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# **Chunghwa Telecom Co., Ltd.**

## **2023 Annual General Meeting Minutes**

**Time:** 9:00 a.m. of May 26, 2023

**Venue:** Chunghwa Telecom Training Institute

No. 168, Minzu Road, Banchiao District, New Taipei City, Taiwan, R.O.C.

**Number of shares represented by shareholders present:**

Shares represented by the shareholders in attendance or by proxies totaled 6,162,213,687 (including the 6,150,478,728 shares represented by the shareholders exercising voting rights through e-voting), accounting for 79.43% of the total shares issued by the Company, i.e. 7,757,446,545 shares.

**Chairman:** Shui-Yi Kuo, Chairman of the Board of Directors

**Recorder:** Hsiu-Chuan Lee

**Directors present:** Shui-Yi Kuo, Su-ming Lin (Chairman of the Audit Committee, Independent Director), Ching-Hwi Lee, Shin-Yi Chang, Shin-Horng Chen, Hsiu-Chuan Tsai, Shih-Hung Tseng, Yu-Fen Lin (Independent Director), Yi-Chin Tu (Independent Director), Chia-Chung Chen (Independent Director)

More than one-half of all 12 directors are in attendance.

**Attendees:** Chih-Poung Liou (Attorney of Stellex Law Firm)

Yih-Shin Kao (CPA of Deloitte & Touche)

**Chairman's address:** (omitted)

Shareholder's question (account number: 41207) :  
Clarification of the identity of the Chairman.

Chairman responded:

I was elected by the interim meeting of Board of Directors on May 5 to take over the duty as the Chairman. Today, I'm hosting the 2023 Annual General Meeting of Chunghwa Telecom in the capacity of Chairman of Chunghwa Telecom.

### **Report Items**

**I. 2022 business report** (Attachment 1)

**II. 2022 audit committee's review report** (Attachment 2)

**III. 2022 compensation distribution to directors and employees**

#### **IV. Amendments to the Code of Ethics**

#### **V. Amendments to the Sustainable Development Best-Practice Principles (formerly known as Corporate Social Responsibility Best-Practice Principles)**

#### **VI. Issuance of unsecured straight corporate bonds for 2022**

Chairman : The above reports were made for shareholders' information.

Shareholder raised the comments (1) : (account number: 52047, 47120, 103811, 38175, 40602, 87533, 152074, 48837, 101633, 52913, 54988 and 101052)

Issues such as systematic employee wage raise, talent recruitment, employee review and management, promotion rate, and increasing contribution rate of new labor pension system.

Chairman and relevant persons designated by the Chairman responded:

① Full efforts will be put to achieve the magnitude and method of wage raise under the purview of corporate governance, which is expected to be discussed and submitted to the Board of Directors after the end of the third quarter. ② We will hear and collect feedbacks from the labor union and employees on the Company's talent retention policy that includes types of measures, budget, allocation focus and timing of implementation. ③ Employee right and benefit issues and suggestions, except for those have been explained at the meeting, will be passed to relevant department to follow up after the meeting.

Shareholder raised the comment (2) : (account number: 656200)

① Chunghwa Telecom has committed to SBTi to set up scientific carbon reduction target. May I ask for the estimated time of acceptance by SBTi? ② The timeline for information disclosure of biodiversity.

Chairman and the relevant person designated by the Chairman responded:

① Chunghwa Telecom has submitted the scientific carbon reduction target to SBTi on August 2021. After several rounds of inquiries and answers, it is still in the process of review by SBTi. It is expected that the review will be completed before August 2023. ② With regards to information disclosure for biodiversity, TNFD recently released a beta version of "Nature-Related Risk & Opportunity Management and Disclosure Framework." The Company will evaluate the introduction of the official version which is expected to be released in September this year. The Company is committed to make contributions in biodiversity, e.g. the recently promoted expansion of Taiwan afforestation and the environmental impact assessment of submarine cable construction.

Shareholder raised the comment (3) : (account number: 652216, 561092, 841836, 89444, 656118, 52913 and 47120)

The operational management issue of the subsidiary, Honghwa International Corp.

Chairman and the relevant person designated by the Chairman responded:

We will revert to Honghwa and request the matter to be handled with care.

### **Matters for Ratification**

#### **I. Ratification of 2022 business report and financial statements**

Proposed by the Board of Directors

Explanation:

1. The Company's 2022 financial statements (page 16-23 and page 27-33 in the meeting handbook) (Attachment 4~Attachment 7 and Attachment 9~Attachment 12), including balance sheets, statements of comprehensive income, statements of changes in equity, and statements of cash flows, were audited by Ms. Yih-Shin Kao and Ms. Mei Yen Chiang of

Deloitte & Touche. The audit opinions relating to the aforementioned financial statements were issued hereby (page 12-15 and page 24-26 in the meeting handbook) (Attachment 3 and Attachment 8). The Company's 2022 business report (page 2-5 in the meeting handbook) (Attachment 1) and the aforementioned financial statements have been reviewed and determined to be accurate by the Audit Committee members of the Company with review report submitted hereby (page 6 in the meeting handbook) (Attachment 2).

2. This proposal was approved by the 5<sup>th</sup> meeting of the 10<sup>th</sup> Board of Directors on February 24, 2023.
3. This proposal is hereby submitted to the Annual General Meeting for ratification.

Shareholder raised the comment (1) : (account number: 38175, 47120, 40602, 152074 and 52047) Issues such as systematic employee wage adjustment, promotion system, increasing the childcare allowance, number of days of maternity examination and calculation of average wage.

Chairman and the relevant person designated by the Chairman responded: Employee right and benefit issues and suggestions, except for those have been explained at the meeting, will be passed to relevant department to follow up after the meeting.

