Shares	Percentage of Ownership (%)
Ministry of Transportation and Communications	2,737,718,976	35.29
Shin Kong Life Insurance Co., Ltd.	416,466,184	5.36

Note: This table presents information provided by the Taiwan Depository & Clearing Corporation on stockholders holding greater than 5% of Chungwa's dematerialized securities that have completed the process of registration and delivery by book-entry transfer as of the last business day for the current quarter.

8. Parent-only Financial Statements and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Chunghwa Telecom Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Revenue Recognition on Mobile Service

Refer to Notes 3 and 38 to the financial statements.

The Company's mobile service revenue consists of subscriber-based charges made up of a significant volume of low-dollar transactions. Because of the complexity and a variety of subscriber-based charges as well as a large number of transactions, the Company uses highly automated systems to process and record its revenue transactions.

Given the Company's systems to process and record revenue are highly automated, auditing revenue was complex and challenging due to the extent of audit effort required and involvement of professionals with

Chunghwa Telecom Co., Ltd.

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

expertise in information technology (IT) necessary for us to identify, test, and evaluate the Company's IT systems.

Our audit procedures related to the Company's systems to process revenue transactions included the following, among others:

- With the assistance of our IT specialists, we:
 - Identified the significant systems used to process revenue transactions and tested the general IT controls over each of these systems, including testing of user access controls and change management controls.
 - Performed testing of system interface controls and automated controls within the relevant revenue streams, as well as the controls designed to ensure the accuracy and completeness of revenue.
- We tested manual controls within the relevant revenue business processes, including those in place to reconcile the various systems to the Company's accounting system.
- We selected samples from mobile service revenue and agreed to customer contracts and records of cash receipts.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

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

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

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

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

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

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

Yih-shin Kao



Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2023

Notice to Readers

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

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

CHUNGHWA TELECOM CO., LTD.

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

ASSETS	2022	%	2021	%
	Amount		Amount	
CURRENT ASSETS				
Cash and cash equivalents (Notes 3 and 6)	\$ 37,976,062	8	\$ 28,289,556	6
Financial assets at fair value through profit or loss (Notes 3, 4 and 7)	3,514	-	-	-
Hedging financial assets (Notes 3 and 19)	12,891	-	-	-
Contract assets (Notes 3 and 26)	2,114,559	1	1,982,596	1
Trade notes and accounts receivable, net (Notes 3, 4, 9 and 26)	21,449,052	4	20,691,664	4
Receivables from related parties (Note 33)	1,209,306	-	1,789,959	-
Inventory (Notes 3, 4 and 10)	4,903,003	1	5,278,144	1
Prepayments (Note 11)	1,428,124	-	1,643,733	-
Other current monetary assets (Notes 12, 24 and 30)	1,376,203	-	1,359,713	-
Other current assets (Notes 17 and 18)	3,382,222	1	2,844,972	1
Total current assets	73,855,441	15	63,880,337	13
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss (Notes 3, 4 and 7)	978,196	-	884,670	-
Financial assets at fair value through other comprehensive income (Notes 3, 4, 8 and 30)	3,143,866	-	3,058,606	-
Investments accounted for using equity method (Notes 3, 4, 8 and 30)	20,396,082	4	20,120,401	4
Contract assets (Notes 3 and 26)	1,212,847	-	1,105,747	-
Property, plant and equipment (Notes 3, 4, 14, 30 and 33)	281,135,093	56	279,910,890	57
Right-of-use assets (Notes 3, 4, 15 and 33)	10,533,019	2	10,737,544	2
Investment properties (Notes 3, 4 and 16)	9,974,127	2	9,832,904	2
Intangible assets (Notes 3, 4 and 17)	78,697,640	16	83,435,418	17
Deferred income tax assets (Notes 3 and 28)	1,935,053	-	2,271,292	-
Incremental costs of obtaining contracts (Notes 3 and 26)	7,704,427	2	6,899,240	1
Net defined benefit assets (Notes 3, 4 and 24)	5,240,239	1	3,369,703	1
Prepayments (Note 11)	878,600	-	937,318	-
Other noncurrent assets (Notes 18 and 34)	3,940,642	1	4,100,621	1
Total noncurrent assets	425,769,931	85	426,664,354	87
TOTAL	\$ 499,625,372	100	\$ 490,544,691	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss (Notes 3, 4 and 7)	\$ -	-	\$ 6,180	-
Hedging financial liabilities (Notes 3 and 19)	-	-	8,286	-
Contract liabilities (Notes 3 and 26)	12,790,467	3	11,537,157	2
Trade notes and accounts payable (Note 21)	12,438,047	3	14,119,843	3
Payables to related parties (Note 33)	3,715,122	1	3,448,259	1
Current tax liabilities (Notes 3 and 28)	4,580,440	1	4,079,823	1
Lease liabilities (Notes 3, 4, 15, 30 and 33)	3,038,698	1	2,918,782	1
Other payables (Notes 22 and 30)	21,102,682	4	20,362,594	4
Provisions (Notes 3 and 23)	130,161	-	175,454	-
Other current liabilities	952,411	-	939,652	-
Total current liabilities	58,748,028	13	57,596,030	12
NONCURRENT LIABILITIES				
Contract liabilities (Notes 3 and 26)	5,680,583	1	5,063,165	1
Bonds payable (Note 20)	30,477,357	6	26,976,675	5
Deferred income tax liabilities (Notes 3 and 28)	2,276,910	-	2,160,049	-
Provisions (Notes 3 and 23)	169,168	-	141,865	-
Lease liabilities (Notes 3, 4, 15, 30 and 33)	7,066,749	1	7,037,599	2
Customers' deposits (Note 33)	4,991,461	1	4,881,790	1
Net defined benefit liabilities (Notes 3, 4 and 24)	2,224,847	-	2,188,572	-
Other noncurrent liabilities	6,811,326	1	5,164,100	1
Total noncurrent liabilities	59,698,457	10	53,613,815	10
Total liabilities	118,446,485	23	111,209,845	22
EQUITY (Note 25)				
Common stocks	77,574,465	16	77,574,465	16
Additional paid-in capital	171,300,898	34	171,279,625	35
Retained earnings				
Legal reserve	77,574,465	16	77,574,465	16
Special reserve	3,083,569	1	2,675,419	1
Unappropriated earnings	51,868,574	10	50,639,022	10
Total retained earnings	132,526,008	27	130,888,906	27
Others	(223,084)	-	(408,150)	-
Total equity	381,178,887	77	379,334,846	78
TOTAL	\$ 499,625,372	100	\$ 490,544,691	100

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

CHUNGHWA TELECOM CO., LTD.

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

	2022	%	2021	%
	Amount		Amount	
REVENUES (Notes 3, 26, 33 and 38)	\$ 182,254,339	100	\$ 178,843,350	100
OPERATING COSTS (Notes 3, 10, 24, 26, 27 and 33)	113,210,698	62	113,928,789	64
GROSS PROFIT	69,043,641	38	64,914,561	36
OPERATING EXPENSES (Notes 3, 9, 24, 27 and 33)				
Marketing	17,583,419	10	16,024,280	9
General and administrative	5,242,664	3	3,885,112	2
Research and development	2,812,225	2	2,837,425	2
Expected credit loss	115,870	-	141,794	-
Total operating expenses	25,754,178	15	22,888,611	13
OTHER INCOME AND EXPENSES (Notes 14, 15, 16, 27 and 38)	102,882	-	(342,764)	-
INCOME FROM OPERATIONS	43,392,345	23	41,683,186	23
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 38)	191,932	-	56,471	-
Other income (Notes 8, 27 and 33)	255,214	-	255,445	-
Other gains and losses (Notes 13, 27, 32 and 33)	(494,392)	-	471,086	-
Interest expense (Notes 15, 27, 33 and 38)	(220,498)	-	(190,093)	-
Share of profits of subsidiaries, associates and joint ventures accounted for using equity method (Notes 13 and 38)	1,784,364	1	1,611,361	1
Total non-operating income and expenses	1,516,620	1	2,204,270	1
INCOME BEFORE INCOME TAX	44,908,965	24	43,887,456	24
INCOME TAX EXPENSE (Notes 3 and 28)	8,431,808	5	8,133,877	5
NET INCOME	36,477,157	19	35,753,579	19

(Continued)

CHUNGHWA TELECOM CO., LTD.

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

	2022	%	2021	%
	Amount		Amount	
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss:				
Remeasurements of defined benefit pension plans (Note 24)	\$ 1,116,673	1	\$ 398,352	-
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income (Notes 3, 25 and 32)	92,444	-	(1,208,027)	(1)
Gain or loss on hedging instruments subject to basis adjustment (Notes 3 and 19)	21,177	-	(10,038)	-
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method (Notes 3, 13 and 25)	(191,987)	-	12,698	-
Income tax relating to items that will not be reclassified to profit or loss (Note 28)	(223,335)	-	(79,670)	-
	<u>814,972</u>	<u>1</u>	<u>(886,685)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising from the translation of the foreign operations	262,176	-	(76,359)	-
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method (Note 13)	14,777	-	(1,386)	-
	<u>276,953</u>	<u>-</u>	<u>(77,745)</u>	<u>-</u>
Total other comprehensive income (loss), net of income tax	<u>1,091,925</u>	<u>1</u>	<u>(964,430)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 37,569,082</u>	<u>20</u>	<u>\$ 34,789,149</u>	<u>18</u>
EARNINGS PER SHARE (Note 29)				
Basic	\$ 4.70		\$ 4.61	
Diluted	<u>\$ 4.70</u>		<u>\$ 4.60</u>	

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

(Concluded)

CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Others (Notes 19 and 25)									
	Common Stocks (Note 25)	Additional Paid-in Capital (Note 25)	Retained Earnings (Note 25)			Exchange Differences Arising from the Translation of the Foreign Operations	Unrealized Gain or Loss on Financial Assets at Fair Value through Other Comprehensive Income	Gain or Loss on Hedging Instruments	Total Equity	
			Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE, JANUARY 1, 2021	\$ 77,574,465	\$ 171,261,379	\$ 77,574,465	\$ 2,675,419	\$ 47,918,166	\$ (314,531)	\$ 1,239,901	\$ 1,752	\$ 377,931,016	
Appropriation of 2020 earnings	-	-	-	-	(33,403,565)	-	-	-	(33,403,565)	
Cash dividends	-	1,968	-	-	-	-	-	-	1,968	
Unclaimed dividend	-	-	-	-	-	-	-	-	-	
Change in additional paid-in capital from investments in subsidiaries, associates and joint ventures accounted for using equity method	-	16,278	-	-	-	-	-	-	16,278	
Net income for the year ended December 31, 2021	-	-	-	-	35,753,579	-	-	-	35,753,579	
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	311,189	(77,745)	(1,187,836)	(10,038)	(964,430)	
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	36,064,768	(77,745)	(1,187,836)	(10,038)	34,789,149	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	94,588	-	(94,588)	-	-	
Disposal of investments in equity instruments at fair value through other comprehensive income by subsidiaries	-	-	-	-	(34,935)	-	34,935	-	-	
BALANCE, DECEMBER 31, 2021	77,574,465	171,279,625	77,574,465	2,675,419	50,639,022	(392,276)	(7,588)	(8,286)	379,334,846	
Appropriation of 2021 earnings	-	-	-	408,150	(408,150)	-	-	-	-	
Special reserve	-	-	-	-	(35,746,314)	-	-	-	(35,746,314)	
Cash dividends	-	-	-	-	-	-	-	-	-	
Unclaimed dividend	-	1,632	-	-	-	-	-	-	1,632	
Change in additional paid-in capital from investments in subsidiaries, associates and joint ventures accounted for using equity method	-	14,488	-	-	-	-	-	-	14,488	
Change in additional paid-in capital for not proportionately participating in the capital increase of subsidiaries	-	5,153	-	-	-	-	-	-	5,153	
Net income for the year ended December 31, 2022	-	-	-	-	36,477,157	-	-	-	36,477,157	
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	906,975	281,063	(117,290)	21,177	1,091,925	
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	37,384,132	281,063	(117,290)	21,177	37,569,082	
Disposal of investments in equity instruments at fair value through other comprehensive income by subsidiaries	-	-	-	-	(116)	-	116	-	-	
BALANCE, DECEMBER 31, 2022	\$ 77,574,465	\$ 171,300,898	\$ 77,574,465	\$ 3,083,569	\$ 51,868,574	\$ (111,213)	\$ (124,762)	\$ 12,891	\$ 381,178,887	

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

CHUNGHWA TELECOM CO., LTD.

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 44,908,965	\$ 43,887,456
Adjustments for:		
Depreciation	31,637,715	30,748,863
Amortization	6,545,816	6,475,933
Amortization of incremental costs of obtaining contracts	5,787,729	5,684,693
Expected credit loss	115,870	141,794
Interest expense	220,498	190,093
Interest income	(191,932)	(56,471)
Dividend income	(150,569)	(149,918)
Share of profits of subsidiaries, associates and joint ventures accounted for using equity method	(1,784,364)	(1,611,361)
Loss on disposal of property, plant and equipment	4,585	5,603
Gain on disposal of investments accounted for using equity method	-	(3,239)
Provision for impairment loss and obsolescence of inventory	9,252	163,193
Impairment loss on right-of-use assets	-	420,590
Reversal of impairment loss on investment properties	(107,467)	(83,429)
Valuation loss (gain) on financial assets and liabilities at fair value through profit or loss, net	198,534	(243,417)
Others	251,791	(139,079)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Contract assets	(239,255)	(347,693)
Trade notes and accounts receivable	(817,154)	(1,149,116)
Receivables from related parties	580,653	(449,409)
Inventories	365,889	1,605,349
Prepayments	274,327	263,649
Other current monetary assets	84,274	(304,927)
Other current assets	(537,755)	(661,501)
Incremental cost of obtaining contracts	(6,592,916)	(5,568,854)
Increase (decrease) in:		
Contract liabilities	1,870,728	(1,402,756)
Trade notes and accounts payable	(1,678,057)	1,888,527
Payables to related parties	266,863	67,771
Other payables	791,532	(77,677)
Provisions	(17,990)	2,437
Other current liabilities	35,291	(12,186)
Net defined benefit plans	(717,588)	(748,165)
Cash generated from operations	81,115,265	78,536,753
Interests paid	(59,037)	(57,637)
Income taxes paid	(7,701,426)	(7,470,701)
Net cash provided by operating activities	73,354,802	71,008,415
		(Continued)

- 8 -

CHUNGHWA TELECOM CO., LTD.

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

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ -	\$ 2,907,367
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	7,184	-
Acquisition of financial assets at fair value through profit or loss	(323,321)	-
Proceeds from capital reduction of financial assets at fair value through profit or loss	65,967	-
Acquisition of time deposits and negotiable certificates of deposit with maturities of more than three months	(4,013,040)	(13,133,853)
Proceeds from disposal of time deposits and negotiable certificates of deposit with maturities of more than three months	4,033,853	13,111,803
Acquisition of investments accounted for using equity method	-	(273,800)
Proceeds from disposal of investments accounted for using equity method	-	8,519
Proceeds from capital reduction of investments accounted for using equity method	-	813,793
Acquisition of property, plant and equipment	(29,630,706)	(34,302,157)
Proceeds from disposal of property, plant and equipment	15,413	15,454
Acquisition of intangible assets	(1,808,038)	(187,945)
Acquisition of investment properties	(18,333)	(146)
Decrease in other noncurrent assets	104,902	213,694
Interests received	164,371	57,190
Cash dividends received from others	150,569	149,918
Cash dividends received from subsidiaries, associates and joint ventures accounted for using equity method	1,465,692	1,235,130
Net cash used in investing activities	(29,785,487)	(29,385,033)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term bills payable	-	5,000,000
Repayments of short-term bills payable	-	(12,000,000)
Proceeds from issuance of bonds	3,500,000	7,000,000
Payments for transaction costs attributable to the issuance of bonds	(4,463)	(7,675)
Increase in customers' deposits	87,139	134,718
Payments for the principal of lease liabilities	(3,368,085)	(3,342,213)
Increase in other noncurrent liabilities	1,647,282	3,192,888
Cash dividends paid	(35,746,314)	(33,403,565)
Unclaimed dividend	1,632	1,968
Net cash used in financing activities	(33,882,809)	(33,423,879)
		(Continued)

- 9 -

CHUNGHWA TELECOM CO., LTD.

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

	2022	2021
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 9,686,506	\$ 8,199,503
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>28,289,556</u>	<u>20,090,053</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 37,976,062</u>	<u>\$ 28,289,556</u>

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

(Concluded)

CHUNGHWA TELECOM CO., LTD.

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

1. GENERAL

Chunghwa Telecom Co., Ltd. ("the Company") was incorporated on July 1, 1996 in the Republic of China ("ROC"). The Company is a company limited by shares and, prior to August 2000, was wholly owned by the Ministry of Transportation and Communications ("MOTC"). Prior to July 1, 1996, the current operations of the Company were carried out under the Directorate General of Telecommunications ("DGT"). The DGT was established by the MOTC in June 1943 to take primary responsibility in the development of telecommunications infrastructure and to formulate policies related to telecommunications. On July 1, 1996, the telecom operations of the DGT were spun-off as the Company which continues to carry out the business and the DGT continues to be the industry regulator.

Effective August 12, 2005, the MOTC completed the process of privatizing the Company by reducing the government ownership to below 50% in various stages. In July 2000, the Company received approval from the Securities and Futures Commission (the "SFC") for a domestic initial public offering and its common stocks were listed and traded on the Taiwan Stock Exchange (the "TWSE") on October 27, 2000. Certain of the Company's common stocks were sold, in connection with the foregoing privatization plan, in domestic public offerings at various dates from August 2000 to July 2003. Certain of the Company's common stocks were also sold in an international offering of securities in the form of American Depositary Shares ("ADS") on July 17, 2003 and were listed and traded on the New York Stock Exchange (the "NYSE"). The MOTC sold common stocks of the Company by auction in the ROC on August 9, 2005 and completed the second international offering on August 10, 2005. Upon completion of the share transfers associated with these offerings on August 12, 2005, the MOTC owned less than 50% of the outstanding shares of the Company and completed the privatization plan.

Chunghwa launched its organizational transformation based on customer-centric structure effective from January 2022. Please refer to Note 38 Segment Information for details.

The financial statements are presented in the Company's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board of Directors on February 24, 2023.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Preparation

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

When preparing the accompanying financial statements, the Company used equity method to account for its investment in subsidiaries, associates and joint ventures. In order for the amounts of the net profit, other comprehensive income and total equity in the parent company only financial statements to be the same with those amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between parent company only basis and consolidated basis were made to the captions of “investments accounted for using equity method”, “share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method”, “share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method” and related equity items, as appropriate, in the parent company only financial statements.

Current and Noncurrent Assets and Liabilities

Current assets include:

- a. Assets held primarily for the purpose of trading;
 - b. Assets expected to be realized within twelve months after the reporting period; and
 - c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- Current liabilities include:
- a. Liabilities held primarily for the purpose of trading;
 - b. Liabilities due to be settled within twelve months after the reporting period; and
 - c. Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

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

Foreign Currencies

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

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

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined and related exchange differences are recognized in profit or loss. Conversely, when the fair value changes were recognized in other comprehensive income, related exchange difference shall be recognized in other comprehensive income.

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

For the purpose of presenting financial statements, the assets and liabilities of the Company's foreign operations (including those subsidiaries, associates and joint ventures in other countries or currencies used different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income.

Cash Equivalents

Cash equivalents include those maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value such as commercial papers, negotiable certificates of deposit and stimulus vouchers. These cash equivalents are held for the purpose of meeting short-term cash commitments.

Inventories

Inventories are stated at the lower of cost or net realizable value item by item, except for those that may be appropriate to group items of similar or related inventories. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. The calculation of the cost of inventory is derived using the weighted-average method.

Investments Accounted for Using Equity Method

Investments in subsidiaries, associates and joint ventures are accounted for using equity method.

- a. Investment in subsidiaries

Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment in subsidiaries is initially recognized at cost and the increase or decrease of carrying amount reflects the recognition of the Company's share of profit or loss and other comprehensive income of the subsidiaries after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company's loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the investment of the subsidiaries and the fair value of the consideration paid or received is recognized directly in equity.

The acquisition cost in excess of the acquisition-date fair value of the identifiable net assets acquired is recognized as goodwill, which is included within the carrying amount of the investment and shall not be amortized. The acquisition-date fair value of the net identifiable assets acquired in excess of the acquisition cost is recognized immediately in profit or loss.

Unrealized profits and losses from downstream transactions with a subsidiary are eliminated in full. Profits and losses from upstream transactions with a subsidiary and sidestream transactions between subsidiaries are recognized in the Company's financial statements only to the extent of interests in the subsidiary that are not related to the Company.

- b. Investments in associates and joint ventures

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Company and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Under the equity method, an investment in an associate and a joint venture is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the associate and joint venture as well as the distribution received. The Company also recognizes its share in changes in the associates and joint ventures.

When the Company subscribes for new shares of an associate and a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate and joint venture. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to additional paid-in capital. When the adjustment should be debited to additional paid-in capital but the additional paid-in capital recognized from investments accounted for using equity method is insufficient, the shortage is debited to retained earnings.

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

The entire carrying amount of an 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, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and joint venture. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate and joint venture directly disposed of the related assets or liabilities.

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

Property, Plant and Equipment

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

Property, plant and equipment in the course of construction are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. Freehold land is not depreciated. The estimated useful lives, residual values and depreciation method are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

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

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

For a transfer from the investment properties to property, plant and equipment, the deemed cost of the property, plant and equipment for subsequent accounting is its carrying amount at the commencement of owner-occupation.

For a transfer from the property, plant and equipment to investment properties, the deemed cost of the investment properties for subsequent accounting is its carrying amount at the end of owner-occupation.

On derecognition of the investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period in which the property is derecognized.

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Company expects to dispose of the intangible asset before the end of its economic life.

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss in the period in which the asset is derecognized.

Impairment of Property, Plant and Equipment, Right-of-use Assets, Investment Properties, Intangible Assets and Incremental Costs of Obtaining Contracts

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

Impairment loss from the assets related to incremental cost of obtaining contracts is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services.

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

Financial Instruments

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

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

a. Financial assets

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

1) Measurement category

a) Financial assets at fair value through profit or loss (FVTPL)

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 investments in equity instruments which are not designated as at fair value through other comprehensive income (FVOCI).

Financial assets at FVTPL are stated 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 does not incorporate any dividend earned on the financial asset. Fair value is determined in the manner described in Note 32.

b) Financial assets at amortized cost

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

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- 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 are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss, except for short-term receivables as the effect of discounting is immaterial. Exchange differences are recognized in profit or loss.

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

c) Investments in equity instruments at FVOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVOCI. Designation at FVOCI 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 FVOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments. Instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and contract assets.

