

**Chunghwa Telecom Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements as of
December 31, 2023 and 2024 and for
Each of the Three Years in the
Period Ended December 31, 2024 and
Report of Independent Registered Public
Accounting Firm**

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Chunghwa Telecom Co., Ltd.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheet of Chunghwa Telecom Co., Ltd. and its subsidiaries (the “Company”) as of December 31, 2024, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the year then ended, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 15. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal

control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Accuracy of Revenue on Mobile Service

As described in Notes 3, 31 and 44 to the consolidated financial statements, revenue from mobile service makes up a portion of total revenues of \$229,968 million for the year ended December 31, 2024. The Company recognizes revenue for mobile service based on the terms of mobile service contracts and actual usage of mobile services. Given that revenue on mobile service is comprised of a large number of low-dollar transactions from a large number of contracts and a wide variety of tariff plans, the Company highly relies on the automated information systems to process and recognize revenue for mobile service.

The principal considerations for our determination that performing procedures relating to accuracy of revenue on mobile service is a critical audit matter are that the Company's revenue from mobile service is made up of a large number of low-dollar transactions and highly relies on information technology systems. This in turn led to a high degree of auditor effort required in performing procedures related to the accuracy of the Company's revenue on mobile service.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included obtaining an understanding over the design of internal controls and information systems related to the business process of the Company's revenue recognition on mobile service and evaluating operating effectiveness of such controls, including (i) obtaining an understanding and evaluated the significant systems related to revenue on mobile service, and testing the information technology general controls as well as the automated controls for automatic calculations and system interface over these systems and (ii) testing manual controls related to the review of information on mobile service, including service acceptance, updates to price information, data collection and system interface, pricing, billing, and accounting processes. These procedures also included, among others, selecting samples from mobile service revenue, agreed the samples selected to service contracts, invoices, payment records, and tested consistency between the data entered into the system and the original service contracts.


PricewaterhouseCoopers, Taiwan
Taipei, Taiwan
April 16, 2025

We have served as the Company's auditor since 2024.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Chunghwa Telecom Co., Ltd.

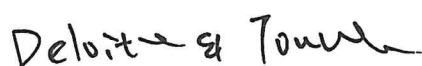
Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Chunghwa Telecom Co., Ltd. and subsidiaries (the “Company”) as of December 31, 2023, the related consolidated statements of comprehensive income, changes in equity, and cash flows for each of the two years in the period ended December 31, 2023, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.



Deloitte & Touche
Taipei, Taiwan
Republic of China

April 17, 2024

We began serving as the Company's auditor in 1998. In 2024 we became the predecessor auditor.

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS December 31, 2023 and 2024 (In Millions of New Taiwan or U.S. Dollars)

ASSETS	Notes	2023	2024		LIABILITIES AND EQUITY	Notes	2023	2024	
		NT\$	NT\$	US\$ (Note 6)			NT\$	NT\$	US\$ (Note 6)
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	3, 7, 40	\$ 33,824	\$ 36,260	\$ 1,106	Short-term loans	23	\$ 585	\$ 215	\$ 7
Financial assets at fair value through profit or loss	3, 4, 8	1	-	-	Hedging financial liabilities	3, 22	-	2	-
Hedging financial assets	3, 22	-	1	-	Contract liabilities	3, 31, 42	14,088	16,301	497
Contract assets	3, 31	6,713	8,401	256	Trade notes and accounts payable	26	14,396	17,743	541
Trade notes and accounts receivable, net	3, 4, 11, 31	24,842	26,026	794	Payables to related parties	40	385	480	15
Receivables from related parties	40	78	193	6	Current tax liabilities	3, 33	6,613	6,822	208
Inventories	3, 4, 12, 31, 41, 42	11,521	12,087	369	Lease liabilities	3, 4, 18, 36, 40	3,505	3,558	109
Prepayments	13	2,840	3,138	96	Other payables	27, 36	25,257	26,581	811
Other current monetary assets	14, 29, 40	20,352	23,408	714	Provisions	3, 28	337	442	13
Incremental costs of obtaining contracts	3, 31	211	339	10	Current portion of long-term loans	3, 24 ,25, 41	1,600	8,803	268
Other current assets	21, 33, 41	<u>2,822</u>	<u>3,115</u>	<u>94</u>	Other current liabilities		<u>984</u>	<u>1,050</u>	<u>32</u>
Total current assets		<u>103,204</u>	<u>112,968</u>	<u>3,445</u>	Total current liabilities		<u>67,750</u>	<u>81,997</u>	<u>2,501</u>
NONCURRENT ASSETS					NONCURRENT LIABILITIES				
Financial assets at fair value through profit or loss	3, 4, 8	1,036	1,005	31	Long-term loans	3, 24, 41	-	1,631	50
Financial assets at fair value through other comprehensive income	3, 4, 9	4,412	4,667	142	Bonds payable	3, 25	30,483	21,689	661
Financial assets at amortized cost	3, 10	-	2,000	61	Contract liabilities	3, 31, 42	7,560	7,541	230
Investments accounted for using equity method	3, 16	8,252	8,879	271	Deferred income tax liabilities	3, 33	2,461	2,658	81
Contract assets	3, 31	3,769	4,327	132	Provisions	3, 28	485	535	16
Property, plant and equipment	3, 4, 17, 36, 40, 41, 42	292,338	289,840	8,839	Lease liabilities	3, 4, 18, 36, 40	7,470	7,334	224
Right-of-use assets	3, 4, 18, 40	11,238	10,912	333	Customers’ deposits	40	5,309	5,311	163
Investment properties	3, 4, 19	9,805	12,302	375	Net defined benefit liabilities	3, 4, 29	2,098	2,107	64
Intangible assets	3, 4, 20, 40	72,727	66,283	2,021	Other noncurrent liabilities		<u>7,406</u>	<u>7,688</u>	<u>234</u>
Deferred income tax assets	3, 33	2,099	1,661	51	Total noncurrent liabilities		<u>63,272</u>	<u>56,494</u>	<u>1,723</u>
Incremental costs of obtaining a contract	3, 31	939	1,222	37	Total liabilities		<u>131,022</u>	<u>138,491</u>	<u>4,224</u>
Net defined benefit assets	3, 4, 29	5,963	8,884	271	EQUITY ATTRIBUTABLE TO STOCKHOLDERS OF THE PARENT				
Prepayments	13, 42	3,330	4,461	136	Common stocks		<u>77,574</u>	<u>77,574</u>	<u>2,366</u>
Other noncurrent assets	21, 41, 42	<u>4,629</u>	<u>4,886</u>	<u>150</u>	Additional paid-in capital		<u>149,828</u>	<u>150,054</u>	<u>4,576</u>
Total noncurrent assets		<u>420,537</u>	<u>421,329</u>	<u>12,850</u>	Retained earnings				
					Legal reserve		77,574	77,574	2,366
					Special reserve		2,899	2,676	82
					Unappropriated earnings		<u>72,059</u>	<u>74,362</u>	<u>2,267</u>
					Total retained earnings		<u>152,532</u>	<u>154,612</u>	<u>4,715</u>
					Others		<u>353</u>	<u>586</u>	<u>18</u>
					Total equity attributable to stockholders of the parent	15, 30	380,287	382,826	11,675
					NONCONTROLLING INTERESTS	15, 30	<u>12,432</u>	<u>12,980</u>	<u>396</u>
					Total equity		<u>392,719</u>	<u>395,806</u>	<u>12,071</u>
TOTAL		<u>\$ 523,741</u>	<u>\$ 534,297</u>	<u>\$ 16,295</u>	TOTAL		<u>\$ 523,741</u>	<u>\$ 534,297</u>	<u>\$ 16,295</u>

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

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2022, 2023 and 2024

(In Millions of New Taiwan or U.S. Dollars, Except Earnings Per Share That Are in New Taiwan or U.S. Dollars)

	Notes	2022 NT\$	2023 NT\$	2024 NT\$	US\$ (Note 6)
REVENUES	3, 31, 40, 44	\$ 216,739	\$ 223,199	\$ 229,968	\$ 7,013
OPERATING COSTS	3, 12, 29, 31, 32, 40	<u>136,717</u>	<u>141,767</u>	<u>146,583</u>	<u>4,470</u>
GROSS PROFIT		<u>80,022</u>	<u>81,432</u>	<u>83,385</u>	<u>2,543</u>
OPERATING EXPENSES					
Marketing		22,819	23,599	25,104	765
General and administrative		6,580	6,801	7,175	219
Research and development		3,774	3,892	4,167	127
Expected credit loss		<u>117</u>	<u>152</u>	<u>188</u>	<u>6</u>
Total operating expenses	3, 11, 29, 32, 40	<u>33,290</u>	<u>34,444</u>	<u>36,634</u>	<u>1,117</u>
OTHER INCOME AND EXPENSES	17, 19, 20, 32, 44	<u>93</u>	<u>(635)</u>	<u>122</u>	<u>3</u>
INCOME FROM OPERATIONS		<u>46,825</u>	<u>46,353</u>	<u>46,873</u>	<u>1,429</u>
NON-OPERATING INCOME AND EXPENSES					
Interest income	40, 44	249	618	781	24
Other income	10, 32, 40	369	382	463	14
Other gains and losses	16, 32, 40	(418)	(279)	(94)	(3)
Interest expense	18, 32, 40, 44	(263)	(319)	(339)	(10)
Share of profits of associates and joint ventures accounted for using equity method	16, 44	<u>442</u>	<u>253</u>	<u>157</u>	<u>5</u>
Total non-operating income and expenses		<u>379</u>	<u>655</u>	<u>968</u>	<u>30</u>
INCOME BEFORE INCOME TAX		47,204	47,008	47,841	1,459
INCOME TAX EXPENSE	3, 33	<u>9,335</u>	<u>8,947</u>	<u>9,333</u>	<u>285</u>
NET INCOME		<u>37,869</u>	<u>38,061</u>	<u>38,508</u>	<u>1,174</u>
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit pension plans	29	1,154	157	2,255	69
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income	3, 30, 39	(137)	619	48	2
Gain or loss on hedging instruments subject to basis adjustment	3, 22	21	(13)	(1)	-

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2022, 2023 and 2024

(In Millions of New Taiwan or U.S. Dollars, Except Earnings Per Share That Are in New Taiwan or U.S. Dollars)

	Notes	2022 NT\$	2023 NT\$	2024 NT\$	US\$ (Note 6)
Share of other comprehensive income of associates and joint ventures	3, 16, 30	\$ 3	\$ 6	\$ 14	\$ -
Income tax relating to items that will not be reclassified to profit or loss	33	(231)	(31)	(451)	(14)
		<u>810</u>	<u>738</u>	<u>1,865</u>	<u>57</u>
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising from the translation of the foreign operations		296	(46)	192	6
Share of other comprehensive income (loss) of associates and joint ventures	3, 16, 30	6	(23)	24	1
		<u>302</u>	<u>(69)</u>	<u>216</u>	<u>7</u>
Total other comprehensive income, net of income tax		<u>1,112</u>	<u>669</u>	<u>2,081</u>	<u>64</u>
TOTAL COMPREHENSIVE INCOME		<u>\$ 38,981</u>	<u>\$ 38,730</u>	<u>\$ 40,589</u>	<u>\$ 1,238</u>
NET INCOME ATTRIBUTABLE TO					
Stockholders of the parent		\$ 36,358	\$ 36,958	\$ 37,189	\$ 1,134
Noncontrolling interests		<u>1,511</u>	<u>1,103</u>	<u>1,319</u>	<u>40</u>
		<u>\$ 37,869</u>	<u>\$ 38,061</u>	<u>\$ 38,508</u>	<u>\$ 1,174</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO					
Stockholders of the parent		\$ 37,450	\$ 37,658	\$ 39,223	\$ 1,196
Noncontrolling interests		<u>1,531</u>	<u>1,072</u>	<u>1,366</u>	<u>42</u>
		<u>\$ 38,981</u>	<u>\$ 38,730</u>	<u>\$ 40,589</u>	<u>\$ 1,238</u>
EARNINGS PER SHARE	34				
Basic		<u>\$4.69</u>	<u>\$4.76</u>	<u>\$4.79</u>	<u>\$0.15</u>
Diluted		<u>\$4.68</u>	<u>\$4.76</u>	<u>\$4.78</u>	<u>\$0.15</u>
EARNINGS PER EQUIVALENT ADS					
Basic		<u>\$46.87</u>	<u>\$47.64</u>	<u>\$47.94</u>	<u>\$1.46</u>
Diluted		<u>\$46.81</u>	<u>\$47.58</u>	<u>\$47.83</u>	<u>\$1.46</u>

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

(Concluded)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022, 2023 and 2024
(In Millions of New Taiwan or U.S. Dollars)

	Equity Attributable to Stockholders of the Parent						Others						
	Common Stocks NT\$	Additional Paid-in Capital NT\$	Retained Earnings			Total Retained Earnings NT\$	Exchange Differences Arising from the Translation of the Foreign Operations NT\$	Unrealized Gain or Loss on Financial Assets at Fair Value through Other Comprehensive Income NT\$	Gain or Loss on Hedging Instruments NT\$	Total Others NT\$	Total Equity Attributable to Stockholders of the Parent NT\$	Noncontrolling Interests NT\$	Total Equity NT\$
			Legal Reserve NT\$	Special Reserve NT\$	Unappropriated Earnings NT\$								
BALANCE, JANUARY 1, 2022	\$ 77,574	\$ 149,810	\$ 77,574	\$ 2,676	\$ 70,157	\$ 150,407	\$ (392)	\$ (8)	\$ (8)	\$ (408)	\$ 377,383	\$ 11,747	\$ 389,130
Appropriation of 2021 earnings													
Special reserve	-	-	-	408	(408)	-	-	-	-	-	-	-	-
Cash dividends distributed by Chunghwa	-	-	-	-	(35,746)	(35,746)	-	-	-	-	(35,746)	-	(35,746)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,053)	(1,053)
Unclaimed dividend	-	2	-	-	-	-	-	-	-	-	2	-	2
Net income for the year ended December 31, 2022	-	-	-	-	36,358	36,358	-	-	-	-	36,358	1,511	37,869
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	907	907	281	(117)	21	185	1,092	20	1,112
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	37,265	37,265	281	(117)	21	185	37,450	1,531	38,981
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equities of subsidiaries	-	32	-	-	-	-	-	-	-	-	32	72	104
Net increase in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	-	111	111
BALANCE, DECEMBER 31, 2022	77,574	149,844	77,574	3,084	71,268	151,926	(111)	(125)	13	(223)	379,121	12,408	391,529
Appropriation of 2022 earnings													
Special reserve	-	-	-	(185)	185	-	-	-	-	-	-	-	-
Cash dividends distributed by Chunghwa	-	-	-	-	(36,476)	(36,476)	-	-	-	-	(36,476)	-	(36,476)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,092)	(1,092)
Unclaimed dividend	-	2	-	-	-	-	-	-	-	-	2	-	2
Change in additional paid-in capital from investments in associates and joint ventures accounted for using equity method	-	(26)	-	-	-	-	-	-	-	-	(26)	-	(26)
Actual acquisition of interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2023	-	-	-	-	36,958	36,958	-	-	-	-	36,958	1,103	38,061
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	124	124	(57)	646	(13)	576	700	(31)	669
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	37,082	37,082	(57)	646	(13)	576	37,658	1,072	38,730
Changes in equities of subsidiaries	-	8	-	-	-	-	-	-	-	-	8	25	33
Net increase in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	-	19	19
BALANCE, DECEMBER 31, 2023	77,574	149,828	77,574	2,899	72,059	152,532	(168)	521	-	353	380,287	12,432	392,719
Appropriation of 2023 earnings													
Special reserve	-	-	-	(223)	223	-	-	-	-	-	-	-	-
Cash dividends distributed by Chunghwa	-	-	-	-	(36,910)	(36,910)	-	-	-	-	(36,910)	-	(36,910)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(898)	(898)
Unclaimed dividend	-	2	-	-	-	-	-	-	-	-	2	-	2
Actual disposal of interests in subsidiaries	-	224	-	-	-	-	-	-	-	-	224	35	259
Net income for the year ended December 31, 2024	-	-	-	-	37,189	37,189	-	-	-	-	37,189	1,319	38,508
Other comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	1,801	1,801	191	43	(1)	233	2,034	47	2,081
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	38,990	38,990	191	43	(1)	233	39,223	1,366	40,589
Changes in equities of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	45	45
BALANCE, DECEMBER 31, 2024	\$ 77,574	\$ 150,054	\$ 77,574	\$ 2,676	\$ 74,362	\$ 154,612	\$ 23	\$ 564	\$ (1)	\$ 586	\$ 382,826	\$ 12,980	\$ 395,806
BALANCE, DECEMBER 31, 2024 (IN MILLIONS OF US\$ - Note 6)	\$ 2,366	\$ 4,576	\$ 2,366	\$ 82	\$ 2,267	\$ 4,715	\$ 1	\$ 17	\$ -	\$ 18	\$ 11,675	\$ 396	\$ 12,071

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

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2022, 2023 and 2024 (In Millions of New Taiwan or U.S. Dollars)