Shareholder raised the comment (2): (account number: 89027)  
Please report profits and losses of the 20 subsidiaries.

Chairman and the relevant person designated by the Chairman responded: According to page 117 of the financial statement, most of the 20 subsidiaries made profits, only 2 subsidiaries suffered from losses with an amount of less than NTD 4 million in total, which is attributable to project delay as a result of the COVID-19 pandemic.

Resolution:

Voting results: 5,862,203,832 "for" votes, representing 95.13% of the shares present at the time of voting; 5,648,488 "against" votes; 294,361,367 "abstain/non-vote" votes; 0 "invalid" vote  
**RESOLVED, the above proposal submitted by the Board of Directors was ratified upon voting.**

## II. Ratification of 2022 earnings distribution proposal

Proposed by the Board of Directors

Explanation:

1. The Company's 2022 financial statements have been finalized, and earnings shall be distributed as stipulated in the 2022 Earnings Distribution Proposal on the following page (Attachment 13). It is proposed that cash dividends paid to stockholders of NT\$36,475,513,654. Common stockholders will receive cash dividends of NT\$4.702 per share based on their number of shares held as recorded on the ex-dividend base date. The aforementioned cash dividends will be distributed to stockholders from 2022 earnings as a priority.
2. Each shareholder's cash dividend shall be issued to the rounded-down full NT dollar (fractional amount be ignored). The sum of all cash dividends less than NT\$1 shall be allocated in line with a progressive decrease in decimal numbers and a progressive increase in shareholders' ID number so that the total dividend distribution is fully paid. After which, the Chairman shall set a record date of ex-cash dividend for distribution after ratification by the Annual General Meeting.
3. Should the Company's capital position change in the future, requiring adjustments in the cash distribution ratio, it is proposed that the Chairman be authorized to manage the change in the cash distribution ratio.
4. This proposal was approved by the 5<sup>th</sup> meeting of the 10<sup>th</sup> Board of Directors on February 24, 2023 and is hereby submitted to the Annual General Meeting for ratification.

Shareholder raised the comment: (account number: 47120)  
Issues such as office building and asset management of the Nantou branch.

Chairman and the relevant person designated by the Chairman responded:  
We will ask the Administration and Asset Development Department and Network Technology Group to conduct on-site due diligence and further deliberate upon the matter.

Resolution:

Voting results: 5,866,459,986 “for” votes, representing 95.20% of the shares present at the time of voting; 3,195,619 “against” votes; 292,558,074 “abstain/non-vote” votes; 8 “invalid” vote  
**RESOLVED, the above proposal submitted by the Board of Directors was ratified upon voting.**

## Matters for Discussion

### I. Amendments to the Articles of Incorporation

Proposed by the Board of Directors

Explanation:

1. In response to the global trend of net zero emissions and to actively promote the environmental sustainability, it is proposed to add a new business item of "Electric Power Generation (D101011)" in order to invest in renewable energy related business. In addition, in order to continuously promote the Company's maritime satellite communications service and to meet such business needs, it is proposed to add a new business item of "Commercial Port Area Ship-repair (CD01070)". Article 2 of the Articles of Incorporation are proposed to be amended accordingly by adding business items from Item 55 to Item 56 and the numbering for the original Item 55 is moved to Item 57 accordingly:
  - (1) "Electric Power Generation (D101011)"
  - (2) "Commercial Port Area Ship-repair (CD01070)"
2. The comparison table for the draft amendment to the Article 2 of the Articles of Incorporation of Chunghwa Telecom Co., Ltd. is attached. (Attachment 14)
3. This proposal was resolved by the 4th meeting of the 10th Board of Directors on January 31, 2023 and is hereby submitted to the Annual General Meeting for resolution.

Shareholder raised the opinion: (account number: 101300)  
The purpose of amending the Articles of Incorporation.

Chairman and the relevant person designated by the Chairman responded:

① In relation to the addition of the business item of "Electricity Power Generation": the Company actively responds to the climate change and promises to achieve the goal of 100% using renewable energy in the whole company in 2024. In the past, our Company undertook the solar photovoltaic construction project of governmental institution, state-owned enterprises or domestic companies, and has accumulated solar photovoltaic construction capacity for up to 305MW. It can generate green power for 389 million kWh annually and can provide the electricity use for more than 110 thousand family users. The Company recently plans to expand the business scope to invest in the construction of major field for more than 2MW. In accordance with the "Regulation for Installation and Management of Renewable Energy Generation Equipment", if the total capacity reaches more than 2MWp, it shall apply for first-type renewable energy power generation facility. Therefore, the business item of "Electricity Power Generation" needs to be added in order to comply with the Electricity Act. ② In relation to the addition of business item of "Commercial Port Area Ship-repair": because of pandemic in recent years, Kaohsiung port authority requires for installing ship maintenance satellite equipment, otherwise the Company may not apply for boarding; and in addition, as the operating strategy, the Company plans to form a cross-industry alliance cooperation with nautical instrument manufactures, use multi-orbit satellite services to explore AIoT application business opportunities for maritime satellite communications and at the same

time assist shipping merchants in digitizing ships and promoting smart ship services. Therefore, we add "Commercial Port Area Ship-repair" as the Company's business item.