The Company recognizes lifetime Expected Credit Loss (ECL) for accounts receivable and contract assets. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes an impairment loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of investments in equity instruments at FVOCI in its entirety, the cumulative gain or loss is directly transferred to retained earnings, and it is not reclassified to profit or loss.

b. Financial liabilities

1) Subsequent measurement

Except for financial liabilities at FVTPL, all the financial liabilities are subsequently measured at amortized cost using the effective interest method.

2) Derecognition of financial liabilities

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

c. Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including forward exchange contracts.

Derivatives are initially measured at fair value at the date 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 derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Hedge Accounting

The Company designates some derivatives instruments as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and are included in the initial cost of the non-financial asset or non-financial liability.

The Company 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. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

Provisions

Provisions are measured at the best estimate of the expenditure required to settle the Company's obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. The provisions for warranties claims are made by management according to the sales agreements which represent the management's best estimate of the future outflow of economic benefits. The provisions of warranties claims are recognized as operating cost in the period in which the goods

are sold. The provision for onerous contracts represents the present obligation resulting from the measurement for the unavoidable costs of meeting the Company's contractual obligations exceed the economic benefits expected to be received from the contracts. In assessing whether a contract is onerous, the cost of fulfilling a contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that are related directly to fulfilling contracts.

Revenue Recognition

The Company identifies the performance obligations in the contract with the customers, allocates transaction price to each performance obligation and recognizes revenue when performance obligations are satisfied.

Sales of products are recognized as revenue when the Company delivers products and the customer accepts and controls the product. Except for the consumer electronic products such as mobile devices sold in channel stores which are usually in cash sale, the Company recognizes revenues for sale of other electronic devices and corresponding trade notes and accounts receivable.

Usage revenues from fixed-line services (including local, domestic long distance and international long distance telephone services), mobile services, internet and data services, and interconnection and call transfer fees from other telecommunications companies and carriers are billed in arrears and are recognized based upon seconds or minutes of traffic processed when the services are provided in accordance with contract terms. The usage revenues and corresponding trade notes and accounts receivable are recognized monthly.

Other revenues are recognized as follows: (a) one-time subscriber connection fees (on fixed-line services) are first recognized as contract liabilities and revenues are recognized subsequently over the average expected customer service periods, (b) monthly fees (on fixed-line services, mobile, internet and data services) and related receivables are accrued monthly, and (c) prepaid services (fixed-line, mobile, internet and data services) are recognized as contract liabilities upon collection considerations from customers and are recognized as revenues subsequently based upon actual usage by customers.

Where the Company enters into transactions which involve both the provision of telecommunications service bundled with products such as handsets, total consideration received from products and telecommunications service in these arrangements are allocated based on their relative stand-alone selling price. The amount of sales revenue recognized for products is not limited to the amount paid by the customer for the products. When the amount of sales revenue recognized for products exceeded the amount paid by the customer for the products, the difference is recognized as contract assets. Contract assets are reclassified to accounts receivable when the amounts become collectible from customers subsequently. When the amount of sales revenue recognized for products was less than the amount paid by the customer for the products, the difference is recognized as contract liabilities and revenues are recognized subsequently when the telecommunications service are provided.

For project business contracts, if a substantial part of the Company's promise to customers is to manage and coordinate the various tasks and assume the risks of those tasks to ensure the individual goods or services are incorporated into the combined output, they are treated as a single performance obligation since the Company provides a significant integration service. The Company recognizes revenues and corresponding accounts receivable when the project business contract is completed and accepted by customers.

For service contracts such as maintenance and warranties, customers simultaneously receive and consume the benefits provided by the Company; thus revenues and corresponding accounts receivable of service contracts are recognized over the related service period.

When another party is involved in providing goods or services to a customer, the Company is acting as a principal if it controls the specified good or service before that good or service is transferred to a customer; otherwise, the Company is acting as an agent. When the Company is acting as a principal,

gross inflow of economic benefits arising from transactions is recognized as revenue. When the Company is acting as an agent, revenue is recognized as its share of transaction.

Incremental Costs of Obtaining Contracts

Commissions and equipment subsidy related to telecommunications service as a result of obtaining contracts are recognized as an asset under the incremental costs of obtaining contracts to the extent the costs are expected to be recovered, and are amortized over the contract period. However, the Company elects not to capitalize the incremental costs of obtaining contracts if the amortization period of the assets that the Company otherwise would have recognized is expected to be one year or less.

Leasing

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

- a. The Company as lessor

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

- b. The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for lease payments for low-value assets are recognized as expenses on a straight-line basis over the lease terms accounted for applying recognition exemption.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities and for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented separately on the balance sheets.

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

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

Lease liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. The Company accounts for the remeasurement of the lease liability as a result of the decrease of lease scope by decreasing the carrying amount of the right-of-use assets and recognizes in profit or loss any gain or loss on the partial or full termination of the lease. Lease liabilities are presented separately on the balance sheets.

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

Borrowing Costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government Grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to government grants and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses of the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should construct 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 become receivable as compensation for expenses or losses already incurred 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 service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and gains or losses on settlements) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising (a) actuarial gains and losses; and (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. 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. Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plan except that remeasurement is recognized in profit or loss.

Income Tax

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

a. Current tax

According to the Income Tax Act in the ROC, an additional tax of unappropriated earnings is provided for in the year the stockholders approve to retain the earnings.

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

b. Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused tax credits from purchases of machinery, equipment and technology and research, development expenditures, etc. 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, associates and joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred tax

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

Where current tax or deferred tax arises from the initial accounting for the acquisition of a subsidiary, the tax effect is included in the accounting for the investments in a subsidiary.

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

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

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

a. Critical accounting judgments

1) Principal versus agent

The Company's project agreements are mainly to provide one or more customized equipment or services to customers. In order to fulfill the agreements, another party may be involved in some agreements. The Company considers the following factors to determine whether the Company is a principal of the transaction: whether the Company is the primary obligation provider of the agreements, its exposures to inventory risks and the discretion in establishing prices, etc. The determination of whether the Company is a principal or an agent will affect the amount of revenue recognized by the Company. Only when the Company is acting as a principal, gross inflows of economic benefits arising from transactions is recognized as revenue.

2) Control over subsidiaries

As discussed in Note 13, some entities are subsidiaries of the Company although the Company only owns less than 50% ownership interests in these entities. After considering the Company's absolute size of holding in the entity and the relative size of and the dispersion of shares owned by the other stockholders, and the contractual arrangements between the Company and other investors, potential voting interests and the written agreement between stockholders, the management concluded that the Company has a sufficiently dominant voting interest to direct the relevant activities of the entity and therefore the Company has control over these entities.

b. Key sources of estimation uncertainty and assumption

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period. Actual results may differ from these estimates.

1) Impairment of trade notes and accounts receivable

The provision for impairment of trade notes and accounts receivable is based on assumptions on probability of default and expected credit loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's past experience, current market conditions as well as forward looking information at the end of each reporting period. For details of the key assumptions and inputs used, see Note 9. Where the actual future cash flows are less than expected, a material impairment loss may arise.

2) Fair value measurements and valuation processes

For the assets and liabilities measured at fair value without quoted prices in active markets, the Company's management determines the appropriate valuation techniques for the fair value measurements and whether to engage third party qualified appraisers based on the related regulations and professional judgments.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities was disclosed in Note 32. If the actual changes of inputs in the future differ from expectation, the fair value may vary accordingly. The Company updates inputs periodically to monitor the appropriateness of the fair value measurement.

3) Provision for inventory valuation and obsolescence

Inventories are stated at the lower of cost or net realizable value. Net realizable value is calculated as the estimated selling price less the estimated costs necessary to make a sale. Comparison of net realizable value and cost is determined on an item by item basis, except for those similar items which could be categorized into the same groups. The Company uses the inventory holding period and turnover as the evaluation basis for inventory obsolescence losses.

4) Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets

When an indication of impairment is assessed with objective evidence, the Company considers whether the recoverable amount of an asset is less than its carrying amount and recognizes the impairment loss based on difference between the recoverable amount and its carrying amount. The estimate of recoverable amount would impact on the timing and the amount of impairment loss recognition.

5) Useful lives of property, plant and equipment

As discussed in Note 3, "Summary of Significant Accounting Policies - Property, Plant and Equipment", the Company reviews estimated useful lives of property, plant and equipment at the end of each year.

6) Recognition and measurement of defined benefit plans

Net defined benefit liabilities (assets) and the resulting pension expense under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, employee turnover rate, average future salary increase and etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

7) Lessees' incremental borrowing rates

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for relevant duration and the same currency is selected as a reference rate. The lessee's credit spread adjustments and lease specific adjustments are also taken into account.

5. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

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

The initial application of the amendments to the IFRS, IAS, IFRIC and SIC issued by the International Accounting Standards Board and endorsed and issued into effect by the FSC (collectively, the "Taiwan-IFRSs") does not have material impacts on the Company's financial statements.

- b. Amendments to IFRSs endorsed by the FSC for application starting from January 1, 2023

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
January 1, 2023 (Note 1)	January 1, 2023 (Note 1)
January 1, 2023 (Note 2)	January 1, 2023 (Note 2)
January 1, 2023 (Note 3)	January 1, 2023 (Note 3)
Note 1:	The amendments will be applied for annual reporting periods beginning on or after January 1, 2023.
Note 2:	The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.
Note 3:	Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.
The application of the above new, revised or amended standards and interpretations will not have a material impact on the Company's financial statements.	
c.	IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture
Amendments to IFRS 16	Leases Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
January 1, 2024 (Note 2)	January 1, 2024 (Note 2)
January 1, 2024	January 1, 2024
January 1, 2024	January 1, 2024
Note 1:	Unless stated otherwise, the above new IFRSs are effective for annual periods beginning on or after their respective effective dates.
Note 2:	A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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

6. CASH AND CASH EQUIVALENTS

	December 31 2022	2021
Cash		
Cash on hand	\$ 126,582	\$ 138,312
Bank deposits	3,305,759	8,310,540
	<u>3,432,341</u>	<u>8,448,852</u>
Cash equivalents (with maturities of less than three months)		
Commercial papers	19,043,721	12,338,368
Negotiable certificates of deposit	15,500,000	7,500,000
Stimulus vouchers	-	2,336
	<u>34,543,721</u>	<u>19,840,704</u>
	<u>\$ 37,976,062</u>	<u>\$ 28,289,556</u>

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

	December 31 2022	2021
Bank deposits	0.00%-2.62%	0.00%-0.10%
Commercial papers	0.90%-1.30%	0.20%-0.30%
Negotiable certificates of deposit	1.20%-1.45%	0.27%-0.30%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31 2022	2021
Financial assets - current		
Mandatorily measured at FVTPL		
Derivatives (not designated for hedge)		
Forward exchange contracts	\$ 3,514	\$ -
Financial assets - noncurrent		
Mandatorily measured at FVTPL		
Non-derivatives		
Non-listed stocks - domestic	\$758,312	\$647,998
Non-listed stocks - foreign	102,648	236,672
Limited partnership - domestic	93,114	-
Film and drama investing agreements	<u>24,122</u>	<u>-</u>
	<u>\$978,196</u>	<u>\$884,670</u>
Financial liabilities - current		
Held for trading		
Derivatives (not designated for hedge)		
Forward exchange contracts	\$ -	\$ 6,180

Chunghwa's Board of Directors approved an investment in Taiwan Capital Buffalo Fund VI, L.P. at the amount of \$600,000 thousand in January 2022. As of December 31, 2022, Chunghwa invested \$100,000 thousand.

Outstanding forward exchange contracts not designated for hedge as of balance sheet dates were as follows:

	Currency	Maturity Period	Contract Amount (In Thousands)
December 31, 2022			
Forward exchange contracts - buy	NT\$/EUR	2023.03	NT\$61,746 / EUR2,000
December 31, 2021			
Forward exchange contracts - buy	NT\$/EUR	2022.03	NT\$257,081 / EUR8,000

The Company entered into the above forward exchange contracts to manage its exposure to foreign currency risk due to fluctuations in exchange rates. However, the aforementioned derivatives did not meet the criteria for hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NONCURRENT

	December 31 2022	2021
Domestic investments		
Non-listed stocks	\$ 3,026,049	\$ 2,931,257
Foreign investments		
Non-listed stocks	<u>117,817</u>	<u>127,349</u>
	<u>\$ 3,143,866</u>	<u>\$ 3,058,606</u>

The Company holds the above foreign and domestic stocks for medium to long-term strategic purposes and expects to profit from long-term investment. Accordingly, the management elected to designate these investments in equity instruments at FVOCI as they believe that recognizing short-term fair value fluctuations of these investments in profit or loss is not consistent with the Company's strategy of holding these investments for long-term purposes.

The Company disposed of its investment in China Airlines, Ltd. starting from December 2020 and sold all its shares by February 2021. The total fair value of the disposed investment was \$2,635,568 thousand in 2021. The Company disposed of its investment in UUPON Inc. (UUPON) in October 2021 and the fair value of the disposed investment was \$1,478 thousand.

The related unrealized gains on financial assets at FVOCI of \$94,588 thousand were transferred from other equity to retained earnings upon the aforementioned disposals in 2021.

The Company recognized dividend income of \$150,569 thousand and \$149,918 thousand for the years ended December 31, 2022 and 2021, respectively, from the investments still held on December 31, 2022 and 2021.

9. TRADE NOTES AND ACCOUNTS RECEIVABLE, NET

	2022	December 31 2021
Trade notes and accounts receivable	\$ 22,784,830	\$ 22,264,613
Less: Loss allowance	(1,335,778)	(1,572,949)
	<u>\$ 21,449,052</u>	<u>\$ 20,691,664</u>

The main credit terms range from 30 to 90 days.

The Company serves a large consumer base for telecommunications business; therefore, the concentration of credit risk is limited. When having transactions with customers, the Company considers the record of arrears in the past. In addition, the Company may also collect some telecommunication charges in advance to reduce the payment arrears in subsequent periods.

The Company adopted a policy of dealing with counterparties with certain credit ratings for project business and to obtain collateral where necessary to mitigate the risk of loss arising from defaults. Credit rating information is provided by independent rating agencies where available and, if such credit rating information is not available, the Company uses other publicly available financial information and its own historical transaction experience to rate its major customers. The Company continues to monitor the credit exposure and credit ratings of its counterparties and spread the credit risk amongst qualified counterparties.

In order to mitigate credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure the recoverability of receivables. In addition, the Company reviews the recoverable amount of receivables at balance sheet dates to ensure that adequate allowance is provided for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk could be reasonably reduced.

The Company applies the simplified approach to recognize expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for receivables. The expected credit losses on receivables are estimated using a provision matrix by reference to past default experience of the customers and an analysis of the customers' current financial positions, as well as the forward-looking indicators such as macroeconomic business indicator.

When there is evidence indicating that the counterparty is in evasion, bankruptcy, deregistration or the accounts receivable are over two years past due and the recoverable amount cannot be reasonable estimated, the Company writes off the trade notes and accounts receivable. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The Company's provision matrix arising from telecommunications business and project business is disclosed below.

December 31, 2022

	Not Past Due	Past Due Less than 30 Days	Past Due 31 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 120 Days	Past Due 121 to 180 Days	Past Due over 180 Days	Total
Telecommunications business								
Expected credit loss rate (Note b)	0%-1%	1%-20%	3%-44%	11%-80%	25%-90%	45%-98%	100%	
Gross carrying amount	\$ 17,162,634	\$ 310,392	\$ 86,500	\$ 32,826	\$ 27,774	\$ 34,127	\$ 599,316	\$ 18,253,569
Loss allowance (lifetime ECL)	(49,644)	(22,309)	(19,806)	(20,927)	(20,085)	(29,244)	(599,316)	(761,331)
Amortized cost	<u>\$ 17,112,990</u>	<u>\$ 288,083</u>	<u>\$ 66,694</u>	<u>\$ 11,899</u>	<u>\$ 7,689</u>	<u>\$ 4,883</u>	<u>\$ —</u>	<u>\$ 17,492,238</u>

(Continued)

	Not Past Due	Past Due Less than 30 Days	Past Due 31 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 120 Days	Past Due 121 to 180 Days	Past Due over 180 Days	Total
Project business								
Expected credit loss rate (Note b)	0%-5%	5%	10%	30%	50%	80%	100%	
Gross carrying amount	\$ 3,797,905	\$ 119,329	\$ 11,424	\$ 53,189	\$ 1,360	\$ 785	\$ 547,269	\$ 4,531,261
Loss allowance (lifetime ECL)	(2,604)	(6,138)	(1,142)	(15,986)	(680)	(628)	(547,269)	(574,447)
Amortized cost	<u>\$ 3,795,301</u>	<u>\$ 113,191</u>	<u>\$ 10,282</u>	<u>\$ 37,203</u>	<u>\$ 680</u>	<u>\$ 157</u>	<u>\$ 3,956,814</u>	<u>(Concluded)</u>

December 31, 2021

	Not Past Due	Past Due Less than 30 Days	Past Due 31 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 120 Days	Past Due 121 to 180 Days	Past Due over 180 Days	Total
Telecommunications business								
Expected credit loss rate (Note a)	0%-1%	1%-22%	3%-62%	11%-80%	25%-90%	49%-97%	100%	
Gross carrying amount	\$ 16,410,725	\$ 282,640	\$ 82,062	\$ 44,259	\$ 31,065	\$ 31,060	\$ 602,833	\$ 17,484,264
Loss allowance (lifetime ECL)	(50,733)	(23,465)	(28,596)	(29,800)	(25,402)	(28,423)	(602,833)	(789,252)
Amortized cost	<u>\$ 16,359,992</u>	<u>\$ 258,575</u>	<u>\$ 53,466</u>	<u>\$ 14,739</u>	<u>\$ 5,663</u>	<u>\$ 2,577</u>	<u>\$ —</u>	<u>\$ 16,695,012</u>
Project business								
Expected credit loss rate (Note b)	0%-5%	5%	10%	30%	50%	80%	100%	
Gross carrying amount	\$ 3,988,010	\$ 136	\$ 6,960	\$ 14,271	\$ 411	\$ 799	\$ 769,762	\$ 4,780,349
Loss allowance (lifetime ECL)	(7,835)	(68)	(890)	(4,293)	(210)	(639)	(769,762)	(783,697)
Amortized cost	<u>\$ 3,980,175</u>	<u>\$ 68</u>	<u>\$ 6,070</u>	<u>\$ 9,978</u>	<u>\$ 201</u>	<u>\$ 160</u>	<u>\$ —</u>	<u>\$ 3,996,652</u>

Note a: Please refer to Note 38 for the information of disaggregation of telecommunications service revenue. The expected credit loss rate applicable to different business revenue varies so as to reflect the risk level indicating by factors like historical experience.

Note b: The project business has different loss types according to the customer types. The expected credit loss rate listed above is for general customers. When the customer is a government-affiliated entity, it is anticipated that there will not be an instance of credit loss. Customers with past history of bounced checks or accounts receivable exceeding six months overdue are classified as high-risk customers, with an expected credit loss rate of 50%, increasing by period as the days overdue increase.

Movements of loss allowance for trade notes and accounts receivable were as follows:

	2022	Year Ended December 31 2021
Beginning balance	\$ 1,572,949	\$ 2,116,716
Add: Provision for credit loss	108,402	120,961
Less: Amounts written off	(345,573)	(664,728)
Ending balance	<u>\$ 1,335,778</u>	<u>\$ 1,572,949</u>

10. INVENTORIES

	December 31	
	2022	2021
Merchandise	\$ 1,026,261	\$ 1,190,607
Project in process	<u>3,876,742</u>	<u>4,087,537</u>
	\$ 4,903,003	\$ 5,278,144

The operating costs related to inventories were \$24,018,696 thousand (including the valuation loss on inventories of \$9,252 thousand) and \$27,634,049 thousand (including the valuation loss on inventories of \$163,193 thousand) for the years ended December 31, 2022 and 2021, respectively.

11. PREPAYMENTS

	December 31	
	2022	2021
Prepaid rents	\$ 1,299,100	\$ 1,388,566
Others	<u>1,007,624</u>	<u>1,192,485</u>
	\$ 2,306,724	\$ 2,581,051
Current		
Prepaid rents	\$ 420,500	\$ 451,248
Others	<u>1,007,624</u>	<u>1,192,485</u>
	\$ 1,428,124	\$ 1,643,733
Noncurrent		
Prepaid rents	<u>\$ 878,600</u>	<u>\$ 937,318</u>

Prepaid rents comprised the prepayments from the lease agreements applying the recognition exemption and the prepayments for leases that do not meet the definition of leases under IFRS 16.

12. OTHER CURRENT MONETARY ASSETS

	December 31	
	2022	2021
Receivable of receipts under custody	\$ 732,689	\$ 765,169
Time deposits and negotiable certificates of deposit with maturities of more than three months	14,767	33,853
Others	<u>628,747</u>	<u>560,691</u>
	\$ 1,376,203	\$ 1,359,713

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

	December 31	
	2022	2021
Time deposits and negotiable certificates of deposit with maturities of more than three months	1.20%~1.45%	0.14%~0.82%

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2022	2021
Investments in subsidiaries	\$ 15,075,655	\$ 14,537,488
Investments in associates	5,310,750	5,572,981
Investments in joint venture	<u>9,677</u>	<u>9,932</u>
	\$ 20,396,082	\$ 20,120,401
a. Investments in subsidiaries		
Investments in subsidiaries were as follows:		
	Carrying Amount	
	December 31	2021
	2022	2021
Listed		
Senao International Co., Ltd. ("SENAO")	\$ 56,695	\$ 211,023
CHIEF Telecom Inc. ("CHIEF")	<u>1,983,440</u>	<u>1,845,072</u>
Non-listed		
Light Era Development Co., Ltd. ("LED")	3,839,742	3,856,921
Chunghwa Investment Co., Ltd. ("CHI")	3,176,735	3,202,188
Chunghwa Telecom Singapore Pte., Ltd. ("CHTS")	<u>1,120,634</u>	<u>1,057,720</u>
Honghua International Co., Ltd. ("HHI")	730,084	616,610
Chunghwa System Integration Co., Ltd. ("CHSI")	718,130	716,992
Donghua Telecom Co., Ltd. ("DHT")	707,721	613,536
International Integrated Systems, Inc. ("IISI")	642,709	586,133
Chunghwa Telecom Global, Inc. ("CHTG")	597,080	464,281
CHT Security Co., Ltd. ("CHTSC")	405,032	375,827
CHYP Multimedia Marketing & Communications Co., Ltd. ("CHYP")	204,188	201,424
Prime Asia Investments Group Ltd. ("Prime Asia")	162,922	153,582
Spring House Entertainment Tech. Inc. ("SHE")	158,406	143,613
Chunghwa Leading Photonics Tech. Co., Ltd. ("CLPT")	150,071	121,879
Chunghwa Telecom Japan Co., Ltd. ("CHTJ")	124,400	98,852
Chunghwa Telecom (Thailand) Co., Ltd. ("CHTT")	114,611	99,853
Chunghwa Telecom Vietnam Co., Ltd. ("CHTV")	103,508	97,014
Smartfun Digital Co., Ltd. ("SFD")	81,764	79,876
Chunghwa Sochamp Technology Inc. ("CHST")	<u>(2,217)</u>	<u>(4,908)</u>
	\$ 15,075,655	\$ 14,537,488

The percentages of ownership and voting rights in subsidiaries held by the Company as of balance sheet dates were as follows:

	% of Ownership and Voting Right	
	2022	2021
Senao International Co., Ltd. ("SENAO")	28	28
CHIEF Telecom Inc. ("CHIEF")	56	56
Light Era Development Co., Ltd. ("LED")	100	100
Chunghwa Investment Co., Ltd. ("CHI")	89	89
Chunghwa Telecom Singapore Pte., Ltd. ("CHTS")	100	100
Honghua International Co., Ltd. ("HHI")	100	100
Chunghwa System Integration Co., Ltd. ("CHSI")	100	100
Donghua Telecom Co., Ltd. ("DHT")	100	100
International Integrated Systems, Inc. ("IISI")	51	51
Chunghwa Telecom Global, Inc. ("CHTG")	100	100
CHT Security Co., Ltd. ("CHTSC")	73	77
CHYP Multimedia Marketing & Communications Co., Ltd. ("CHYP")	100	100
Prime Asia Investments Group Ltd. ("Prime Asia")	100	100
Spring House Entertainment Tech. Inc. ("SHE")	56	56
Chunghwa Leading Photonics Tech. Co., Ltd. ("CLPT")	75	75
Chunghwa Telecom Japan Co., Ltd. ("CHTJ")	100	100
Chunghwa Telecom (Thailand) Co., Ltd. ("CHTT")	100	100
Chunghwa Telecom Vietnam Co., Ltd. ("CHTV")	100	100
Smartfun Digital Co., Ltd. ("SFD")	65	65
Chunghwa Sochamp Technology Inc. ("CHST")	37	51

The Company continues to control seven out of thirteen seats of the Board of Directors of SENAO through the support of large beneficial stockholders. As a result, the Company treated SENAO as a subsidiary.