	2022	2023	2024	
	NT\$	NT\$	NT\$	US\$ (Note 6)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	\$ 47,204	\$ 47,008	\$ 47,841	\$ 1,459
Adjustments for:				
Depreciation	32,786	32,956	32,920	1,004
Amortization	6,643	6,699	6,699	204
Amortization of incremental costs of obtaining contracts	841	856	906	28
Expected credit loss	117	152	188	6
Valuation loss on financial assets and liabilities at fair value through profit or loss, net	206	98	147	4
Interest expense	263	319	339	10
Interest income	(249)	(618)	(781)	(24)
Dividend income	(157)	(167)	(240)	(7)
Compensation cost of share-based payment transactions	16	8	8	-
Share of profits of associates and joint ventures accounted for using equity method	(442)	(253)	(157)	(5)
Loss on disposal of property, plant and equipment	5	-	17	1
Gain on disposal of financial instruments	(1)	-	(1)	-
Loss (gain) on disposal of investments accounted for using equity method	14	(6)	(85)	(3)
Provision for impairment loss and obsolescence of inventory	34	23	60	2
Impairment loss on property, plant and equipment	-	299	-	-
Impairment loss (reversal of impairment loss) on investment properties	(107)	336	(139)	(4)
Impairment loss on intangible assets	9	-	-	-
Others	254	(60)	(69)	(2)
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Contract assets	(1,031)	(1,291)	(2,249)	(69)
Trade notes and accounts receivable	(785)	(287)	(1,322)	(40)
Receivables from related parties	(34)	(3)	(115)	(4)
Inventories	(23)	(178)	(626)	(19)
Prepayments	2	(315)	(29)	(1)
Other current assets	(576)	733	(293)	(9)
Other current monetary assets	(165)	107	64	2
Incremental cost of obtaining contracts	(833)	(1,026)	(1,317)	(40)
Increase (decrease) in:				
Contract liabilities	1,990	584	2,194	67
Trade notes and accounts payable	(1,631)	(2,033)	3,347	102
Payables to related parties	147	(154)	95	3
Other payables	782	562	1,540	47
Provisions	(28)	373	153	5
Net defined benefit plan	(724)	(728)	(657)	(20)
Other current liabilities	60	(14)	78	3
Cash generated from operations	84,587	83,980	88,516	2,700
Interests paid	(239)	(314)	(333)	(10)
Income taxes paid	(8,397)	(9,107)	(8,939)	(273)
Net cash provided by operating activities	75,951	74,559	79,244	2,417

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2022, 2023 and 2024 (In Millions of New Taiwan or U.S. Dollars)

	2022	2023	2024	
	NT\$	NT\$	NT\$	US\$ (Note 6)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of financial assets at fair value through other comprehensive income	\$ (19)	\$ (305)	\$ (313)	\$ (9)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	-	-	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	7	-	112	4
Acquisition of financial assets at amortized cost	-	-	(2,000)	(61)
Acquisition of financial assets at fair value through profit or loss	(360)	(133)	(162)	(5)
Proceeds from disposal of financial assets at fair value through profit or loss	15	-	5	-
Acquisition of investments accounted for using equity method	(52)	(1,555)	(776)	(23)
Proceeds from capital reduction of investments accounted for using equity method	340	-	-	-
Acquisition of property, plant and equipment	(31,535)	(30,741)	(28,756)	(877)
Proceeds from disposal of property, plant and equipment	16	19	13	-
Acquisition of intangible assets	(1,893)	(237)	(234)	(7)
Acquisition of investment properties	(18)	(54)	(4)	-
Acquisition of time deposits, negotiable certificates of deposit and commercial paper with maturities of more than three months	(5,670)	(45,239)	(72,915)	(2,224)
Proceeds from disposal of time deposits, negotiable certificates of deposit and commercial paper with maturities of more than three months	7,310	28,577	69,886	2,131
Decrease (increase) in other noncurrent assets	235	166	(258)	(8)
Increase in prepayments for leases	-	(1,729)	(1,400)	(43)
Interests received	219	568	764	23
Dividends received	550	467	663	20
Proceeds from capital reduction and profit distribution of financial assets at fair value through profit or loss	<u>66</u>	<u>22</u>	<u>43</u>	<u>1</u>
Net cash used in investing activities	<u>(30,789)</u>	<u>(50,174)</u>	<u>(35,332)</u>	<u>(1,078)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from short-term loans	1,292	2,590	700	21
Repayments of short-term loans	(635)	(2,727)	(1,070)	(33)
Proceeds from long-term loans	-	-	35	1
Increase (decrease) in customers' deposits	(223)	134	(9)	-
Proceeds from issuance of bonds	3,500	-	-	-
Payments for transaction costs attributable to the issuance of bonds	(4)	-	-	-
Payments for the principal of lease liabilities	(3,777)	(3,884)	(3,944)	(120)
Increase in other noncurrent liabilities	1,644	680	282	9
Cash dividends paid	(35,746)	(36,476)	(36,910)	(1,126)
Acquisition of additional interests in subsidiaries	-	-	-	-
Partial disposal of interests in subsidiaries without losing control	-	-	259	8

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2022, 2023 and 2024 (In Millions of New Taiwan or U.S. Dollars)

	2022	2023	2024	
	NT\$	NT\$	NT\$	US\$ (Note 6)
Cash dividends distributed to noncontrolling interests	\$ (1,053)	\$ (1,092)	\$ (898)	\$ (27)
Change in other noncontrolling interests	200	43	37	1
Unclaimed dividend	<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>
Net cash used in financing activities	<u>(34,800)</u>	<u>(40,730)</u>	<u>(41,516)</u>	<u>(1,266)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>52</u>	<u>(24)</u>	<u>40</u>	<u>1</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,414	(16,369)	2,436	74
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>39,779</u>	<u>50,193</u>	<u>33,824</u>	<u>1,032</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 50,193</u>	<u>\$ 33,824</u>	<u>\$ 36,260</u>	<u>\$ 1,106</u>

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

(Concluded)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS **(In Millions of New Taiwan Dollars, Unless Stated Otherwise)**

1. GENERAL

Chunghwa Telecom Co., Ltd. (“Chunghwa”; Chunghwa together with its subsidiaries are hereinafter referred to collectively as the “Company”.) was incorporated on July 1, 1996 in the Republic of China (“ROC”). Chunghwa is a company limited by shares and, prior to August 2000, was wholly owned by the Ministry of Transportation and Communications (“MOTC”). Prior to July 1, 1996, the current operations of Chunghwa were carried out under the Directorate General of Telecommunications (“DGT”). The DGT was established by the MOTC in June 1943 to take primary responsibility in the development of telecommunications infrastructure and to formulate policies related to telecommunications. On July 1, 1996, the telecom operations of the DGT were spun-off as Chunghwa which continues to carry out the business and the DGT continues to be the industry regulator.

Effective August 12, 2005, the MOTC completed the process of privatizing Chunghwa by reducing the government ownership to below 50% in various stages. In July 2000, Chunghwa received approval from the Securities and Futures Commission (the “SFC”) for a domestic initial public offering and its common stocks were listed and traded on the Taiwan Stock Exchange (the “TWSE”) on October 27, 2000. Certain of Chunghwa’s common stocks were sold, in connection with the foregoing privatization plan, in domestic public offerings at various dates from August 2000 to July 2003. Certain of Chunghwa’s common stocks were also sold in an international offering of securities in the form of American Depositary Shares (“ADS”) on July 17, 2003 and were listed and traded on the New York Stock Exchange (the “NYSE”). The MOTC sold common stocks of Chunghwa by auction in the ROC on August 9, 2005 and completed the second international offering on August 10, 2005. Upon completion of the share transfers associated with these offerings on August 12, 2005, the MOTC owned less than 50% of the outstanding shares of Chunghwa and completed the privatization plan.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by the management on March 28, 2025.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board (collectively, “IFRSs”).

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values and net defined benefit liabilities (assets) which are measured at the present value of the defined benefit obligations less the fair value of plan assets.

Current and Noncurrent Assets and Liabilities

Current assets include:

- a. Assets held primarily for the purpose of trading;
- b. Assets expected to be realized within twelve months after the reporting period; and
- c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within twelve months after the reporting period; and
- c. Liabilities for which the Company on the balance sheet date does not have in substance the right to defer settlement for at least twelve months after the reporting period.

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

Light Era Development Co., Ltd. (“LED”), a wholly owned subsidiary of the Company, engages mainly in development of property for rent and sale. The assets and liabilities of LED related to property development within its operating cycle, which is over one year, are classified as current items.

Basis of Consolidation

- a. Principles for preparing consolidated financial statements

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

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

All inter-company transactions, balances, income and expenses are eliminated in full upon consolidation.

Attribution of total comprehensive income to noncontrolling interests

Total comprehensive income of subsidiaries is attributed to the stockholders of the parent and to the noncontrolling interests even if it results in the noncontrolling interests having a deficit balance.

Changes in the Company’s ownership interests in subsidiaries

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

b. The subsidiaries in the consolidated financial statements

The detail information of the subsidiaries at the end of reporting period was as follows:

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership Interests		Note
			December 31		
			2023	2024	
Chunghwa Telecom Co., Ltd.	Senao International Co., Ltd. (“SENAO”)	Handset and peripherals retailer, sales of CHT mobile phone plans as an agent	28	28	a)
	Light Era Development Co., Ltd. (“LED”)	Planning and development of real estate and intelligent buildings, and property management	100	100	
	Donghwa Telecom Co., Ltd. (“DHT”)	International private leased circuit, IP VPN service, and IP transit services	100	100	
	Chunghwa Telecom Singapore Pte., Ltd. (“CHTS”)	International private leased circuit, IP VPN service, and IP transit services	100	100	
	Chunghwa System Integration Co., Ltd. (“CHSI”)	Providing system integration services and telecommunications equipment	100	100	
	Chunghwa Investment Co., Ltd. (“CHI”)	Investment	89	89	
	CHIEF Telecom Inc. (“CHIEF”)	Network integration, internet data center (“IDC”), communications integration and cloud application services	56	56	b)
	CHYP Multimedia Marketing & Communications Co., Ltd. (“CHYP”)	Digital information supply services and advertisement services	100	100	
	Prime Asia Investments Group Ltd. (“Prime Asia”)	Investment	100	100	
	Spring House Entertainment Tech. Inc. (“SHE”)	Software design services, internet contents production and play, and motion picture production and distribution	56	56	
	Chunghwa Telecom Global, Inc. (“CHTG”)	International private leased circuit, internet services, and transit services	100	100	
	Chunghwa Telecom Vietnam Co., Ltd. (“CHTV”)	Intelligent energy saving solutions, international circuit, and information and communication technology (“ICT”) services.	100	100	
	Smartfun Digital Co., Ltd. (“SFD”)	Providing diversified family education digital services	65	65	
	Chunghwa Telecom Japan Co., Ltd. (“CHTJ”)	International private leased circuit, IP VPN service, and IP transit services	100	100	
	Chunghwa Sochamp Technology Inc. (“CHST”)	Design, development and production of Automatic License Plate Recognition software and hardware	37	37	c)
	Honghwa International Co., Ltd. (“HHI”)	Telecommunications engineering, sales agent of mobile phone plan application and other business services, etc.	100	100	
	Chunghwa Leading Photonics Tech Co., Ltd. (“CLPT”)	Production and sale of electronic components and finished products	75	70	d)
	Chunghwa Telecom (Thailand) Co., Ltd. (“CHTT”)	International private leased circuit, IP VPN service, ICT and cloud VAS services	100	100	
	CHT Security Co., Ltd. (“CHTSC”)	Computing equipment installation, wholesale of computing and business machinery equipment and software, management consulting services, data processing services, digital information supply services and internet identity services	69	63	e)
	International Integrated Systems, Inc. (“IISI”)	IT solution provider, IT application consultation, system integration and package solution	51	50	f)
	Chunghwa Digital Cultural and Creative Capital Co., Ltd (“CDCC Capital”)	Investment and management consulting	-	100	g)
	Chunghwa Telecom Europe GmbH (“CHTEU”)	International private leased circuit, internet services, transit services and ICT services	-	100	h)

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership Interests		Note
			December 31		
			2023	2024	
Senao International Co., Ltd.	Senao International (Samoa) Holding Ltd. (“SIS”)	International investment	-	-	i)
	Youth Co., Ltd. (“Youth”)	Sale of information and communication technologies products	96	96	
	Aval Technologies Co., Ltd. (“Aval”)	Sale of information and communication technologies products	100	100	
	Senyoung Insurance Agent Co., Ltd. (“SENYOUNG”)	Property and liability insurance agency	100	100	
Youth Co., Ltd.	ISPOT Co., Ltd. (“ISPOT”)	Sale of information and communication technologies products	100	100	
	Youyi Co., Ltd. (“Youyi”)	Maintenance of information and communication technologies products	-	-	
Aval Technologies Co., Ltd.	Wiin Technology Co., Ltd. (“Wiin”)	Sale of information and communication technologies products	100	100	
Senyoung Insurance Agent Co., Ltd.	Senaolife Insurance Agent Co., Ltd. (“Senaolife”)	Life insurance services	-	-	k)
CHIEF Telecom Inc.	Unigate Telecom Inc. (“Unigate”)	Telecommunications and internet service	100	100	
	Chief International Corp. (“CIC”)	Telecommunications and internet service	100	100	
	Shanghai Chief Telecom Co., Ltd. (“SCT”)	Telecommunications and internet service	49	49	
Chunghwa Investment Co., Ltd.	Chunghwa Precision Test Tech. Co., Ltd. (“CHPT”)	Production and sale of semiconductor testing components and printed circuit board	34	34	m)
Chunghwa Precision Test Tech. Co., Ltd.	Chunghwa Precision Test Tech. USA Corporation (“CHPT (US)”)	Design and after-sale services of semiconductor testing components and printed circuit board	100	100	
	CHPT Japan Co., Ltd. (“CHPT (JP)”)	Related services of electronic parts, machinery processed products and printed circuit board	100	100	
	Chunghwa Precision Test Tech. International, Ltd. (“CHPT (International)”)	Wholesale and retail of electronic materials, and investment	100	100	
	TestPro Investment Co., Ltd. (“TestPro”)	Investment	100	100	
TestPro Investment Co., Ltd.	NavCore Tech. Co., Ltd (“NavCore”)	Sale and manufacturing of smart equipment, smart factory software and hardware integration and technical consulting service	54	54	
Senao International (Samoa) Holding Ltd.	Senao International HK Limited (“SIHK”)	International investment	-	-	n)
Prime Asia Investments Group Ltd.	Chunghwa Hsingta Co., Ltd. (“CHC”)	Investment	100	100	
Chunghwa Precision Test Tech. International, Ltd.	Shanghai Taihua Electronic Technology Limited (“STET”)	Design of printed circuit board and related consultation service	100	100	
	Su Zhou Precision Test Tech. Ltd. (“SZPT”)	Assembly processed of circuit board, design of printed circuit board and related consultation service	100	100	
International Integrated Systems, Inc.	Infoexplorer International Co., Ltd.(“IESA”)	Investment	-	-	o)
	Unitronics Technology Corp. (“UTC”)	Development and maintenance of information system	100	100	p)

(Continued)

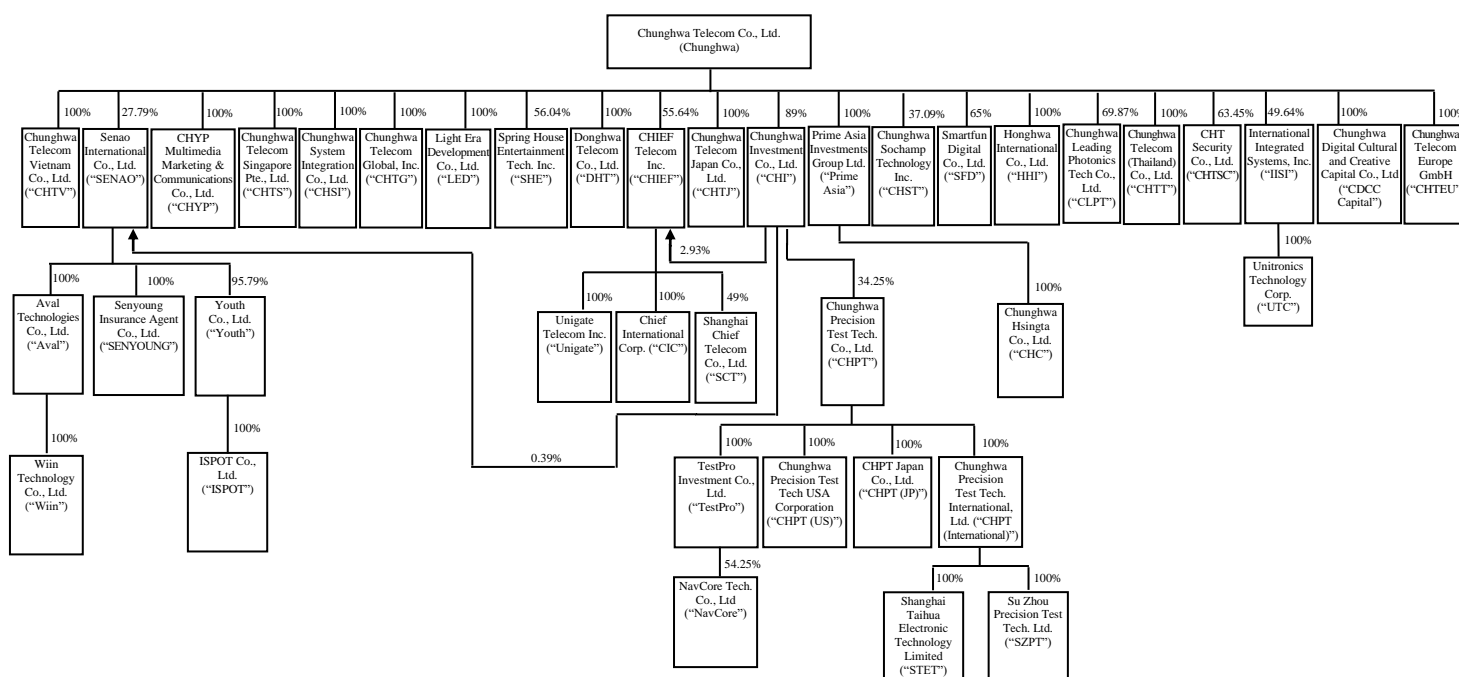
Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership Interests		Note
			December 31		
			2023	2024	
Infoexplorer International Co., Ltd.	International Integrated Systems (Hong Kong) Limited (“IEHK”)	Investment and technical consulting service	-	-	q)

(Concluded)

- a) Chunghwa continues to control more than half of seats of the Board of Directors of SENAO through the support of large beneficial stockholders. As a result, the Company treated SENAO as a subsidiary.
- b) CHIEF issued new shares in December 2023 and December 2024 as its employees exercised options. Therefore, the Company’s ownership interest in CHIEF decreased to 58.63% and 58.57% as of December 31, 2023 and 2024, respectively.
- c) Chunghwa controls more than half of seats of the Board of Directors of CHST as of December 31, 2024. As a result, the Company treated CHST as a subsidiary. For the information of changes in Chunghwa’s control over CHST in January 2025, please refer to Note 43.
- d) CLPT issued new shares in May 2023 and July 2024 as its employees exercised options. Therefore, the Company’s ownership interest in CLPT decreased to 74.56% and 69.87% as of December 31, 2023 and 2024, respectively.
- e) CHTSC issued new shares in February 2023, May 2023, January 2024, March 2024 and December 2024 as its employees exercised options. In addition, Chunghwa disposed of some shares of CHTSC in August 2024 before CHTSC traded its shares on the emerging stock market according to the local requirements. Therefore, the Company’s ownership interest in CHTSC decreased to 69.28% and 63.45% as of December 31, 2023 and 2024, respectively.
- f) Chunghwa disposed of some shares of IISI in August 2024 before IISI traded its shares on the emerging stock market according to the local requirements. Therefore, the Company’s ownership interest in IISI decreased to 49.64% as of December 31, 2024. Chunghwa continues to control more than half of seats of the Board of Directors of IISI. As a result, the Company treated IISI as a subsidiary.
- g) Chunghwa invested and established CDCC Capital in February 2024. Chunghwa obtained 100% ownership interest of CDCC Capital.
- h) Chunghwa invested and established CHTEU in July 2024. Chunghwa obtained 100% ownership interest of CHTEU.
- i) SIS completed its liquidation in September 2023.
- j) Youyi completed its liquidation in November 2023.
- k) In order to coordinate with financial planning and adjustment of organizational resources, the Board of Directors of SENYOUNG approved the merger with Senaolife. SENYOUNG was the surviving company. The merger was completed on May 1, 2023.
- l) CHIEF has more than half of seats of the Board of Directors of SCT according to the mutual agreements among stockholders and gained control over SCT; hence, SCT is deemed as a subsidiary of the Company.