Resolution:

Voting results: 5,827,842,476 "for" votes, representing 94.57% of the shares present at the time of voting; 1,324,169 "against" votes; 333,047,042 "abstain/non-vote" votes; 0 "invalid" vote

**RESOLVED, the above proposal submitted by the Board of Directors was approved upon voting.**

## II. Release of non-competition restrictions on Directors

Proposed by the Board of Directors

Explanation:

1. According to Article 209 of the Company Act and Article 12 of the Meeting Rules of Order of the Board of Directors of Chunghwa Telecom Co., Ltd., a director who does anything for himself or on behalf of another person that is within the scope of the Company's business, shall submit to the Board of Directors for discussion and explain to the meeting of shareholders the essential contents of such an act and to obtain its approval.
2. One of the Company's directors concurrently acts as a supervisor or run business for another institution which has the same or similar lines of business with the Company. Hence it is proposed to the shareholders' meeting to release the non-competition restrictions on the director in accordance with the laws.
3. It is proposed to release the non-competition restrictions on Director Hsiu-Chuan Tsai when she assumes the position at the following institution:

Director	Position at the institution with same or similar lines of business	Same or similar lines of business of the Company
Hsiu-Chuan Tsai (Director)	Supervisor, Central News Agency	Rental Business, Management and Consulting Service Business, Other Corporation Service Businesses, Supply of Electronic Information Service Businesses, Real Estate Rental Businesses, Television Program Production Business, Broadcasting and Television Program Launch Business, Broadcasting and Television Advertising Business

4. This proposal was approved by the 2nd meeting of the 10th Board of Directors on August 5, 2022 and is hereby submitted to Annual General Meeting for resolution.

Shareholder raised the comment: (account number: 41207)

Please explain this proposal.

Chairman and the relevant person designated by the Chairman responded:

Central News Agency is a public foundation. Director Hsiu-Chuan Tsai concurrently acts as its supervisor and will not involve in its operation, which makes no direct conflict in interest with the Company. In order to alleviate concern of shareholders, we still bring this case up to ask for the shareholder's consent.

Resolution:

Voting results: 5,317,504,677 "for" votes, representing 86.29% of the shares present at the time of voting; 89,393,791 "against" votes; 755,315,219 "abstain/non-vote" votes; 0 "invalid" vote

**RESOLVED, the above proposal submitted by the Board of Directors was approved upon voting.**

**Extemporary Motions:** The suggestions raised by the shareholders totaled 138. They were read out by the emcee.

**Meeting Adjourned:** 10:41 p.m. of the same day

(Note : The content of the speech recorded in the Annual General Meeting minutes is a summary. The actual situation of the speech is subject to the on-site video and audio recording.)

## **2022 business report**

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 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.

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.

Chairman and Chief Executive Officer: Chi-Mau Sheih

President: Shui-Yi Kuo

Vice President, Accounting Department: Shu-Ling Chen

February 24, 2023

## **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 that reads "Suming Lin". The signature is written in a cursive, flowing style.

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.

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.*

## CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

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

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 50,192,604	10	\$ 39,778,624	8
Financial assets at fair value through profit or loss	3,953	-	2,566	-
Hedging financial assets	12,891	-	-	-
Contract assets	6,055,343	1	5,554,070	1
Trade notes and accounts receivable, net	24,672,473	5	23,947,107	5
Receivables from related parties	75,061	-	41,528	-
Inventories	11,316,406	2	11,327,409	2
Prepayments	2,398,608	-	2,330,097	-
Other current monetary assets	3,618,902	1	5,060,878	1
Other current assets	3,555,423	1	2,978,780	1
Total current assets	101,901,664	20	91,021,059	18
<b>NONCURRENT ASSETS</b>				
Financial assets at fair value through profit or loss	1,020,203	-	908,775	-
Financial assets at fair value through other comprehensive income	3,491,381	1	3,615,888	1
Investments accounted for using equity method	7,155,851	1	7,332,774	2
Contract assets	3,136,801	1	2,607,744	-
Property, plant and equipment	291,527,910	56	289,100,461	56
Right-of-use assets	11,102,549	2	11,050,936	2
Investment properties	9,803,861	2	9,662,638	2
Intangible assets	79,187,087	15	83,945,083	16
Deferred income	2,196,645	-	2,785,006	1
Incremental costs of obtaining contracts	979,914	-	987,656	-
Net defined benefit assets	5,265,721	1	3,391,077	1
Prepayments	1,728,277	-	1,798,463	-
Other noncurrent assets	4,705,624	1	4,862,800	1
Total noncurrent assets	421,301,824	80	422,049,301	82
<b>TOTAL</b>	<b>\$ 523,203,488</b>	<b>100</b>	<b>\$ 513,070,360</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term loans	\$ 722,000	-	\$ 65,000	-
Financial liabilities at fair value through profit or loss	-	-	6,180	-
Hedging financial liabilities	-	-	8,286	-
Contract liabilities	13,390,439	3	12,234,276	2
Trade notes and accounts payable	16,428,856	3	18,063,288	4
Payables to related parties	539,194	-	391,358	-
Current tax liabilities	4,956,465	1	4,593,458	1
Lease liabilities	3,338,813	1	3,210,564	1
Other payables	25,079,960	5	24,436,708	5
Provisions	226,019	-	284,813	-
Other current liabilities	1,016,179	-	998,367	-
Total current liabilities	65,697,925	13	64,292,298	13
<b>NONCURRENT LIABILITIES</b>				
Long-term loans	1,600,000	-	1,600,000	-
Bonds payable	30,477,357	6	26,976,675	6
Contract liabilities	7,674,095	2	6,840,056	1
Deferred income tax liabilities	2,300,845	-	2,189,411	-
Provisions	173,033	-	141,865	-
Lease liabilities	7,333,694	2	7,061,689	2
Customers' deposits	5,156,700	1	5,336,343	1
Net defined benefit liabilities	2,285,224	-	2,287,663	-
Other noncurrent liabilities	6,726,187	1	5,081,910	1
Total noncurrent liabilities	63,727,135	12	57,515,612	11
Total liabilities	129,425,060	25	121,807,910	24
<b>EQUITY ATTRIBUTABLE TO STOCKHOLDERS OF THE PARENT</b>				
Common stocks	77,574,465	15	77,574,465	15
Additional paid-in capital	171,300,898	32	171,279,625	33
Retained earnings				
Legal reserve	77,574,465	15	77,574,465	15
Special reserve	3,083,569	1	2,675,419	1
Unappropriated earnings	51,868,574	10	50,639,022	10
Total retained earnings	132,526,608	26	130,888,906	26
Others	(223,084)	-	(408,150)	-
Total equity attributable to stockholders of the parent	381,178,887	73	379,334,846	74
<b>NONCONTROLLING INTERESTS</b>	12,599,541	2	11,927,604	2
Total equity	393,778,428	75	391,262,450	76
<b>TOTAL</b>	<b>\$ 523,203,488</b>	<b>100</b>	<b>\$ 513,070,360</b>	<b>100</b>