CHIEF issued new shares in March 2021, December 2021, March 2022 and December 2022 as its employees exercised options. Therefore, the Company's ownership interest in CHIEF decreased to 55.95% and 55.73% as of December 31, 2021 and 2022, respectively.

DHT reduced and returned its capital to its stakeholders in March 2021. The Company's ownership interest in DHT remained the same.

IISI issued new shares in January 2021 as its employees exercised options. Therefore, the Company's ownership interest in IISI decreased to 51.02%.

CHTSC issued new shares in February 2021, February 2022 and May 2022 as its employees exercised options. Therefore, the Company's ownership interest in CHTSC decreased to 77.46% and 73.09% as of December 31, 2021 and 2022, respectively.

The Company did not participate in the capital increase of CHST in November 2022. Therefore, the Company's ownership interest in CHST decreased to 37.09% as of December 31, 2022. However, the Company continues to control three out of five seats of the Board of Directors of CHST. As a result, the Company treated CHST as a subsidiary.

For the details of the subsidiaries indirectly held by the Company, please refer to Note 37.

The Company's share of profit (loss) and other comprehensive income (loss) of the subsidiaries was recognized based on the audited financial statements.

b. Investments in associates

Investments in associates were as follows:

	Carrying Amount	
	2022	2021
Material associate		
Non-listed		
Next Commercial Bank Co., Ltd. ("NCB")	\$ 3,173,309	\$ 3,592,054
Associates that are not individually material		
Listed		
KingwayTek Technology Co., Ltd. ("KWT")	267,125	258,943
Non-listed		
Viettel-CHT Co., Ltd. ("Viettel-CHT")	558,532	447,097
Taiwan International Standard Electronics Co., Ltd. ("TISE")	296,501	347,269
Chunghwa PChome Fund I Co., Ltd. ("CPFI")	277,776	222,491
So-net Entertainment Taiwan Limited ("So-net")	228,184	217,021
WiAdvance Technology Corporation ("WATC")	227,868	253,873
KKBOX Taiwan Co., Ltd. ("KKBOXTW")	173,634	157,524
Taiwan International Ports Logistics Corporation ("TIPL")	101,078	70,121
Cornerstone Ventures Co., Ltd. ("CVC")	6,743	6,588
Alliance Digital Tech Co., Ltd. ("ADT")	-	-
	2,137,441	1,980,927
	\$ 5,310,750	\$ 5,572,981

The percentages of ownership interests and voting rights in associates held by the Company as of balance sheet dates were as follows:

	% of Ownership Interests and Voting Rights	
	2022	2021
Material associate		
Non-listed		
Next Commercial Bank Co., Ltd. ("NCB")	42	42

(Continued)

% of Ownership Interests and Voting Rights

	December 31	
	2022	2021
<u>Associates that are not individually material</u>		
<u>Listed</u>		
KingwayTek Technology Co., Ltd. ("KWT")	23	23
<u>Non-listed</u>		
Viettel-CHT Co., Ltd. ("Viettel-CHT")	30	30
Taiwan International Standard Electronics Co., Ltd. ("TISE")	40	40
Chunghwa PChome Fund I Co., Ltd. ("CPFI")	50	50
So-net Entertainment Taiwan Limited ("So-net")	30	30
WiAdvance Technology Corporation ("WATC")	20	20
KKBOX Taiwan Co., Ltd. ("KKBOXTW")	30	30
Taiwan International Ports Logistics Corporation ("TIPL")	27	27
Comerstone Ventures Co., Ltd. ("CVC")	49	49
Alliance Digital Tech Co., Ltd. ("ADT")	-	-
	(Concluded)	

Summarized financial information of NCB was set out below:

	December 31	
	2022	2021
Assets	\$ 33,540,595	\$ 9,197,280
Liabilities	(25,882,268)	(524,813)
Equity	\$ 7,658,327	\$ 8,672,467
The percentage of ownership interest held by the Company	41.90%	41.90%
Equity attributable to the Company	\$ 3,208,839	\$ 3,633,764
Unrealized gain or loss from downstream transactions	(35,530)	(41,710)
The carrying amount of investment	\$ 3,173,309	\$ 3,592,054
Year Ended December 31		
	2022	2021
Net revenues (losses)	\$ (47,349)	\$ 14,907
Net loss for the year	\$ (1,004,331)	\$ (445,665)
Other comprehensive loss	(9,809)	-
Total comprehensive loss for the year	\$ (1,014,140)	\$ (445,665)

Except for NCB, no associate is considered individually material to the Company. Summarized financial information of associates that are not individually material to the Company was as follows:

	Year Ended December 31	
	2022	2021
The Company's share of profits	\$ 314,351	\$ 258,266
The Company's share of other comprehensive income (loss)	4,625	(6,167)
The Company's share of total comprehensive income	\$ 318,976	\$ 252,099
The Level 1 fair values of associate based on the closing market prices as of the balance sheet date was as follows:		

KWT

	December 31	
	2022	2021
	\$ 804,187	\$ 909,787

The Company invested \$273,800 thousand and obtained 20.33% ownership interest by participating in the capital increase of WATC in March 2021. WATC mainly engages in software solution integration. WATC issued new shares in March 2022 and October 2022 as its employees exercised option. Therefore, the Company's ownership interest in WATC decreased to 20.05% as of December 31, 2022.

The Company's ownership interest in NCB is 41.90%. Although the Company is the single largest stockholder of NCB, it only obtained six out of fifteen seats of the Board of Directors of NCB. In addition, the management considered the size of ownership interest and the dispersion of shares owned by the other stockholders, other holdings are not extremely dispersed. The Company is not able to direct its relevant activities. Therefore, the Company does not have control over NCB and merely has significant influence over NCB and treated it as an associate.

The Company invested and obtained 50% ownership interest in CPFI. However, as the Company has only two out of five seats of the Board of Directors of CPFI and has no control but significant influence over CPFI. Therefore, the Company recognized CPFI as an investment in associate.

The Company invested and obtained 49% ownership interest in CVC. However, as the Company has only two out of five seats of the Board of Directors of CVC and has no control but significant influence over CVC. Therefore, the Company recognized CVC as an investment in associate.

The Company owns 14% ownership interest in ADT. Considering the seats that the Company controls in the Board of Directors of ADT and the relative size of ownership interest and the dispersion of shares owned by the other stockholders, the Company has significant influence over ADT. ADT completed its liquidation in August 2021. The Company received the liquidation distribution of \$8,519 thousand and recognized gain on disposal of \$3,239 thousand under "other gains and losses" on the statements of comprehensive income.

The Company's share of profits and other comprehensive income (loss) of associates was recognized based on the audited financial statements.

c. Investment in joint venture

Investment in joint venture was as follows:

Name of Joint Venture	% of Ownership Interests and Voting Rights	
	December 31	December 31
	2022	2021
Non-listed		
Chunghwa SEA Holdings("CHT SEA")	\$ 9,677	\$ 9,932
	\$ 51	\$ 51

The Company invested and established a joint venture, CHT SEA, with Delta Electronics, Inc. and Kwang Hsing Industrial Co., Ltd. and obtained 51% ownership interest of CHT SEA. However, according to the mutual agreements among stockholders, the Company does not individually direct CHT SEA's relevant activities and has joint control with the other party; therefore, the Company treated CHT SEA as a joint venture.

The joint venture is not considered individually material to the Company. Summarized financial information of CHT SEA was set out below:

	Year Ended December 31	
	2022	2021
The Company's share of loss	\$ (255)	\$ (268)
The Company's share of other comprehensive income	-	-
The Company's share of total comprehensive loss	\$ (255)	\$ (268)
The Company's share of loss and other comprehensive income of the joint venture was recognized based on the audited financial statements.		

14. PROPERTY, PLANT AND EQUIPMENT

Assets used by the Company
Assets subject to operating leases

a. Assets used by the Company

	Land	Land Improvements	Buildings	Computer Equipment	Telecommunications Equipment	Transportation Equipment	Miscellaneous Equipment	Construction in Progress and Equipment to be Accepted	Total
Cost									
Balance on January 1, 2021	\$ 99,167,842	\$ 1,610,382	\$ 66,806,830	\$ 11,890,117	\$ 707,013,740	\$ 3,887,139	\$ 7,886,132	\$ 8,171,372	\$ 906,453,534
Additions	-	-	(28,722)	279	19,414	-	-	34,601,055	34,669,770
Disposals	-	-	(1,057)	(1,665,279)	(27,616,279)	(83,595)	(356,976)	(6,806,666)	(36,573,896)
Others	-	-	(152,810)	(64,137)	31,666,666	117,254	(326,088)	(32,266,371)	(3,000,887)
Balance on December 31, 2021	\$ 99,254,620	\$ 1,610,382	\$ 66,625,281	\$ 10,719,419	\$ 709,000,451	\$ 3,921,321	\$ 8,157,645	\$ 10,959,056	\$ 910,604,940

(Continued)

	Land	Land Improvements	Buildings	Computer Equipment	Telecommunications Equipment	Transportation Equipment	Miscellaneous Equipment	Construction in Progress and Equipment to be Accepted	Total
Accumulated depreciation and impairment									
Balance on January 1, 2021	\$ -	\$ (1,399,204)	\$ (28,338,602)	\$ (10,258,795)	\$ (591,164,004)	\$ (3,713,962)	\$ (6,308,207)	\$ -	\$ (641,182,776)
Depreciation expenses	-	(43,433)	(1,253,587)	(654,621)	(24,610,713)	(64,380)	(428,219)	-	(27,034,961)
Disposals	-	1,025	28,618	1,861,245	27,616,279	83,595	356,976	-	30,468,748
Others	-	-	(26,631)	(264)	(1,563)	628	(45,169)	-	(28,929)
Balance on December 31, 2021	-	\$ (1,418,612)	\$ (29,553,571)	\$ (10,052,135)	\$ (585,968,031)	\$ (3,694,124)	\$ (6,825,619)	-	\$ (641,208,540)
Balance on January 1, 2021, net	\$ 99,167,842	\$ 231,188	\$ 38,468,228	\$ 1,631,325	\$ 114,868,236	\$ 123,127	\$ 1,572,024	\$ 8,171,372	\$ 206,270,266
Balance on December 31, 2021, net	\$ 98,576,620	\$ 220,016	\$ 37,412,485	\$ 1,469,884	\$ 121,901,420	\$ 222,121	\$ 1,228,253	\$ 10,959,056	\$ 199,692,350
Carrying amount									
Balance on January 1, 2022	\$ 99,576,870	\$ 1,661,628	\$ 66,694,624	\$ 10,719,419	\$ 709,801,451	\$ 3,921,301	\$ 8,157,452	\$ 10,975,066	\$ 910,604,801
Additions	(3,558)	(6,042)	(6,980)	(775,297)	(18,385,296)	(104,132)	(337,439)	29,560,001	29,560,001
Disposals	-	-	1,830,084	561,307	24,610,406	145,485	451,446	(26,261,020)	(1,723,738)
Others	-	-	(68,526,270)	(10,507,429)	(216,026,315)	(3,962,664)	(8,471,159)	-	(249,594,853)
Balance on December 31, 2022	\$ 100,065,580	\$ 1,655,586	\$ 40,829,418	\$ 10,507,429	\$ 716,006,315	\$ 3,862,664	\$ 8,471,159	\$ 13,173,137	\$ 912,393,459
Accumulated depreciation and impairment									
Balance on January 1, 2022	\$ -	\$ (1,418,612)	\$ (29,553,571)	\$ (10,258,795)	\$ (587,900,031)	\$ (3,694,124)	\$ (6,825,619)	\$ -	\$ (641,208,540)
Depreciation expenses	-	(43,433)	(1,253,587)	(654,621)	(24,610,713)	(64,380)	(428,219)	-	(27,034,961)
Disposals	-	1,025	28,618	1,861,245	27,616,279	83,595	356,976	-	30,468,748
Others	-	-	(26,631)	(264)	(1,563)	628	(45,169)	-	(28,929)
Balance on December 31, 2022	-	\$ (1,418,612)	\$ (29,553,571)	\$ (10,052,135)	\$ (585,968,031)	\$ (3,694,124)	\$ (6,825,619)	-	\$ (641,208,540)
Balance on January 1, 2022, net	\$ 99,576,870	\$ 231,188	\$ 38,468,228	\$ 1,631,325	\$ 114,868,236	\$ 123,127	\$ 1,572,024	\$ 8,171,372	\$ 206,270,266
Balance on December 31, 2022, net	\$ 100,065,580	\$ 220,016	\$ 37,412,485	\$ 1,469,884	\$ 121,901,420	\$ 222,121	\$ 1,228,253	\$ 10,975,066	\$ 199,692,350

(Continued)

There was no indication that property, plant and equipment was impaired; therefore, the Company did not recognize any impairment loss for the years ended December 31, 2022 and 2021.

Depreciation expense for assets used by the Company is computed using the straight-line method over the following estimated service lives:

Land improvements	10~30 years
Buildings	
Main buildings	35~60 years
Other building facilities	4~10 years
Computer equipment	4~6 years
Telecommunications equipment	
Telecommunication circuits	10~15 years
Telecommunication machinery and antennas equipment	3~10 years
Transportation equipment	3~7 years
Miscellaneous equipment	
Leasehold improvements	2~6 years
Mechanical and air conditioner equipment	5~16 years
Others	3~15 years

b. Assets subject to operating leases

	Land	Buildings	Total
Cost			
Balance on January 1, 2021	\$ 4,800,876	\$ 4,083,626	\$ 8,884,502
Others	(163,994)	410,274	246,280
Balance on December 31, 2021	\$ 4,636,882	\$ 4,493,900	\$ 9,130,782

(Continued)

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

Buildings	
Main buildings	35~60 years
Other building facilities	4~10 years

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Land and buildings		
Handsets base stations	\$ 7,176,845	\$ 6,989,498
Others	1,168,313	1,236,987
Equipment	2,187,861	2,511,059
	<u>\$ 10,533,019</u>	<u>\$ 10,737,544</u>
	Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 3,671,805</u>	<u>\$ 4,918,877</u>
Depreciation charge for right-of-use assets		
Land and buildings		
Handsets base stations	\$ 2,863,650	\$ 2,789,938
Others	376,338	402,224
Equipment	327,848	398,496
	<u>\$ 3,567,836</u>	<u>\$ 3,590,658</u>

The Company entered into a contract with ST-2 Satellite Ventures Pte., Ltd. to lease capacity on the ST-2 satellite. However, certain frequency that ST-2 satellite originally used was transferred for the use of 5G spectrum to the government, the Company evaluated and determined that the recoverable amount of the related right-of-use assets was nil. Therefore, the Company recognized an impairment loss of \$420,590 thousand for the year ended December 31, 2021. The impairment loss was included under "other income and expenses" in the statement of comprehensive income.

The Company did not have significant sublease or impairment of right-of-use assets for the year ended December 31, 2022. The Company did not have significant sublease of right-of-use assets for the year ended December 31, 2021.

b. Lease liabilities

	December 31	
	2022	2021
Lease liabilities		
Current	\$ 3,038,698	\$ 2,918,782
Noncurrent	<u>7,066,749</u>	<u>7,037,599</u>
	<u>\$ 10,105,447</u>	<u>\$ 9,956,381</u>

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2022	2021
Land and buildings		
Handsets base stations	0.37%~1.71%	0.37%~1.18%
Others	0.37%~1.68%	0.37%~1.12%
Equipment	0.37%~1.35%	0.37%~0.82%

c. Important lease-in activities and terms

The Company mainly enters into lease-in agreements of land and buildings for handsets base stations located throughout Taiwan with lease terms ranging from 1 to 20 years. The lease agreements do not contain bargain purchase options to acquire the assets at the expiration of the respective leases. For majority of the lease-in agreements on handsets base station, the Company has the right to terminate the agreement prior to the expiration date if the Company is unable to build the required telecommunication equipment, either due to legal restrictions, controversial events, or other events.

The Company also leases land and buildings for the use of offices, server rooms, and stores with lease terms from 1 to 30 years. Most of the lease agreements for national land adjust the lease payment according to the changes of the announced land values by the authority. At the expiry of the lease term, the Company does not have bargain purchase options to acquire the assets.

The lease agreements for equipment include a contract between the Company and ST-2 Satellite Ventures Pte., Ltd. to lease capacity on the ST-2 satellite. For the information of lease agreements with related parties, please refer to Note 33 to the financial statements for details.

d. Other lease information

	Year Ended December 31	
	2022	2021
Expenses relating to low-value asset leases	\$ 947	\$ 1,039
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 1,561	\$ 951
Total cash outflow for leases	\$ 3,429,630	\$ 3,399,194

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

Lease-out arrangements under operating leases for freehold property, plant, and equipment and investment properties were set out in Notes 14 and 16 to the financial statements.

16. INVESTMENT PROPERTIES

	Investment Properties
<u>Cost</u>	
Balance on January 1, 2021	\$ 10,587,675
Additions	146
Reclassification	245,041
Balance on December 31, 2021	<u>\$ 10,832,862</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2021	\$ (1,041,128)
Depreciation expense	(42,259)
Reversal of impairment loss	83,429
Balance on December 31, 2021	<u>\$ (999,958)</u>
Balance on January 1, 2021, net	<u>\$ 9,546,547</u>
Balance on December 31, 2021, net	<u>\$ 9,832,904</u>
<u>Cost</u>	
Balance on January 1, 2022	\$ 10,832,862
Additions	18,333
Reclassification	99,100
Balance on December 31, 2022	<u>\$ 10,950,295</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2022	\$ (999,958)
Depreciation expense	(43,754)
Reclassification	(39,923)
Reversal of impairment loss	107,467
Balance on December 31, 2022	<u>\$ (976,168)</u>
Balance on January 1, 2022, net	<u>\$ 9,832,904</u>
Balance on December 31, 2022, net	<u>\$ 9,974,127</u>

After the evaluation of land and buildings, the Company concluded the recoverable amount which represented the fair value less costs to sell of some land and buildings was higher than the carrying amount. Therefore, the Company recognized reversal of impairment losses of \$107,467 thousand and \$83,429 thousand for the years ended December 31, 2022 and 2021, respectively, and the amounts were recognized only to the extent of impairment losses that had been recognized in prior years. The reversal of impairment loss was included in other income and expenses in the statements of comprehensive income.

Depreciation expense is computed using the straight-line method over the following estimated service lives:

Land improvements	10~30 years
Buildings	
Main buildings	35~60 years
Other building facilities	4~10 years

The fair values of the Company's investment properties as of December 31, 2022 and 2021 were determined by Level 3 fair value measurements inputs based on the appraisal reports conducted by independent appraisers. Those appraisal reports are based on the comparison approach, income approach or cost approach. Key assumptions and the fair values were as follows:

	December 31	
	2022	2021
Fair value	\$ 26,618,481	\$ 25,309,026
Overall capital interest rate	1.31%~4.91%	0.91%~3.05%
Profit margin ratio	8%~20%	8%~20%
Discount rate	-	-
Capitalization rate	0.23%~2.16%	0.53%~2.11%

All of the Company's investment properties are held under freehold interest.

The future aggregate lease collection under operating lease for investment properties is as follows:

	December 31	
	2022	2021
Year 1	\$ 138,834	\$ 120,483
Year 2	122,654	95,805
Year 3	114,722	78,031
Year 4	96,012	73,225
Year 5	69,686	56,320
Onwards	604,532	508,673
	<u>\$ 1,146,440</u>	<u>\$ 932,537</u>

17. INTANGIBLE ASSETS

The Company's Board of Directors approved the acquisition of the 900MHz frequency band and equipment from Asia Pacific Telecom Co., Ltd. in November 2021. The aforementioned tax-excluded transaction amount was \$1,800,113 thousand included in intangible assets- mobile broadband concession and other assets- spare parts. The transaction was approved by the related authority in May 2022 and completed in July 2022.

The concessions are granted and issued by the National Communications Commission ("NCC"). The concession fees are amortized using the straight-line method over the period from the date operations commence through the date the license expires or the useful life, whichever is shorter. The 4G concession fees will be fully amortized by December 2030 and December 2033 and 5G concession fees will be fully amortized by December 2040.

The computer software is amortized using the straight-line method over the estimated useful lives of 1 to 10 years. Other intangible assets are amortized using the straight-line method over the estimated useful lives of 3 to 11 years.

18. OTHER ASSETS

	2022	December 31 2021
Spare parts	\$ 3,371,966	\$ 2,831,990
Refundable deposits	1,350,960	1,398,930
Other financial assets	1,000,000	1,000,000
Others	1,600,443	1,714,673
	<u>\$ 7,323,369</u>	<u>\$ 6,945,593</u>
Current		
Spare parts	\$ 3,371,966	\$ 2,831,990
Others	10,761	12,982
	<u>\$ 3,382,727</u>	<u>\$ 2,844,972</u>
Noncurrent		
Refundable deposits	\$ 1,350,960	\$ 1,398,930
Other financial assets	1,000,000	1,000,000
Others	1,589,682	1,701,691
	<u>\$ 3,940,642</u>	<u>\$ 4,100,621</u>

Other financial assets - noncurrent was Piping Fund. As part of the government's effort to upgrade the existing telecommunications infrastructure, the Company and other public utility companies were required by the ROC government to contribute to a Piping Fund administered by the Taipei City Government. This fund was used to finance various telecommunications infrastructure projects. Net assets of this fund will be returned proportionately after the project is completed.