- m) Though the Company's ownership interest in CHPT is less than 50%, the management considered the absolute and relative size of ownership interest, and the dispersion of shares owned by the other stockholders and concluded that the Company has a sufficiently dominant voting interest to direct the relevant activities; hence, CHPT is deemed as a subsidiary of the Company.
- n) SIHK completed its liquidation in July 2023.
- o) IESA completed its liquidation in September 2023.
- p) IISI purchased shares of UTC in August 2023. Therefore, the Company's ownership interest in UTC increased to 100%.
- q) IEHK completed its liquidation in June 2023.

The following diagram presented information regarding the relationship and percentages of ownership interests between Chunghwa and its subsidiaries as of December 31, 2024.



Foreign Currencies

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

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

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined and related exchange differences are recognized in profit or loss. Conversely, when the fair value changes were recognized in other comprehensive income, related exchange difference shall be recognized in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Chunghwa uses New Taiwan dollars (NT\$) as the functional currency. For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations (including those subsidiaries, associates and joint ventures in other countries or currencies used different with Chunghwa) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and attributed to stockholders of the parent and noncontrolling interests as appropriate.

Cash Equivalents

Cash equivalents include those maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value such as commercial paper, negotiable certificates of deposit, time deposits and stimulus vouchers. These cash equivalents are held for the purpose of meeting short-term cash commitments.

Inventories

Inventories are stated at the lower of cost or net realizable value item by item, except for those that may be appropriate to group items of similar or related inventories. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. The calculation of the cost of inventory is derived using the weighted-average method.

Buildings and Land Consigned to Construction Contractors

Inventories of LED are stated at the lower of cost or net realizable value item by item, except for those that may be appropriate to group as similar items or related inventories. Land acquired before construction is classified as land held for development and then reclassified as land held under development after LED begins its construction project.

Upon the completion of the construction project, LED recognizes revenues in the amount of proceeds from customers for land and buildings and related costs when ownership is transferred to the customers. The unsold portion of the completed construction project is transferred to land and building held for sale.

Investments in Associates and Joint Ventures

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Company and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investments accounted for using the equity method include investments in associates and interests in joint ventures. Under the equity method, an investment in an associate and a joint venture is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the associate and joint venture as well as the distribution received. The Company also recognizes its share in changes in the associates and joint ventures.

When the Company subscribes for new shares of an associate and a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate and joint venture. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to additional paid-in capital. When the adjustment should be debited to additional paid-in capital but the additional paid-in capital recognized from investments accounted for using equity method is insufficient, the shortage is debited to retained earnings.

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

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

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and joint venture. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate and joint venture directly disposed of the related assets or liabilities.

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

Property, Plant and Equipment

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

Property, plant and equipment in the course of construction are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. Freehold land is not depreciated. The estimated useful lives, residual values and depreciation method are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

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

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

For a transfer from the investment properties to property, plant and equipment, the deemed cost of the property, plant and equipment for subsequent accounting is its carrying amount at the commencement of owner-occupation.

For a transfer from the property, plant and equipment to investment properties, the deemed cost of the investment properties for subsequent accounting is its carrying amount at the end of owner-occupation.

On derecognition of the investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period in which the property is derecognized.

Goodwill

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

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

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

Intangible Assets Other Than Goodwill

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Company expects to dispose of the intangible asset before the end of its economic life. Intangible assets with indefinite useful lives are measured at cost less accumulated impairment loss.

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

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss in the period in which the asset is derecognized.

Impairment of Property, Plant and Equipment, Right-of-use Assets, Investment Properties, Intangible Assets Other Than Goodwill and Incremental Costs of Obtaining Contracts

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

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

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

Impairment loss from the assets related to incremental cost of obtaining contracts is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services.

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

Financial Instruments

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

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

a. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. The regular way of transaction means the purchase or sale of financial assets delivered within the time frame established by regulation or convention in the marketplace.

1) Measurement category

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

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at fair value through other comprehensive income (FVOCI).

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend earned on the financial asset. Fair value is determined in the manner described in Note 39.

b) Financial assets at amortized cost

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

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss, except for short-term receivables as the effect of discounting is immaterial. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such financial assets.

c) Investments in equity instruments at FVOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments. Instead, it will be transferred to retained earnings.

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

2) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and contract assets.

The Company recognizes lifetime Expected Credit Loss (ECL) for accounts receivable and contract assets. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes an impairment loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of investments in equity instruments at FVOCI in its entirety, the cumulative gain or loss is directly transferred to retained earnings, and it is not reclassified to profit or loss.

b. Financial liabilities

1) Subsequent measurement

Except for financial liabilities at FVTPL, all the financial liabilities are subsequently measured at amortized cost using the effective interest method.

2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

c. Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including forward exchange contracts.

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

Hedge Accounting

The Company designates some derivatives instruments as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and are included in the initial cost of the non-financial asset or non-financial liability.

The Company discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

Provisions

Provisions are measured at the best estimate of the expenditure required to settle the Company's obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. The provisions for warranties claims are made by management according to the sales agreements which represent the management's best estimate of the future outflow of economic benefits. The provisions of warranties claims are recognized as operating cost in the period in which the goods are sold. The provision for onerous contracts represents the present obligation resulting from the measurement for the unavoidable costs of meeting the Company's contractual obligations exceed the economic benefits expected to be received from the contracts. In assessing whether a contract is onerous, the cost of fulfilling a contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that are related directly to fulfilling contracts.

Revenue Recognition

The Company identifies the performance obligations in the contract with the customers, allocates transaction price to each performance obligation and recognizes revenue when performance obligations are satisfied.

Sales of products are recognized as revenue when the Company delivers products and the customer accepts and controls the product. Except for the consumer electronic products such as mobile devices sold in channel stores which are usually in cash sale, the Company recognizes revenues for sale of other electronic devices and corresponding trade notes and accounts receivable.

Usage revenues from fixed-line services (including local, domestic long distance and international long distance telephone services), mobile services, internet and data services, and interconnection and call transfer fees from other telecommunications companies and carriers are billed in arrears and are recognized based upon seconds or minutes of traffic processed when the services are provided in accordance with contract terms. The usage revenues and corresponding trade notes and accounts receivable are recognized monthly.

Other revenues are recognized as follows: (a) one-time subscriber connection fees (on fixed-line services) are first recognized as contract liabilities and revenues are recognized subsequently over the average expected customer service periods, (b) monthly fees (on fixed-line services, mobile, internet and data services) and related receivables are accrued monthly, and (c) prepaid services (fixed-line, mobile, internet and data services) are recognized as contract liabilities upon collection considerations from customers and are recognized as revenues subsequently based upon actual usage by customers.

Where the Company enters into transactions which involve both the provision of telecommunications service bundled with products such as handsets, total consideration received from products and telecommunications service in these arrangements are allocated based on their relative stand-alone selling price. The amount of sales revenue recognized for products is not limited to the amount paid by the customer for the products. When the amount of sales revenue recognized for products exceeded the amount paid by the customer for the products, the difference is recognized as contract assets. Contract assets are reclassified to accounts receivable when the amounts become collectible from customers subsequently. When the amount of sales revenue recognized for products was less than the amount paid by the customer for the products, the difference is recognized as contract liabilities and revenues are recognized subsequently when the telecommunications services are provided.

For project business contracts, if a substantial part of the Company's promise to customers is to manage and coordinate the various tasks and assume the risks of those tasks to ensure the individual goods or services are incorporated into the combined output, they are treated as a single performance obligation since the Company provides a significant integration service. The Company recognizes revenues and corresponding accounts receivable when the project business contract is completed and accepted by customers. For some project contracts, the Company does not create an asset with an alternative use to the Company and has an enforceable right to payment for performance completed to date; therefore, performance obligations are satisfied and revenues are recognized over time.

For service contracts such as maintenance and warranties, customers simultaneously receive and consume the benefits provided by the Company; thus, revenues and corresponding accounts receivable of service contracts are recognized over the related service period.

When another party is involved in providing goods or services to a customer, the Company is acting as a principal if it controls the specified good or service before that good or service is transferred to a customer; otherwise, the Company is acting as an agent. When the Company is acting as a principal, gross inflow of economic benefits arising from transactions is recognized as revenue. When the Company is acting as an agent, revenue is recognized as its share of transaction.

Incremental Costs of Obtaining Contracts

Commissions and equipment subsidy related to telecommunications service as a result of obtaining contracts are recognized as an asset under the incremental costs of obtaining contracts to the extent the costs are expected to be recovered and are amortized over the contract period. However, the Company elects not to capitalize the incremental costs of obtaining contracts if the amortization period of the assets that the Company otherwise would have recognized is expected to be one year or less.

Commissions for real estate sales as a result of obtaining contracts are recognized as an asset under the incremental costs of obtaining contracts to the extent the costs are expected to be recovered and are amortized when the real estate is sold and its ownership is transferred to the customers.

Leasing

At inception of a contract, the Company assesses whether the contract is, or contains, a lease.

a. The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

b. The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for lease payments for low-value assets are recognized as expenses on a straight-line basis over the lease terms accounted for applying recognition exemption.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities and for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented separately on the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line basis from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities were initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If such rate cannot be readily determined, the lessee's incremental borrowing rate is used.

Lease liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. The Company accounts for the remeasurement of the lease liability as a result of the decrease of lease scope by decreasing the carrying amount of the right-of-use assets and recognizes in profit or loss any gain or loss on the partial or full termination of the lease. Lease liabilities are presented separately on the consolidated balance sheets.

Variable lease payments not depending on an index or a rate are recognized as expenses in the periods in which they are incurred.

Borrowing Costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government Grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to government grants and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses of the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should construct noncurrent assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that become receivable as compensation for expenses or losses already incurred are recognized in profit or loss in the period in which they become receivable.

Employee Benefits

a. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and gains or losses on settlements) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising (a) actuarial gains and losses; and (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), is recognized

in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

c. Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plan except that remeasurement is recognized in profit or loss.

Share-based Payment Arrangements - Employee Stock Options

The fair value determined at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's estimate of employee stock options that are expected to ultimately vest, with a corresponding increase in additional paid-in capital - employee stock options. If the equity instruments granted vest immediately at the grant date, expenses are recognized in full in profit or loss.

At the end of each reporting period, the Company revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to additional paid-in capital - employee stock options.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

The current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Income tax on unappropriated earnings is accrued during the period the earnings arise and adjusted to the extent that distributions are approved by the stockholders in the following year.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. A deferred tax liability is not recognized on taxable temporary difference arising from initial recognition of goodwill.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits from purchases of machinery, equipment and technology and research, and development expenditures, etc. to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates, and joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Company has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. Therefore, the Company neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

c. Current and deferred tax

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred tax are also recognized in other comprehensive income.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY AND ASSUMPTION

In the application of the Company's accounting policies, the management is required to make judgments, estimates and assumptions which are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed by the management on an ongoing basis.

a. Material accounting judgments

1) Principal versus agent

The Company's project agreements are mainly to provide one or more customized equipment or services to customers. In order to fulfill the agreements, another party may be involved in some agreements. The Company considers the following factors to determine whether the Company is a principal of the transaction: whether the Company is the primary obligation provider of the agreements, its exposures to inventory risks and the discretion in establishing prices, etc. The determination of whether the Company is a principal or an agent will affect the amount of revenue recognized by the Company. Only when the Company is acting as a principal, gross inflows of economic benefits arising from transactions is recognized as revenue.

2) Control over subsidiaries

As discussed in Note 3, “Summary of Material Accounting Policy Information - Basis of Consolidation”, some entities are subsidiaries of the Company although the Company only owns less than 50% ownership interests in these entities. After considering the Company’s absolute size of holding in the entity and the relative size of and the dispersion of shares owned by the other stockholders, and the contractual arrangements between the Company and other investors, potential voting interests and the written agreement between stockholders, the management concluded that the Company has a sufficiently dominant voting interest to direct the relevant activities of the entity and to have control over the governance of the entity and therefore the Company has control over these entities.

b. Key sources of estimation uncertainty and assumption

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period. Actual results may differ from these estimates.

1) Impairment of trade notes and accounts receivable

The provision for impairment of trade notes and accounts receivable is based on assumptions on probability of default and expected credit loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company’s past experience, current market conditions as well as forward looking information at the end of each reporting period. For details of the key assumptions and inputs used, see Note 11. Where the actual future cash flows are less than expected, a material impairment loss may arise.

2) Fair value measurements and valuation processes

For the assets and liabilities measured at fair value without quoted prices in active markets, the Company’s management determines the appropriate valuation techniques for the fair value measurements and whether to engage third party qualified appraisers based on the related regulations and professional judgments.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities was disclosed in Note 39. If the actual changes of inputs in the future differ from expectation, the fair value may vary accordingly. The Company updates inputs periodically to monitor the appropriateness of the fair value measurement.

3) Provision for inventory valuation and obsolescence

Inventories are stated at the lower of cost or net realizable value. Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made at the end of reporting period. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Inventory write-downs are determined on an item by item basis, except for those similar items which could be categorized into the same groups. The Company uses the inventory holding period and turnover as the evaluation basis for inventory obsolescence losses.

4) Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets

In the process of evaluating the potential impairment of tangible and intangible assets, the Company is required to consider internal and external indicators of impairment and make subjective judgments in determining the independent cash flows, useful lives, expected future

revenue and expenses related to the specific asset groups within the context of the telecommunication industry. Any changes in these estimates based on changed economic conditions or business strategies could result in significant impairment charges in future periods.

5) Useful lives of property, plant and equipment

As discussed in Note 3, “Summary of Material Accounting Policy Information - Property, Plant and Equipment”, the Company reviews estimated useful lives of property, plant and equipment at the end of each year.

6) Recognition and measurement of defined benefit plans

Net defined benefit liabilities (assets) and the resulting pension expense under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, employee turnover rate, average future salary increase and etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

7) Lessees’ incremental borrowing rates

In determining a lessee’s incremental borrowing rate used in discounting lease payments, a risk-free rate for relevant duration and the same currency is selected as a reference rate. The lessee’s credit spread adjustments and lease specific adjustments are also taken into account.

5. APPLICATION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Amendments to IFRSs and the New Interpretation That Are Mandatorily Effective for the Current Year

The Company has applied Amendments to IFRS 16: Leases Liability in a Sale and Leaseback, Amendments to IAS 1: Classification of Liabilities as Current or Non-current, Amendments to IAS 1: Non-current Liabilities with Covenants, and Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements. The application of these amendments has had no impact on the disclosures or amounts recognized in the Company’s consolidated financial statements.

New and Amended IFRSs in Issue But Not Yet Effective

The Company has not applied the following new and amended IFRSs that have been issued but are not yet effective.

New or Amended Standards and Interpretations		Effective Date Issued by IASB (Note)
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-Dependent Electricity	January 1, 2026
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture	To be determined by IASB

(Continued)

New or Amended Standards and Interpretations		Effective Date Issued by IASB (Note)
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amendments to IFRS Accounting Standards	Annual Improvements -Volume 11	January 1, 2026
		(Concluded)

Note: The aforementioned new or amended standards or interpretations are effective after fiscal year beginning on or after the effective dates, unless specified otherwise.

The application of “Amendments to IAS 21: Lack of Exchangeability” will not have material impact on the Company’s consolidated financial statements.

As of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing whether the application of the Standards listed above, except for the “Amendments to IAS 21: Lack of Exchangeability” will have the impact on the Company’s financial position and operating result. The Company will disclose the relevant impact when the assessment is completed.