**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	%
REVENUES	\$ 216,739,234	100	\$ 210,477,948	100
OPERATING COSTS	<u>136,717,375</u>	<u>63</u>	<u>135,110,751</u>	<u>64</u>
GROSS PROFIT	<u>80,021,859</u>	<u>37</u>	<u>75,367,197</u>	<u>36</u>
OPERATING EXPENSES				
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	<u>117,070</u>	<u>-</u>	<u>142,991</u>	<u>-</u>
Total operating expenses	<u>33,289,983</u>	<u>15</u>	<u>30,067,965</u>	<u>14</u>
OTHER INCOME AND EXPENSES	<u>93,013</u>	<u>-</u>	<u>(369,411)</u>	<u>-</u>
INCOME FROM OPERATIONS	<u>46,824,889</u>	<u>22</u>	<u>44,929,821</u>	<u>22</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	249,129	-	94,684	-
Other income	368,523	-	377,820	-
Other gains and losses	(403,784)	-	460,830	-
Interest expense	(262,738)	-	(218,171)	-
Share of profits of associates and joint ventures accounted for using equity method	<u>452,931</u>	<u>-</u>	<u>421,640</u>	<u>-</u>
Total non-operating income and expenses	<u>404,061</u>	<u>-</u>	<u>1,136,803</u>	<u>-</u>
INCOME BEFORE INCOME TAX	47,228,950	22	46,066,624	22
INCOME TAX EXPENSE	<u>9,228,911</u>	<u>4</u>	<u>8,871,745</u>	<u>4</u>
NET INCOME	<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	%
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss:				
Remeasurements of defined benefit pension plans	\$ 1,153,576	-	\$ 390,441	-
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income	(136,563)	-	(1,185,849)	-
Gain or loss on hedging instruments subject to basis adjustment	21,177	-	(10,038)	-
Share of other comprehensive income (loss) of associates and joint ventures	2,802	-	(4,154)	-
Income tax relating to items that will not be reclassified to profit or loss	<u>(230,715)</u>	<u>-</u>	<u>(78,088)</u>	<u>-</u>
	<u>810,277</u>	<u>-</u>	<u>(887,688)</u>	<u>-</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	<u>5,961</u>	<u>-</u>	<u>(1,523)</u>	<u>-</u>
	<u>302,445</u>	<u>-</u>	<u>(78,143)</u>	<u>-</u>
Total other comprehensive income (loss), net of income tax	<u>1,112,722</u>	<u>-</u>	<u>(965,831)</u>	<u>-</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				
Basic	<u>\$ 4.70</u>		<u>\$ 4.61</u>	
Diluted	<u>\$ 4.70</u>		<u>\$ 4.60</u>	

(Concluded)

## CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Stockholders of the Parent										Noncontrolling Interests	Total Equity
	Common Stocks	Additional Paid-in Capital	Retained Earnings			Exchange Differences Arising from the Translation of the Foreign Operations	Others		Total	Gain or Loss on Hedging Instruments		
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income					
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	\$ 11,327,441	\$ 389,258,457	
Appropriation of 2020 earnings	-	-	-	-	(33,403,565)	-	-	-	(33,403,565)	-	(33,403,565)	
Cash dividends distributed by Chunghwa	-	-	-	-	-	-	-	-	-	-	-	
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(896,335)	(896,335)	
Unclaimed dividend	-	1,968	-	-	-	-	-	-	1,968	-	1,968	
Change in additional paid-in capital from investments in associates and joint ventures accounted for using equity method	-	(437)	-	-	-	-	-	-	(437)	(136)	(573)	
Net income for the year ended December 31, 2021	-	-	-	-	35,753,579	-	-	-	35,753,579	1,441,300	37,194,879	
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	311,189	(77,745)	(1,187,836)	(10,038)	(964,430)	(1,401)	(965,831)	
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	36,064,768	(77,745)	(1,187,836)	(10,038)	34,789,149	1,439,899	36,229,048	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	59,653	-	(59,653)	-	-	-	-	
Share-based payment transactions of subsidiaries	-	16,715	-	-	-	-	-	-	16,715	56,735	73,450	
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	11,927,604	391,262,450	
Appropriation of 2021 earnings	-	-	-	408,150	(408,150)	-	-	-	-	-	-	
Special reserve	-	-	-	408,150	(408,150)	-	-	-	-	-	-	
Cash dividends distributed by Chunghwa	-	-	-	-	(35,746,314)	-	-	-	(35,746,314)	-	(35,746,314)	
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(1,053,240)	(1,053,240)	
Unclaimed dividend	-	1,632	-	-	-	-	-	-	1,632	-	1,632	
Change in investments in associates and joint ventures accounted for using equity method	-	(12,719)	-	-	-	-	-	-	(12,719)	(1,491)	(14,210)	
Change in additional paid-in capital for not proportionately participating in the capital increase of subsidiaries	-	5,153	-	-	-	-	-	-	5,153	9,847	15,000	
Net income for the year ended December 31, 2022	-	-	-	-	36,477,157	-	-	-	36,477,157	1,522,882	38,000,039	
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	906,975	281,063	(117,290)	21,177	1,091,925	20,797	1,112,722	
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	37,384,132	281,063	(117,290)	21,177	37,569,082	1,543,679	39,112,761	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(116)	-	116	-	-	-	-	
Share-based payment transactions of subsidiaries	-	27,207	-	-	-	-	-	-	27,207	62,385	89,592	
Net increase in noncontrolling interests	-	-	-	-	-	-	-	-	-	110,757	110,757	
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	\$ 12,599,541	\$ 393,778,428	