As of December 31, 2022 and 2021, the segregated deposits which included in other noncurrent assets-others were \$28,347 thousand and \$91,388 thousand, respectively, in accordance with The Management, Utilization, and Taxation of Repatriated Offshore Funds Act.

19. HEDGING FINANCIAL INSTRUMENTS

The Company's hedge strategy is to enter into forward exchange contracts - buy to avoid its foreign currency exposure to certain foreign currency denominated equipment payments in the following six months. In addition, the Company's management considers the market condition to determine the hedge ratio and enters into forward exchange contracts with the banks to avoid the foreign currency risk.

The Company signed equipment purchase contracts with suppliers and entered into forward exchange contracts to avoid foreign currency risk exposure to Euro-denominated purchase commitments. Those forward exchange contracts were designated as cash flow hedges. When forecast purchases actually take place, basis adjustments are made to the initial carrying amounts of hedged items.

For the hedges of highly probable forecast sales and purchases, as the critical terms (i.e. the notional amount, life and underlying) of the forward foreign exchange contracts and their corresponding hedged items are the same, the Company performs a qualitative assessment of effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying exchange rates.

The main source of hedge ineffectiveness in these hedging relationships is the effect of credit risks of the Company and the counterparty on the fair value of the forward exchange contracts. Such credit risks do not impact the fair value of the hedged item attributable to changes in foreign exchange rates. No other sources of ineffectiveness emerged from these hedging relationships.

The following tables summarized the information relating to the hedges for foreign currency risk.

December 31, 2022

Hedging Instruments	Notional Amount (In Thousands)	Currency	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount Asset	Liability	Change in Fair Values of Hedging Instruments Used for Calculating Hedge Ineffectiveness
Cash flow hedge Forecast purchases - forward exchange contracts	NT\$423,024/ EUR13,350	NT\$/EUR	2023.03	\$ 31.69	Hedging financial assets (liabilities)	\$12,891	\$ -	\$ 21,177

	Change in Value of Hedged Item Used for Calculating Hedge Ineffectiveness	Accumulated Gain or Loss on Hedging Instruments in Other Equity	Continuing Hedges	Accounting No Longer Applied
Cash flow hedge Forecast equipment purchases	\$ (21,177)	\$ 12,891	\$	-

December 31, 2021

Hedging Instruments	Notional Amount (In Thousands)	Currency	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount Asset	Liability	Change in Fair Values of Hedging Instruments Used for Calculating Hedge Ineffectiveness
Cash flow hedge Forecast purchases - forward exchange contracts	NT\$227,780/ EUR7,000	NT\$/EUR	2022.03	\$ 32.54	Hedging financial assets (liabilities)	\$ -	\$8,286	\$ (10,038)

	Change in Value of Hedged Item Used for Calculating Hedge Ineffectiveness	Accumulated Gain or Loss on Hedging Instruments in Other Equity	Continuing Hedges	Accounting No Longer Applied
Cash flow hedge Forecast equipment purchases	\$ 10,038	\$ (8,286)	\$	-

deposited in the names of the Committees in the Bank of Taiwan. The plan assets are held in a commingled fund which is operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the funds. According to the Article 56 of the Labor Standards Law, entities are required to contribute the difference in one appropriation to their pension funds before the end of next March when the balance of the Funds is insufficient to pay the eligible employees who meet the retirement criteria in the following year.

The amounts included in the balance sheets arising from the Company's obligation in respect of its defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of funded defined benefit obligation	\$ 33,295,706	\$ 35,176,705
Fair value of plan assets	(36,311,098)	(36,357,836)
Funded status - surplus	\$ (3,015,392)	\$ (1,181,131)
Net defined benefit liabilities	\$ 2,224,847	\$ 2,188,572
Net defined benefit assets	(5,240,239)	(3,369,703)
	\$ (3,015,392)	\$ (1,181,131)

Movements in the defined benefit obligation and the fair value of plan assets were as follows:

	Present Value of Funded Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance on January 1, 2021	\$ 39,220,357	\$ 39,254,971	\$ (34,614)
Current service cost	1,252,188	-	1,252,188
Interest expense / interest income	187,909	194,020	(6,111)
Amounts recognized in profit or loss	1,440,097	194,020	1,246,077
Remeasurement on the net defined benefit liability			
Return on plan assets (excluding amounts included in net interest)	-	497,845	(497,845)
Actuarial gains recognized from changes in demographic assumptions	(439,959)	-	(439,959)
Actuarial losses recognized from experience adjustments	539,452	-	539,452
Amounts recognized in other comprehensive income	99,493	497,845	(398,352)
Contributions from employer	-	1,718,818	(1,718,818)
Benefits paid	(5,307,818)	(5,307,818)	-
Benefits paid directly by the Company	(275,424)	-	(275,424)
Balance on December 31, 2021	35,176,705	36,357,836	(1,181,131)
Current service cost	1,084,494	-	1,084,494
Interest expense / interest income	169,180	180,009	(10,829)
Amounts recognized in profit or loss	1,253,674	180,009	1,073,665

(Continued)

	Warranties	Onerous Contracts	Employee Benefits	Others	Total
Balance on January 1, 2021	\$ 83,589	\$ 169,986	\$ 57,210	\$ 4,097	\$ 314,882
Additional / (reversal of) provisions recognized	53,500	(37,393)	6,963	(330)	22,740
Used / forfeited during the year	(18,963)	-	(1,340)	-	(20,303)
Balance on December 31, 2021	\$ 118,126	\$ 132,593	\$ 62,833	\$ 3,767	\$ 317,319
Balance on January 1, 2022	\$ 118,126	\$ 132,593	\$ 62,833	\$ 3,767	\$ 317,319
Additional / (reversal of) provisions recognized	47,212	(51,942)	2,217	-	(2,513)
Used / forfeited during the year	(15,203)	-	(274)	-	(15,477)
Balance on December 31, 2022	\$ 150,135	\$ 80,651	\$ 64,776	\$ 3,767	\$ 299,329

a. The provision for warranty claims represents the present value of the management's best estimate of the future outflow of economic benefits that will be required under the Company's obligation for warranties in sales agreements. The estimate has been made based on historical warranty experience.

b. The provision for employee benefits represents vested long-term service compensation accrued.

c. The provision for onerous contracts represents the present obligation resulting from the measurement for the unavoidable costs of meeting the Company's contractual obligations exceed the economic benefits expected to be received from the contracts.

24. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The pension plan under the Labor Pension Act of ROC (the "LPA") is considered as a defined contribution plan. Based on the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The Company completed its privatization plans on August 12, 2005. The Company is required to pay all accrued pension obligations including service clearance payment, lump sum payment under civil service plan, additional separation payments, etc. upon the completion of the privatization in accordance with the Statute Governing Privatization of State-owned Enterprises. After paying all pension obligations for privatization, the plan assets of the Company should be transferred to the Fund for Privatization of Government-owned Enterprises (the "Privatization Fund") under the Executive Yuan. On August 7, 2006, the Company transferred the remaining balance of fund to the Privatization Fund. However, according to the instructions of MOTC, the Company was requested to administer the distributions to employees for pension obligations including service clearance payment, lump sum payment under civil service plan, additional separation payments, etc. upon the completion of the privatization and recognized in other current monetary assets.

The Company with the pension mechanism under the Labor Standards Law in the ROC is considered as defined benefit plans. These pension plans provide benefits based on an employee's length of service and average six-month salary prior to retirement. The Company contributes an amount no more than 15% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and

c. Salary risk

The calculation of the present value of defined benefit obligation is referred to the plan participants' future salary. Hence, the increase in plan participants' salary will increase the present value of the defined benefit obligation.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out by the independent actuary. The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Measurement Date	
	2022	2021
Discount rates	1.25%	0.50%
Expected rates of salary increase	2.00%	1.20%

If reasonably possible changes of the respective significant actuarial assumptions occur at the end of reporting periods, while holding all other assumptions constant, the present values of the defined benefit obligations would increase (decrease) as follows:

	December 31	
	2022	2021
Discount rates		
0.5% increase	\$ (982,713)	\$ (1,057,539)
0.5% decrease	\$ 1,041,853	\$ 1,122,272
Expected rates of salary increase		
0.5% increase	\$ 1,116,453	\$ 1,200,983
0.5% decrease	\$ (1,062,627)	\$ (1,141,971)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There is no change in the methods and assumptions used in preparing the sensitivity analysis from the previous period.

	December 31	
	2022	2021
The expected contributions to the plan for the next year	\$ 1,535,312	\$ 1,674,299
The average duration of the defined benefit obligation	6.2 years	6.3 years

As of December 31, 2022, the Company's maturity analysis of the undiscounted benefit payments was as follows:

Year	Amount
2023	\$ 2,662,382
2024	6,152,791
2025	9,270,867
2026	10,543,682
2027 and thereafter	36,534,455
	<u>\$ 65,164,177</u>

a. Share capital

	December 31	
	2022	2021
Number of authorized shares (thousand)	12,000,000	12,000,000
Authorized shares	<u>\$ 120,000,000</u>	<u>\$ 120,000,000</u>
Number of issued and paid shares (thousand)	7,757,447	7,757,447
Issued shares	<u>\$ 77,574,465</u>	<u>\$ 77,574,465</u>

2) Global depositary receipts

The ADS holders generally have the same rights and obligations as other common stockholders, subject to the provision of relevant laws. The exercise of such rights and obligations shall comply with the related regulations and deposit agreement, which stipulate, among other things, that ADS holders are entitled to, through deposit agents:

- b. Additional paid-in capital

	Share Premium	Movements of Additional Paid-in Capital for Associates and Joint Ventures Accounted for Using Equity Method	Movements of Paid-in Capital and Joint Ventures from Changes in Subsidiaries	Diff. (arise) between Consideration Carrying Amount of Subsidiaries' Net Assets upon Disposal	Donated Capital	Stockholders' Contribution due to Privatization	Total
Balance on January 1, 2021	\$ 147,329,386	\$ 186,828	\$ 2,087,957	\$ 987,611	\$ 21,519,198	\$ 20,648,078	\$ 171,229,625
Unclaimed dividend	-	-	-	-	-	-	1,968
Change in add'l total paid-in capital from investments in subsidiaries, associates and joint ventures accounted for using equity method	-	-	-	-	-	-	-
Share-based payment	-	(437)	-	-	-	-	(437)
Transactions of subsidiaries	-	-	16,715	-	-	-	16,715
Balance on December 31, 2021	\$ 147,329,386	\$ 186,391	\$ 2,104,672	\$ 987,611	\$ 23,487	\$ 20,648,078	\$ 171,229,625

(Continued)

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- 52 -

- 53 -

Additional paid-in capital from share premium, donated capital and the difference between consideration received and the carrying amount of the subsidiaries' net assets upon disposal may be utilized to offset deficits. Furthermore, when the Company has no deficit, it may be distributed in cash or capitalized, which however is limited to a certain percentage of the Company's paid-in capital except the additional paid-in capital arising from unclaimed dividend can only be utilized to offset deficits.

Among additional paid-in capital from movements of investments in associates and joint ventures accounted for using equity method, the portion arising from the difference between consideration received and the carrying amount of the subsidiaries' net assets upon disposal may be utilized to offset deficits; furthermore, when the Company has no deficit, it may be distributed in cash or capitalized. However, other additional paid-in capital recognized in proportion of share ownership may only be utilized to offset deficits.

- c. Retained earnings and dividends policy

In accordance with the the Company's Articles of Incorporation, the Company must pay all outstanding taxes, offset deficits in prior years and set aside a legal reserve equal to 10% of its net income before distributing a dividend or making any other distribution to stockholders, except when the accumulated amount of such legal reserve equals to the Company's total issued capital, and depending on its business needs or requirements, may also set aside or reverse special reserves. No less than 50% of the remaining earnings comprising remaining balance of net income, if any, plus cumulative undistributed earnings shall be distributed as stockholders' dividends, of which cash dividends to be distributed shall not be less than 50% of the total amount of dividends to be distributed. If cash dividend to be distributed is less than \$0.10 per share, such cash dividend shall be distributed in the form of common stocks.

The Company should appropriate a special reserve when the net amount of other equity items is negative at the end of reporting period upon the earnings distribution. Distributions can be made out of any subsequent reversal of the debit to other equity items.

The appropriation for legal reserve shall be made until the accumulated reserve equals the aggregate par value of the outstanding capital stock of the Company. This reserve can only be used to offset a deficit, or, when the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of the 2021 and 2020 earnings of the Company approved by the stockholders in their meetings on May 27, 2022 and August 20, 2021, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share	
	For Fiscal Year 2021	For Fiscal Year 2020	For Fiscal Year 2021	For Fiscal Year 2020
Special reserve	\$ 408,150	\$ -		
Cash dividends	35,746,314	33,403,565	\$ 4.608	\$ 4.306

The appropriations of earnings for 2022 had been proposed by Chungghwa's Board of Directors on February 24, 2023. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Reversal of special reserve	\$ 185,066	
Cash dividends	36,475,514	\$ 4.702

The appropriations of earnings for 2022 are subject to the resolution of the stockholders' meeting planned to be held on May 26, 2023. Information of the appropriation of the Company's earnings proposed by the Board of Directors and approved by the stockholders is available on the Market Observation Post System website.

d. Others

- 1) Exchange differences arising from the translation of the foreign operations

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

- 2) Unrealized gain or loss on financial assets at FVOCI

	Year Ended December 31	
	2022	2021
Beginning balance	\$ (7,588)	\$1,239,901
Recognized for the year		
Unrealized gain or loss		
Equity instruments	92,444	(1,208,027)
Share from subsidiaries, associates and joint ventures accounted for using the equity method	(209,734)	20,191
Transferred accumulated gain or loss to unappropriated earnings resulting from the disposal of equity instruments (Note 8)	-	(94,588)
Transferred accumulated gain or loss to unappropriated earnings resulting from the disposal of equity instruments by subsidiaries	116	34,935
Ending balance	\$ (124,762)	\$ (7,588)

26. REVENUES

	Year Ended December 31	
	2022	2021
Revenue from contracts with customers	\$ 180,117,977	\$ 176,776,902
Other revenues		
Government grants income	990,806	1,037,057
Rental income	956,505	864,375
Others	189,051	165,016
	<u>2,136,362</u>	<u>2,066,448</u>
	\$ 182,254,339	\$ 178,843,350

For the information of performance obligations related to customer contracts, please refer to Note 3 Summary of Significant Accounting Policies for details.

- a. Disaggregation of revenue

Please refer to Note 38 Segment Information for details.

- b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Trade notes and accounts receivable (Note 9)	\$ 21,449,052	\$ 20,691,664	\$ 19,554,643
Contract assets			
Products and service bundling	\$ 3,036,507	\$ 2,869,419	\$ 2,649,230
Others	299,146	226,979	99,475
Less: Loss allowance	<u>(8,247)</u>	<u>(8,055)</u>	<u>(7,016)</u>
	\$ 3,327,406	\$ 3,088,343	\$ 2,741,689
Current	\$ 2,114,559	\$ 1,982,596	\$ 1,734,081
Noncurrent	<u>1,212,847</u>	<u>1,105,747</u>	<u>1,007,608</u>
	\$ 3,327,406	\$ 3,088,343	\$ 2,741,689
Contract liabilities			
Telecommunications business	\$ 12,137,375	\$ 11,477,270	\$ 11,677,075
Project business	5,940,736	4,779,100	6,012,181
Products and service bundling	7,018	2,936	12,455
Others	<u>385,921</u>	<u>341,016</u>	<u>301,367</u>
	\$ 18,471,050	\$ 16,600,322	\$ 18,003,078
Current	\$ 12,790,467	\$ 11,537,157	\$ 12,661,964
Noncurrent	<u>5,680,583</u>	<u>5,063,165</u>	<u>5,341,114</u>
	\$ 18,471,050	\$ 16,600,322	\$ 18,003,078

The changes in the contract asset and the contract liability balances primarily result from the timing difference between the satisfaction of performance obligations and the payments collected from customers. Significant changes of contract assets and liabilities recognized resulting from product and service bundling were as follows:

	Year Ended December 31	
	2022	2021
Contract assets		
Net increase of customer contracts	\$ 2,493,824	\$ 2,398,179
Reclassified to trade receivables	<u>(2,321,884)</u>	<u>(2,154,799)</u>
	\$ <u>171,940</u>	\$ <u>243,380</u>
Contract liabilities		
Net increase of customer contracts	\$ 8,126	\$ 220
Recognized as revenues	<u>(4,044)</u>	<u>(9,739)</u>
	\$ <u>4,082</u>	\$ <u>(9,519)</u>

The Company applies the simplified approach to recognize expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for receivables. Contract assets will be reclassified to trade receivables when the corresponding invoice is billed to the client. Contract assets have substantially the same risk characteristics as the trade receivables of the same types of contracts. Therefore, the Company concluded that the expected loss rates for trade receivables can be applied to the contract assets.

Revenue recognized for the year that was included in the contract liability at the beginning of the year was as follows:

	Year Ended December 31	
	2022	2021
Telecommunications business	\$ 6,596,735	\$ 5,935,769
Project business	3,611,613	4,021,159
Others	<u>216,894</u>	<u>151,470</u>
	\$ <u>10,425,242</u>	\$ <u>10,108,398</u>

c. Incremental costs of obtaining contracts

	December 31	
	2022	2021
Noncurrent		
Incremental costs of obtaining contracts	\$ <u>7,704,427</u>	\$ <u>6,899,240</u>

The Company considered the past experience and the default clauses in the telecommunications service contracts and believes the commissions and equipment subsidies paid for obtaining such contracts are expected to be recoverable; therefore, such costs were capitalized. Amortization expenses for the years ended December 31, 2022 and 2021 were \$5,787,729 thousand and \$5,684,693 thousand, respectively.

d. Remaining Performance Obligations

As of December 31, 2022, the aggregate amount of transaction price allocated to performance obligations for non-cancellable telecommunications service contracts that are unsatisfied is \$36,315,028 thousand. The Company recognizes revenue when service is provided over contract terms. The Company expects to recognize such revenue of \$22,038,330 thousand, \$11,101,059 thousand and \$3,175,639 thousand in 2023, 2024 and 2025, respectively. The variable consideration collected from customers on nonrecurring basis resulting from exceeded usage from monthly fee and revenue recognized for contracts that the Company has a right to consideration from customers in the amount corresponding directly with the value to the customers of the Company's performance completed to date have been excluded from the disclosure of remaining performance obligations.

As of December 31, 2022, the aggregate amount of transaction price allocated to performance obligations for non-cancellable project business contracts that are unsatisfied is \$22,499,296 thousand. The Company recognizes revenues when the project business contract is completed and accepted by customers. The Company expects to recognize such revenue of \$7,917,242 thousand, \$5,813,434 thousand and \$8,768,620 thousand in 2023, 2024 and 2025, respectively. Project business contracts whose expected duration are less than a year have been excluded from the aforementioned disclosure.

27. NET INCOME

a. Other income and expenses

	Year Ended December 31	
	2022	2021
Loss on disposal of property, plant and equipment	\$ (4,585)	\$ (5,603)
Reversal of impairment loss on investment properties	107,467	83,429
Impairment loss on right-of-use assets	<u>-</u>	<u>(420,590)</u>
	\$ <u>102,882</u>	\$ <u>(342,764)</u>

b. Other income

	Year Ended December 31	
	2022	2021
Dividend income	\$ 150,569	\$ 149,918
Others	<u>104,645</u>	<u>105,527</u>
	\$ <u>255,214</u>	\$ <u>255,445</u>

c. Other gains and losses

	Year Ended December 31	
	2022	2021
Foreign currency exchange gain or loss, net	\$ (285,255)	\$ 181,417
Valuation gain (loss) on financial assets and liabilities at fair value through profit or loss, net	<u>(198,534)</u>	<u>243,417</u>
		(Continued)

	Year Ended December 31	
	2022	2021
Gain on disposal of investments accounted for using equity method, net	\$ -	\$ 3,239
Others	(10,603)	43,013
	<u>\$ (494,392)</u>	<u>\$ 471,086</u>
		(Concluded)

d. Interest expenses

	Year Ended December 31	
	2022	2021
Interest on bonds payable	\$ 161,427	\$ 131,635
Interest on lease liabilities	59,037	54,991
Interest paid to financial institutions	-	2,509
Others	34	958
	<u>\$ 220,498</u>	<u>\$ 190,093</u>

e. Impairment loss (reversal of impairment loss)

	Year Ended December 31	
	2022	2021
Contract assets	\$ 192	\$ 1,039
Trade notes and accounts receivable	108,402	120,961
Other receivables	7,276	19,794
Inventories	9,252	163,193
Right-of-use assets	-	420,590
Investment properties	<u>\$ (107,467)</u>	<u>\$ (83,429)</u>

f. Depreciation and amortization expenses

	Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 28,026,125	\$ 27,115,946
Right-of-use assets	3,567,836	3,590,658
Investment properties	43,754	42,259
Intangible assets	6,545,816	6,475,933
Incremental costs of obtaining contracts	5,787,729	5,684,693
	<u>\$ 43,971,260</u>	<u>\$ 42,909,489</u>
Total depreciation and amortization expenses		
Depreciation expenses summarized by functions		
Operating costs	\$ 30,281,487	\$ 29,654,574
Operating expenses	1,356,228	1,094,289
	<u>\$ 31,637,715</u>	<u>\$ 30,748,863</u>
		(Continued)

	Year Ended December 31	
	2022	2021
Amortization expenses summarized by functions		
Operating costs	\$ 12,220,683	\$ 12,026,219
Marketing expenses	55,187	72,850
General and administrative expenses	40,342	40,179
Research and development expenses	17,333	21,378
	<u>\$ 12,333,545</u>	<u>\$ 12,160,626</u>
		(Concluded)

g. Employee benefit expenses

	Year Ended December 31	
	2022	2021
Post-employment benefit		
Defined contribution plans	\$ 423,972	\$ 378,090
Defined benefit plans	1,046,489	1,215,051
	<u>1,470,461</u>	<u>1,593,141</u>
Other employee benefit		
Salaries	18,138,094	18,321,506
Insurance	1,980,171	2,057,596
Others	12,716,365	12,469,312
	<u>32,834,630</u>	<u>32,848,414</u>
Total employee benefit expenses	<u>\$ 34,305,091</u>	<u>\$ 34,441,555</u>
Summary by functions		
Operating costs	\$ 18,152,527	\$ 19,534,148
Operating expenses	16,152,564	14,907,407
	<u>\$ 34,305,091</u>	<u>\$ 34,441,555</u>

The Company distributes employees' compensation at the rates from 1.7% to 4.3% and remuneration to directors not higher than 0.17%, respectively, of pre-tax income. As of December 31, 2022, the payables of the employees' compensation and the remuneration to directors were \$1,498,374 thousand and \$39,480 thousand, respectively. Such amounts have been approved by the Company's Board of Directors on February 24, 2023 and will be reported to the stockholders in their meeting planned to be held on May 26, 2023.