6. U.S. DOLLAR AMOUNTS

The Company maintains its accounts and expresses its consolidated financial statements in New Taiwan dollars. For readers’ convenience only, U.S. dollar amounts presented in the accompanying consolidated financial statements have been translated from New Taiwan dollars as set forth in the statistical release of the Federal Reserve Board of the United States as of December 31, 2024, which was NT\$32.79 to US\$1.00. The convenience translations should not be construed as representations that the New Taiwan dollar amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

7. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2024
	NT\$	NT\$
(In Millions)		
Cash		
Cash on hand	\$ 404	\$ 444
Bank deposits	<u>9,522</u>	<u>13,243</u>
	<u>9,926</u>	<u>13,687</u>
Cash equivalents (with maturities of less than three months)		
Commercial paper	14,496	16,887
Negotiable certificates of deposit	5,900	2,800
Time deposits	3,502	2,884
Stimulus vouchers	<u>-</u>	<u>2</u>
	<u>23,898</u>	<u>22,573</u>
	<u>\$ 33,824</u>	<u>\$ 36,260</u>

The annual yield rates of bank deposits, commercial paper, negotiable certificates of deposit and time deposits as of balance sheet dates were as follows:

	December 31	
	2023	2024
Bank deposits	0.00%-3.10%	0.00%-2.55%
Commercial paper	0.72%-1.33%	0.95%-1.56%
Negotiable certificates of deposit	1.38%	1.55%-1.70%
Time deposits	0.01%-5.50%	0.01%-4.90%

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2024
	NT\$	NT\$
(In Millions)		
<u>Financial assets-current</u>		
Mandatorily measured at FVTPL		
Derivatives (not designated for hedge)		
Forward exchange contracts	\$ 1	\$ -
Non-derivatives		
Listed stocks - domestic	-	-
	<u>\$ 1</u>	<u>\$ -</u>

Financial assets-noncurrent

Mandatorily measured at FVTPL		
Non-derivatives		
Non-listed stocks - domestic	\$ 704	\$ 629
Non-listed stocks - foreign	89	32
Limited partnership - domestic	219	307
Other investing agreements	<u>24</u>	<u>37</u>
	<u>\$ 1,036</u>	<u>\$ 1,005</u>

Chunghwa's Board of Directors approved an investment in Taiwan Capital Buffalo Fund VI, L.P. at the amount of \$600 million in January 2022. As of December 31, 2024, Chunghwa invested \$300 million.

Outstanding forward exchange contracts not designated for hedge as of balance sheet dates were as follows:

	Currency	Maturity Period	Contract Amount (In Millions)
<u>December 31, 2023</u>			
Forward exchange contracts - buy	NT\$/EUR	March 2024	NT\$145/EUR4

(Continued)

	Currency	Maturity Period	Contract Amount (In Millions)
<u>December 31, 2024</u>			
Forward exchange contracts - buy	NT\$/USD	January 2025	NT\$46/USD1
Forward exchange contracts - buy	NT\$/EUR	March 2025	NT\$10/EUR0.3 (Concluded)

The Company entered into the above forward exchange contracts to manage its exposure to foreign currency risk due to fluctuations in exchange rates. However, the aforementioned derivatives did not meet the criteria for hedge accounting.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NONCURRENT

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Domestic investments		
Listed and emerging stocks	\$ 243	\$ 126
Non-listed stocks	3,734	3,874
Foreign investments		
Non-listed stocks	<u>435</u>	<u>667</u>
	<u>\$ 4,412</u>	<u>\$ 4,667</u>

The Company holds the above foreign and domestic stocks for medium to long-term strategic purposes and expects to profit from long-term investment. Accordingly, the management elected to designate these investments in equity instruments at FVOCI as they believe that recognizing short-term fair value fluctuations of these investments in profit or loss is not consistent with the Company's strategy of holding these investments for long-term purposes.

The Company disposed of all its investments in UUPON Inc. (UUPON) in December 2022 and the fair value of the disposed investment was \$0.2 million.

The related unrealized loss on financial assets at FVOCI was \$0.1 million and transferred from other equity to retained earnings upon the aforementioned disposals in 2022.

The Company recognized dividend income of \$157 million, \$167 million and \$240 million for the years ended December 31, 2022, 2023 and 2024, respectively, with \$157 million, \$167 million and \$239 million from the outstanding investments on December 31, 2022, 2023 and 2024, respectively.

10. FINANCIAL ASSETS AT AMORTIZED COST - NONCURRENT

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Corporate bonds	\$ _____ -	\$ _____ 2,000

The Company acquired the 10-year unsecured cumulative subordinated corporate bond of Fubon Life Insurance Co., Ltd. at the amount of \$2,000 million in October 2024.

11. TRADE NOTES AND ACCOUNTS RECEIVABLE, NET

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Trade notes and accounts receivable	\$ 25,944	\$ 27,169
Less: Loss allowance	<u>(1,102)</u>	<u>(1,143)</u>
	<u>\$ 24,842</u>	<u>\$ 26,026</u>

The main credit terms range from 30 to 90 days.

The Company serves a large consumer base for telecommunications business; therefore, the concentration of credit risk is limited. When having transactions with customers, the Company considers the record of arrears in the past. In addition, the Company may also collect some telecommunication charges in advance to reduce the payment arrears in subsequent periods.

The Company adopted a policy of dealing with counterparties with certain credit ratings for project business and to obtain collateral where necessary to mitigate the risk of loss arising from defaults. Credit rating information is provided by independent rating agencies where available and, if such credit rating information is not available, the Company uses other publicly available financial information and its own historical transaction experience to rate its major customers. The Company continues to monitor the credit exposure and credit ratings of its counterparties and spread the credit risk amongst qualified counterparties.

In order to mitigate credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure the recoverability of receivables. In addition, the Company reviews the recoverable amount of receivables at balance sheet dates to ensure that adequate allowance is provided for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk could be reasonably reduced.

The Company applies the simplified approach to recognize expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for receivables. The expected credit losses on receivables are estimated using a provision matrix by reference to past default experience of the customers and an analysis of the customers' current financial positions, as well as the forward-looking indicators such as macroeconomic business indicators.

When there is evidence indicating that the counterparty is in evasion, bankruptcy, deregistration or the accounts receivable are over two years past due and the recoverable amount cannot be reasonable estimated, the Company writes off the trade notes and accounts receivable. For accounts receivable

that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

Except for receivables arising from telecommunications business and project business, the Company's remaining accounts receivable are insignificant. Therefore, only Chunghwa's provision matrix arising from telecommunications business and project business is disclosed below:

December 31, 2023

	Not Past Due	Past Due Less than 30 Days	Past Due 31 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 120 Days	Past Due 121 to 180 Days	Past Due over 180 Days	Total
	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$
	(In Millions)							
Telecommunications business								
Expected credit loss rate (Note a)	0%-1%	1%-20%	3%-65%	12%-82%	23%-91%	40%-96%	100%	
Gross carrying amount	\$ 17,066	\$ 346	\$ 135	\$ 70	\$ 48	\$ 49	\$ 578	\$ 18,292
Loss allowance (Lifetime ECL)	(50)	(22)	(29)	(29)	(35)	(22)	(578)	(765)
Amortized cost	\$ 17,016	\$ 324	\$ 106	\$ 41	\$ 13	\$ 27	\$ -	\$ 17,527
Project business								
Expected credit loss rate (Note b)	0%-5%	5%	10%	30%	50%	80%	100%	
Gross carrying amount	\$ 3,869	\$ 101	\$ 12	\$ 18	\$ 1	\$ 1	\$ 287	\$ 4,289
Loss allowance (Lifetime ECL)	(3)	(17)	(1)	(5)	(1)	-	(287)	(314)
Amortized cost	\$ 3,866	\$ 84	\$ 11	\$ 13	\$ -	\$ 1	\$ -	\$ 3,975

December 31, 2024

	Not Past Due	Past Due Less than 30 Days	Past Due 31 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 120 Days	Past Due 121 to 180 Days	Past Due over 180 Days	Total
	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$
	(In Millions)							
Telecommunications business								
Expected credit loss rate (Note a)	0%-1%	1%-22%	2%-68%	11%-84%	21%-92%	39%-96%	100%	
Gross carrying amount	\$ 16,477	\$ 335	\$ 139	\$ 75	\$ 50	\$ 48	\$ 606	\$ 17,730
Loss allowance (Lifetime ECL)	(51)	(24)	(34)	(31)	(33)	(34)	(606)	(813)
Amortized cost	\$ 16,426	\$ 311	\$ 105	\$ 44	\$ 17	\$ 14	\$ -	\$ 16,917
Project business								
Expected credit loss rate (Note b)	0%-5%	5%	10%	30%	50%	80%	100%	
Gross carrying amount	\$ 5,548	\$ 44	\$ 83	\$ 3	\$ 1	\$ -	\$ 280	\$ 5,959
Loss allowance (Lifetime ECL)	(3)	(2)	(8)	(1)	(1)	-	(280)	(295)
Amortized cost	\$ 5,545	\$ 42	\$ 75	\$ 2	\$ -	\$ -	\$ -	\$ 5,664

Note a: Please refer to Note 44 for the information of disaggregation of telecommunications service revenue. The expected credit loss rate applicable to different business revenue varies so as to reflect the risk level indicating by factors like historical experience.

Note b: The project business has different loss types according to the customer types. The expected credit loss rate listed above is for general customers. When the customer is a government-affiliated entity, it is anticipated that there will not be an instance of credit loss. Customers with past history of bounced checks or accounts receivable exceeding six months overdue are classified as high-risk customers, with an expected credit loss rate of 50%, increasing by period as the days overdue increase.

Movements of loss allowance for trade notes and accounts receivable were as follows:

	Year Ended December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Beginning balance	\$ 1,365	\$ 1,102
Add: Provision for credit loss	128	179
Less: Amounts written off	<u>(391)</u>	<u>(138)</u>
Ending balance	<u>\$ 1,102</u>	<u>\$ 1,143</u>

12. INVENTORIES

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Merchandise	\$ 4,340	\$ 4,874
Project in process	4,771	4,564
Work in process	74	269
Raw materials	<u>221</u>	<u>222</u>
	9,406	9,929
Land held under development	1,999	1,999
Construction in progress	<u>116</u>	<u>159</u>
	<u>\$ 11,521</u>	<u>\$ 12,087</u>

The operating costs related to inventories were \$49,544 million, \$53,814 million and \$52,856 million for the years ended December 31, 2022, 2023 and 2024, respectively.

For the years ended December 31, 2022, 2023 and 2024, valuation loss on inventories recognized as operating costs included the amounts of \$34 million, \$23 million and \$60 million, respectively.

As of December 31, 2023 and 2024, inventories of \$2,115 million and \$2,158 million, respectively, were expected to be realized from the sale after more than twelve months. The aforementioned amount of inventories is related to property development owned by LED.

Land held under development and construction in progress was mainly developed by LED for Qingshan Sec., Dayuan Dist., Taoyuan City project. The Board of Directors of LED resolved to sign a joint construction and separate sale contract with Farglory Land Development Co., Ltd. in June 2021. LED entrusts Land Bank of Taiwan to execute fund control and property right management for the land held under development.

Construction in progress also included the Datong S. Sec., Sanchong Dist., New Taipei City project. The Board of Directors of Chunghwa resolved to sign a joint construction with separate sale and partition contract with LED in August 2021. Chunghwa classified the land of the project as investment properties.

Regarding the aforementioned two projects, the Company has signed the house and land presale contracts with customers and has received payments in accordance with the contracts. Please refer to Notes 31 and 42 for details.

13. PREPAYMENTS

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Prepayments for leases - satellite (Note 42)	\$ 1,729	\$ 3,129
Prepaid rents	2,143	1,762
Others	<u>2,298</u>	<u>2,708</u>
	<u>\$ 6,170</u>	<u>\$ 7,599</u>
Current		
Prepaid rents	\$ 581	\$ 497
Others	<u>2,259</u>	<u>2,641</u>
	<u>\$ 2,840</u>	<u>\$ 3,138</u>
Noncurrent		
Prepayments for leases - satellite (Note 42)	\$ 1,729	\$ 3,129
Prepaid rents	1,562	1,265
Others	<u>39</u>	<u>67</u>
	<u>\$ 3,330</u>	<u>\$ 4,461</u>

Prepaid rents comprised the prepayments from the lease agreements applying the recognition exemption and the prepayments for leases that do not meet the definition of leases under IFRS 16.

14. OTHER CURRENT MONETARY ASSETS

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Time deposits, negotiable certificates of deposit and commercial paper with maturities of more than three months	\$ 18,573	\$ 21,680
Accrued custodial receipts	893	725
Others	<u>886</u>	<u>1,003</u>
	<u>\$ 20,352</u>	<u>\$ 23,408</u>

The annual yield rates of time deposits, negotiable certificates of deposit and commercial paper with maturities of more than three months at the balance sheet dates were as follows:

	December 31	
	2023	2024
Time deposits, negotiable certificates of deposit and commercial paper with maturities of more than three months	0.03%-5.54%	0.03%-5.10%

15. SUBSIDIARIES

a. Information on subsidiaries with material noncontrolling interests

The table below shows details of less than wholly owned subsidiaries of the Company that have material noncontrolling interests:

Subsidiaries	Place of Incorporation and Principal Place of Business	Proportion of Ownership Interests and Voting Rights Held by Noncontrolling Interests December 31	
		2023	2024
SENAO	Taiwan	72%	72%
CHPT	Taiwan	66%	66%

	Profit Allocated to Noncontrolling Interests Year Ended December 31			Accumulated Noncontrolling Interests December 31	
	2022	2023	2024	2023	2024
	NT\$	NT\$	NT\$	NT\$	NT\$
	(In Millions)				
SENAO	\$ 462	\$ 510	\$ 353	\$ 4,533	\$ 4,549
CHPT	\$ 496	\$ 15	\$ 295	4,994	5,289
Individually immaterial subsidiaries with noncontrolling interests				2,905	3,142
				\$ 12,432	\$ 12,980

Summarized financial information in respect of SENAO and its subsidiaries that has material noncontrolling interests is set out below. The summarized financial information below represented amounts before intercompany eliminations.

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Current assets	\$ 6,540	\$ 6,738
Noncurrent assets	\$ 3,141	\$ 3,522
Current liabilities	\$ 2,982	\$ 3,582
Noncurrent liabilities	\$ 459	\$ 416
Equity attributable to the parent	\$ 1,707	\$ 1,713
Equity attributable to noncontrolling interests	\$ 4,533	\$ 4,549

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Revenues and income	\$ 31,602	\$ 31,675	\$ 32,503
Costs and expenses	<u>30,958</u>	<u>30,964</u>	<u>32,012</u>
Profit for the year	<u>\$ 644</u>	<u>\$ 711</u>	<u>\$ 491</u>
Profit attributable to the parent	\$ 182	\$ 201	\$ 138
Profit attributable to noncontrolling interests	<u>462</u>	<u>510</u>	<u>353</u>
Profit for the year	<u>\$ 644</u>	<u>\$ 711</u>	<u>\$ 491</u>
Other comprehensive income (loss) attributable to the parent	\$ 11	\$ (9)	\$ 11
Other comprehensive income (loss) attributable to noncontrolling interests	<u>26</u>	<u>(23)</u>	<u>30</u>
Other comprehensive income (loss) for the year	<u>\$ 37</u>	<u>\$ (32)</u>	<u>\$ 41</u>
Total comprehensive income attributable to the parent	\$ 192	\$ 192	\$ 149
Total comprehensive income attributable to noncontrolling interests	<u>488</u>	<u>487</u>	<u>383</u>
Total comprehensive income for the year	<u>\$ 680</u>	<u>\$ 679</u>	<u>\$ 532</u>
Net cash flow from operating activities	\$ (329)	\$ 1,146	\$ 904
Net cash flow from investing activities	36	36	(356)
Net cash flow from financing activities	(826)	(873)	(819)
Effect of exchange rate changes on cash and cash equivalents	<u>1</u>	<u>-</u>	<u>-</u>
Net cash inflow (outflow)	<u>\$ (1,118)</u>	<u>\$ 309</u>	<u>\$ (271)</u>
Dividends paid to noncontrolling interests	<u>\$ 371</u>	<u>\$ 408</u>	<u>\$ 371</u>

Summarized financial information in respect of CHPT and its subsidiaries that has material noncontrolling interests is set out below. The summarized financial information below represented amounts before intercompany eliminations.

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Current assets	<u>\$ 3,773</u>	<u>\$ 4,936</u>
Noncurrent assets	<u>\$ 4,499</u>	<u>\$ 4,222</u>
Current liabilities	<u>\$ 677</u>	<u>\$ 1,102</u>
Noncurrent liabilities	<u>\$ 23</u>	<u>\$ 21</u>

(Continued)

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Equity attributable to CHI	\$ 2,578	\$ 2,746
Equity attributable to noncontrolling interests	\$ 4,994	\$ 5,289
		(Concluded)

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Revenues and income	\$ 4,434	\$ 2,941	\$ 3,670
Costs and expenses	<u>3,673</u>	<u>2,905</u>	<u>3,207</u>
Profit for the year	<u>\$ 761</u>	<u>\$ 36</u>	<u>\$ 463</u>
Profit attributable to CHI	\$ 265	\$ 21	\$ 168
Profit attributable to noncontrolling interests	<u>496</u>	<u>15</u>	<u>295</u>
Profit for the year	<u>\$ 761</u>	<u>\$ 36</u>	<u>\$ 463</u>
Other comprehensive income (loss) attributable to CHI	\$ 5	\$ (1)	\$ 6
Other comprehensive income (loss) attributable to noncontrolling interests	<u>7</u>	<u>(2)</u>	<u>10</u>
Other comprehensive income (loss) for the year	<u>\$ 12</u>	<u>\$ (3)</u>	<u>\$ 16</u>
Total comprehensive income attributable to CHI	\$ 270	\$ 20	\$ 174
Total comprehensive income attributable to noncontrolling interests	<u>503</u>	<u>13</u>	<u>305</u>
Total comprehensive income for the year	<u>\$ 773</u>	<u>\$ 33</u>	<u>\$ 479</u>
Net cash flow from operating activities	\$ 1,401	\$ 325	\$ 616
Net cash flow from investing activities	(1,011)	(244)	(188)
Net cash flow from financing activities	(388)	(409)	(43)
Effect of exchange rate changes on cash and cash equivalents	<u>8</u>	<u>(2)</u>	<u>15</u>
Net cash inflow (outflow)	<u>\$ 10</u>	<u>\$ (330)</u>	<u>\$ 400</u>
Dividends paid to noncontrolling interests	<u>\$ 293</u>	<u>\$ 253</u>	<u>\$ 11</u>

b. Equity transactions with noncontrolling interests

Chunghwa did not participate in the capital increase of CHST in November 2022. Therefore, the Company's ownership interest in CHST decreased.