**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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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
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)

# 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
Provisions	\$ (27,626)	\$ 12,507
Other current liabilities	60,163	(12,390)
Net defined benefit plans	<u>(723,507)</u>	<u>(755,749)</u>
Cash generated from operations	84,587,029	83,205,300
Interests paid	(239,357)	(192,064)
Income taxes paid	<u>(8,396,824)</u>	<u>(8,155,036)</u>
Net cash provided by operating activities	<u>75,950,848</u>	<u>74,858,200</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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	<u>550,310</u>	<u>621,972</u>
Net cash used in investing activities	<u>(30,789,193)</u>	<u>(31,172,361)</u>

(Continued)

# 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
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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	<u>1,632</u>	<u>1,968</u>
Net cash used in financing activities	<u>(34,800,231)</u>	<u>(34,313,928)</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	<u>52,556</u>	<u>(12,942)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	10,413,980	9,358,969
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>	<u>39,778,624</u>	<u>30,419,655</u>
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	<u>\$ 50,192,604</u>	<u>\$ 39,778,624</u>

(Concluded)

## **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



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.

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	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 37,976,062	8	\$ 28,289,556	6
Financial assets at fair value through profit or loss	3,514	-	-	-
Hedging financial assets	12,891	-	-	-
Contract assets	2,114,559	1	1,982,596	1
Trade notes and accounts receivable, net	21,449,052	4	20,691,664	4
Receivables from related parties	1,209,306	-	1,789,959	-
Inventories	4,903,003	1	5,278,144	1
Prepayments	1,428,124	-	1,643,733	-
Other current monetary assets	1,376,203	-	1,359,713	-
Other current assets	<u>3,382,727</u>	<u>1</u>	<u>2,844,972</u>	<u>1</u>
Total current assets	<u>73,855,441</u>	<u>15</u>	<u>63,880,337</u>	<u>13</u>
<b>NONCURRENT ASSETS</b>				
Financial assets at fair value through profit or loss	978,196	-	884,670	-
Financial assets at fair value through other comprehensive income	3,143,866	1	3,058,606	1
Investments accounted for using equity method	20,396,082	4	20,120,401	4
Contract assets	1,212,847	-	1,105,747	-
Property, plant and equipment	281,135,193	56	279,910,890	57
Right-of-use assets	10,533,019	2	10,737,544	2
Investment properties	9,974,127	2	9,832,904	2
Intangible assets	78,697,640	16	83,435,418	17
Deferred income tax assets	1,935,053	-	2,271,292	1
Incremental costs of obtaining contracts	7,704,427	2	6,899,240	1
Net defined benefit assets	5,240,239	1	3,369,703	1
Prepayments	878,600	-	937,318	-
Other noncurrent assets	<u>3,940,642</u>	<u>1</u>	<u>4,100,621</u>	<u>1</u>
Total noncurrent assets	<u>425,769,931</u>	<u>85</u>	<u>426,664,354</u>	<u>87</u>
<b>TOTAL</b>	<u>\$ 499,625,372</u>	<u>100</u>	<u>\$ 490,544,691</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Financial liabilities at fair value through profit or loss	\$ -	-	\$ 6,180	-
Hedging financial liabilities	-	-	8,286	-
Contract liabilities	12,790,467	3	11,537,157	2
Trade notes and accounts payable	12,438,047	3	14,119,843	3
Payables to related parties	3,715,122	1	3,448,259	1
Current tax liabilities	4,580,440	1	4,079,823	1
Lease liabilities	3,038,698	1	2,918,782	1
Other payables	21,102,682	4	20,362,594	4
Provisions	130,161	-	175,454	-
Other current liabilities	<u>952,411</u>	<u>-</u>	<u>939,652</u>	<u>-</u>
Total current liabilities	<u>58,748,028</u>	<u>13</u>	<u>57,596,030</u>	<u>12</u>
<b>NONCURRENT LIABILITIES</b>				
Contract liabilities	5,680,583	1	5,063,165	1
Bonds payable	30,477,357	6	26,976,675	5
Deferred income tax liabilities	2,276,910	-	2,160,049	-
Provisions	169,168	-	141,865	-
Lease liabilities	7,066,749	1	7,037,599	2
Customers' deposits	4,991,461	1	4,881,790	1
Net defined benefit liabilities	2,224,847	-	2,188,572	-
Other noncurrent liabilities	<u>6,811,382</u>	<u>1</u>	<u>5,164,100</u>	<u>1</u>
Total noncurrent liabilities	<u>59,698,457</u>	<u>10</u>	<u>53,613,815</u>	<u>10</u>
Total liabilities	<u>118,446,485</u>	<u>23</u>	<u>111,209,845</u>	<u>22</u>
<b>EQUITY</b>				
Common stocks	<u>77,574,465</u>	<u>16</u>	<u>77,574,465</u>	<u>16</u>
Additional paid-in capital	<u>171,300,898</u>	<u>34</u>	<u>171,279,625</u>	<u>35</u>
Retained earnings				
Legal reserve	77,574,465	16	77,574,465	16
Special reserve	3,083,569	1	2,675,419	1
Unappropriated earnings	<u>51,868,574</u>	<u>10</u>	<u>50,639,022</u>	<u>10</u>
Total retained earnings	<u>132,526,608</u>	<u>27</u>	<u>130,888,906</u>	<u>27</u>
Others	<u>(223,084)</u>	<u>-</u>	<u>(408,150)</u>	<u>-</u>
Total equity	<u>381,178,887</u>	<u>77</u>	<u>379,334,846</u>	<u>78</u>
<b>TOTAL</b>	<u>\$ 499,625,372</u>	<u>100</u>	<u>\$ 490,544,691</u>	<u>100</u>