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

The compensation to the employees and remuneration to the directors of 2021 and 2020 approved by the Board of Directors on February 23, 2022 and 2021, respectively, were as follows:

	2021	2020
	Cash	Cash
Compensation distributed to the employees	\$ 1,429,000	\$ 1,202,448
Remuneration paid to the directors	38,552	35,803

There was no difference between the initial accrued amounts recognized in 2021 and 2020 and the amounts approved by the Board of Directors in 2022 and 2021 of the aforementioned compensation to employees and the remuneration to directors.

Information of the appropriation of the Company's employees compensation and remuneration to directors and those approved by the Board of Directors is available on the Market Observation Post System website.

28. INCOME TAX

- a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	Year Ended December 31	
	2022	2021
Current tax		
Current tax expenses recognized for the year	\$ 8,195,651	\$ 7,743,777
Income tax adjustments on prior years	-	(114,270)
Others	<u>6,392</u>	<u>6,883</u>
	8,202,043	7,636,390
Deferred tax		
Deferred tax benefits recognized for the year	<u>229,765</u>	<u>497,487</u>
Income tax recognized in profit or loss	<u>\$ 8,431,808</u>	<u>\$ 8,133,877</u>

Reconciliation of accounting profit and income tax expense was as follows:

	Year Ended December 31	
	2022	2021
Income before income tax	<u>\$ 44,908,965</u>	<u>\$ 43,887,456</u>
Income tax expense calculated at the statutory rate	\$ 8,981,793	\$ 8,777,491
Nondeductible income and expenses in determining taxable income	(14,340)	(8,067)
Tax-exempt income	(352,462)	(349,900)
Investment credits	(180,065)	(187,018)
Income tax adjustments on prior years	-	(114,270)
Others	<u>(3,118)</u>	<u>15,641</u>
Income tax expense recognized in profit or loss	<u>\$ 8,431,808</u>	<u>\$ 8,133,877</u>

The applicable tax rate used by the Company is 20%.

- b. Income tax recognized in other comprehensive income

	Year Ended December 31	
	2022	2021
Deferred tax		
Remeasurement on defined benefit pension plan	<u>\$ 223,335</u>	<u>\$ 79,670</u>

- c. Current tax liabilities

	December 31	
	2022	2021
Current tax liabilities		
Income tax payable	<u>\$4,580,440</u>	<u>\$4,079,823</u>

- d. Deferred income tax assets and liabilities

The movements of deferred income tax assets and liabilities were as follows:

For the year ended December 31, 2022

	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Deferred income tax assets				
Temporary differences				
Defined benefit pension plan	\$ 1,730,449	\$ 1,629	\$ (223,335)	\$ 1,508,743
Allowance for doubtful receivables over quota	263,434	(79,935)	-	183,499
Valuation loss on inventory	164,673	(94,871)	-	69,802
Unrealized foreign exchange loss, net	-	56,175	-	56,175
Estimated warranty liabilities	23,625	6,402	-	30,027
Deferred revenue	48,678	(19,323)	-	29,355
Valuation loss on financial assets	-	23,633	-	23,633
Valuation loss on onerous contracts	26,519	(9,713)	-	16,806
Accrued award credits liabilities	8,935	2,577	-	11,512
Others	<u>4,979</u>	<u>522</u>	-	<u>5,501</u>
	<u>\$ 2,271,292</u>	<u>\$ (112,904)</u>	<u>\$ (223,335)</u>	<u>\$ 1,935,053</u>
Deferred income tax liabilities				
Temporary differences				
Defined benefit pension plan	\$ 1,966,675	\$ 145,147	\$ -	\$ 2,111,822
Land value incremental tax	94,986	-	-	94,986
Deferred revenue for award credits	55,708	14,394	-	70,102
Unrealized foreign exchange gain, net	26,606	(26,606)	-	-
Valuation gain on financial assets	16,074	(16,074)	-	-
	<u>\$ 2,160,049</u>	<u>\$ 116,861</u>	<u>\$ -</u>	<u>\$ 2,276,910</u>

For the year ended December 31, 2021

	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
<u>Deferred income tax assets</u>				
Temporary differences				
Defined benefit pension plan	\$ 1,803,117	\$ 7,002	\$ (79,670)	\$ 1,730,449
Allowance for doubtful receivables over quota	362,609	(99,175)	-	263,434
Valuation loss on inventory	275,587	(110,914)	-	164,673
Valuation loss on onerous contracts	33,997	(7,478)	-	26,519
Deferred revenue	73,067	(24,389)	-	48,678
Estimated warranty liabilities	16,718	6,907	-	23,625
Accrued award credits				
liabilities	18,409	(9,474)	-	8,935
Others	40,129	(35,150)	-	4,979
	<u>\$ 2,623,633</u>	<u>\$ (272,671)</u>	<u>\$ (79,670)</u>	<u>\$ 2,271,292</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Defined benefit pension plan	\$ 1,810,040	\$ 156,635	\$ -	\$ 1,966,675
Land value incremental tax	94,986	-	-	94,986
Deferred revenue for award credits	30,207	25,501	-	55,708
Unrealized foreign exchange gain, net	-	26,606	-	26,606
Valuation gain on financial assets	-	16,074	-	16,074
	<u>\$ 1,935,233</u>	<u>\$ 224,816</u>	<u>\$ -</u>	<u>\$ 2,160,049</u>

e. All deductible temporary differences were recognized as deferred tax assets in the balance sheets.

f. Income tax examinations

Income tax returns of the Company have been examined by the tax authorities through 2019.

29. EARNINGS PER SHARE ("EPS")

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

	Year Ended December 31	2021
Net Income	2022	
Net income used to compute the basic earnings per share	\$ 36,477,157	\$ 35,753,579

(Continued)

Year Ended December 31
2022 2021

Assumed conversion of all dilutive potential common stocks Employee stock options and employee compensation of subsidiaries	\$ (7,370)	\$ (6,258)
Net income used to compute the diluted earnings per share	<u>\$ 36,469,787</u>	<u>\$ 35,747,321</u>

(Concluded)

Weighted Average Number of Common Stocks

(Thousand Shares)
Year Ended December 31
2022 2021

Weighted average number of common stocks used to compute the basic earnings per share	7,757,447	7,757,447
Assumed conversion of all dilutive potential common stocks Employee compensation	8,342	7,773
Weighted average number of common stocks used to compute the diluted earnings per share	<u>7,765,789</u>	<u>7,765,220</u>

As the Company may settle the employee compensation in shares or cash, the Company shall presume that it will be settled in shares and take those shares into consideration when calculating the weighted average number of outstanding shares used in the calculation of diluted EPS if the shares have a dilutive effect. The dilutive effect of the shares needs to be considered until the approval of the number of shares to be distributed to employees as compensation in the following year.

30. CASH FLOW INFORMATION

Except for those disclosed in other notes, the Company entered into the following non-cash investing and financing activities:

	Year Ended December 31 2022	2021
Investing activities		
Additions of property, plant and equipment	\$ 29,367,206	\$ 34,669,770
Changes in other payables	<u>263,500</u>	<u>(367,613)</u>
Payments for acquisition of property, plant and equipment	<u>\$ 29,630,706</u>	<u>\$ 34,302,157</u>
The carrying amounts of disposal of financial assets at fair value through other comprehensive income	\$ -	\$ 2,637,046
Changes in other current monetary assets	<u>-</u>	<u>270,321</u>
Proceeds from disposal of financial assets at fair value through other comprehensive income	<u>\$ -</u>	<u>\$ 2,907,367</u>

Financing Activities

	Balance on January 1, 2022	Cash Flows from Financing Activities	Changes in Non-Cash Transactions	Cash Flows from Operation Activities - Interest Paid	Balance on December 31, 2022
Lease liabilities	\$ 9,956,381	\$ (3,368,085)	New Leases \$ 3,671,805 Others \$ (95,617)	\$ (59,037)	\$ 10,105,447
Lease liabilities	\$ 8,620,647	\$ (3,342,213)	New Leases \$ 4,918,877 Others \$ (185,939)	\$ (54,991)	\$ 9,956,381

31. CAPITAL MANAGEMENT

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

The capital structure of the Company consists of debt and the equity of the Company.

The Company is required to maintain minimum paid-in capital amount as prescribed by the applicable laws.

The management reviews the capital structure of the Company as needed. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

According to the management's suggestion, the Company maintains a balanced capital structure through paying cash dividends, increasing its share capital, purchasing outstanding shares, and issuing new debt or repaying debt.

32. FINANCIAL INSTRUMENTS

Fair Value Information

The fair value measurement guidance establishes a framework for measuring fair value and expands disclosure about fair value measurements. The standard describes a fair value hierarchy based on three levels of inputs that may be used to measure fair value. These levels are:

Level 1 fair value measurements: These measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements: These measurements are those derived from 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).

Level 3 fair value measurements: These measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

a. Financial instruments that are not measured at fair value but for which fair value is disclosed

Except those listed in the table below, the Company considers that the carrying amounts of financial assets and liabilities not measured at fair value approximate their fair values or the fair values cannot be reliable estimated.

	December 31		
	2022	Fair Value	2021
	Carrying Value		Carrying Value
Financial liabilities			
Financial liabilities measured at amortized cost			
Bonds payable	\$ 30,477,357	\$ 30,452,475	\$ 26,976,675
			\$ 7,082,090

The fair value of bonds payable is measured using Level 2 inputs. The valuation of fair value is based on the quoted market prices provided by third party pricing services.

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

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	\$ -	\$ 3,514	\$ -	\$ 3,514
Non-listed stocks	-	-	860,960	860,960
Limited partnership	-	-	93,114	93,114
Film and drama investing agreements	-	-	24,122	24,122
Hedging financial liabilities				
	\$ -	\$ 3,514	\$ 978,196	\$ 981,710
Financial assets at FVOCI				
Non-listed stocks	\$ -	\$ 12,891	\$ -	\$ 12,891
	\$ -	\$ -	\$ 3,143,866	\$ 3,143,866

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-listed stocks	\$ -	\$ -	\$ 884,670	\$ 884,670
Financial assets at FVOCI				
Non-listed stocks	\$ -	\$ -	\$ 3,058,606	\$ 3,058,606
Financial liabilities at FVTPL				
Derivatives	\$ -	\$ 6,180	\$ -	\$ 6,180
Hedging financial liabilities	\$ -	\$ 8,286	\$ -	\$ 8,286

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

The reconciliations for financial assets measured at Level 3 were listed below:

	2022	Measured at Fair Value through Profit or Loss	Measured at Fair Value through Other Comprehensive Income	Total
Financial Assets				
Balance on January 1, 2022		\$ 884,670	\$ 3,058,606	\$ 3,943,276
Acquisition		323,321	-	323,321
Recognized in profit or loss under "Other gains and losses"		(208,228)	-	(208,228)
Recognized in other comprehensive income under "Unrealized gain or loss on financial assets at fair value through other comprehensive income"		-	92,444	92,444
Proceeds from capital reduction of the investee		(21,567)	(7,184)	(28,751)
Balance on December 31, 2022		\$ 978,196	\$ 3,143,866	\$ 4,122,062
Unrealized gain in 2022		\$ (198,197)		
2021				

	2021	Measured at Fair Value through Profit or Loss	Measured at Fair Value through Other Comprehensive Income	Total
Financial Assets				
Balance on January 1, 2021		\$ 677,202	\$ 4,293,178	\$ 4,970,380
Disposal		-	(1,478)	(1,478)
Recognized in profit or loss under "Other gains and losses"		251,868	-	251,868
Recognized in other comprehensive income under "Unrealized gain or loss on financial assets at fair value through other comprehensive income"		-	(1,233,094)	(1,233,094)
Proceeds from capital reduction of the investee		(44,400)	-	(44,400)
Balance on December 31, 2021		\$ 884,670	\$ 3,058,606	\$ 3,943,276
Unrealized gain in 2021		\$ 233,272		

The fair values of financial assets and financial liabilities of Level 2 are determined as follows:

- 1) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market prices.

- 2) For derivatives, fair values are estimated using discounted cash flow model. Future cash flows are estimated based on observable inputs including forward exchange rates at the end of the reporting periods and the forward and spot exchange rates stated in the contracts, discounted at a rate that reflects the credit risk of various counterparties.

The fair values of non-listed domestic and foreign equity investments and film and drama investing agreements were Level 3 financial assets and determined using the market approach by reference the Price-to-Book ratios (P/B ratios) of peer companies that traded in active markets, using the income approach, in which the discounted cash flow is used to capture the present value of the expected future economic benefits to be derived from the investments, or using assets approach. The Company originally used the market approach to measure the fair value of its investment in Taipei Financial Center Corp.; however, as the stock market was impacted by COVID-19 pandemic, the multiples of the referenced companies were changed significantly. With continuing impact of COVID-19 pandemic, the Company evaluated that the income approach, instead of the former market approach, would better reflect the future cash flows of Taipei Financial Center Corp. Therefore, the Company changed its valuation technique to the income approach starting from the second quarter of 2021. The significant unobservable inputs used were listed in the below table. An increase in growth rate of long-term revenue, a decrease in discount for the lack of marketability or noncontrolling interests discount, or a decrease in the discount rate would result in increases in the fair values.

	December 31	December 31
	2022	2021
Discount for lack of marketability	20%	20%
Noncontrolling interests discount	25%	25%
Growth rate of long-term revenue	0.19%	0.19%
Discount rate	7.22%-8.80%	8.50%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair values of Level 3 financial assets would increase (decrease) as below table.

	December 31	December 31
	2022	2021
Discount for lack of marketability	\$ (26,827)	\$ (23,981)
5% increase	\$ 26,827	\$ 23,981
5% decrease		
Noncontrolling interests discount	\$ (20,921)	\$ (17,351)
5% increase	\$ 20,921	\$ 17,351
5% decrease		
Long-term revenue growth rates	\$ 29,506	\$ 25,190
0.1% increase	\$ (28,938)	\$ (24,733)
0.1% decrease		
Discount rate	\$ (329,863)	\$ (287,845)
1% increase	\$ 406,648	\$ 350,328
1% decrease		

Categories of Financial Instruments

	December 31	
	2022	2021

Financial assets

Measured at FVTPL		
Mandatorily measured at FVTPL	\$ 981,710	\$ 884,670
Hedging financial assets	12,891	-
Financial assets at amortized cost (Note a)	64,361,583	54,529,822
Financial assets at FVOCI	3,143,866	3,058,606

Financial liabilities

Measured at FVTPL		
Held for trading	-	6,180
Hedging financial liabilities	-	8,286
Measured at amortized cost (Note b)	62,675,289	59,949,701

Note a: The balances included cash and cash equivalents, trade notes and accounts receivable, receivables from related parties, other current monetary assets and refundable deposits (classified as other noncurrent assets), which were financial assets measured at amortized cost.

Note b: The balances included trade notes and accounts payable, payables to related parties, partial other payables, customers' deposits and bonds payable which were financial liabilities carried at amortized cost.

Financial Risk Management Objectives

The main financial instruments of the Company include equity investments, trade notes and accounts receivable, trade notes and accounts payable, lease liabilities, short-term bills payable and bonds payable. The Company's Finance Department provides services to its business units, co-ordinates access to domestic and international capital markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

The Company 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 Company's policies approved by the Board of Directors. Those derivatives are used to hedge the risks of exchange rate fluctuation arising from operating or investment activities. Compliance with policies and risk exposure limits is reviewed by the Company's Finance Department on a continuous basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Company reports the significant risk exposures and related action plans timely and actively to the audit committee and if needed to the Board of Directors.

a. Market risk

The Company is exposed to market risks of changes in foreign currency exchange rates and interest rates. The Company uses forward exchange contracts to hedge the exchange rate risk arising from assets and liabilities denominated in foreign currencies.

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

1) Foreign currency risk

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

	December 31	
	2022	2021
Assets		
USD	\$ 776,107	\$ 749,945
EUR	73,685	40,282
SGD	-	57
JPY	-	624
HKD	6,772	67,992
Liabilities		
USD	660,582	649,400
EUR	853,992	858,843
SGD	2,006,225	1,959,171
JPY	14,371	6,040
HKD	16,922	15,520

The carrying amounts of the Company's derivatives with exchange rate risk exposures at the balance sheet dates were as follows:

	December 31	
	2022	2021
Assets		
EUR	\$ 16,405	\$ -
Liabilities		
EUR	-	14,466

Foreign currency sensitivity analysis

The Company is mainly exposed to the fluctuations of the currencies USD, EUR, SGD, JPY and HKD as listed above.

The following table details the Company's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible changes in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and forward exchange contracts. A positive number below indicates an increase in pre-tax profit or equity where the functional currency weakens 5% against the relevant currency.

	Year Ended December 31	
	2022	2021
Profit or loss		
Monetary assets and liabilities (a)		
USD	\$ 5,776	\$ 5,027
EUR	(39,015)	(40,928)
		(Continued)

	Year Ended December 31	
	2022	2021
SGD	\$ (100,311)	\$ (97,956)
JPY	(719)	(271)
HKD	(508)	2,624
Derivatives (b)		
EUR	3,272	12,528
Equity		
Derivatives (c)		
EUR	21,841	10,962
		(Concluded)

a) This is mainly attributable to the exposure to foreign currency denominated receivables and payables of the Company outstanding at the balance sheet dates.

b) This is mainly attributable to forward exchange contracts.

c) This is mainly attributable to the changes in the fair value of derivatives that are designated as cash flow hedges.

For a 5% strengthening of the functional currency against the relevant currencies, there would be an equal and opposite effect on the pre-tax profit or equity for the amounts shown above.

2) Interest rate risk

The carrying amounts of the Company's exposures to interest rates on financial assets and financial liabilities at the balance sheet dates were as follows:

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 34,758,350	\$ 20,221,868
Financial liabilities	40,582,804	36,933,056
Cash flow interest rate risk		
Financial assets	2,558,200	6,883,640

Interest rate sensitivity analysis

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

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's pre-tax income would increase/decrease by \$6,396 thousand and \$17,209 thousand for the years ended December 31, 2022 and 2021, respectively. This is mainly attributable to the Company's exposure to floating interest rates on its financial assets.

3) Other price risk

The Company is exposed to equity price risks arising from holding other company's equity. Equity investments are held for strategic rather than trading purposes. The management

managed the risk through holding various risk portfolios. Further, the Company assigned finance and investment departments to monitor the price risk.

Equity price sensitivity analysis

The sensitivity analyses below have been 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 and pre-tax other comprehensive income for the year ended December 31, 2022 would have increased/decreased by \$47,704 thousand and \$157,193 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL and financial assets at FVOCI, respectively. If equity prices had been 5% higher/lower, pre-tax profit and pre-tax other comprehensive income for the year ended December 31, 2021 would have increased/decreased by \$44,234 thousand and \$152,930 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL and financial assets at FVOCI, respectively.

b. Credit risk

Credit risk refers to the risk that a counterparty would default on its contractual obligations resulting in financial loss to the Company. The maximum credit exposure of the aforementioned financial instruments is equal to their carrying amounts recognized in the balance sheet as of the balance sheet date.

The Company has large trade receivables outstanding with its customers. A substantial majority of the Company's outstanding trade receivables are not covered by collateral or credit insurance. The Company has implemented ongoing measures including enhancing credit assessments and strengthening overall risk management to reduce its credit risk. While the Company has procedures to monitor and limit exposure to credit risk on trade receivables, there can be no assurance such procedures will effectively limit its credit risk and avoid losses. This risk is heightened during periods when economic conditions worsen.

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

c. Liquidity risk

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

1) Liquidity and interest risk tables

The following tables detailed the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company is required to pay.