CHIEF issued new shares in March 2022, December 2022, December 2023 and December 2024 as its employees exercised options. Therefore, the Company's ownership interest in CHIEF decreased. See Note 35(a) for details.

CHTSC issued new shares in February 2022, May 2022, February 2023, May 2023, January 2024, March 2024 and December 2024 as its employees exercised options. In addition, Chunghwa disposed of some shares of CHTSC in August 2024 before CHTSC traded its shares on the emerging stock market according to the local requirements. Therefore, the Company's ownership interest in CHTSC decreased. See Note 35(b) for details.

IISI purchased shares of UTC in August 2023. Therefore, the Company's ownership interest in UTC increased. Chunghwa disposed of some shares of IISI in August 2024 before IISI traded its shares on the emerging stock market according to the local requirements. Therefore, the Company's ownership interest in IISI decreased.

CLPT issued new shares in May 2023 and July 2024 as its employees exercised options. Therefore, the Company's ownership interest in CLPT decreased. See Note 35(c) for details.

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

The detailed information of the equity transactions for the years ended December 31, 2022, 2023 and 2024 was as follows:

	Year Ended December 31, 2022		
	CHIEF Share-Based Payment	CHTSC Share-Based Payment	Chunghwa Not Proportionately Participating in the Capital Increase of CHST
	NT\$	NT\$	NT\$
		(In Millions)	
Cash consideration received from noncontrolling interests	\$ 39	\$ 35	\$ 15
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to noncontrolling interests	<u>(17)</u>	<u>(30)</u>	<u>(10)</u>
Differences arising from equity transactions	<u>\$ 22</u>	<u>\$ 5</u>	<u>\$ 5</u>
<u>Line items for equity transaction adjustments</u>			
Additional paid-in capital - arising from changes in equities of subsidiaries	<u>\$ 22</u>	<u>\$ 5</u>	<u>\$ 5</u>

Year Ended December 31, 2023				
	CHIEF Share-Based Payment	CHTSC Share-Based Payment	CLPT Share-Based Payment	Purchasing UTC shares
Cash consideration received from (paid to) noncontrolling interests(Note)	\$ 8	\$ 15	\$ 1	\$ -
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from (to) noncontrolling interests	(2)	(13)	(1)	-
Differences arising from equity transactions	<u>\$ 6</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Line items for equity transaction adjustments</u>				
Additional paid-in capital - arising from the difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Additional paid-in capital - arising from changes in equities of subsidiaries	<u>\$ 6</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>

Year Ended December 31, 2024					
	CHIEF Share-Based Payment	CHTSC Share-Based Payment	CLPT Share-Based Payment	Disposal of CHTSC Shares	Disposal of IISI Shares
Cash consideration received from noncontrolling interests (Note)	\$ 14	\$ 14	\$ 9	\$ 207	\$ 52
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to noncontrolling interests	(10)	(14)	(13)	(19)	(16)
Differences arising from equity transactions	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ (4)</u>	<u>\$ 188</u>	<u>\$ 36</u>

(Continued)

	Year Ended December 31, 2024				
	CHIEF Share-Based Payment	CHTSC Share-Based Payment	CLPT Share-Based Payment	Disposal of CHTSC Shares	Disposal of HSI Shares
<u>Line items for equity transaction adjustments</u>					
Additional paid-in capital - arising from the difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	\$ -	\$ -	\$ -	\$ 188	\$ 36
Additional paid-in capital - arising from changes in equities of subsidiaries	\$ 4	\$ -	\$ (4)	\$ -	\$ -
					(Continued)

Note: The proceeds from the new shares issued in February 2023 and January 2024 by CHTSC have been received in advance in December 2022 and December 2023, respectively.

16. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Investments in associates	\$ 8,243	\$ 8,870
Investment in joint venture	9	9
	<u>\$ 8,252</u>	<u>\$ 8,879</u>

a. Investments in associates

Investments in associates were as follows:

	Carrying Amount December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	

Material associate

Non-listed

Next Commercial Bank Co., Ltd. ("NCB")	\$ 4,293	\$ 3,951
		(Continued)

Carrying Amount	
December 31	
2023	2024
NT\$	NT\$
(In Millions)	

Associates that are not individually material

Listed

Senao Networks, Inc. ("SNI")	\$ 1,409	\$ 1,849
KingwayTek Technology Co., Ltd. ("KWT")	229	242

Non-listed

Viettel-CHT Co., Ltd. ("Viettel-CHT")	543	573
Taiwan International Standard Electronics Co., Ltd. ("TISE")	309	373
ST-2 Satellite Ventures Pte., Ltd. ("STS")	285	313
Taiwania Hive Technology Fund L.P. ("TWTF")	-	276
WiAdvance Technology Corporation ("WATC")	212	274
Chunghwa PChome Fund I Co., Ltd. ("CPFI")	258	253
So-net Entertainment Taiwan Limited ("So-net")	226	193
KKBOX Taiwan Co., Ltd. ("KKBOXTW")	165	151
Taiwan International Ports Logistics Corporation ("TIPL")	120	132
Porrma Inc. ("PORRIMA")	-	78
CHT Infinity Singapore Pte., Ltd. ("CISG")	57	61
Imedtac Co., Ltd. ("IME")	47	57
Click Force Co., Ltd. ("CF")	42	51
AgriTalk Technology Inc. ("ATT")	31	26
Baohwa Trust Co., Ltd. ("BHT")	10	12
Cornerstone Ventures Co., Ltd. ("CVC")	7	5
	<u>\$ 8,243</u>	<u>\$ 8,870</u>
		(Concluded)

The percentages of ownership interests and voting rights in associates held by the Company as of balance sheet dates were as follows:

% of Ownership Interests and Voting Rights	
December 31	
2023	2024

Material associate

Non-listed

Next Commercial Bank Co., Ltd. ("NCB")	46	46
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Associates that are not individually material

Listed

Senao Networks, Inc. ("SNI")	34	33
KingwayTek Technology Co., Ltd. ("KWT")	23	23
		(Continued)

	% of Ownership Interests and Voting Rights	
	December 31	
	2023	2024
<u>Non-listed</u>		
Viettel-CHT Co., Ltd. (“Viettel-CHT”)	30	30
Taiwan International Standard Electronics Co., Ltd. (“TISE”)	40	40
ST-2 Satellite Ventures Pte., Ltd. (“STS”)	38	38
Taiwania Hive Technology Fund L.P. (“TWTF”)	-	42
WiAdvance Technology Corporation (“WATC”)	19	16
Chunghwa PChome Fund I Co., Ltd. (“CPFI”)	50	50
So-net Entertainment Taiwan Limited (“So-net”)	30	30
KKBOX Taiwan Co., Ltd. (“KKBOXTW”)	30	30
Taiwan International Ports Logistics Corporation (“TIPL”)	27	27
Porrina Inc. (“PORRIMA”)	-	10
CHT Infinity Singapore Pte., Ltd. (“CISG”)	40	40
Imedtac Co., Ltd. (“IME”)	7	10
Click Force Co., Ltd. (“CF”)	49	49
AgriTalk Technology Inc. (“ATT”)	29	29
Baohwa Trust Co., Ltd. (“BHT”)	25	25
Cornerstone Ventures Co., Ltd. (“CVC”)	49	49
		(Concluded)

Summarized financial information of NCB was set out below:

	December 31		
	2023	2024	
	NT\$	NT\$	
	(In Millions)		
Assets	\$ 37,431	\$ 48,637	
Liabilities	<u>(28,084)</u>	<u>(40,043)</u>	
Equity	<u>\$ 9,347</u>	<u>\$ 8,594</u>	
The percentage of ownership interest held by the Company	46.26%	46.26%	
Equity attributable to the Company	\$ 4,324	\$ 3,975	
Unrealized gain or loss from downstream transactions	<u>(31)</u>	<u>(24)</u>	
The carrying amount of investment	<u>\$ 4,293</u>	<u>\$ 3,951</u>	
	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Net revenues (losses)	<u>\$ (47)</u>	<u>\$ 10</u>	<u>\$ 314</u>
Net loss for the year	\$ (1,004)	\$ (969)	\$ (747)
Other comprehensive income (loss)	<u>(10)</u>	<u>14</u>	<u>(6)</u>
Total comprehensive loss for the year	<u>\$ (1,014)</u>	<u>\$ (955)</u>	<u>\$ (753)</u>

Except for NCB, no associate is considered individually material to the Company. Summarized financial information of associates that are not individually material to the Company was as follows:

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
The Company's share of profits	\$ 868	\$ 647	\$ 494
The Company's share of other comprehensive income (loss)	<u>13</u>	<u>(23)</u>	<u>40</u>
The Company's share of total comprehensive income	<u>\$ 881</u>	<u>\$ 624</u>	<u>\$ 534</u>

The Level 1 fair values of associates based on the closing market prices as of the balance sheet dates were as follows:

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
SNI	<u>\$ 4,062</u>	<u>\$ 3,838</u>
KWT	<u>\$ 988</u>	<u>\$ 897</u>

The Company invested and obtained 50% ownership interest in CPFI. However, as the Company has only two out of five seats of the Board of Directors of CPFI, the Company has no control but significant influence over CPFI. Therefore, the Company recognized CPFI as an investment in associate.

The Company subscribed for all the shares in the capital increase of ATT at the amount of \$32 million in November 2022. Therefore, the Company's ownership interest in ATT increased to 29.33% as of December 31, 2022.

STS reduces its capital in April 2022 and the Company received \$340 million from capital reduction. The Company's ownership interest in STS remained the same.

CVC was approved to end and dissolve its business in November 2024. The liquidation of CVC is still in process. The Company invested and obtained 49% ownership interest in CVC. However, as the Company has only two out of five seats of the Board of Directors of CVC, the Company has no control but significant influence over CVC. Therefore, the Company recognized CVC as an investment in associate.

The Company increased its investment in IME proportionally at the amount of \$11 million in December 2023, and increased its investment in IME in higher proportion to the original shareholder percentage at the amount of \$32 million in April 2024, respectively. Therefore, the Company's ownership interest in IME increased to 10.00% as of December 31, 2024. As the Company continues to control one out of five seats of the Board of Directors of IME, the Company has significant influence over IME.

The Company did not participate in the capital increase of WATC in January 2024. WATC issued new shares in March 2022, October 2022, April 2023, September 2023, December 2023, March 2024 and September 2024 as its employees exercised option. Therefore, the Company's ownership interest in WATC decreased to 20.05%, 19.22% and 16.24% as of December 31, 2022, December 31, 2023, and December 31, 2024, respectively. However, as the Company continues to control

one out of five seats of the Board of Directors of WATC, the Company has significant influence over WATC.

The Company invested \$20 million and obtained 40.00% ownership interest in BHT in March 2022. BHT mainly engages in VR integration and AIoT security services. The Company did not participate in the capital increase of BHT in September 2023. Therefore, the Company's ownership interest in BHT decreased to 25.00%.

The Company's ownership interest in NCB was originally 41.90%. NCB reduced 26.43% of its capital to offset accumulated deficits and increased its capital in December 2023. The Company increased its investment in NCB in higher proportion to the original shareholder percentage at the amount of \$1,544 million. Therefore, the Company's ownership interest in NCB increased to 46.26% as of December 31, 2023. Although Chunghwa is the single largest stockholder of NCB, it only obtained six out of fifteen seats of the Board of Directors of NCB. In addition, the management considered the size of ownership interest and the dispersion of shares owned by the other stockholders, other holdings are not extremely dispersed. Chunghwa is not able to direct its relevant activities. Therefore, Chunghwa does not have control over NCB and merely has significant influence over NCB and treats it as an associate.

KWT transferred its treasury stock repurchased from December 2019 to February 2020 to employees in October 2024. Therefore, the Company's ownership interest in KWT decreased to 22.58% as of December 31, 2024.

The Company increased its investment in SNI in lower proportion to the original shareholder percentage at the amount of \$376 million in October 2024. Therefore, the Company's ownership interest in SNI decreased to 33.16% as of December 31, 2024.

Chunghwa's Board of Directors approved an investment in TWTF at the amount of USD 30 million in February 2024. The Company initially invested \$288 million (USD 9 million) in August 2024 and obtained 41.75% ownership interest in TWTF. TWTF mainly engages in investment.

The Company participated in the capital increase of PORRIMA at the amount of \$80 million in May 2024 and obtained 10.00% ownership interest. PORRIMA mainly engages in designing and selling zero-emission ships. As the Company has one out of five seats of the Board of Directors of PORRIMA, the Company has significant influence over PORRIMA.

The Company's share of profits and other comprehensive income (loss) of associates was recognized based on the audited financial statements.

b. Investment in joint venture

Investment in joint venture was as follows:

Name of Joint Venture	Carrying Amount		% of Ownership Interests and Voting Rights	
	December 31		December 31	
	2023	2024	2023	2024
<u>Non-listed</u>				
Chunghwa SEA Holdings ("CHT SEA")	\$ <u>9</u>	\$ <u>9</u>	51	51

The Company invested and established a joint venture, CHT SEA, with Delta Electronics, Inc. and Kwang Hsing Industrial Co., Ltd. and obtained 51% ownership interest of CHT SEA. However, according to the mutual agreements among stockholders, the Company does not individually direct

CHT SEA's relevant activities and has joint control with the other party; therefore, the Company treated CHT SEA as a joint venture.

The joint venture is not considered individually material to the Company. Summarized financial information of CHT SEA was set out below:

	Year Ended December 31		
	2022 NT\$	2023 NT\$	2024 NT\$
	(In Millions)		
The Company's share of loss	\$ -	\$ -	\$ -
The Company's share of other comprehensive income	-	-	-
The Company's share of total comprehensive loss	\$ -	\$ -	\$ -

The above amounts are less than one million and not zero.

The Company's share of loss and other comprehensive income of the joint venture was recognized based on the audited financial statements.

17. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2023 NT\$	2024 NT\$
	(In Millions)	
Assets used by the Company	\$ 285,085	\$ 284,715
Assets subject to operating leases	7,253	5,125
	<u>\$ 292,338</u>	<u>\$ 289,840</u>

a. Assets used by the Company

	Land NT\$	Land Improvements NT\$	Buildings NT\$	Computer Equipment NT\$	Telecommuni- cations Equipment NT\$	Transportation Equipment NT\$	Miscellaneous Equipment NT\$	Construction in Progress and Equipment to be Accepted NT\$	Total NT\$
	(In Millions)								
<u>Cost</u>									
Balance on January 1, 2022	\$ 102,645	\$ 1,662	\$ 71,358	\$ 11,217	\$ 713,534	\$ 3,927	\$ 10,809	\$ 10,786	\$ 925,938
Additions	460	-	133	102	149	1	253	30,167	31,265
Disposal	(4)	(6)	(7)	(808)	(18,395)	(104)	(392)	-	(19,716)
Effect of foreign exchange differences	-	-	-	-	209	-	4	19	232
Others	563	19	1,046	578	24,571	147	794	(26,545)	1,173
Balance on December 31, 2022	\$ 103,664	\$ 1,675	\$ 72,530	\$ 11,089	\$ 770,068	\$ 3,971	\$ 11,468	\$ 14,427	\$ 938,892
<u>Accumulated depreciation and impairment</u>									
Balance on January 1, 2022	\$ -	\$ (1,442)	\$ (30,578)	\$ (9,632)	\$ (590,533)	\$ (3,699)	\$ (8,205)	\$ -	\$ (644,089)
Depreciation expenses	-	(39)	(1,452)	(725)	(25,654)	(77)	(754)	-	(28,701)
Disposal	-	7	7	807	18,382	104	388	-	19,695
Effect of foreign exchange differences	-	-	-	-	(110)	-	(2)	-	(112)
Others	-	-	(240)	(4)	(42)	(1)	(69)	-	(356)
Balance on December 31, 2022	\$ -	\$ (1,474)	\$ (32,263)	\$ (9,554)	\$ (597,957)	\$ (3,673)	\$ (8,642)	\$ -	\$ (653,563)
Balance on December 31, 2022, net	\$ 103,664	\$ 201	\$ 40,267	\$ 1,535	\$ 122,111	\$ 298	\$ 2,826	\$ 14,427	\$ 285,329

(Continued)