**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	\$ 182,254,339	100	\$ 178,843,350	100
OPERATING COSTS	<u>113,210,698</u>	<u>62</u>	<u>113,928,789</u>	<u>64</u>
GROSS PROFIT	<u>69,043,641</u>	<u>38</u>	<u>64,914,561</u>	<u>36</u>
OPERATING EXPENSES				
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	<u>115,870</u>	<u>-</u>	<u>141,794</u>	<u>-</u>
Total operating expenses	<u>25,754,178</u>	<u>15</u>	<u>22,888,611</u>	<u>13</u>
OTHER INCOME AND EXPENSES	<u>102,882</u>	<u>-</u>	<u>(342,764)</u>	<u>-</u>
INCOME FROM OPERATIONS	<u>43,392,345</u>	<u>23</u>	<u>41,683,186</u>	<u>23</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	191,932	-	56,471	-
Other income	255,214	-	255,445	-
Other gains and losses	(494,392)	-	471,086	-
Interest expense	(220,498)	-	(190,093)	-
Share of profits of subsidiaries, associates and joint ventures accounted for using equity method	<u>1,784,364</u>	<u>1</u>	<u>1,611,361</u>	<u>1</u>
Total non-operating income and expenses	<u>1,516,620</u>	<u>1</u>	<u>2,204,270</u>	<u>1</u>
INCOME BEFORE INCOME TAX	44,908,965	24	43,887,456	24
INCOME TAX EXPENSE	<u>8,431,808</u>	<u>5</u>	<u>8,133,877</u>	<u>5</u>
NET INCOME	<u>36,477,157</u>	<u>19</u>	<u>35,753,579</u>	<u>19</u>

(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	\$ 1,116,673	1	\$ 398,352	-
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income	92,444	-	(1,208,027)	(1)
Gain or loss on hedging instruments subject to basis adjustment	21,177	-	(10,038)	-
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	(191,987)	-	12,698	-
Income tax relating to items that will not be reclassified to profit or loss	<u>(223,335)</u>	<u>-</u>	<u>(79,670)</u>	<u>-</u>
	<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	<u>14,777</u>	<u>-</u>	<u>(1,386)</u>	<u>-</u>
	<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				
Basic	<u>\$ 4.70</u>		<u>\$ 4.61</u>	
Diluted	<u>\$ 4.70</u>		<u>\$ 4.60</u>	

(Concluded)

## CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)

	Common Stocks	Additional Paid-in Capital	Retained Earnings			Exchange Differences Arising from the Translation of the Foreign Operations	Others		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain or Loss on Financial Assets at Fair Value through Other Comprehensive Income	Gain or Loss on Hedging Instruments	
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	-	-	-	-	-	-	-	-	-
Unclaimed dividend	-	1,968	-	-	-	-	-	-	1,968
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	-	-	-	408,150	(408,150)	-	-	-	-
Cash dividends	-	-	-	-	(35,746,314)	-	-	-	(35,746,314)
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

**CHUNGHWA TELECOM CO., LTD.****STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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	<u>73,354,802</u>	<u>71,008,415</u>

(Continued)

# CHUNGHWA TELECOM CO., LTD.

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

	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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	<u>1,465,692</u>	<u>1,235,130</u>
Net cash used in investing activities	<u>(29,785,487)</u>	<u>(29,385,033)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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	<u>1,632</u>	<u>1,968</u>
Net cash used in financing activities	<u>(33,882,809)</u>	<u>(33,423,879)</u>

(Continued)



# CHUNGHWA TELECOM CO., LTD.

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

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	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>

(Concluded)

**Chunghwa Telecom Co., Ltd.**  
**2022 Earnings Distribution Proposal**

Units: NT\$

<b>Source items:</b>		
Unappropriated retained earnings, beginning balance		14,484,557,959
Remeasurements of defined benefit pension plans recognized in retained earnings	906,976,236	
Disposal loss of investments in equity instruments at fair value through other comprehensive income by subsidiaries	(115,767)	
Net income of 2022	36,477,157,498	37,384,017,967
Appropriation of legal reserve (amounted to the authorized capital)		0
Reversal of special reserves according to Securities and Exchange Act		185,066,073
<b>Distributable retained earnings for 2022</b>		<b>52,053,641,999</b>
<b>Distribution items:</b>		
Cash dividends to stockholders (total of 7,757,446,545 shares x NT\$4.702 per share)		(36,475,513,654)
<b>Unappropriated retained earnings, ending balance</b>		<b>15,578,128,345</b>
Notes: The amount of "Unappropriated retained earnings, beginning balance" is the same as the amount of "Unappropriated retained earnings, ending balance" on the Earnings Distribution Proposal approved at the 2022 annual general meeting.		