	Weighted Average Effective Interest Rate (%)	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years	Total
December 31, 2022							
Non-derivative financial liabilities							
Non-interest bearing		\$ 35,717,997	\$ -	\$ 1,537,854	\$ 4,991,461	\$ -	\$ 42,247,312
Fixed interest rate instruments	0.53	\$ -	\$ -	\$ -	\$ 2,170,000	\$ 8,800,000	\$ 11,000,000
		\$ 35,717,997	\$ -	\$ 1,537,854	\$ 26,691,461	\$ 8,800,000	\$ 72,747,312

Information about the maturity analysis for lease liabilities was as follows:

	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Total
Lease liabilities	\$ 3,052,399	\$ 4,120,872	\$ 2,147,303	\$ 939,857	\$ 10,260,431
Weighted Average Interest Rate (%)					
December 31, 2021					
Non-derivative financial liabilities					
Non-interest bearing	\$ 36,463,144	\$ -	\$ 1,467,552	\$ 4,881,790	\$ 42,812,486
Fixed interest rate instruments	-	-	-	16,300,000	16,300,000
	\$ 36,463,144	\$ -	\$ 1,467,552	\$ 16,300,000	\$ 69,812,486

Information about the maturity analysis for lease liabilities was as follows:

	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Total
Lease liabilities	\$ 2,926,909	\$ 3,899,914	\$ 1,848,965	\$ 1,409,093	\$ 10,084,881

The following table detailed the Company's liquidity analysis for its derivative financial instruments. The table had been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
December 31, 2022					
Gross settled					
Forward exchange contracts					
Inflow	\$ -	\$ 501,175	\$ -	\$ -	\$ 501,175
Outflow	-	484,770	-	-	484,770
	\$ -	\$ 16,405	\$ -	\$ -	\$ 16,405
December 31, 2021					
Gross settled					
Forward exchange contracts					
Inflow	\$ -	\$ 470,395	\$ -	\$ -	\$ 470,395
Outflow	-	484,861	-	-	484,861
	\$ -	\$ (14,466)	\$ -	\$ -	\$ (14,466)

2) Financing facilities

	December 31 2022	December 31 2021
Unsecured bank loan facilities		
Amount used	\$ -	\$ -
Amount unused	\$ 51,386,000	\$ 54,994,370
	\$ 51,386,000	\$ 54,994,370

33. RELATED PARTIES TRANSACTIONS

The ROC Government, one of the Company's customers, has significant equity interest in the Company. The Company provides fixed-line services, wireless services, internet and data and other services to the various departments and institutions of the ROC Government in the normal course of business and at arm's-length prices. Except for those disclosed in other notes or this note, the transactions with the ROC government bodies have not been disclosed because the transactions are not individually or collectively significant. However, the related revenues and operating costs have been appropriately recorded.

a. The Company engages in business transactions with the following related parties:

Company	Relationship
Senao International Co., Ltd. ("SENAO")	Subsidiary
Light Era Development Co., Ltd. ("LED")	Subsidiary
Donghua Telecom Co., Ltd.	Subsidiary
Chunghua Telecom Singapore Pte., Ltd. ("CHTS")	Subsidiary
Chunghua System Integration Co., Ltd. ("CHSI")	Subsidiary
Chunghua Investment Co., Ltd. ("CHI")	Subsidiary
CHIEF Telecom, Inc. ("CHIEF")	Subsidiary
CHYP Multimedia Marketing & Communications Co., Ltd. ("CHYP")	Subsidiary
Prime Asia Investments Group Ltd. ("Prime Asia")	Subsidiary
Spring House Entertainment Tech. Inc. ("SHE")	Subsidiary
Chunghua Telecom Global, Inc.	Subsidiary
Chunghua Telecom Vietnam Co., Ltd.	Subsidiary
Smartfun Digital Co., Ltd.	Subsidiary
Chunghua Telecom Japan Co., Ltd.	Subsidiary
Chunghua Sochamp Technology Inc.	Subsidiary
Honghua International Co., Ltd.	Subsidiary
Chunghua Leading Photonics Tech. Co., Ltd. ("CLPT")	Subsidiary
Chunghua Telecom (Thailand) Co., Ltd. ("CHTT")	Subsidiary
CHT Security Co., Ltd. ("CHTSC")	Subsidiary
International Integrated Systems, Inc. ("IISI")	Subsidiary
Senao International (Samoa) Holding Ltd. ("SIS")	Subsidiary of SENAO
Youth Co., Ltd.	Subsidiary of SENAO
Aval Technologies Co., Ltd.	Subsidiary of SENAO
ISPOT Co., Ltd.	Subsidiary of SENAO
Youyi Co., Ltd.	Subsidiary of SENAO
Senyoung Insurance Agent Co., Ltd.	Subsidiary of SENAO
SenaoLife Insurance Agent Co., Ltd.	Subsidiary of SENAO
Win Technologies Co., Ltd. ("Win")	Subsidiary of SENAO
Unigate Telecom Inc.	Subsidiary of CHIEF
Chief International Corp.	Subsidiary of CHIEF
Shanghai Chief Telecom Co., Ltd.	Subsidiary of CHIEF
Chunghua Precision Test Tech. Co., Ltd. ("CHPT")	Subsidiary of CHPT
Chunghua Precision Test Tech. USA Corporation	Subsidiary of CHPT
CHPT Japan Co., Ltd.	Subsidiary of CHPT
Chunghua Precision Test Tech. International, Ltd. ("CHPT International")	Subsidiary of CHPT
TestPro Investment Co., Ltd. ("TestPro")	Subsidiary of CHPT (Note 1)

(Continued)

Company	Relationship
Yu Yu Investment Co., Ltd.	Substantial related party of SENAO
Divine Fine Foods & Wine Inc.	Substantial related party of SENAO (Note 10)
Kangsin Co., Ltd.	Substantial related party of SENAO
United Daily News Co., Ltd.	Investor of significant influence over SFD
Shenzhen Century Communication Co., Ltd.	Investor of significant influence over SCT
Advantech Co., Ltd.	Investor of significant influence over IISI (Concluded)
Note 1:	CHPT invested and established TestPro in March 2022. CHPT obtained 100% ownership interest of TestPro.
Note 2:	TestPro invested and established NavCore in May 2022. TestPro obtained 54.25% ownership interest of NavCore.
Note 3:	SITS completed its liquidation in April 2021.
Note 4:	IICL, LTCL and LSCL completed the cancellation of registration in September 2022.
Note 5:	IISS completed its liquidation in August 2021.
Note 6:	ADT completed its liquidation in August 2021. Please refer to Note 13.
Note 7:	CHI originally treated ATT as a financial asset at FVOCI. However, as CHI obtained one out of three seats of the Board of Directors of ATT in July 2021 and has significant influence over ATT, CHI reclassified it as an associate.
Note 8:	CHI originally treated IME as a financial asset at FVOCI. However, as CHI obtained one out of five seats of the Board of Directors of IME in August 2021 and has significant influence over IME, CHI reclassified it as an associate.
Note 9:	CHTSC invested and established BHT in March 2022. CHTSC obtained 40.00% ownership interest of BHT.
Note 10:	Divine Fine Foods & Wine Inc. replaced its responsible persons in October 2021. Since then, Divine Fine Foods & Wine Inc. is no longer a related party of the Company.
b.	Terms of the foregoing transactions with related parties were not significantly different from transactions with non-related parties. When no similar transactions with non-related parties can be referenced, terms were determined in accordance with mutual agreements. Details of transactions between the Company and other related parties are disclosed below:
1)	Operating transactions

	Revenues	
	Year Ended December 31 2022	2021
Subsidiaries	\$ 5,468,345	\$ 7,072,797
Associates	228,112	357,694
Others	3,086	3,308
	<u>\$ 5,699,543</u>	<u>\$ 7,433,799</u>

Company	Relationship
NavCore Tech Co., Ltd. ("NavCore")	Subsidiary of TestPro (Note 2)
Senao International HK Limited ("SIHK")	Subsidiary of SIS
Senao International Trading (Shanghai) Co., Ltd. ("SITS")	Subsidiary of SIHK (Note 3)
Chunghwa Hsingta Co., Ltd. ("CHC")	Subsidiary of Prime Asia
Chunghwa Telecom (China) Co., Ltd.	Subsidiary of CHC
Shanghai Taihua Electronic Technology Limited ("STET")	Subsidiary of CHPT (International)
Su Zhou Precision Test Tech. Ltd.	Subsidiary of CHPT (International)
Infexplorer International Co., Ltd. ("IESA")	Subsidiary of IISI
IISI Investment Co., Ltd. ("IICL")	Subsidiary of IISI (Note 4)
Unitronics Technology Corp.	Subsidiary of IISI
International Integrated Systems (Hong Kong) Limited	Subsidiary of IESA
Leading Tech Co., Ltd. ("LTCL")	Subsidiary of IICL (Note 4)
Leading Systems Co., Ltd. ("LSCL")	Subsidiary of LTCL (Note 4)
International Integrated Systems Inc. (Shanghai) ("IISS")	Subsidiary of LSCL (Note 5)
Taiwan International Standard Electronics Co., Ltd.	Associate
So-net Entertainment Taiwan Limited	Associate
KKBOX Taiwan Co., Ltd.	Associate
Kingway/Tek Technology Co., Ltd.	Associate
Taiwan International Ports Logistics Corporation	Associate
Senao Networks, Inc.	Associate of SENAO
EnRack Tech. Co., Ltd.	Subsidiary of Senao Networks, Inc.
ST-2 Satellite Ventures Pte, Ltd.	Associate of CHTS
CHT Infinity Singapore Pte. Ltd.	Associate of CHTS
Viettel-CHT Co., Ltd.	Associate of CHYP
Click Force Co., Ltd.	Associate (Note 6)
Alliance Digital Tech Co., Ltd. ("ADT")	Associate
Chunghwa PChome Fund I Co., Ltd.	Associate
Comerstone Ventures Co., Ltd.	Associate
Next Commercial Bank Co., Ltd. ("NCB")	Associate
WiAdvance Technology Corporation	Associate
AgriTalk Technology Inc. ("ATT")	Associate of CHI (Note 7)
Imediac Co., Ltd. ("IME")	Associate of CHI (Note 8)
Baohwa Trust Co., Ltd. ("BHT")	Associate of CHTSC (Note 9)
Chunghwa SEA Holdings	Joint venture
Other related parties	
Chunghwa Telecom Foundation	A nonprofit organization of which the funds donated by the Company exceeds one third of its total funds
Senao Technical and Cultural Foundation	A nonprofit organization of which the funds donated by SENAO exceeds one third of its total funds
Sochamp Technology Co., Ltd.	Investor of significant influence over CHST
E-Life Mall Co., Ltd.	Substantial related party of SENAO
Cheng Keng Investment Co., Ltd.	Substantial related party of SENAO
Cheng Feng Investment Co., Ltd.	Substantial related party of SENAO
All Oriented Investment Co., Ltd.	Substantial related party of SENAO
Hwa Shun Investment Co., Ltd.	Substantial related party of SENAO

(Continued)

	Operating Costs and Expenses	
	Year Ended December 31 2022	2021
Subsidiaries	\$ 11,389,004	\$ 10,311,564
Associates	1,016,124	712,641
Others	56,287	51,733
	<u>\$ 12,461,415</u>	<u>\$ 11,075,938</u>
2) Non-operating transactions		
	Non-operating Income and (Expenses)	
	Year Ended December 31 2022	2021
Subsidiaries	\$ 791	\$ (25)
Associates	(8,597)	(7,420)
	<u>\$ (7,806)</u>	<u>\$ (7,445)</u>
3) Receivables		
	December 31	
	2022	2021
Subsidiaries	\$ 1,182,998	\$ 1,780,838
Associates	26,308	9,121
	<u>\$ 1,209,306</u>	<u>\$ 1,789,959</u>
4) Payables		
	December 31	
	2022	2021
Subsidiaries	\$ 3,381,460	\$ 3,070,035
Associates	333,662	378,224
	<u>\$ 3,715,122</u>	<u>\$ 3,448,259</u>
5) Customers' deposits		
	December 31	
	2022	2021
Subsidiaries	\$ 15,155	\$ 34,982
Associates	65,658	15,970
Others	284	-
	<u>\$ 81,097</u>	<u>\$ 50,952</u>

6) Acquisition of property, plant and equipment

	Year Ended December 31	
	2022	2021
Subsidiaries	\$ 711,318	\$ 604,431
Associates	32,232	397,884
	<u>\$ 743,550</u>	<u>\$ 1,002,315</u>

7) Lease-in agreements

The Company entered into a contract with ST-2 Satellite Ventures Pte., Ltd. on March 12, 2010 to lease capacity on the ST-2 satellite. This lease term is for 15 years which should start from the official operation of ST-2 satellite and the total contract value is approximately \$6,000,000 thousand (SGD\$260,723 thousand), including a prepayment of \$3,067,711 thousand at the inception of the lease, and the rest of amount should be paid annually when ST-2 satellite starts its official operation. ST-2 satellite was launched in May 2011, and began its official operation in August 2011. As ST-2 satellite is in good operating condition, the useful life is extended for another 3 years and 3 months after evaluation in 2021. The Board of Directors of the Company approved to extend the lease period accordingly with the original contract terms in December 2021; therefore, the Company acquired right-of-use asset of \$1,124,780 thousand from the aforementioned lease extension.

The lease liabilities of ST-2 Satellite Ventures Pte., Ltd. as of balance sheet dates were as follows:

	December 31	
	2022	2021
Lease liabilities - current	\$ 193,805	\$ 173,306
Lease liabilities - noncurrent	1,760,815	1,740,557
	<u>\$ 1,954,620</u>	<u>\$ 1,913,863</u>

The interest expense recognized for the aforementioned lease liabilities were \$8,165 thousand and \$7,420 thousand for the years ended December 31, 2022 and 2021, respectively.

c. Compensation of key management personnel

The compensation of directors and key management personnel was as follows:

	Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 65,846	\$ 69,204
Post-employment benefits	2,406	2,880
	<u>\$ 68,252</u>	<u>\$ 72,084</u>

The compensation of directors and key management personnel was mainly determined by the compensation committee having regard to the performances.

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Except for those disclosed in other notes, the Company's significant commitments and contingent liabilities as of December 31, 2022 were as follows:

- Acquisitions of telecommunications-related inventory and equipment of \$33,772,525 thousand.
- A commitment to contribute \$2,000,000 thousand to a Piping Fund administered by the Taipei City Government, of which \$1,000,000 thousand was contributed by the Company on August 15, 1996 (classified as other financial assets - noncurrent). If the fund is not sufficient, the Company will contribute the remaining \$1,000,000 thousand upon notification from the Taipei City Government.
- The Company committed that when its ownership interest in NCB is greater than 25% and NCB encounters financial difficulty or the capital adequacy ratio of NCB cannot meet the related regulation requirements, the Company will provide financial support to assist NCB in maintaining a healthy financial condition.

35. OTHER MATTERS

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

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The information of significant assets and liabilities denominated in foreign currencies was as follows:

	December 31, 2022		
	Foreign Currencies (Thousands)	Exchange Rate	New Taiwan Dollars (Thousands)
<u>Assets denominated in foreign currencies</u>			
Monetary items			
USD	\$ 25,272	30.71	\$ 776,107
EUR	2,252	32.72	73,685
HKD	1,720	3.938	6,772
Non-monetary items			
Investments accounted for using equity method			
USD	55,933	30.71	1,717,713
HKD	179,716	3.938	707,721
JPY	535,285	0.232	124,400
VND	515,206,133	0.001	662,040
RMB	36,961	4.408	162,922
THB	128,186	0.894	114,611
			(Continued)

	December 31, 2022		
	Foreign Currencies (Thousands)	Exchange Rate	New Taiwan Dollars (Thousands)
<u>Liabilities denominated in foreign currencies</u>			
Monetary items			
USD	\$ 21,510	30.71	\$ 660,582
EUR	26,100	32.72	853,992
SGD	87,685	22.88	2,006,225
JPY	61,838	0.232	14,371
HKD	4,297	3.938	16,922
			(Concluded)

	December 31, 2021		
	Foreign Currencies (Thousands)	Exchange Rate	New Taiwan Dollars (Thousands)
<u>Assets denominated in foreign currencies</u>			
Monetary items			
USD	\$ 27,093	27.68	\$ 749,945
EUR	1,286	31.32	40,282
SGD	3	20.46	57
JPY	2,596	0.241	624
HKD	19,158	3.549	67,992
Non-monetary items			
Investments accounted for using equity method			
USD	54,986	27.68	1,522,001
HKD	172,876	3.549	613,536
JPY	411,029	0.241	98,852
VND	455,322,761	0.0012	544,111
RMB	35,355	4.344	153,582
THB	119,628	0.8347	99,853

Liabilities denominated in foreign currencies

Monetary items			
USD	23,461	27.68	649,400
EUR	27,422	31.32	858,843
SGD	95,756	20.46	1,959,171
JPY	25,114	0.241	6,040
HKD	4,373	3.549	15,520

The unrealized foreign currency exchange gains and losses were loss of \$301,817 thousand and gain of \$124,824 thousand for the years ended December 31, 2022 and 2021, respectively. Due to the various foreign currency transactions of the Company, foreign exchange gains and losses cannot be disclosed by the respective significant foreign currency.

37. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the FSC for the Company:

- Financing provided: None.
- Endorsement/guarantee provided: Please see Table 1.
- Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Please see Table 2.
- Marketable securities acquired or disposed of at costs or prices at least \$300 million or 20% of the paid-in capital: Please see Table 3.
- Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital: Please see Table 4.
- Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital: None.
- Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital: Please see Table 5.
- Receivables from related parties amounting to \$100 million or 20% of the paid-in capital: Please see Table 6.
- Names, locations, and other information of investees on which the Company exercises significant influence (excluding investment in Mainland China): Please see Table 7.

- Derivative instruments transactions: Please see Notes 7, 19 and 32.

- Investment in Mainland China: Please see Table 8.

- Information of main stakeholders: Please see Table 9.

38. SEGMENT INFORMATION

In response to changes in the operating environment and new business challenges, the Company launched its organizational transformation and redesigned the operational decision-making processes and the performance assessment under the new structure. The aforementioned organizational transformation was effective from January 1, 2022. The Company redefined the reportable segments as "Consumer Business", "Enterprise Business", "International Business" and "Others" and restated the corresponding items of segment information for the comparative period. The reportable segments are managed separately because each segment represents a strategic business unit that serves different customers. Segment information is provided to the CEO who allocates resources and assesses segment performance. The Company's measure of segment performance is mainly based on revenues and income before income tax.

Some operating segments have been aggregated into a single operating segment taking into account the following factors: (a) the type or class of customer for the telecommunications products and services are similar; (b) the nature of the telecommunications products and services are similar; and (c) the methods used to provide the services to the customers are similar.

The accounting policies of the operating segments are the same as those described in Note 3.

Segment Revenues and Operating Results

Analysis by reportable segment of revenues and operating results of continuing operations are as follows:

Year ended December 31, 2022	Consumer Business	Enterprise Business	International Business	Others	Total
Revenues					
From external customers	\$ 110,959,617	\$ 65,181,004	\$ 5,079,088	\$ 1,034,710	\$ 182,254,339
Intersegment revenues	195,362	9,739	166,400	-	371,501
Segment revenues	<u>\$ 111,154,979</u>	<u>\$ 65,190,743</u>	<u>\$ 5,245,488</u>	<u>\$ 1,034,710</u>	<u>\$ 182,625,840</u>
Intersegment elimination					<u>(371,501)</u>
Consolidated revenues					<u>\$ 182,254,339</u>
Segment income before income tax	<u>\$ 27,314,209</u>	<u>\$ 15,217,660</u>	<u>\$ 1,645,274</u>	<u>\$ 731,822</u>	<u>\$ 44,908,965</u>
Year ended December 31, 2021					
Revenues					
From external customers	\$ 109,823,194	\$ 63,984,675	\$ 3,953,775	\$ 1,081,706	\$ 178,843,350
Intersegment revenues	171,481	29,216	166,400	-	367,097
Segment revenues	<u>\$ 109,994,675</u>	<u>\$ 64,013,891</u>	<u>\$ 4,120,175</u>	<u>\$ 1,081,706</u>	<u>\$ 179,210,447</u>
Intersegment elimination					<u>(367,097)</u>
Consolidated revenues					<u>\$ 178,843,350</u>
Segment income before income tax	<u>\$ 26,744,090</u>	<u>\$ 14,407,145</u>	<u>\$ 1,167,126</u>	<u>\$ 1,569,095</u>	<u>\$ 43,887,456</u>

Other Segment Information

Other information reviewed by the chief operating decision maker or regularly provided to the chief operating decision maker was as follows:

Year ended December 31, 2022	Consumer Business	Enterprise Business	International Business	Others	Total
Share of profits of associates and joint ventures accounted for using equity method	\$ 60,365	\$ 796,127	\$ 515,658	\$ 412,214	\$ 1,784,364
Interest income	137	8,265	2,676	180,834	191,912
Interest expenses	<u>\$ 136,386</u>	<u>\$ 76,333</u>	<u>\$ 6,826</u>	<u>\$ 953</u>	<u>\$ 220,498</u>
Depreciation and amortization	<u>\$ 32,640,212</u>	<u>\$ 10,067,228</u>	<u>\$ 1,008,331</u>	<u>\$ 255,489</u>	<u>\$ 43,971,260</u>
Reversal of impairment loss on investment properties					
					<u>\$ 107,467</u>
Year ended December 31, 2021					
Share of profits of associates and joint ventures accounted for using equity method	\$ 195,156	\$ 607,749	\$ 333,984	\$ 474,472	\$ 1,611,361
Interest income		63,816		54,665	118,481
Interest expenses	<u>\$ 119,228</u>	<u>\$ 63,427</u>	<u>\$ 6,594</u>	<u>\$ 844</u>	<u>\$ 1,090,093</u>
Depreciation and amortization	<u>\$ 31,792,536</u>	<u>\$ 10,136,336</u>	<u>\$ 717,663</u>	<u>\$ 263,052</u>	<u>\$ 42,909,469</u>
Impairment loss on right-of-use assets	<u>\$ 3,446</u>	<u>\$ 382,321</u>	<u>\$ 32,923</u>		<u>\$ 420,590</u>
Reversal of impairment loss on investment properties					
					<u>\$ 83,429</u>

Main Products and Service Revenues

	Year Ended December 31	
	2022	2021
Consumer Business		
Mobile services	\$ 55,175,520	\$ 52,328,559
Fixed-line services	42,771,843	42,421,519
Sales	11,738,414	13,574,737
Others	1,273,840	1,498,379
	<u>110,959,617</u>	<u>109,823,194</u>
Enterprise Business		
Fixed-line services	33,121,636	33,271,911
Project business	20,412,957	19,097,773
Mobile services	9,465,830	9,022,102
Others	2,180,581	2,592,889
	<u>65,181,004</u>	<u>63,984,675</u>
International Business		
Fixed-line services	3,469,927	2,939,897
Project business	1,250,761	717,371
Others	358,320	296,507
	<u>5,079,008</u>	<u>3,953,775</u>
Others	<u>1,034,710</u>	<u>1,081,706</u>
	<u>\$ 182,254,339</u>	<u>\$ 178,843,350</u>

Geographic Information

The users of the Company's services are mainly from Taiwan, ROC. The revenues it derived outside Taiwan are mainly revenues from international long distance telephone and leased line services. The geographic information for revenues was as follows:

	Year Ended December 31	
	2022	2021
Taiwan, ROC	\$ 179,474,677	\$ 176,712,913
Overseas	<u>2,779,662</u>	<u>2,130,437</u>
	<u>\$ 182,254,339</u>	<u>\$ 178,843,350</u>

The Company does not have material noncurrent assets in foreign operations.

Major Customers

As of December 31, 2022 and 2021, the Company did not have any single customer whose revenue exceeded 10% of the total revenues.

CHUNGHWA TELECOM CO., LTD. AND INVESTEES

ENDORSEMENTS/GUARANTEES PROVIDED
YEAR ENDED DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Nature of Relationship (Note 2)											
1	Senao International Co., Ltd.	Aval Technologies Co., Ltd. Win Technology Co., Ltd.	b	\$ 630,851	\$ 300,000	\$ 300,000	\$ 300,000	\$ -	4.76	\$ 3,154,258	Yes	No	No	Notes 3 and 4
			b	630,851	200,000	200,000	200,000	-	3.17	3,154,258	Yes	No	No	Notes 3 and 4

Note 1: Significant transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

- "0" for the Company.
- Subsidiaries are numbered from "1".

Note 2: Relationships between the endorsement/guarantee provider and the guaranteed party:

- A company with which it does business.
- A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
- Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
- The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- Companies in the same industry provide among themselves jointly and severally guarantee for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The limits on endorsement or guarantee amount provided to each guaranteed party is up to 10% of the net assets value of the latest financial statements of Senao International Co., Ltd.

Note 4: The total amount of endorsement or guarantee that the Company is allowed to provide is up to 50% of the net assets value of the latest financial statements of Senao International Co., Ltd.