	Land NT\$	Land Improvements NT\$	Buildings NT\$	Computer Equipment NT\$	Telecommuni- cations Equipment NT\$ (In Millions)	Transportation Equipment NT\$	Miscellaneous Equipment NT\$	Construction in Progress and Equipment to be Accepted NT\$	Total NT\$
<u>Cost</u>									
Balance on January 1, 2023	\$ 103,664	\$ 1,675	\$ 72,530	\$ 11,089	\$ 720,068	\$ 3,971	\$ 11,468	\$ 14,427	\$ 938,892
Additions	99	-	36	127	106	3	243	29,780	30,394
Disposal	(2)	-	(1)	(1,049)	(24,877)	(112)	(418)	-	(26,459)
Effect of foreign exchange differences	-	-	-	-	(5)	-	(3)	-	(8)
Others	(876)	34	(810)	878	26,143	188	801	(28,270)	(1,912)
Balance on December 31, 2023	\$ 102,885	\$ 1,709	\$ 71,755	\$ 11,045	\$ 721,435	\$ 4,050	\$ 12,091	\$ 15,937	\$ 940,907
<u>Accumulated depreciation and impairment</u>									
Balance on January 1, 2023	\$ -	\$ (1,474)	\$ (32,263)	\$ (9,554)	\$ (597,957)	\$ (3,673)	\$ (8,642)	\$ -	\$ (653,563)
Depreciation expenses	-	(34)	(1,439)	(698)	(25,704)	(94)	(797)	-	(28,766)
Disposal	-	-	-	1,049	24,867	113	411	-	26,440
Impairment losses	-	-	-	-	(299)	-	-	-	(299)
Effect of foreign exchange differences	-	-	-	-	5	-	1	-	6
Others	-	-	418	(18)	(43)	(1)	4	-	360
Balance on December 31, 2023	\$ -	\$ (1,508)	\$ (33,284)	\$ (9,221)	\$ (599,131)	\$ (3,655)	\$ (9,023)	\$ -	\$ (655,822)
Balance on December 31, 2023, net	\$ 102,885	\$ 201	\$ 38,471	\$ 1,824	\$ 122,304	\$ 395	\$ 3,068	\$ 15,937	\$ 285,085
<u>Cost</u>									
Balance on January 1, 2024	\$ 102,885	\$ 1,709	\$ 71,755	\$ 11,045	\$ 721,435	\$ 4,050	\$ 12,091	\$ 15,937	\$ 940,907
Additions	-	-	176	25	321	4	139	27,910	28,575
Disposal	-	-	(18)	(1,240)	(27,010)	(154)	(506)	-	(28,928)
Effect of foreign exchange differences	-	-	-	-	167	-	9	16	192
Others	(539)	40	2,265	619	23,440	284	947	(27,290)	(234)
Balance on December 31, 2024	\$ 102,346	\$ 1,749	\$ 74,178	\$ 10,449	\$ 718,353	\$ 4,184	\$ 12,680	\$ 16,573	\$ 940,512
<u>Accumulated depreciation and impairment</u>									
Balance on January 1, 2024	\$ -	\$ (1,508)	\$ (33,284)	\$ (9,221)	\$ (599,131)	\$ (3,655)	\$ (9,023)	\$ -	\$ (655,822)
Depreciation expenses	-	(36)	(1,467)	(747)	(25,434)	(128)	(830)	-	(28,642)
Disposal	-	-	17	1,240	27,003	153	485	-	28,898
Effect of foreign exchange differences	-	-	-	-	(105)	-	(5)	-	(110)
Others	-	-	12	2	(7)	-	(128)	-	(121)
Balance on December 31, 2024	\$ -	\$ (1,544)	\$ (34,722)	\$ (8,726)	\$ (597,674)	\$ (3,630)	\$ (9,501)	\$ -	\$ (655,797)
Balance on December 31, 2024, net	\$ 102,346	\$ 205	\$ 39,456	\$ 1,723	\$ 120,679	\$ 554	\$ 3,179	\$ 16,573	\$ 284,715

(Concluded)

There was no indication that property, plant and equipment was impaired; therefore, the Company did not recognize any impairment loss for the years ended December 31, 2022 and 2024.

After the evaluation of certain telecommunications equipment, the Company determined that the recoverable amount of such assets was nil because the telecommunications service provided by 3G network would be discontinued in 2024; therefore, the Company recognized an impairment loss of \$299 million for the year ended December 31, 2023. The aforementioned impairment loss was included in other income and expenses in the statements of comprehensive income.

Depreciation expense for assets used by the Company is computed using the straight-line method over the following estimated service lives:

Land improvements	10-30 years
Buildings	
Main buildings	20-60 years
Other building facilities	3-15 years
Computer equipment	2-8 years
Telecommunications equipment	
Telecommunication circuits	2-30 years
Telecommunication machinery and antennas equipment	2-30 years
Transportation equipment	2-10 years
Miscellaneous equipment	
Leasehold improvements	1-18 years
Mechanical and air conditioner equipment	3-16 years
Others	1-15 years

b. Assets subject to operating leases

	Land NT\$	Buildings NT\$ (In Millions)	Total NT\$
<u>Cost</u>			
Balance on January 1, 2022	\$ 4,809	\$ 4,134	\$ 8,943
Additions	-	-	-
Others	<u>(433)</u>	<u>(949)</u>	<u>(1,382)</u>
Balance on December 31, 2022	<u>\$ 4,376</u>	<u>\$ 3,185</u>	<u>\$ 7,561</u>
<u>Accumulated depreciation and impairment</u>			
Balance on January 1, 2022	\$ -	\$ (1,692)	\$ (1,692)
Depreciation expenses	-	(59)	(59)
Others	<u>-</u>	<u>389</u>	<u>389</u>
Balance on December 31, 2022	<u>\$ -</u>	<u>\$ (1,362)</u>	<u>\$ (1,362)</u>
Balance on December 31, 2022, net	<u>\$ 4,376</u>	<u>\$ 1,823</u>	<u>\$ 6,199</u>
<u>Cost</u>			
Balance on January 1, 2023	\$ 4,376	\$ 3,185	\$ 7,561
Additions	-	4	4
Others	<u>548</u>	<u>942</u>	<u>1,490</u>
Balance on December 31, 2023	<u>\$ 4,924</u>	<u>\$ 4,131</u>	<u>\$ 9,055</u>
<u>Accumulated depreciation and impairment</u>			
Balance on January 1, 2023	\$ -	\$ (1,362)	\$ (1,362)
Depreciation expenses	-	(73)	(73)
Others	<u>-</u>	<u>(367)</u>	<u>(367)</u>
Balance on December 31, 2023	<u>\$ -</u>	<u>\$ (1,802)</u>	<u>\$ (1,802)</u>
Balance on December 31, 2023, net	<u>\$ 4,924</u>	<u>\$ 2,329</u>	<u>\$ 7,253</u>
<u>Cost</u>			
Balance on January 1, 2024	\$ 4,924	\$ 4,131	\$ 9,055
Additions	-	1	1
Others	<u>(1,820)</u>	<u>(394)</u>	<u>(2,214)</u>
Balance on December 31, 2024	<u>\$ 3,104</u>	<u>\$ 3,738</u>	<u>\$ 6,842</u>
<u>Accumulated depreciation and impairment</u>			
Balance on January 1, 2024	\$ -	\$ (1,802)	\$ (1,802)
Depreciation expenses	-	(65)	(65)
Others	<u>-</u>	<u>150</u>	<u>150</u>
Balance on December 31, 2024	<u>\$ -</u>	<u>\$ (1,717)</u>	<u>\$ (1,717)</u>
Balance on December 31, 2024, net	<u>\$ 3,104</u>	<u>\$ 2,021</u>	<u>\$ 5,125</u>

The Company leases out land and buildings with lease terms between 1 to 20 years. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The future aggregate lease collection under operating lease for the freehold plant, property and equipment was as follows:

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Year 1	\$ 381	\$ 305
Year 2	279	198
Year 3	221	122
Year 4	176	92
Year 5	146	62
Onwards	<u>1,025</u>	<u>137</u>
	<u>\$ 2,228</u>	<u>\$ 916</u>

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

Buildings	
Main buildings	35-60 years
Other building facilities	3-15 years

18. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Land and buildings		
Handsets base stations	\$ 7,577	\$ 7,648
Others	1,754	1,564
Equipment	<u>1,907</u>	<u>1,700</u>
	<u>\$ 11,238</u>	<u>\$ 10,912</u>

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Additions to right-of-use assets	<u>\$ 4,369</u>	<u>\$ 4,415</u>	<u>\$ 4,092</u>
Depreciation charge for right-of-use assets			
Land and buildings			
Handsets base stations	\$ 2,863	\$ 2,939	\$ 3,009
Others	770	787	805
Equipment	<u>349</u>	<u>346</u>	<u>354</u>
	<u>\$ 3,982</u>	<u>\$ 4,072</u>	<u>\$ 4,168</u>

The Company did not have significant sublease or impairment of right-of-use assets for the years ended December 31, 2022, 2023 and 2024.

b. Lease liabilities

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Lease liabilities		
Current	\$ 3,505	\$ 3,558
Noncurrent	<u>7,470</u>	<u>7,334</u>
	<u>\$ 10,975</u>	<u>\$ 10,892</u>

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2023	2024
Land and buildings		
Handsets base stations	0.37%-1.84%	0.37%-2.00%
Others	0.37%-9.00%	0.37%-9.00%
Equipment	0.37%-3.50%	0.37%-3.50%

c. Important lease-in activities and terms

The Company mainly enters into lease-in agreements of land and buildings for handsets base stations located throughout Taiwan with lease terms ranging from 1 to 20 years. The lease agreements do not contain bargain purchase options to acquire the assets at the expiration of the respective leases. For majority of the lease-in agreements on handsets base station, the Company has the right to terminate the agreement prior to the expiration date if the Company is unable to build the required telecommunication equipment, either due to legal restrictions, controversial events, or other events.

The Company also leases land and buildings for the use of offices, server rooms, and stores with lease terms from 1 to 30 years. Most of the lease agreements for national land adjust the lease payment according to the changes of the announced land values by the authority. At the expiry of the lease term, the Company does not have bargain purchase options to acquire the assets.

The lease agreements for equipment include a contract between Chunghwa and ST-2 Satellite Ventures Pte., Ltd. to lease capacity on the ST-2 satellite. For the information of lease agreements with related parties, please refer to Note 40.

d. Other lease information

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Expenses relating to low-value asset leases	\$ <u>9</u>	\$ <u>9</u>	\$ <u>10</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ <u>8</u>	\$ <u>8</u>	\$ <u>7</u>
Total cash outflow for leases	\$ <u>3,869</u>	\$ <u>4,006</u>	\$ <u>4,089</u>

The Company leases certain equipment which qualifies as low-value asset leases. The Company has elected to apply the recognition exemption and, thus, not to recognize right-of-use assets and lease liabilities for these leases.

Lease-out arrangements under operating leases for freehold property, plant, and equipment and investment properties were set out in Notes 17 and 19.

19. INVESTMENT PROPERTIES

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Carrying amount		
Investment properties	\$ <u>9,805</u>	\$ <u>12,302</u>
		Investment
		Properties
		NT\$
		(In Millions)
<u>Cost</u>		
Balance on January 1, 2022		\$ 10,663
Additions		18
Reclassification		<u>99</u>
Balance on December 31, 2022		\$ <u>10,780</u>
<u>Accumulated depreciation and impairment</u>		
Balance on January 1, 2022		\$ (1,000)
Depreciation expense		(44)
Reversal of impairment loss		107
Reclassification		<u>(39)</u>
Balance on December 31, 2022		\$ <u>(976)</u>
Balance on December 31, 2022, net		\$ <u>9,804</u>
<u>Cost</u>		
Balance on January 1, 2023		\$ 10,780
Additions		54
Reclassification		<u>328</u>
Balance on December 31, 2023		\$ <u>11,162</u>

(Continued)

**Investment
Properties**
NT\$
(In Millions)

Accumulated depreciation and impairment

Balance on January 1, 2023	\$ (976)
Depreciation expense	(45)
Impairment loss	<u>(336)</u>
Balance on December 31, 2023	<u>\$ (1,357)</u>
Balance on December 31, 2023, net	<u>\$ 9,805</u>

Cost

Balance on January 1, 2024	\$ 11,162
Additions	4
Reclassification	<u>2,427</u>
Balance on December 31, 2024	<u>\$ 13,593</u>

Accumulated depreciation and impairment

Balance on January 1, 2024	\$ (1,357)
Depreciation expense	(45)
Reversal of impairment loss	139
Reclassification	<u>(28)</u>
Balance on December 31, 2024	<u>\$ (1,291)</u>
Balance on December 31, 2024, net	<u>\$ 12,302</u> (Concluded)

After the evaluation of land and buildings by comparing the recoverable amount which represented the fair value less costs of disposal with the carrying amount, the Company recognized reversal of impairment losses of \$107 million and \$139 million for the years ended December 31, 2022 and 2024, respectively, and an impairment loss of \$336 million for the year ended December 31, 2023. The impairment loss and the reversal of impairment loss were included in “other income and expenses” in the consolidated statements of comprehensive income.

Depreciation expense is computed using the straight-line method over the following estimated service lives:

Land improvements	15-30 years
Buildings	
Main buildings	8-60 years
Other building facilities	10-35 years

The fair values of the Company's investment properties as of December 31, 2023 and 2024 were determined by Level 3 fair value measurements inputs based on the appraisal reports conducted by independent appraisers. Those appraisal reports are based on the comparison approach, income approach or cost approach. Key assumptions and the fair values were as follows:

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Fair value	<u>\$ 24,237</u>	<u>\$ 41,285</u>
Overall capital interest rate	1.43%-5.51%	1.47%-5.81%
Profit margin ratio	10%-20%	12%-20%
Discount rate	-	0%-10%
Capitalization rate	0.23%-2.28%	1.12%-2.13%

All of the Company's investment properties are held under freehold interest.

The future aggregate lease collection under operating lease for investment properties is as follows:

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Year 1	\$ 168	\$ 274
Year 2	157	248
Year 3	134	217
Year 4	105	192
Year 5	83	190
Onwards	<u>435</u>	<u>1,306</u>
	<u>\$ 1,082</u>	<u>\$ 2,427</u>

20. INTANGIBLE ASSETS

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Carrying amount		
Mobile Broadband Concession	\$ 71,761	\$ 65,371
Computer software	579	551
Goodwill	217	217
Others	<u>170</u>	<u>144</u>
	<u>\$ 72,727</u>	<u>\$ 66,283</u>

	Mobile Broadband Concession NT\$	Computer Software NT\$	Goodwill NT\$ (In Millions)	Others NT\$	Total NT\$
<u>Cost</u>					
Balance on January 1, 2022	\$ 108,338	\$ 3,203	\$ 291	\$ 413	\$ 112,245
Additions-acquired separately	1,625	257	-	11	1,893
Disposal	-	(663)	-	(2)	(665)
Effect of foreign exchange differences	-	-	-	-	-
Others	-	1	-	-	1
Balance on December 31, 2022	<u>\$ 109,963</u>	<u>\$ 2,798</u>	<u>\$ 291</u>	<u>\$ 422</u>	<u>\$ 113,474</u>
<u>Accumulated amortization and impairment</u>					
Balance on January 1, 2022	\$ (25,518)	\$ (2,530)	\$ (74)	\$ (178)	\$ (28,300)
Amortization expenses	(6,295)	(310)	-	(38)	(6,643)
Disposal	-	664	-	1	665
Impairment losses	-	-	-	(9)	(9)
Effect of foreign exchange differences	-	-	-	-	-
Others	-	-	-	-	-
Balance on December 31, 2022	<u>\$ (31,813)</u>	<u>\$ (2,176)</u>	<u>\$ (74)</u>	<u>\$ (224)</u>	<u>\$ (34,287)</u>
Balance on December 31, 2022, net	<u>\$ 78,150</u>	<u>\$ 622</u>	<u>\$ 217</u>	<u>\$ 198</u>	<u>\$ 79,187</u>
<u>Cost</u>					
Balance on January 1, 2023	\$ 109,963	\$ 2,798	\$ 291	\$ 422	\$ 113,474
Additions-acquired separately	-	231	-	6	237
Disposal	-	(499)	-	(6)	(505)
Effect of foreign exchange differences	-	-	-	-	-
Others	-	3	-	-	3
Balance on December 31, 2023	<u>\$ 109,963</u>	<u>\$ 2,533</u>	<u>\$ 291</u>	<u>\$ 422</u>	<u>\$ 113,209</u>
<u>Accumulated amortization and impairment</u>					
Balance on January 1, 2023	\$ (31,813)	\$ (2,176)	\$ (74)	\$ (224)	\$ (34,287)
Amortization expenses	(6,389)	(276)	-	(34)	(6,699)
Disposal	-	499	-	6	505
Effect of foreign exchange differences	-	(1)	-	-	(1)
Others	-	-	-	-	-
Balance on December 31, 2023	<u>\$ (38,202)</u>	<u>\$ (1,954)</u>	<u>\$ (74)</u>	<u>\$ (252)</u>	<u>\$ (40,482)</u>
Balance on December 31, 2023, net	<u>\$ 71,761</u>	<u>\$ 579</u>	<u>\$ 217</u>	<u>\$ 170</u>	<u>\$ 72,727</u>
<u>Cost</u>					
Balance on January 1, 2024	\$ 109,963	\$ 2,533	\$ 291	\$ 422	\$ 113,209
Additions-acquired separately	-	229	-	5	234
Disposal	-	(358)	-	(8)	(366)
Effect of foreign exchange differences	-	-	-	-	-
Others	-	24	-	-	24
Balance on December 31, 2024	<u>\$ 109,963</u>	<u>\$ 2,428</u>	<u>\$ 291</u>	<u>\$ 419</u>	<u>\$ 113,101</u>

(Continued)

	Mobile Broadband Concession	Computer Software	Goodwill	Others	Total
	NT\$	NT\$	NT\$	NT\$	NT\$
			(In Millions)		
<u>Accumulated amortization and impairment</u>					
Balance on January 1, 2024	\$ (38,202)	\$ (1,954)	\$ (74)	\$ (252)	\$ (40,482)
Amortization expenses	(6,390)	(278)	-	(31)	(6,699)
Disposal	-	358	-	8	366
Effect of foreign exchange differences	-	-	-	-	-
Others	-	(3)	-	-	(3)
Balance on December 31, 2024	<u>\$ (44,592)</u>	<u>\$ (1,877)</u>	<u>\$ (74)</u>	<u>\$ (275)</u>	<u>\$ (46,818)</u>
Balance on December 31, 2024, net	<u>\$ 65,371</u>	<u>\$ 551</u>	<u>\$ 217</u>	<u>\$ 144</u>	<u>\$ 66,283</u>
					(Concluded)

Chunghwa's Board of Directors approved the acquisition of the 900MHz frequency band and equipment from Asia Pacific Telecom Co., Ltd. in November 2021. The aforementioned tax-excluded transaction amount was \$1,800 million included in intangible assets- mobile broadband concession and other assets- spare parts. The transaction was approved by the related authority in May 2022 and completed in July 2022.