Chairman and Chief Executive Officer: Chi-Mau Sheih

President: Shui-Yi Kuo

Vice President, Accounting Department: Shu-Ling Chen

**The comparison table of the proposed amendments to Article 2 of the Articles of Incorporation of Chunghwa Telecom Co., Ltd.**

1. All of 26 articles adopted by Promoters Meeting on June 11, 1996.
2. Article 15 amended by the Annual General Meeting on December 26, 1997.
3. Articles 2 and 22 amended by the Annual General Meeting on November 25, 1998.
4. Paragraph 1 of Article 21 amended by the Extraordinary General Meeting on July 13, 1999.
5. Articles 2, 3, 6, 7, 10, 12, 13, 19, 21, and 22 amended, and Articles 6-1 and 7-1 added by the Annual General Meeting on June 4, 2001.
6. Articles 2, 7, 8, 9, 10, 19, 21, and 22 amended and Article 5 deleted by the Annual General Meeting on June 21, 2002.
7. Article 2 amended by the Annual General Meeting on June 17, 2003.
8. Articles 2 and 22 amended by the Annual General Meeting on June 25, 2004.
9. Articles 2, 3, 6, 10, 11, 12, 14, 17, 19, 20, 22, 23, and 25 amended, and Articles 12-1, 18-1, and 18-2 added by the Annual General Meeting on May 30, 2006.
10. Articles 2, 12-1, 14, 22, and 23 amended, and Article 18-1 deleted by the Annual General Meeting on June 15, 2007.
11. Articles 2, 6, and 14 amended by the Annual General Meeting on June 19, 2008.
12. Articles 2, 6, 12 and 13 amended, and Article 6-1 deleted by the Annual General Meeting on June 19, 2009.
13. Article 2 amended by the Annual General Meeting on June 18, 2010.
14. The title of Chapter IV and Articles 12, 12-1, 14, 19, 20, and 22 amended by the Annual General Meeting on June 22, 2012.
15. The title of Chapter IV, Articles 2, 12, 13, 18-2, 21 and 22 amended; Articles 17 and 18 deleted, and Article 13-1 added by the Annual General Meeting on June 25, 2013.
16. Articles 2 and 15 amended by the Annual General Meeting on June 24, 2014.
17. Articles 1, 2 and 7-1 amended by the Annual General Meeting on June 26, 2015.
18. Articles 2 and 22 amended, and Article 22-1 added by the Annual General Meeting on June 24, 2016.
19. Article 2 amended by the Annual General Meeting on June 15, 2018.
20. Article 2 amended by the Annual General Meeting on June 21, 2019.
21. Article 2 amended by the Annual General Meeting on May 29, 2020.
22. Article 1, 2, 14, 19 and 20 amended by the Annual General Meeting on August 20, 2021.
23. Article 8 amended by the Annual General Meeting on May 27, 2022.
24. Article 2 amended by the Annual General Meeting on May 26, 2023.

<b>Draft Amendment</b>	<b>Current Articles</b>	<b>Explanatory Notes</b>
<p>Article 2</p> <p>The scope of business of the Company shall be as follows:</p> <p>1) Telecommunications Enterprises (G903010);</p> <p>2) Installation of the Computer Equipment Business (E605010);</p> <p>3) Telecommunication Equipment Wholesale Business (F113070);</p> <p>4) Telecommunication Equipment Retail Business (F213060);</p> <p>5) Telecommunication Engineering Business (E701010);</p>	<p>Article 2</p> <p>The scope of business of the Company shall be as follows:</p> <p>1) Telecommunications Enterprises (G903010);</p> <p>2) Installation of the Computer Equipment Business (E605010);</p> <p>3) Telecommunication Equipment Wholesale Business (F113070);</p> <p>4) Telecommunication Equipment Retail Business (F213060);</p> <p>5) Telecommunication Engineering Business (E701010);</p>	<p>1. In response to the global trend of net zero emissions and to promote the environmental sustainability, it is proposed to add a new business item of "Electric Power Generation (D101011)" in order to invest in renewable energy related business. The Item 55 of "Electric Power Generation (D101011)" is newly</p>

Draft Amendment	Current Articles	Explanatory Notes
<p>6) Installation of the Radio-Frequency Equipment whose operation is controlled by the Telecommunication Business (E701030);</p> <p>7) Information Software Service Business (I301010);</p> <p>8) Rental Business (JE01010);</p> <p>9) Other Wholesale Businesses (F199990);</p> <p>10) Management and Consulting Service Business (I103060);</p> <p>11) Other Corporation Service Businesses (IZ99990);</p> <p>12) Other Retail Businesses (F299990);</p> <p>13) Online Certification Service Businesses (IZ13010);</p> <p>14) Supply of Electronic Information Service Businesses (I301030);</p> <p>15) Information Process Service Business (I301020);</p> <p>16) Telecommunication Account Application Agency Businesses (IE01010);</p> <p>17) Residential and Commercial Building Development, Rental and Sales Businesses (H701010);</p> <p>18) Development of Special District/Zone Businesses (H701040);</p> <p>19) Real Estate Rental Businesses (H703100);</p> <p>20) Community Common Cable Television Equipment Businesses (J502020);</p> <p>21) Exhibition Service Businesses (JB01010);</p> <p>22) Parking Lot Operation Businesses (G202010);</p> <p>23) Environmental Assessment Service Businesses (J101050);</p> <p>24) Computer and Accessories Manufacturing Service (CC01110);</p> <p>25) Information Storage and Process Equipment</p>	<p>6) Installation of the Radio-Frequency Equipment whose operation is controlled by the Telecommunication Business (E701030);</p> <p>7) Information Software Service Business (I301010);</p> <p>8) Rental Business (JE01010);</p> <p>9) Other Wholesale Businesses (F199990);</p> <p>10) Management and Consulting Service Business (I103060);</p> <p>11) Other Corporation Service Businesses (IZ99990);</p> <p>12) Other Retail Businesses (F299990);</p> <p>13) Online Certification Service Businesses (IZ13010);</p> <p>14) Supply of Electronic Information Service Businesses (I301030);</p> <p>15) Information Process Service Business (I301020);</p> <p>16) Telecommunication Account Application Agency Businesses (IE01010);</p> <p>17) Residential and Commercial Building Development, Rental and Sales Businesses (H701010);</p> <p>18) Development of Special District/Zone Businesses (H701040);</p> <p>19) Real Estate Rental Businesses (H703100);</p> <p>20) Community Common Cable Television Equipment Businesses (J502020);</p> <p>21) Exhibition Service Businesses (JB01010);</p> <p>22) Parking Lot Operation Businesses (G202010);</p> <p>23) Environmental Assessment Service Businesses (J101050);</p> <p>24) Computer and Accessories Manufacturing Service (CC01110);</p> <p>25) Information Storage and Process Equipment</p>	<p>added under this Article.</p> <p>2. In order to continuously promote the Company's maritime satellite communications service and to meet such business needs, Item 56 of "Commercial Port Area Ship-repair (CD01070)" is newly added under this Article.</p> <p>3. The numbering for the original Item 55 is moved to Item 57 accordingly.</p>