CHUNGHWA TELECOM CO., LTD. AND INVESTEEES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2022			Note
				Shares (Thousands/ Thousand Units)	Carrying Value (Note 1)	Percentage of Ownership	
Chunghwa Telecom Co., Ltd.	Stocks	-	Financial assets at FVOCI	172,927	\$ 3,008,391	12	-
	Taipei Financial Center Corp.	-	Financial assets at FVTPL - noncurrent	-	102,648	4	-
	Innovation Works Development Fund, L.P.	-	Financial assets at FVOCI	5,252	13,412	17	-
	Industrial Bank of Taiwan II Venture Capital Co., Ltd. (IBT II)	-	Financial assets at FVOCI	7,617	-	3	-
	Global Mobile Corp.	-	Financial assets at FVOCI	1,000	2,401	2	-
	Innovation Works Limited	-	Financial assets at FVOCI	4,765	-	10	-
	RPTI Intergruop International Ltd.	-	Financial assets at FVOCI	1,200	4,246	2	-
	Taiwan mobile payment Co., Ltd.	-	Financial assets at FVTPL - noncurrent	555,600	567,203	13	-
	Taiwania Capital Buffalo Fund Co., Ltd.	-	Financial assets at FVOCI	136	115,416	19.9	-
	4 Gamers Entertainment Inc.	-	Financial assets at FVTPL - noncurrent	20,000	191,109	9	-
Senao International Co., Ltd.	Limited partnership	-	Financial assets at FVTPL - noncurrent	-	93,114	10	-
	Taiwania Capital Buffalo Fund VI, L.P.	-	Financial assets at FVTPL - noncurrent	-	10,428	9	-
CHIEF Telecom Inc.	Stocks	-	Financial assets at FVOCI	1,200	1,204	10	-
	N.T.U. Innovation Incubation Corporation	-	Financial assets at FVOCI	374	439	-	Note 2
	3 Link Information Service Co., Ltd.	-	Financial assets at FVTPL - current	9	102,998	-	Note 2
	WPG Holdings Limited	-	Financial assets at FVOCI	2,102	17,238	-	Note 2
Chunghwa Investment Co., Ltd.	WT Microelectronics Co., Ltd.	-	Financial assets at FVOCI	361	46,989	11	-
	Stocks	-	Financial assets at FVOCI	4,571	-	7	-
	Tatung Technology Inc.	-	Financial assets at FVOCI	10,000	-	2	-
	iSing99 Inc.	-	Financial assets at FVOCI	20,000	52,800	7	Note 2
	Powtee ElectroChemical Corporation	-	Financial assets at FVOCI	2,200	99,766	1	Note 2
CHT Security Co., Ltd.	Bosssdom Dignimnovation Co., Ltd.	-	Financial assets at FVOCI	1,875	42,007	3	-
	PChome Online Inc.	-	Financial assets at FVOCI	-	16,092	-	-
	Limited partnership	-	Financial assets at FVTPL - noncurrent	-	-	-	-
Senao International Co., Ltd.	Taiwania Capital Buffalo Fund V, L.P.	-	Financial assets at FVTPL - noncurrent	-	-	-	-
	Stocks	-	Financial assets at FVOCI	91	-	-	-
CHT Security Co., Ltd.	TXOne Networks Inc.	-	Financial assets at FVOCI	-	-	-	-
	Stocks	-	Financial assets at FVOCI	-	-	-	-

Note 1: Showed at carrying amounts with fair value adjustments.

Note 2: Fair value was based on the closing price on December 30, 2022.

CHUNGHWA TELECOM CO., LTD. AND INVESTEEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
 YEAR ENDED DECEMBER 31, 2022
 (Amounts in Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance	
					Shares (Thousands/ Thousand Units)	Amount	Shares (Thousands/ Thousand Units)	Amount	Shares (Thousands/ Thousand Units)	Amount	Carrying Value	Gain on Disposal	Shares (Thousands/ Thousand Units)
Chunghwa Precision Test Tech. Co., Ltd.	<u>Stocks</u> TestPro Investment Co., Ltd.	Investments accounted for using equity method	Invested and established	Subsidiary	-	\$ -	13,500	\$ 135,000	-	\$ -	-	13,500	\$ 135,000 (Note)
TestPro Investment Co., Ltd.	<u>Stocks</u> NavCore Tech. Co., Ltd	Investments accounted for using equity method	Invested and established	Subsidiary	-	-	10,850	108,500	-	-	-	10,850	108,500 (Note)

Note: Showing at their original investment amounts.

CHUNGHWA TELECOM CO., LTD. AND INVESTEEES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty is a Related Party	Pricing Reference	Purpose of Acquisition	Other Terms
Chunghwa Precision Test Tech. Co., Ltd.	Land	2021.01~2022.05	\$ 534,030	Fully paid	Taiwan Powder Technologies Co., Ltd.	-	Property Owner Relationship Transaction Date	Not applicable Not applicable Not applicable	According to appraisal report	Space requirements for future business expansion and operational considerations

CHUNGHWA TELECOM CO., LTD. AND INVESTEEES

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

Company Name	Related Party	Nature of Relationship	Transaction Details			Abnormal Transaction		Notes / Accounts Payable or Receivable		
			Purchases/Sales (Note 1)	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Notes 2)	% to Total
Chungghwa Telecom Co., Ltd.	Senao International Co., Ltd. Aval Technologies Co., Ltd. CHIEF Telecom Inc. Chungghwa System Integration Co., Ltd. CHYP Multimedia Marketing & Communications Co., Ltd. Hongghwa International Co., Ltd. Dongghwa Telecom Co., Ltd. Chungghwa Telecom Global, Inc. CHT Security Co., Ltd. International Integrated Systems, Inc. Senyoung Insurance Agent Co., Ltd. Next Commercial Bank Co., Ltd. Taiwan International Standard Electronics Co., Ltd. Kingway/Tek Technology Co., Ltd.	Subsidiary	Sales	\$ 3,961,183	2	30 days	\$ -	-	\$ 411,867	2
		Subsidiary	Purchase	1,010,242	1	30-90 days	-	-	(951,467)	(6)
		Subsidiary	Purchase	345,739	-	30 days	-	-	(20,066)	-
		Subsidiary	Sales	482,253	-	30 days	-	-	60,896	-
		Subsidiary	Purchase	100,884	-	60 days	-	-	(29,434)	-
		Subsidiary	Purchase	1,383,311	1	30 days	-	-	(548,279)	(3)
		Subsidiary	Purchase	144,904	-	30 days	-	-	(70,901)	-
		Subsidiary	Purchase	6,398,667	6	30-60 days	-	-	(889,437)	(6)
		Subsidiary	Sales	181,714	-	30 days	-	-	43,519	-
		Subsidiary	Purchase	526,207	-	90 days	-	-	(136,772)	(1)
		Subsidiary	Sales	130,426	-	90 days	-	-	20,368	-
		Subsidiary	Purchase	314,688	-	90 days	-	-	(45,523)	-
		Subsidiary	Purchase	365,383	-	30 days	-	-	(132,146)	(1)
		Subsidiary	Purchase	644,072	1	30 days	-	-	(105,962)	(1)
Senao International Co., Ltd.	Subsidiary	Sales	137,915	-	90 days	-	-	41,775	-	
	Associate	Sales	153,022	-	30-60 days	-	-	15,663	-	
	Associate	Purchase	811,060	1	30-90 days	-	-	(274,242)	(2)	
	Associate	Purchase	102,505	-	30 days	-	-	(12,310)	-	
	Subsidiary	Sales	354,836	1	60 days	-	-	54,984	3	
CHIEF Telecom Inc.		Purchase	239,559	1	30 days	-	-	(12,561)	(1)	
	Associate	Sales	141,493	5	30 days	-	-	24,244	11	
Aval Technologies Co., Ltd.		Fellow subsidiary	Sales	129,705	-	30 days	-	-	16,404	1
		Fellow subsidiary	Sales	105,031	-	30 days	-	-	13,907	1
Chungghwa Precision Test Tech. Co., Ltd.		Subsidiary	Sales	185,105	4	90 days	-	-	39,884	5

Note 1: Purchases include costs to acquire services.

Note 2: Notes and accounts receivable did not include the amounts collected for others and other receivables.

Note 3: Transaction terms with related parties were determined in accordance with mutual agreements when there were no similar transactions with third parties. Other transactions with related parties were not significantly different from those with third parties.

CHUNGHWA TELECOM CO., LTD. AND INVESTEEES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate (Note)	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amounts	Action Taken		
Chunghwa Telecom Co., Ltd.	Senao International Co., Ltd.	Subsidiary	\$ 553,907	11.07	\$ -	-	\$ 542,039	\$ -
Senao International Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	1,096,214	8.10	-	-	80,373	-
Chunghwa System Integration Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	547,598	3.97	-	-	304,798	-
Honghwa International Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	888,955	7.30	-	-	159,406	-
CHT Security Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	132,146	4.13	-	-	100,210	-
CHYP Multimedia Marketing & Communications Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	106,751	2.89	-	-	65,982	-
Donghwa Telecom Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	136,772	3.10	-	-	43,210	-

Note: Payments and receipts collected in trust for others are excluded from the accounts receivable in calculating the turnover rate.

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES IN WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)
 YEAR ENDED DECEMBER 31, 2022
 (Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022		Net Income (Loss) of the Investee	Recognized Gain (Loss) (Notes 1, 2 and 3)	Note
				December 31, 2022	December 31, 2021	Shares (Thousands)	Percentage of Ownership (%)			
Chungghwa Telecom Co., Ltd.	Senao International Co., Ltd.	Taiwan	Handset and peripherals retailer; sales of CHT mobile phone plans as an agent	\$ 1,065,813	\$ 1,065,813	71,773	28	\$ 658,038	\$ 177,150	Subsidiary
	Light Era Development Co., Ltd.	Taiwan	Planning and development of real estate and intelligent buildings, and property management	3,000,000	3,000,000	300,000	100	20,995	13,323	Subsidiary
	Dongghwa Telecom Co., Ltd.	Hong Kong	International private leased circuit, IP VPN service, and IP transit services	691,163	691,163	178,590	100	26,033	26,033	Subsidiary
	Chungghwa Telecom Singapore Pte., Ltd.	Singapore	International private leased circuit, IP VPN service, and IP transit services	574,112	574,112	26,383	100	250,922	250,982	Subsidiary
	Chungghwa System Integration Co., Ltd.	Taiwan	Providing system integration services and telecommunications equipment	838,506	838,506	60,000	100	32,836	25,296	Subsidiary
	CHIEF Telecom Inc.	Taiwan	Network integration, internet data center ("IDC"), communications integration and cloud application services	459,652	459,652	39,426	56	836,809	480,237	Subsidiary
	Chungghwa Investment Co., Ltd.	Taiwan	Investment	639,559	639,559	68,085	89	246,304	219,339	Subsidiary
	Prime Asia Investments Group Ltd.	British Virgin Islands	Investment	385,274	385,274	1	100	7,100	7,100	Subsidiary
	Hongghwa International Co., Ltd.	Taiwan	Telecommunication engineering, sales agent of mobile phone plan application and other business services, etc.	180,000	180,000	18,000	100	464,271	438,179	Subsidiary
	CHYP Multimedia Marketing & Communications Co., Ltd.	Taiwan	Digital information supply services and advertisement services	150,000	150,000	15,000	100	22,296	22,846	Subsidiary
	Chungghwa Telecom Vietnam Co., Ltd.	Vietnam	Intelligent energy saving solutions, international circuit, and information and communication technology ("ICT") services	148,275	148,275	-	100	(764)	(764)	Subsidiary
	Chungghwa Telecom Global, Inc.	United States	International private leased circuit, internet services, and transit services	70,429	70,429	6,000	100	79,803	80,191	Subsidiary
	CHT Security Co., Ltd.	Taiwan	Computing equipment installation, wholesale of computing and business machinery equipment and software, management consulting services, data processing services, digital information supply services and internet identity services	240,000	240,000	24,000	73	201,332	133,820	Subsidiary
	Chungghwa Telecom (Thailand) Co., Ltd.	Thailand	International private leased circuit, IP VPN service, ICT and cloud VAS services	119,624	119,624	1,300	100	7,322	7,322	Subsidiary
	Spring House Entertainment Tech. Inc.	Taiwan	Software design services, internet contents production and play, and motion picture production and distribution	62,209	62,209	8,251	56	44,541	24,961	Subsidiary
	Chungghwa leading Photonics Tech Co., Ltd.	Taiwan	Production and sale of electronic components and finished products	70,500	70,500	7,050	75	37,590	28,192	Subsidiary
	Smartfun Digital Co., Ltd.	Taiwan	Providing diversified family education digital services	65,000	65,000	6,500	65	19,479	12,388	Subsidiary
	Chungghwa Telecom Japan Co., Ltd.	Japan	International private leased circuit, IP VPN service, and IP transit services	17,291	17,291	1	100	28,268	28,268	Subsidiary
	Chungghwa Sochamp Technology Inc.	Taiwan	Design, development and production of Automatic License Plate Recognition software and hardware	20,400	20,400	2,040	37	(3,575)	(2,462)	Subsidiary
	International Integrated Systems, Inc.	Taiwan	IT solution provider, IT application consultation, system integration and package solution	517,423	517,423	37,211	51	191,147	112,461	Subsidiary
	Viettel-CHT Co., Ltd.	Vietnam	IDC services	288,327	288,327	-	30	389,161	116,780	Associate

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES IN WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)

YEAR ENDED DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022		Net Income (Loss) of the Investee	Recognized Gain (Loss) (Notes 1, 2 and 3)	Note
				December 31, 2022	December 31, 2021	Shares (Thousands)	Percentage of Ownership (%)			
Senao International Co., Ltd.	Taiwan International Standard Electronics Co., Ltd.	Taiwan	Manufacturing, selling, designing, and maintaining of telecommunications systems and equipment	\$ 164,000	\$ 164,000	1,760	40	\$ 162,479	\$ 84,401	Associate
	KKBOX Taiwan Co., Ltd.	Taiwan	Providing of music on-line, software, electronic information, and advertisement services	67,025	67,025	4,438	30	38,348	11,504	Associate
	So-net Entertainment Taiwan Limited	Taiwan	Online service and sale of computer hardware	120,008	120,008	9,429	30	35,925	10,777	Associate
	KingwayTek Technology Co., Ltd.	Taiwan	Design and sale of digital map, technical support for computer peripherals device, design and development of system programming projects	66,684	66,684	10,512	23	78,927	18,316	Associate
	Taiwan International Ports Logistics Corporation	Taiwan	Import and export storage, logistic warehouse, and ocean shipping service	80,000	80,000	8,000	27	116,075	30,957	Associate
	Chungghwa PChome Furd I Co., Ltd.	Taiwan	Investment, venture capital, investment advisor, management consultant and other consultancy service	200,000	200,000	20,000	50	133,610	66,805	Associate
	Cornerstone Ventures Co., Ltd.	Taiwan	Investment, venture capital, investment advisor, management consultant and other consultancy service	4,900	4,900	490	49	315	155	Associate
	Next Commercial Bank Co., Ltd.	Taiwan	Online banking business	4,190,000	4,190,000	419,000	42	(1,004,331)	(414,635)	Associate
	Chungghwa SEA Holdings	Taiwan	Investment business	10,200	10,200	1,020	51	(501)	(255)	Joint venture
	WiAdvance Technology Corporation	Taiwan	Software solution integration	273,800	273,800	3,700	20	(94,522)	(25,344)	Associate
CHIEF Telecom Inc.	Senao Networks, Inc.	Taiwan	Telecommunication facilities manufactures and sales	202,758	202,758	16,579	34	1,064,850	359,842	Associate
	Senao International (Samoa) Holding Ltd.	Samoa Islands	International investment	2,046,143	2,046,143	1,191	100	278	278	Subsidiary
	Youth Co., Ltd.	Taiwan	Sale of information and communication technologies products	427,850	427,850	14,752	96	(10,463)	(16,082)	Subsidiary
	Aval Technologies Co., Ltd.	Taiwan	Sale of information and communication technologies products	89,550	89,550	11,660	100	9,945	9,946	Subsidiary
	Senyoung Insurance Agent Co., Ltd.	Taiwan	Property and liability insurance agency	59,000	59,000	5,900	100	33,444	33,450	Subsidiary
	Unigate Telecom Inc.	Taiwan	Telecommunications and internet service	2,000	2,000	200	100	134	134	Subsidiary
	Chief International Corp.	Samoa Islands	Telecommunications and internet service	6,068	6,068	200	100	8,450	8,450	Subsidiary
	ST-2 Satellite Ventures Pte., Ltd.	Singapore	Operation of ST-2 telecommunications satellite	21,309	409,061	943	38	517,590	196,684	Associate
	CHT Infinity Singapore Pte. Ltd.	Singapore	Investment business	55,720	55,720	2,000	40	4,808	1,923	Associate
	Chungghwa Precision Test Tech. Co., Ltd.	Taiwan	Production and sale of semiconductor testing components and printed circuit board	178,608	178,608	11,230	34	770,620	263,929	Subsidiary
Chungghwa Investment Co., Ltd.	CHIEF Telecom Inc.	Taiwan	Network integration, internet data center ("IDC"), communications integration and cloud application services	19,064	19,064	2,078	3	836,809	24,616	Associate
	Senao International Co., Ltd.	Taiwan	Selling and maintaining mobile phones and its peripheral products	49,731	49,731	1,001	-	658,038	2,551	Associate
	AgriTalk Technology Inc.	Taiwan	Providing smart agricultural solutions	65,175	33,000	3,300	29	(8,500)	(757)	Associate
	Imediac Co., Ltd.	Taiwan	scientific agricultural product, biological inhibitor, and biochips	48,000	48,000	960	7	(36,145)	(4,568)	Associate
Chungghwa Precision Test Tech. Co., Ltd.	Chungghwa Precision Test Tech USA Corporation	United States	Design and after-sale services of semiconductor testing components and printed circuit board	74,192	74,192	2,600	100	4,996	4,996	Subsidiary

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEs IN WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)
YEAR ENDED DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022		Net Income (Loss) of the Investee	Recognized Gain (Loss) (Notes 1, 2 and 3)	Note
				December 31, 2022	December 31, 2021	Shares (Thousands)	Percentage of Ownership (%)			
	CHPT Japan Co., Ltd.	Japan	Related services of electronic parts, machinery processed products and printed circuit board	\$ 2,008	\$ 2,008	1	100	\$ 2,255	\$ 67	Subsidiary
	Chungghwa Precision Test Tech. International, Ltd.	Samoa Islands	Wholesale and retail of electronic materials, and investment	173,649	173,649	5,700	100	168,997	11,856	Subsidiary
	TestPro Investment Co., Ltd.	Taiwan		135,000	-	13,500	100	98,422	(34,429)	Subsidiary
	NavCore Tech. Co., Ltd	Taiwan	Sale and manufacturing of smart equipment, smart factory software and hardware integration and technical consulting service	108,500	-	10,850	54	92,692	(13,659)	Subsidiary
	Prime Asia Investments Group, Ltd.	Hong Kong	Investment	375,274	375,274	1	100	162,922	7,100	Subsidiary
	Senao International (Samoa) Holding Ltd.	Hong Kong	International investment	2,060,467	2,060,467	80,440	100	34,207	-	Subsidiary
	Youth Co., Ltd.	Taiwan	Sale of information and communication technologies products	53,021	53,021	-	100	14,131	2,228	Subsidiary
	Yoyui Co., Ltd.	Taiwan	Maintenance of information and communication technologies products	21,354	21,354	-	100	5,150	(12,474)	Subsidiary
	Aval Technologies Co., Ltd.	Taiwan	Sale of information and communication technologies products	29,550	29,550	3,845	100	45,810	6,370	Subsidiary
	Senyoung Insurance Agent Co., Ltd.	Taiwan	Life insurance services	29,500	29,500	2,950	100	21,804	(1,685)	Subsidiary
	CHYP Multimedia Marketing & Communications Co., Ltd.	Taiwan	Advertisement services	44,607	44,607	1,401	49	40,932	7,079	Associate
	Infexplorer Integrated Systems, Inc.	Samoa	Investment	24,806	24,806	795	100	28,893	(44)	Subsidiary
	IISI Investment Co., Ltd.	Mauritius	Investment	-	81,302	-	-	-	4,013	Subsidiary (Note 5)
	Unitronics Technology Corp.	Taiwan	Development and maintenance of information system	55,569	55,569	5,065	99.96	83,036	8,082	Subsidiary
	Infexplorer International Co., Ltd.	Hong Kong	Investment and engaging in technical consulting service	24,336	24,336	780	100	28,887	(44)	Subsidiary
	IISI Investment Co., Ltd.	Mauritius	Investment	-	65,374	-	-	-	3,774	Subsidiary (Note 5)
	Leading Tech Co., Ltd.	Mauritius	Investment	-	100,693	-	-	-	24	Subsidiary (Note 5)
	CHT Security Co., Ltd.	Taiwan	VR integration and AIoT security services	20,000	-	2,000	40	13,267	(6,733)	Associate

Note 1: The amounts were based on audited financial statements.

Note 2: Recognized gain (loss) of investees includes amortization of differences between the investment cost and net value and elimination of unrealized transactions.

Note 3: Recognized gain (loss) and carrying value of the investees did not include the adjustment of the difference between the accounting treatment on standalone basis and consolidated basis as a result of the application of IFRS 15.

Note 4: Investments in mainland China are included in Table 8.

Note 5: IICL, LTCL and LSCL completed the cancellation of registration in September 2022.

(Concluded)

CHUNGHWA TELECOM CO., LTD. AND INVESTEES

INVESTMENTS IN MAINLAND CHINA

YEAR ENDED DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars)

Investee	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022	Note
					Outflow	Inflow							
Senao International Trading (Shanghai) Co., Ltd.	Sale of information and communication technologies products	\$ 955,838	2	\$ 955,838	\$ -	\$ -	\$ 955,838	\$ -	100	\$ -	\$ -	\$ -	Note 8
Chunghwa Telecom (China) Co., Ltd.	Integrated information and communication solution services for enterprise clients, and intelligent energy network service	177,176	2	177,176	-	-	177,176	(4,725)	100	(4,725)	-	-	Note 10
Jiangsu Zhenghua Information Technology Company, LLC	Providing intelligent energy saving solution and intelligent buildings services	189,410	2	142,057	-	-	142,057	-	75	-	-	-	Note 9
Shanghai Taihua Electronic Technology Limited	Design of printed circuit board and related consultation service	51,233	2	51,233	-	-	51,233	176	100	176	9,231	-	
Su Zhou Precision Test Tech. Ltd.	Assembly processed of circuit board, design of printed circuit board and related consultation service	119,199	2	119,199	-	-	119,199	10,983	100	10,983	162,919	-	
Shanghai Chief Telecom Co., Ltd.	Telecommunications and internet service	10,150	1	4,973	-	-	4,973	871	49	428	14,459	-	
International Integrated Systems Inc. (Shanghai)	Development and maintenance of information system	48,753	2	39,923	-	15,701	24,222	-	100	-	-	-	Note 11

(Continued)

Investee	Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Stipulated by Investment Commission, MOEA
SENAO and its subsidiaries (Note 3)	\$ 955,838	\$ 2,047,858	\$ 3,792,099
Chunghwa Telecom (China) Co., Ltd. (Note 4)	177,176	177,176	236,267,056
Jiangsu Zhenghua Information Technology Company, LLC (Note 4)	142,057	142,057	236,267,056
Chunghwa Precision Test Tech Co., Ltd and its subsidiaries (Note 5)	170,432	216,185	4,775,580
Shanghai Chief Telecom Co., Ltd. (Note 6)	4,973	4,973	1,996,687
IISI and its subsidiaries (Note 7)	24,222	39,923	715,297

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

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

Note 2: The amounts were calculated based on the investee's audited financial statements.