The concessions are granted and issued by the National Communications Commission ("NCC"). The concession fees are amortized using the straight-line method over the period from the date operations commence through the date the license expires or the useful life, whichever is shorter. The 4G concession fees will be fully amortized by December 2030 and December 2033, and 5G concession fees will be fully amortized by December 2040.

The computer software is amortized using the straight-line method over the estimated useful lives of 1 to 10 years. Other intangible assets, except for those assessed as having indefinite useful lives, are amortized using the straight-line method over the estimated useful lives of 3 to 20 years. Goodwill is not amortized.

SENAO concluded the recoverable amounts of the license agreement and the right of trademark were lower than the carrying amounts and recognized impairment loss of \$9 million for the year ended December 31, 2022. The aforementioned impairment losses were included in other income and expenses in the consolidated statements of comprehensive income. The recoverable amount of license agreement and right of trademark was measured at the fair value less costs of disposal. The fair value was calculated based on asset approach by reference to the net assets value of Youth. The Company did not recognize any impairment loss on intangible assets for the year ended December 31, 2023 and 2024.

21. OTHER ASSETS

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Refundable deposits	\$ 1,995	\$ 2,162
Spare parts	2,233	2,006
		(Continued)

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Other financial assets	\$ 1,000	\$ 1,000
Others	<u>2,223</u>	<u>2,833</u>
	<u>\$ 7,451</u>	<u>\$ 8,001</u>
Current		
Spare parts	\$ 2,233	\$ 2,006
Others	<u>589</u>	<u>1,109</u>
	<u>\$ 2,822</u>	<u>\$ 3,115</u>
Noncurrent		
Refundable deposits	\$ 1,995	\$ 2,162
Other financial assets	1,000	1,000
Others	<u>1,634</u>	<u>1,724</u>
	<u>\$ 4,629</u>	<u>\$ 4,886</u>
		(Concluded)

Other financial assets - noncurrent was Piping Fund. As part of the government's effort to upgrade the existing telecommunications infrastructure, Chunghwa and other public utility companies were required by the ROC government to contribute to a Piping Fund administered by the Taipei City Government. This fund was used to finance various telecommunications infrastructure projects. Net assets of this fund will be returned proportionately after the project is completed.

22. HEDGING FINANCIAL INSTRUMENTS

Chunghwa's hedge strategy is to enter into forward exchange contracts - buy to avoid its foreign currency exposure to certain foreign currency denominated equipment payments in the following six months. In addition, Chunghwa's management considers the market condition to determine the hedge ratio and enters into forward exchange contracts with the banks to avoid the foreign currency risk.

Chunghwa signed equipment purchase contracts with suppliers and entered into forward exchange contracts to avoid foreign currency risk exposure to Euro-denominated purchase commitments. Those forward exchange contracts were designated as cash flow hedges. When forecast purchases actually take place, basis adjustments are made to the initial carrying amounts of hedged items.

For the hedges of highly probable forecast sales and purchases, as the critical terms (i.e. the notional amount, life and underlying) of the forward foreign exchange contracts and their corresponding hedged items are the same, the Company performs a qualitative assessment of effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying exchange rates.

The main source of hedge ineffectiveness in these hedging relationships is the effect of credit risks of the Company and the counterparty on the fair value of the forward exchange contracts. Such credit risks do not impact the fair value of the hedged item attributable to changes in foreign exchange rates. No other sources of ineffectiveness emerged from these hedging relationships.

The following tables summarized the information relating to the hedges for foreign currency risk.

December 31, 2022

Hedging Instruments	Currency	Notional Amount (In Millions)	Maturity	Forward Rate (In Dollars)	Line Item in Balance Sheet	Carrying Amount		Change in Fair Values of Hedging Instruments Used for Calculating Hedge Ineffectiveness NT\$
						Asset	Liability	
						NT\$	NT\$ (In Millions)	
Cash flow hedge Forecast purchases - forward exchange contracts	NT\$/EUR	NT\$423 /EUR13	March 2023	\$ 31.69	Hedging financial assets (liabilities)	\$ 13	\$ -	\$ 21

Hedged Items	Change in Value of Hedged Item Used for Calculating Hedge Ineffectiveness NT\$	Accumulated Gain or Loss on Hedging Instruments in Other Equity	
		Continuing Hedges	Hedge Accounting No Longer Applied
		NT\$ (In Millions)	NT\$
Cash flow hedge Forecast equipment purchases	\$ (21)	\$ 13	\$ -

December 31, 2023

Hedging Instruments	Currency	Notional Amount (In Millions)	Maturity	Forward Rate (In Dollars)	Line Item in Balance Sheet	Carrying Amount		Change in Fair Values of Hedging Instruments Used for Calculating Hedge Ineffectiveness NT\$
						Asset	Liability	
						NT\$	NT\$ (In Millions)	
Cash flow hedge Forecast purchases - forward exchange contracts	NT\$/EUR	NT\$24 /EUR1	March 2024	\$ 33.88	Hedging financial assets (liabilities)	\$ -	\$ -	\$ (13)

Hedged Items	Change in Value of Hedged Item Used for Calculating Hedge Ineffectiveness NT\$	Accumulated Gain or Loss on Hedging Instruments in Other Equity	
		Continuing Hedges	Hedge Accounting No Longer Applied
		NT\$ (In Millions)	NT\$
Cash flow hedge Forecast equipment purchases	\$ 13	\$ -	\$ -

December 31, 2024

Hedging Instruments	Currency	Notional Amount (In Millions)	Maturity	Forward Rate (In Dollars)	Line Item in Balance Sheet	Carrying Amount		Change in Fair Values of Hedging Instruments Used for Calculating Hedge Ineffectiveness NT\$
						Asset	Liability	
						NT\$	NT\$ (In Millions)	
Cash flow hedge Forecast purchases - forward exchange contracts	NT\$/EUR	NT\$341 /EUR10	March 2025	\$ 34.10	Hedging financial assets (liabilities)	\$ 1	\$ 2	\$ (1)

Hedged Items	Change in Value of Hedged Item Used for Calculating Hedge Ineffectiveness NT\$	Accumulated Gain or Loss on Hedging Instruments in Other Equity	
		Continuing Hedges	Hedge Accounting No Longer Applied
		NT\$ (In Millions)	NT\$
Cash flow hedge Forecast equipment purchases	\$ 1	\$ (1)	\$ -

Year ended December 31, 2022

Hedge Transaction	Comprehensive Income			Reclassification from Equity to Assets and the Adjusted Line Item	
	Hedging Gain or Loss Recognized in OCI NT\$	Amount of Hedge Ineffectiveness Recognized in Profit or Loss NT\$	Line Item in Which Hedge Ineffectiveness is Included NT\$ (In Millions)	Amount Reclassified to Assets and the Adjusted Line Item NT\$	Due to Hedged Future Cash Flows No Longer Expected to Occur NT\$
Cash flow hedge Forecast equipment purchases	\$ 21	\$ -	-	\$ 6 Construction in progress and equipment to be accepted	\$ - Other gains and losses

Year ended December 31, 2023

Hedge Transaction	Comprehensive Income			Reclassification from Equity to Assets and the Adjusted Line Item	
	Hedging Gain or Loss Recognized in OCI NT\$	Amount of Hedge Ineffectiveness Recognized in Profit or Loss NT\$	Line Item in Which Hedge Ineffectiveness is Included NT\$ (In Millions)	Amount Reclassified to Assets and the Adjusted Line Item NT\$	Due to Hedged Future Cash Flows No Longer Expected to Occur NT\$
Cash flow hedge Forecast equipment purchases	\$ (13)	\$ -	-	\$ 37 Construction in progress and equipment to be accepted	\$ - Other gains and losses

Year ended December 31, 2024

Hedge Transaction	Comprehensive Income			Reclassification from Equity to Assets and the Adjusted Line Item	
	Hedging Gain or Loss Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Which Hedge Ineffectiveness is Included	Amount Reclassified to Assets and the Adjusted Line Item	Due to Hedged Future Cash Flows No Longer Expected to Occur
	NT\$	NT\$	NT\$ (In Millions)	NT\$	NT\$
Cash flow hedge					
Forecast equipment purchases	\$ (1)	\$ -	-	\$ (2) Construction in progress and equipment to be accepted	\$ - Other gains and losses

23. SHORT-TERM LOANS

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Unsecured bank loans	\$ 585	\$ 215

The annual interest rates of bank loans were as follows:

	December 31	
	2023	2024
Unsecured bank loans	2.16%-3.36%	1.82%-3.49%

CHST entered into an unsecured loan contract with Bank of Taiwan, and the loan amount of \$50 million has matured in November 2024. CHST has been continuously negotiating the loan extension with Bank of Taiwan.

24. LONG-TERM LOANS

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Secured bank loans (Note 41)	\$ 1,600	\$ 1,600
Unsecured bank loans	-	35
Less: Current portion	(1,600)	(4)
	\$ -	\$ 1,631

The annual interest rates of bank loans were as follows:

	December 31	
	2023	2024
Secured bank loans	1.87%	2.09%
Unsecured bank loans	-	2.22%

LED obtained a secured loan from Chang Hwa Bank with monthly interest payments. LED entered into a contract with Chang Hwa Bank to renew the contract upon the maturity of the aforementioned contract in August 2024, and the due date of the renewed contract is September 2027.

CLPT entered into an unsecured loan contract with Mega International Commercial Bank, interest is paid monthly, and the principal will be repaid in 48 equal installments from August 2025 to July 2029.

25. BONDS PAYABLE

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Unsecured domestic bonds	\$ 30,500	\$ 30,500
Less: Discounts on bonds payable	(17)	(12)
	30,483	30,488
Less: Current portion	-	(8,799)
	<u>\$ 30,483</u>	<u>\$ 21,689</u>

The major terms of unsecured domestic bonds issued by Chunghwa were as follows:

Issuance	Tranche	Issuance Period	Total Amount	Coupon Rate	Repayment and Interest Payment
2020-1	A	July 2020 to July 2025	\$ 8,800	0.50%	One-time repayment upon maturity; interest payable annually
	B	July 2020 to July 2027	7,500	0.54%	The same as above
	C	July 2020 to July 2030	3,700	0.59%	The same as above
2021-1	A	April 2021 to April 2026	1,900	0.42%	The same as above
	B	April 2021 to April 2028	4,100	0.46%	The same as above
	C	April 2021 to April 2031	1,000	0.50%	The same as above
2022-1 (Sustainable Bond)	-	March 2022 to March 2027	3,500	0.69%	The same as above

26. TRADE NOTES AND ACCOUNTS PAYABLE

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Trade notes and accounts payable	<u>\$ 14,396</u>	<u>\$ 17,743</u>

Trade notes and accounts payable were attributable to operating activities and the trading conditions were agreed separately.

27. OTHER PAYABLES

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Accrued salary and compensation	\$ 10,441	\$ 10,722
Accrued compensation to employees and remuneration to directors and supervisors	2,108	2,500
Payables to contractors	1,990	2,265
Amounts collected for others	1,544	1,707
Accrued maintenance costs	1,316	1,117
Payables to equipment suppliers	1,311	720
Others	6,547	7,550
	<u>\$ 25,257</u>	<u>\$ 26,581</u>

28. PROVISIONS

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Employee benefits	\$ 387	\$ 416
Warranties	238	281
Onerous contracts	194	266
Others	3	14
	<u>\$ 822</u>	<u>\$ 977</u>
Current	\$ 337	\$ 442
Noncurrent	485	535
	<u>\$ 822</u>	<u>\$ 977</u>

	Employee Benefits	Warranties	Onerous Contracts	Others	Total
	NT\$	NT\$	NT\$	NT\$	NT\$
	(In Millions)				
Balance on January 1, 2022	\$ 63	\$ 213	\$ 147	\$ 4	\$ 427
Additional / (reversal of) provisions recognized	2	108	(52)	-	58
Used / forfeited during the year	-	(86)	-	-	(86)
Effect of foreign exchange differences	-	-	-	-	-
Balance on December 31, 2022	<u>\$ 65</u>	<u>\$ 235</u>	<u>\$ 95</u>	<u>\$ 4</u>	<u>\$ 399</u>
Balance on January 1, 2023	\$ 65	\$ 235	\$ 95	\$ 4	\$ 399
Additional / (reversal of) provisions recognized	323	69	49	(1)	440
Used / forfeited during the year	(1)	(66)	-	-	(67)
Reclassification	-	-	50	-	50
Effect of foreign exchange differences	-	-	-	-	-
Balance on December 31, 2023	<u>\$ 387</u>	<u>\$ 238</u>	<u>\$ 194</u>	<u>\$ 3</u>	<u>\$ 822</u>

(Continued)

	Employee Benefits NT\$	Warranties NT\$	Onerous Contracts NT\$ (In Millions)	Others NT\$	Total NT\$
Balance on January 1, 2024	\$ 387	\$ 238	\$ 194	\$ 3	\$ 822
Additional / (reversal of) provisions recognized	34	114	72	11	231
Used / forfeited during the year	(5)	(71)	-	-	(76)
Effect of foreign exchange differences	-	-	-	-	-
Balance on December 31, 2024	<u>\$ 416</u>	<u>\$ 281</u>	<u>\$ 266</u>	<u>\$ 14</u>	<u>\$ 977</u>

(Concluded)

- a. The provision for warranty claims represents the present value of the management's best estimate of the future outflow of economic benefits that will be required under the Company's obligation for warranties in sales agreements. The estimate has been made based on historical warranty experience.
- b. The provision for employee benefits represents vested long-term service compensation accrued.
- c. The provision for onerous contracts represents the present obligation resulting from the measurement for the unavoidable costs of meeting the Company's contractual obligations exceed the economic benefits expected to be received from the contracts.

29. RETIREMENT BENEFIT PLANS

- a. Defined contribution plans

The pension plan under the Labor Pension Act of ROC (the "LPA") is considered as a defined contribution plan. Based on the LPA, Chunghwa and its domestic subsidiaries make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Its foreign subsidiaries would make monthly contributions based on the local pension requirements.

- b. Defined benefit plans

Chunghwa completed its privatization plans on August 12, 2005. Chunghwa is required to pay all accrued pension obligations including service clearance payment, lump sum payment under civil service plan, additional separation payments, etc. upon the completion of the privatization in accordance with the Statute Governing Privatization of Stated-owned Enterprises. After paying all pension obligations for privatization, the plan assets of Chunghwa should be transferred to the Fund for Privatization of Government-owned Enterprises (the "Privatization Fund") under the Executive Yuan. On August 7, 2006, Chunghwa transferred the remaining balance of fund to the Privatization Fund. However, according to the instructions of MOTC, Chunghwa was requested to administer the distributions to employees for pension obligations including service clearance payment, lump sum payment under civil service plan, additional separation payments, etc. upon the completion of the privatization and recognized in other current monetary assets.

Chunghwa and its subsidiaries SENA0, CHIEF, CHSI, SHE, IISI and UTC with the pension mechanism under the Labor Standards Law in the ROC are considered as defined benefit plans. These pension plans provide benefits based on an employee's length of service and average six-month salary prior to retirement. Chunghwa and its subsidiaries contribute an amount no more than 15% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the names of the Committees in the Bank of Taiwan. The plan assets are held in a commingled fund which is operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the funds. According to the

Article 56 of the Labor Standards Law in the ROC, entities are required to contribute the difference in one appropriation to their pension funds before the end of next March when the balance of the Funds is insufficient to pay the eligible employees who meet the retirement criteria in the following year.