Draft Amendment	Current Articles	Explanatory Notes
<p>Manufacturing Businesses (CC01120);</p> <p>26) Other Electrical and Electronic Machinery &amp; Equipment Manufacturing Businesses (CC01990);</p> <p>27) General Hotel Business (J901020);</p> <p>28) Computer and Administrative Device Wholesale Businesses (F113050);</p> <p>29) Information Software Wholesale Businesses (F118010);</p> <p>30) Computer and Administrative Device Retail Businesses (F213030);</p> <p>31) Information Software Rental Businesses (F218010);</p> <p>32) Energy Service Business (IG03010);</p> <p>33) Engineering Consulting Business (I101061);</p> <p>34) Refrigeration and Air-Conditioning Consulting Business (E602011);</p> <p>35) Automatic Control Equipment Engineering Business (E603050);</p> <p>36) Lighting Equipment Installation Business (E603090);</p> <p>37) Non-store Retailer Business (F399040);</p> <p>38) Power Equipment Installation and Maintenance Business (E601010) ;</p> <p>39) Electrical Appliance Installation Business (E601020) ;</p> <p>40) Instrument Installation Engineering Business (EZ05010) ;</p> <p>41) Television Program Production Business (J503020) ;</p> <p>42) Broadcasting and Television Program Launch Business (J503030) ;</p>	<p>Manufacturing Businesses (CC01120);</p> <p>26) Other Electrical and Electronic Machinery &amp; Equipment Manufacturing Businesses (CC01990);</p> <p>27) General Hotel Business (J901020);</p> <p>28) Computer and Administrative Device Wholesale Businesses (F113050);</p> <p>29) Information Software Wholesale Businesses (F118010);</p> <p>30) Computer and Administrative Device Retail Businesses (F213030);</p> <p>31) Information Software Rental Businesses (F218010);</p> <p>32) Energy Service Business (IG03010);</p> <p>33) Engineering Consulting Business (I101061);</p> <p>34) Refrigeration and Air-Conditioning Consulting Business (E602011);</p> <p>35) Automatic Control Equipment Engineering Business (E603050);</p> <p>36) Lighting Equipment Installation Business (E603090);</p> <p>37) Non-store Retailer Business (F399040);</p> <p>38) Power Equipment Installation and Maintenance Business (E601010) ;</p> <p>39) Electrical Appliance Installation Business (E601020) ;</p> <p>40) Instrument Installation Engineering Business (EZ05010) ;</p> <p>41) Television Program Production Business (J503020) ;</p> <p>42) Broadcasting and Television Program Launch Business (J503030) ;</p>	

Draft Amendment	Current Articles	Explanatory Notes
<p>43) Broadcasting and Television Advertising Business (J503040) ;</p> <p>44) Production, Licensed Recording and Supply of Videotape Program Business (J503050) ;</p> <p>45) The Third Party Payment Business (I301040);</p> <p>46) Water Pipe Construction Business (E501011);</p> <p>47) Machinery and Equipment Manufacturing Business (CB01010);</p> <p>48) Traffic Signals Installation and Construction Business (E603080);</p> <p>49) Traffic Labels Construction Business (EZ06010);</p> <p>50) Medical Device Wholesale Business (F108031);</p> <p>51) Medical Device Retail Business (F208031);</p> <p>52) Metrological Instruments Importing Business (F401181);</p> <p>53) Metrological Instruments Repairing Business (JA02051);</p> <p>54) Metrological Instruments Manufacturing Business (CE01021);</p> <p>55) <u>Electric Power Generation (D101011);</u></p> <p>56) <u>Commercial Port Area Ship-repair (CD01070);</u></p> <p>57) Except the permitted business, the Company may engage in other businesses not prohibited or restricted by laws and regulations (ZZ99999).</p> <p>The Company may handle endorsement and guaranty affairs in accordance with the Operation Procedures for the Endorsement and Guaranty of the Company if there is any business need.</p>	<p>43) Broadcasting and Television Advertising Business (J503040) ;</p> <p>44) Production, Licensed Recording and Supply of Videotape Program Business (J503050) ;</p> <p>45) The Third Party Payment Business (I301040);</p> <p>46) Water Pipe Construction Business (E501011);</p> <p>47) Machinery and Equipment Manufacturing Business (CB01010);</p> <p>48) Traffic Signals Installation and Construction Business (E603080);</p> <p>49) Traffic Labels Construction Business (EZ06010);</p> <p>50) Medical Device Wholesale Business (F108031);</p> <p>51) Medical Device Retail Business (F208031);</p> <p>52) Metrological Instruments Importing Business (F401181);</p> <p>53) Metrological Instruments Repairing Business (JA02051);</p> <p>54) Metrological Instruments Manufacturing Business (CE01021);</p> <p>55) Except the permitted business, the Company may engage in other businesses not prohibited or restricted by laws and regulations (ZZ99999).</p> <p>The Company may handle endorsement and guaranty affairs in accordance with the Operation Procedures for the Endorsement and Guaranty of the Company if there is any business need.</p>	