Note 3: Senao International Co., Ltd. and its subsidiaries were calculated based on the consolidated net assets value of Senao International Co., Ltd.

Note 4: Chunghwa Telecom (China) Co., Ltd. and Jiangsu Zhenghua Information Technology Company, LLC were calculated based on the consolidated net assets value of Chunghwa Telecom Co., Ltd.

Note 5: Chunghwa Precision Test Tech. Co., Ltd. and its subsidiaries were calculated based on the consolidated net assets value of Chunghwa Precision Test Tech. Co., Ltd

Note 6: Shanghai Chief Telecom Co., Ltd. was calculated based on the consolidated net assets value of CHIEF Telecom Inc.

Note 7: IISI and its subsidiaries were calculated based on the consolidated net assets value of IISI.

Note 8: Senao International Trading (Shanghai) Co., Ltd. completed its liquidation in April 2021.

Note 9: Jiangsu Zhenhua Information Technology Company, LLC. completed its liquidation in December 2018.

Note 10: Chunghwa Telecom (China) Co., Ltd. completed its liquidation in October 2022..

Note 11: International Integrated Systems Inc. (Shanghai) completed its liquidation in August 2021.

(Concluded)

TABLE 9

CHUNGHWA TELECOM CO., LTD.

INFORMATION OF MAJOR STOCKHOLDERS
DECEMBER 31, 2022

Name of Major Stockholders	Shares	
	Number of Shares	Percentage of Ownership (%)
Ministry of Transportation and Communications	2,737,718,976	35.29
Shin Kong Life Insurance Co., Ltd.	416,466,184	5.36

Note: This table presents information provided by the Taiwan Depository & Clearing Corporation on stockholders holding greater than 5% of Chungghwa's dematerialized securities that have completed the process of registration and delivery by book-entry transfer as of the last business day for the current quarter.

THE CONTENTS OF STATEMENTS OF MAJOR
ACCOUNTING ITEMS

ITEM	STATEMENT INDEX
MAJOR ACCOUNTING ITEMS IN ASSETS, LIABILITIES AND EQUITY	1
STATEMENT OF CASH AND CASH EQUIVALENTS	Note 7 and 2
STATEMENT OF FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	Note 19
STATEMENT OF HEDGING FINANCIAL INSTRUMENTS	3
STATEMENT OF TRADE NOTES AND ACCOUNTS RECEIVABLE, NET	4
STATEMENT OF INVENTORIES	Note 11
STATEMENT OF PREPAYMENTS	Note 12
STATEMENT OF OTHER CURRENT MONETARY ASSETS	Note 18
STATEMENT OF OTHER CURRENT ASSETS	
STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NONCURRENT	5
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD	6
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT	Note 14
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS	7
STATEMENT OF CHANGES IN INVESTMENT PROPERTIES	Note 16
STATEMENT OF CHANGES IN INTANGIBLE ASSETS	Note 17
STATEMENT OF DEFERRED INCOME TAX ASSETS	Note 28
STATEMENT OF OTHER NONCURRENT ASSETS	Note 18
STATEMENT OF TRADE NOTES AND ACCOUNTS PAYABLE	8
STATEMENT OF OTHER PAYABLES	Note 22
STATEMENT OF PROVISIONS	Note 23
STATEMENT OF BONDS PAYABLE	9
STATEMENT OF LEASE LIABILITIES	10
STATEMENT OF DEFERRED INCOME TAX LIABILITIES	Note 28
MAJOR ACCOUNTING ITEMS IN PROFIT OR LOSS	
STATEMENT OF REVENUES	Note 38
STATEMENT OF OPERATING COSTS	11
STATEMENT OF OPERATING EXPENSES	12
STATEMENT OF OTHER INCOME AND EXPENSES	Note 27
STATEMENT OF INTEREST EXPENSES	Note 27
STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION BY FUNCTION	13

STATEMENT 1

CHUNGHWA TELECOM CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Period	Annual Interest Rate / Earnings Rate	Amount
Cash			\$ 126,582
Cash on hand			
Bank deposits			747,559
Checking deposits			2,558,200
Demand deposits			3,432,341
Cash equivalents			
Commercial paper			
Dah Chung Bills Finance Corporation	2022.11.04~2023.01.18	1.04%~1.30%	3,133,226
Grand Bills Finance Corporation	2022.12.14~2023.01.18	1.04%~1.08%	2,990,210
Ta Chung Bills Finance Corporation	2022.12.14~2023.01.18	1.03%~1.09%	2,303,509
China Bills Finance Corporation	2022.12.09~2023.01.18	1.02%~1.09%	2,263,655
Taiwan Finance Corporation	2022.11.04~2023.01.18	1.04%~1.24%	1,881,006
International Bills Finance Corporation	2022.12.05~2023.01.13	1.02%~1.09%	1,794,016
Mega Bills Finance Co., Ltd	2022.12.12~2023.01.18	1.02%~1.09%	1,705,268
Taiwan Cooperative Bills Finance Corporation	2022.11.30~2023.01.18	1.04%~1.10%	1,694,297
CTBC Bank Co., Ltd.	2022.12.28~2023.01.13	0.90%	849,125
Taishin International Bank Co., Ltd.	2022.12.12~2023.01.04	1.02%	429,409
Negotiable certificates of deposit	2022.10.21~2023.03.30	1.20%~1.45%	19,043,721
			15,500,000
			34,543,721
			\$ 37,976,062

Note: Including USD9,262 thousand @30.71, EUR2,252 thousand @32.72 and HKD1,720 thousand @3.938.

CHUNGHWA TELECOM CO., LTD.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS-NONCURRENT

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Investee Company	Balance, January 1, 2022		Additions in Investment		Decrease in Investment		Balance, December 31, 2022		
	Shares (In Thousand)	Amount	Shares (In Thousand)	Amount	Shares (In Thousand)	Amount	Shares (In Thousand)	Percentage of Ownership (%)	Amount
Financial assets at fair value through profit or loss									
Taiwania Capital Buffalo Fund Co., Ltd.	555,600	\$ 647,998	-	\$ -	-	\$ 80,795	555,600	12.90	\$ 567,203
TOP TAIWAN XIV VENTURE CAPITAL CO., LTD.	-	-	20,000	191,109	-	-	20,000	9.17	191,109
Innovation Works Development Fund, L.P.	-	236,672	-	-	-	134,024	-	3.55	102,648
Taiwania Capital Buffalo Fund VI, L.P.	-	-	-	93,114	-	-	-	10.00	93,114
Film and drama investing agreements	-	-	-	24,122	-	-	-	-	24,122
		<u>\$ 884,670</u>		<u>\$ 308,345</u>		<u>\$ 214,819</u>			<u>\$ 978,196</u>

Note 1: Decrease in investment was fair value adjustments.

Note 2: Additions in investment were the investment in a new company and fair value adjustments.

Note 3: Decrease in investment was cash refund from capital reduction.

STATEMENT 3

CHUNGHWA TELECOM CO., LTD.

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

Item	Amount
Mobile broadband services revenue	\$ 6,925,685
Project services revenue	4,531,261
Leased line services revenue	3,860,717
Internet and value-added services revenue	2,326,745
Local telephone services revenue	1,867,430
Others (Note)	<u>3,272,992</u>
	22,784,830
Less: Loss allowance	<u>(1,335,778)</u>
	<u>\$ 21,449,052</u>

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

STATEMENT 4

CHUNGHWA TELECOM CO., LTD.

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

Item	Amount	
	Cost	Market Price (Note)
Merchandise	\$ 1,026,261	\$ 1,381,961
Project in process	<u>3,876,742</u>	<u>5,519,182</u>
	<u>\$ 4,903,003</u>	<u>\$ 6,901,143</u>

Note: Amount of net realizable value.

CHUNGHWA TELECOM CO., LTD.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME-NONCURRENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Investee Company	Balance, January 1, 2022		Additions in Investment		Decrease in Investment		Balance, December 31, 2022		Note
	Shares (In Thousand)	Amount	Shares (In Thousand)	Amount	Shares (In Thousand)	Amount	Shares (In Thousand)	Percentage of Ownership (%)	Amount
Financial assets at fair value through other comprehensive income									
Non-listed stocks									
Taipei Financial Center Corp.	172,927	\$ 2,911,585	-	\$ 96,806	-	\$ -	172,927	11.76	\$ 3,008,391
4 Gamers Entertainment Inc.	136	123,432	-	-	-	-	136	19.93	115,416
Industrial Bank of Taiwan II Venture Capital Co., Ltd. (IBT II)	5,252	15,475	-	-	-	-	5,252	16.67	13,412
Taiwan mobile payment Co., Ltd.	1,200	4,197	-	49	-	-	1,200	2.00	4,246
Innovation Works Limited	1,000	3,917	-	5,668	-	-	1,000	1.93	2,401
Global Mobile Corp.	7,617	-	-	-	-	-	7,617	2.76	-
RPTI Intergrup International Ltd.	4,765	-	-	-	-	-	4,765	10.19	-
		<u>\$ 3,058,606</u>		<u>\$ 102,523</u>		<u>\$ 17,263</u>			<u>\$ 3,143,866</u>

Note 1: Change in investment was fair value adjustments.

Note 2: Addition in investment was fair value adjustments. Decrease in investment was cash refund from capital reduction.

CHUNGHWA TELECOM CO., LTD.

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

Investee Company	Balance, January 1, 2022		Additions in Investment		Decrease in Investment		Increase (Decrease) in Using the Equity Method	Balance, December 31, 2022		Market Value/ Net Asset Value	Note
	Shares (In Thousand)	Amount	Shares (In Thousand)	Amount	Shares (In Thousand)	Amount		Shares (In Thousand)	Percentage of Ownership (%)	Amount	
Investments accounted for using equity method											
Subsidiaries											
Listed stocks											
Senao International Co., Ltd.	71,773	\$ 211,023	-	\$ -	-	-	\$ (10,782)	71,773	28	\$ 56,695	Notes 2 and 3
CHIEF Telecom Inc.	39,426	1,845,072	-	-	-	-	505,028	39,426	56	1,983,440	Notes 2 and 3
Non-listed stocks											
Light Era Development Co., Ltd.	300,000	3,856,921	-	-	-	-	13,323	300,000	100	3,839,742	Notes 1 and 3
Chungghwa Investment Co., Ltd.	68,085	3,202,188	-	-	-	-	8,590	68,085	89	3,176,735	Notes 1 and 3
Hongghwa Telecom Singapore Pte., Ltd.	26,383	1,057,720	-	-	-	-	342,681	26,383	100	1,120,686	Notes 1 and 3
Chungghwa International Co., Ltd.	18,000	616,610	-	-	-	-	436,364	18,000	100	730,084	Notes 1 and 3
Chungghwa System Integration Co., Ltd.	60,000	716,992	-	-	-	-	25,890	60,000	100	718,130	Notes 1 and 3
Dongghwa Telecom Co., Ltd.	178,590	613,536	-	-	-	-	94,185	178,590	100	707,721	Note 1
International Integrated Systems, Inc.	37,211	586,133	-	-	-	-	117,973	37,211	51	642,709	Notes 1 and 3
Chungghwa Telecom Global, Inc.	6,000	464,281	-	-	-	-	132,799	6,000	100	597,080	Note 1
CHTP Security Co., Ltd.	24,000	375,827	-	-	-	-	139,185	24,000	73	405,032	Notes 1 and 3
CHYP Multimedia Marketing & Communications Co., Ltd.	15,000	201,424	-	-	-	-	22,846	15,000	100	204,188	Notes 1 and 3
Prime Asia Investments Group Ltd.	1	153,582	-	-	-	-	9,340	1	100	162,922	Note 1
Spring House Entertainment Tech. Inc.	8,251	143,613	-	-	-	-	25,519	8,251	56	158,406	Notes 1 and 3
Chungghwa Leading Photonics Tech. Co., Ltd.	7,050	121,879	-	-	-	-	28,192	7,050	75	150,071	Note 1
Chungghwa Telecom Japan Co., Ltd.	1	98,852	-	-	-	-	25,548	1	100	124,400	Note 1
Chungghwa Telecom (Thailand) Co., Ltd.	1,300	99,853	-	-	-	-	14,738	1,300	100	114,611	Note 1
Chungghwa Telecom Vietnam Co., Ltd.	-	97,014	-	-	-	-	6,494	-	100	103,508	Note 1
Smartfun Digital Co., Ltd.	6,500	79,876	-	-	-	-	12,388	6,500	65	81,764	Notes 1 and 3
Chungghwa Sochamp Technology Inc.	2,040	(4,908)	-	-	-	-	2,691	2,040	37	(2,217)	Note 1
		14,537,488		-		-	1,954,150			15,075,635	
Associates											
Listed stocks											
Kingway/Tek Technology Co., Ltd.	9,557	258,943	955	-	-	-	16,592	10,512	23	267,125	Notes 2, 3 and 4
Non-listed stocks											
Next Commercial Bank Co., Ltd.	419,000	3,592,054	-	-	-	-	(418,745)	419,000	42	3,173,309	Note 1
Vietel-CHT Co., Ltd.	-	447,097	-	-	-	-	152,285	-	30	558,532	Notes 1 and 3
Taiwan International Standard Electronics Co., Ltd.	1,760	347,269	-	-	-	-	85,759	1,760	40	296,501	Notes 1 and 3
Chungghwa PChome Fund I Co., Ltd.	20,000	222,491	-	-	-	-	66,805	20,000	50	277,776	Notes 1 and 3
So-net Entertainment Taiwan Limited	9,429	217,021	-	-	-	-	11,163	9,429	30	228,184	Note 1
WiAdvance Technology Corporation	3,700	253,873	-	-	-	-	(26,005)	3,700	20	227,868	Note 1
KKBOX Taiwan Co., Ltd.	4,438	157,524	-	-	-	-	16,110	4,438	30	173,634	Note 1
Taiwan International Ports Logistics Corporation	8,000	70,121	-	-	-	-	30,957	8,000	27	101,078	Note 1
Cornestone Ventures Co., Ltd.	490	6,588	-	-	-	-	155	490	49	6,743	Note 1
		5,572,981		-		-	(64,924)			5,310,750	
Joint Ventures											
Non-listed stocks											
Chungghwa SEA Holdings	1,020	9,932	-	-	-	-	(255)	1,020	51	9,677	Note 1
		20,120,401		\$ -		\$ -	1,888,971			\$ 20,396,082	

Note 1: The amounts of net asset value were based on audited financial statements.

Note 2: Fair value was based on the closing price on December 30, 2022.

Note 3: Decrease in investment was cash dividends received.

Note 4: Additions in shares of investment was stock dividends received.

CHUNGHWA TELECOM CO., LTD.

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

Item	Amount
Payable of spare parts for equipment	\$ 4,650,381
Payable of products	1,049,614
Other (Note)	6,738,052
	<u>\$ 12,438,047</u>

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

STATEMENT 7

CHUNGHWA TELECOM CO., LTD.

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

Cost	Land and Buildings (Handsets Base Stations)	Land and Buildings (Others)	Equipment	Total
Balance on January 1, 2022	\$ 14,880,430	\$ 2,103,640	\$ 4,124,561	\$ 21,108,631
Additions	3,240,608	426,547	4,650	3,671,805
Decreases	(459,805)	(572,268)	(15,530)	(1,047,603)
Balance on December 31, 2022	<u>\$ 17,661,233</u>	<u>\$ 1,957,919</u>	<u>\$ 4,113,681</u>	<u>\$ 23,732,833</u>
Accumulated depreciation and impairment				
Balance on January 1, 2022	\$ 7,890,932	\$ 866,653	\$ 1,613,502	\$ 10,371,087
Depreciation expenses	2,863,650	376,338	327,848	3,567,836
Decreases	(270,194)	(453,385)	(15,530)	(739,109)
Balance on December 31, 2022	<u>\$ 10,484,388</u>	<u>\$ 789,606</u>	<u>\$ 1,925,820</u>	<u>\$ 13,199,814</u>
Balance on January 1, 2022, net	<u>\$ 6,989,498</u>	<u>\$ 1,236,987</u>	<u>\$ 2,511,059</u>	<u>\$ 10,737,544</u>
Balance on December 31, 2022, net	<u>\$ 7,176,845</u>	<u>\$ 1,168,313</u>	<u>\$ 2,187,861</u>	<u>\$ 10,533,019</u>

CHUNGHWA TELECOM CO., LTD.

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

Bond Name	Trustee	Issuance Period	Repayment of the Principal and Interest Payment Date	Coupon Rate (%)	Total Amount	Repayments Made	Balance at December 31, 2022	Balance of unamortized discount	Carrying Value	Guarantee
Unsecured domestic bonds	Bank of Taiwan	2020.07~2025.07	Interest payable in July annually and one-time repayment upon maturity	0.50	\$ 8,800,000	\$ -	\$ 8,800,000	\$ (4,840)	\$ 8,795,160	None
	Bank of Taiwan	2020.07~2027.07	Interest payable in July annually and one-time repayment upon maturity	0.54	7,500,000	-	7,500,000	(5,227)	7,494,773	None
	Bank of Taiwan	2020.07~2030.07	Interest payable in July annually and one-time repayment upon maturity	0.59	3,700,000	-	3,700,000	(2,990)	3,697,010	None
	Bank of Taiwan	2021.04~2026.04	Interest payable in April annually and one-time repayment upon maturity	0.42	1,900,000	-	1,900,000	(1,398)	1,898,602	None
	Bank of Taiwan	2021.04~2028.04	Interest payable in April annually and one-time repayment upon maturity	0.46	4,100,000	-	4,100,000	(3,445)	4,096,555	None
	Bank of Taiwan	2021.04~2031.04	Interest payable in April annually and one-time repayment upon maturity	0.50	1,000,000	-	1,000,000	(923)	999,077	None
	Bank of Taiwan	2022.03~2027.03	Interest payable in March annually and one-time repayment upon maturity	0.69	3,500,000	-	3,500,000	(3,820)	3,496,180	None
					<u>\$ 30,500,000</u>	<u>\$ -</u>	<u>\$ 30,500,000</u>	<u>\$ (22,643)</u>	<u>\$ 30,477,357</u>	

STATEMENT 10

CHUNGHWA TELECOM CO., LTD.

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

Item	Period	Discount Rate (%)	Amount
Land and buildings			
Handsets base stations	1~20 years	0.37~1.71	\$ 6,892,045
Others	1~30 years	0.37~1.68	1,205,212
Equipment	1~8 years	0.37~1.35	2,008,190
			<u>10,105,447</u>
Less: Lease Liabilities-current			<u>(3,038,698)</u>
Lease Liabilities-noncurrent			<u>\$ 7,066,749</u>

STATEMENT 11

CHUNGHWA TELECOM CO., LTD.

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

Item	Amount
Depreciation	\$ 30,281,487
Cost of products	14,663,150
Amortization	12,220,683
Salaries	9,632,320
Compensation	5,897,900
Repair, maintenance and warranty expenses	5,886,735
Other (Note)	<u>34,628,423</u>
	<u>\$ 113,210,698</u>

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

CHUNGHWA TELECOM CO., LTD.

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

Item	Marketing	General and Administrative	Research and Development	Expected Credit Loss	Total
Salaries	\$ 5,744,357	\$ 1,621,026	\$ 1,140,391	\$ -	\$ 8,505,774
Compensation	3,569,922	982,227	717,443	-	5,269,592
Professional service fee	2,163,430	388,477	352,370	-	2,904,277
Welfare fee	1,073,210	274,150	196,060	-	1,543,420
Depreciation	689,335	532,413	134,480	-	1,356,228
Marketing and promotion expenses	1,012,267	-	-	-	1,012,267
Expected credit loss	-	-	-	115,870	115,870
Other (Note)	3,330,898	1,444,371	271,481	-	5,046,750
	<u>\$ 17,583,419</u>	<u>\$ 5,242,664</u>	<u>\$ 2,812,225</u>	<u>\$ 115,870</u>	<u>\$ 25,754,178</u>

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

CHUNGHWA TELECOM CO., LTD.

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

	Year Ended December 31, 2022		Year Ended December 31, 2021	
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Operating Costs	Classified as Operating Expenses
Employee benefit expenses				
Salaries	\$ 9,632,320	\$ 8,505,774	\$ 18,138,094	\$ 7,915,159
Insurance	1,070,168	910,003	1,980,171	896,858
Pension	784,327	686,134	1,470,461	679,325
Remuneration to directors	-	45,018	45,018	44,017
Others	6,665,712	6,005,635	12,671,347	5,372,048
	<u>\$ 18,152,527</u>	<u>\$ 16,152,564</u>	<u>\$ 34,305,091</u>	<u>\$ 14,907,407</u>
Depreciation	<u>\$ 30,281,487</u>	<u>\$ 1,356,228</u>	<u>\$ 31,637,715</u>	<u>\$ 1,094,289</u>
Amortization	<u>\$ 12,220,683</u>	<u>\$ 112,862</u>	<u>\$ 12,333,545</u>	<u>\$ 134,407</u>
			<u>\$ 29,654,574</u>	<u>\$ 30,748,863</u>
			<u>\$ 12,026,219</u>	<u>\$ 12,160,626</u>

Note 1: The average numbers of the Company's employees were 19,882 and 20,351, including 10 non-employee directors in 2022 and 2021, respectively.

Note 2: The average employee benefits expense were \$1,724 thousand and \$1,691 thousand for the years ended December 31, 2022 and 2021, respectively. (Which refers to [total employee benefits-total directors' remuneration] divided by [number of employees-number of non-employee directors])

Note 3: The average salary expenses were \$913 thousand and \$901 thousand for the years ended December 31, 2022 and 2021, respectively. (Which refers to [salary expenses] divided by [number of employees-number of non-employee directors]). The change of average salary expenses is approximately 1.3%.

Note 4: The Company does not have supervisors; therefore, there is no remuneration to supervisors.

Note 5: The remuneration policies for directors, management personnel, and employees were as follows:

- a. General directors and independent directors:
 - (i) Fixed remuneration is based on monthly basis resolved by the Board of Directors.
 - (ii) Floating remuneration is based on distribution stated in the Company's Articles of Incorporation. Please refer to Note 27(7) for details. Independent directors are excluded from the aforementioned distribution.
- b. The remuneration to management personnel is based on the executive performance management and guidelines which are linked to the Company's performance, business unit performance and personal performance. In addition, the result of corporate social responsibilities is a reference item taking into consideration for the floating remuneration.
- c. Compensation to employees is based on the Company's salary guidance.
- d. The remuneration to directors and management personnel are evaluated regularly and determined by the compensation committee of the Company.

Note 6: The Company's salary expenses refer to recurring grants such as base salary, job premiums, and overtime pay, etc.

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永遠走在最前面

Always Ahead



中華電信股份有限公司

董事長 謝繼茂



總經理 郭水義



This English -version annual report is a summary translation of the Chinese version.
If there is any discrepancy between the English and Chinese version, the Chinese version shall prevail.