The amounts included in the consolidated balance sheets arising from the Company's obligation in respect of its defined benefit plans were as follows:

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Present value of funded defined benefit obligations	\$ 30,313	\$ 27,985
Fair value of plan assets	<u>(34,178)</u>	<u>(34,762)</u>
Funded status - surplus	<u>\$ (3,865)</u>	<u>\$ (6,777)</u>
Net defined benefit liabilities	\$ 2,098	\$ 2,107
Net defined benefit assets	<u>(5,963)</u>	<u>(8,884)</u>
	<u>\$ (3,865)</u>	<u>\$ (6,777)</u>

Movements in the defined benefit obligations and the fair value of plan assets were as follows:

	Present Value of Funded Defined Benefit Obligations	Fair Value of Plan Assets	Net Defined Benefit Liabilities (Assets)
	NT\$	NT\$	NT\$
	(In Millions)		
Balance on January 1, 2022	\$ 35,502	\$ 36,605	\$ (1,103)
Current service cost	1,085	-	1,085
Interest expense/interest income	<u>171</u>	<u>181</u>	<u>(10)</u>
Amounts recognized in profit or loss	<u>1,256</u>	<u>181</u>	<u>1,075</u>
Remeasurement on the net defined benefit liability			
Return on plan assets (excluding amounts included in net interest)	-	2,968	(2,968)
Actuarial loss recognized from changes in financial assumptions	208	-	208
Actuarial loss recognized from experience adjustments	<u>1,606</u>	<u>-</u>	<u>1,606</u>
Amounts recognized in other comprehensive income	<u>1,814</u>	<u>2,968</u>	<u>(1,154)</u>
Contributions from employer	-	1,555	(1,555)
Benefits paid	(4,729)	(4,729)	-
Benefits paid directly by the Company	<u>(244)</u>	<u>-</u>	<u>(244)</u>
Balance on December 31, 2022	33,599	36,580	(2,981)
Current service cost	1,006	-	1,006
Loss on settlements	1	-	1
Interest expense/interest income	<u>403</u>	<u>452</u>	<u>(49)</u>
Amounts recognized in profit or loss	<u>1,410</u>	<u>452</u>	<u>958</u>

(Continued)

	Present Value of Funded Defined Benefit Obligations	Fair Value of Plan Assets	Net Defined Benefit Liabilities (Assets)
	NT\$	NT\$	NT\$
		(In Millions)	
Remeasurement on the net defined benefit liability			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ 309	\$ (309)
Actuarial gain recognized from changes in financial assumptions	(100)	-	(100)
Actuarial loss recognized from experience adjustments	<u>252</u>	<u>-</u>	<u>252</u>
Amounts recognized in other comprehensive income	<u>152</u>	<u>309</u>	<u>(157)</u>
Contributions from employer	-	1,386	(1,386)
Benefits paid	(4,549)	(4,549)	-
Benefits paid directly by the Company	<u>(299)</u>	<u>-</u>	<u>(299)</u>
Balance on December 31, 2023	30,313	34,178	(3,865)
Current service cost	904	-	904
Interest expense/interest income	<u>372</u>	<u>422</u>	<u>(50)</u>
Amounts recognized in profit or loss	<u>1,276</u>	<u>422</u>	<u>854</u>
Remeasurement on the net defined benefit liability			
Return on plan assets (excluding amounts included in net interest)	-	3,105	(3,105)
Actuarial gain recognized from changes in financial assumptions	(382)	-	(382)
Actuarial loss recognized from experience adjustments	<u>1,232</u>	<u>-</u>	<u>1,232</u>
Amounts recognized in other comprehensive income	<u>850</u>	<u>3,105</u>	<u>(2,255)</u>
Contributions from employer	-	1,245	(1,245)
Benefits paid	(4,188)	(4,188)	-
Settlement of plan obligation of subsidiaries	-	-	-
Benefits paid directly by the Company	<u>(266)</u>	<u>-</u>	<u>(266)</u>
Balance on December 31, 2024	<u>\$ 27,985</u>	<u>\$ 34,762</u>	<u>\$ (6,777)</u>
			(Concluded)

Relevant pension costs recognized in profit and loss for defined benefit plans were as follows:

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
		(In Millions)	
Operating costs	\$ 565	\$ 488	\$ 416
Marketing expenses	360	334	314
General and administrative expenses	86	78	73
Research and development expenses	<u>37</u>	<u>35</u>	<u>32</u>
	<u>\$ 1,048</u>	<u>\$ 935</u>	<u>\$ 835</u>

The Company is exposed to following risks for the defined benefits plans under the Labor Standards Law in the ROC:

a. Investment risk

Under the Labor Standards Law in the ROC, the rate of return on assets shall not be lower than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return. The plan assets are held in a commingled fund mainly invested in foreign and domestic equity and debt securities and bank deposits which is operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the funds.

b. Interest rate risk

The decline in government bond interest rate will increase the present value of the obligation on the defined benefit plan, while the return on plan assets will increase. The net effect on the present value of the obligation on defined benefit plan is partially offset by the return on plan assets.

c. Salary risk

The calculation of the present value of defined benefit obligations is referred to the plan participants' future salary. Hence, the increase in plan participants' salary will increase the present value of the defined benefit obligations.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligations were carried out by the independent actuary.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Measurement Date	
	December 31	
	2023	2024
Discount rates	1.25%	1.75%
Expected rates of salary increase	1.00%-2.25%	1.00%-2.25%

If reasonably possible changes of the respective significant actuarial assumptions occur at the end of reporting periods, while holding all other assumptions constant, the present values of the defined benefit obligations would increase (decrease) as follows:

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Discount rates		
0.5% increase	\$ (880)	\$ (790)
0.5% decrease	\$ 932	\$ 836
Expected rates of salary increase		
0.5% increase	\$ 1,000	\$ 904
0.5% decrease	\$ (953)	\$ (862)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There is no change in the methods and assumptions used in preparing the sensitivity analysis from the previous period.

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
The expected contributions to the plan for the next year	<u>\$ 1,355</u>	<u>\$ 1,224</u>
The average duration of the defined benefit obligations	6.1-10 years	6-10 years

As of December 31, 2024, the Company's maturity analysis of the undiscounted benefit payments was as follows:

Year	Amount
	NT\$
	(In Millions)
2025	\$ 2,214
2026	5,345
2027	8,537
2028	9,808
2029 and thereafter	<u>30,311</u>
	<u>\$ 56,215</u>

30. EQUITY

a. Share capital

1) Common stocks

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Number of authorized shares	<u>12,000</u>	<u>12,000</u>
Authorized shares	<u>\$ 120,000</u>	<u>\$ 120,000</u>
Number of issued and paid shares	<u>7,757</u>	<u>7,757</u>
Issued shares	<u>\$ 77,574</u>	<u>\$ 77,574</u>

Each issued common stock with par value of \$10 is entitled the right to vote and receive dividends.

2) Global depositary receipts

The MOTC and some stockholders sold some common stocks of Chunghwa in an international offering of securities in the form of American Depositary Shares ("ADS") (one ADS represents 10 common stocks) in July 2003, August 2005, and September 2006. The ADSs were traded on the New York Stock Exchange since July 17, 2003. As of December 31, 2024, the outstanding ADSs were 178 million common stocks, which equaled 18 million units and represented 2.29% of Chunghwa's total outstanding common stocks.

The ADS holders generally have the same rights and obligations as other common stockholders, subject to the provision of relevant laws. The exercise of such rights and obligations shall comply with the related regulations and deposit agreement, which stipulate, among other things, that ADS holders are entitled to, through deposit agents:

- a) Exercise their voting rights,
- b) Sell their ADSs, and
- c) Receive dividends declared and subscribe to the issuance of new shares.

b. Additional paid-in capital

The adjustments of additional paid-in capital for the years ended December 31, 2022, 2023 and 2024 were as follows:

	Share Premium NT\$	Movements of Additional Paid-in Capital for Associates and Joint Ventures Accounted for Using Equity Method NT\$	Movements of Additional Paid-in Capital Arising from Changes in Equities of Subsidiaries NT\$	Difference between Consideration Received or Paid and Carrying Amount of the Subsidiaries' Net Assets during Actual Disposal or Acquisition NT\$ (In Millions)	Donated Capital NT\$	Stockholders' Contribution Due to Privatization NT\$	Total NT\$
Balance on January 1, 2022	\$ 126,045	\$ 1	\$ 2,106	\$ 987	\$ 23	\$ 20,648	\$ 149,810
Unclaimed dividend	-	-	-	-	2	-	2
Changes in equities of subsidiaries	-	-	32	-	-	-	32
Balance on December 31, 2022	<u>\$ 126,045</u>	<u>\$ 1</u>	<u>\$ 2,138</u>	<u>\$ 987</u>	<u>\$ 25</u>	<u>\$ 20,648</u>	<u>\$ 149,844</u>
Balance on January 1, 2023	\$ 126,045	\$ 1	\$ 2,138	\$ 987	\$ 25	\$ 20,648	\$ 149,844
Unclaimed dividend	-	-	-	-	2	-	2
Change in additional paid-in capital from investments in associates and joint ventures accounted for using equity method	-	(26)	-	-	-	-	(26)
Actual acquisition of interests in subsidiaries	-	-	-	-	-	-	-
Changes in equities of subsidiaries	-	-	8	-	-	-	8
Balance on December 31, 2023	<u>\$ 126,045</u>	<u>\$ (25)</u>	<u>\$ 2,146</u>	<u>\$ 987</u>	<u>\$ 27</u>	<u>\$ 20,648</u>	<u>\$ 149,828</u>
Balance on January 1, 2024	\$ 126,045	\$ (25)	\$ 2,146	\$ 987	\$ 27	\$ 20,648	\$ 149,828
Unclaimed dividend	-	-	-	-	2	-	2
Actual disposal of interests in subsidiaries	-	-	-	224	-	-	224
Changes in equities of subsidiaries	-	-	-	-	-	-	-
Balance on December 31, 2024	<u>\$ 126,045</u>	<u>\$ (25)</u>	<u>\$ 2,146</u>	<u>\$ 1,211</u>	<u>\$ 29</u>	<u>\$ 20,648</u>	<u>\$ 150,054</u>

Under the R.O.C. relevant laws, additional paid-in capital from share premium, donated capital and the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition may be utilized to offset deficits. Furthermore, when Chunghwa has no deficit, it may be distributed in cash or capitalized, which however is limited to a certain percentage of Chunghwa's paid-in capital except the additional paid-in capital arising from unclaimed dividend can only be utilized to offset deficits.

The additional paid-in capital from movements of paid-in capital arising from changes in equities of subsidiaries may only be utilized to offset deficits.

Among additional paid-in capital from movements of investments in associates and joint ventures accounted for using equity method, the portion arising from the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition may be utilized to offset deficits; furthermore, when the Company has no deficit, it may be distributed in cash or capitalized. However, other additional paid-in capital recognized in proportion of share ownership may only be utilized to offset deficits.

c. Retained earnings and dividends policy

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

Special reserve was appropriated in accordance with the relevant laws and regulations or as requested by local authority. Pursuant to existing regulations, the Company should appropriate a special reserve when the net amount of other equity items is negative at the end of reporting period upon the earnings distribution. Distributions can be made out of any subsequent reversal of the debit to other equity items.

The appropriation for legal reserve shall be made until the accumulated reserve equals the aggregate par value of the outstanding capital stock of Chunghwa. This reserve can only be used to offset a deficit, or when the legal reserve has exceeded 25% of Chunghwa's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of the 2022 and 2023 earnings of Chunghwa approved by the stockholders in their meetings on May 26, 2023 and May 31, 2024, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share	
	For Fiscal Year 2022	For Fiscal Year 2023	(NT\$) For Fiscal Year 2022	For Fiscal Year 2023
Reversal of special reserve	\$ (185)	\$ (223)		
Cash dividends	36,476	36,910	\$ 4.702	\$ 4.758

The appropriations of earnings for 2024 had been proposed by Chunghwa's Board of Directors on February 26, 2025. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Cash dividends	\$ 38,787	\$ 5.000

The appropriations of earnings for 2024 are subject to the resolution of the stockholders' meeting planned to be held on May 29, 2025.

d. Others

1) Exchange differences arising from the translation of the foreign operations

The exchange differences arising from the translation of the foreign operations from their functional currency to New Taiwan dollars were recognized as exchange differences arising from the translation of the foreign operations in other comprehensive income.

2) Unrealized gain or loss on financial assets at FVOCI

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Beginning balance	\$ (8)	\$ (125)	\$ 521
Recognized for the year			
Unrealized gain or loss			
Equity instruments	(111)	641	45
Share of profits (loss) of associates and joint ventures accounted for using equity method	(6)	5	(2)
Transferred accumulated gain or loss to unappropriated earnings resulting from the disposal of equity instruments (Note 9)	-	-	-
Ending balance	<u>\$ (125)</u>	<u>\$ 521</u>	<u>\$ 564</u>

e. Noncontrolling interests

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Beginning balance	\$ 11,747	\$ 12,408	\$ 12,432
Attributable to noncontrolling interests			
Net income for the year	1,511	1,103	1,319
Exchange differences arising from the translation of the foreign operations	21	2	12
Unrealized gain or loss on financial assets at FVOCI	(25)	(22)	4
Remeasurements of defined benefit pension plans	24	12	18
Income tax relating to remeasurements of defined benefit pension plans	(5)	(2)	(4)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	5	(21)	17
Cash dividends distributed by subsidiaries	(1,053)	(1,092)	(898)
Actual acquisition or disposal of interests in subsidiaries	-	-	35
Net increase in noncontrolling interests	<u>183</u>	<u>44</u>	<u>45</u>
Ending balance	<u>\$ 12,408</u>	<u>\$ 12,432</u>	<u>\$ 12,980</u>

31. REVENUE

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Revenue from contracts with customers	<u>\$214,498</u>	<u>\$220,190</u>	<u>\$227,185</u>
Other revenues			
Government grants income	1,030	1,704	1,393
Rental income	1,022	1,120	1,196
Others	<u>189</u>	<u>185</u>	<u>194</u>
	<u>2,241</u>	<u>3,009</u>	<u>2,783</u>
Total	<u>\$216,739</u>	<u>\$223,199</u>	<u>\$229,968</u>

For the information of performance obligations related to customer contracts, please refer to Note 3 Summary of Material Accounting Policy Information for details.

a. Disaggregation of revenue

Please refer to Note 44 Segment Information for details.

b. Contract balances

	January 1, 2023 NT\$	December 31	
		2023	2024
		NT\$	NT\$
	(In Millions)		
Trade notes and accounts receivable (Note 11)	<u>\$ 24,672</u>	<u>\$ 24,842</u>	<u>\$ 26,026</u>
Contract assets			
Products and service bundling	\$ 7,956	\$ 9,297	\$ 10,446
Others	1,256	1,206	2,306
Less: Loss allowance	<u>(19)</u>	<u>(21)</u>	<u>(24)</u>
	<u>\$ 9,193</u>	<u>\$ 10,482</u>	<u>\$ 12,728</u>
Current	\$ 6,056	\$ 6,713	\$ 8,401
Noncurrent	<u>3,137</u>	<u>3,769</u>	<u>4,327</u>
	<u>\$ 9,193</u>	<u>\$ 10,482</u>	<u>\$ 12,728</u>
Contract liabilities			
Telecommunications business	\$ 14,081	\$ 14,016	\$ 13,931
Project business	6,586	6,654	8,015
Advance house and land receipts (Notes 12 and 42)	-	460	1,064
Others	<u>397</u>	<u>518</u>	<u>832</u>
	<u>\$ 21,064</u>	<u>\$ 21,648</u>	<u>\$ 23,842</u>

(Continued)

	January 1, 2023	December 31	
	NT\$	2023	2024
		NT\$	NT\$
		(In Millions)	
Current	\$ 13,390	\$ 14,088	\$ 16,301
Noncurrent	<u>7,674</u>	<u>7,560</u>	<u>7,541</u>
	<u>\$ 21,064</u>	<u>\$ 21,648</u>	<u>\$ 23,842</u>
			(Concluded)

The changes in the contract asset and the contract liability balances primarily result from the timing difference between the satisfaction of performance obligations and the payments collected from customers. Significant changes of contract assets and liabilities recognized resulting from product and service bundling were as follows:

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Contract assets			
Net increase of customer contracts	\$ 6,933	\$ 7,961	\$ 8,617
Reclassified to trade receivables	<u>(6,149)</u>	<u>(6,574)</u>	<u>(7,443)</u>
	<u>\$ 784</u>	<u>\$ 1,387</u>	<u>\$ 1,174</u>
Contract liabilities			
Net increase of customer contracts	\$ 9	\$ 187	\$ 197
Recognized as revenues	<u>(5)</u>	<u>(173)</u>	<u>(184)</u>
	<u>\$ 4</u>	<u>\$ 14</u>	<u>\$ 13</u>

The Company applies the simplified approach to recognize expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for receivables. Contract assets will be reclassified to trade receivables when the corresponding invoice is billed to the client. Contract assets have substantially the same risk characteristics as the trade receivables of the same types of contracts. Therefore, the Company concluded that the expected loss rates for trade receivables can be applied to the contract assets.

Revenue recognized for the year that was included in the contract liability at the beginning of the year was as follows:

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Telecommunications business	\$ 6,626	\$ 6,660	\$ 6,721
Project business	4,067	5,290	4,474
Others	<u>440</u>	<u>540</u>	<u>459</u>
	<u>\$ 11,133</u>	<u>\$ 12,490</u>	<u>\$ 11,654</u>

c. Incremental costs of obtaining contracts

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Current		
Incremental costs of obtaining contracts	\$ 211	\$ 339
Noncurrent		
Incremental costs of obtaining contracts	\$ 939	\$ 1,222

The Company considered the past experience and the default clauses in the telecommunications service contracts and believes the commissions and equipment subsidies paid for obtaining such contracts are expected to be recoverable; therefore, such costs were capitalized. The Company also believes the commissions paid for obtaining real estate sale contracts are expected to be recoverable; therefore, such costs were capitalized and classified as current by the operating cycle. Amortization expenses for the years ended December 31, 2022, 2023 and 2024 were \$841 million, \$856 million and \$906 million, respectively.

d. Remaining Performance Obligations

As of December 31, 2024, the aggregate amount of transaction price allocated to performance obligations for non-cancellable telecommunications service contracts that are unsatisfied is \$41,020 million. The Company recognizes revenue when service is provided over contract terms. The Company expects to recognize such revenue of \$24,078 million, \$12,627 million and \$4,315 million in 2025, 2026 and 2027, respectively. The variable consideration collected from customers on nonrecurring basis resulting from exceeded usage from monthly fee and revenue recognized for contracts that the Company has a right to consideration from customers in the amount corresponding directly with the value to the customers of the Company's performance completed to date have been excluded from the disclosure of remaining performance obligations.

As of December 31, 2024, the aggregate amount of transaction price allocated to performance obligations for non-cancellable project business contracts that are unsatisfied is \$34,104 million. The Company recognizes revenues when the project business contract is completed and accepted by customers. The Company expects to recognize such revenue of \$12,617 million, \$10,413 million and \$11,074 million in 2025, 2026 and 2027, respectively. Project business contracts whose expected duration are less than a year have been excluded from the aforementioned disclosure.

32. NET INCOME

a. Other income and expenses

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Loss on disposal of property, plant and equipment	\$ (5)	\$ -	\$ (17)
Impairment loss on property, plant and equipment	-	(299)	-

(Continued)

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Reversal of impairment loss / (impairment loss) on investment properties	\$ 107	\$ (336)	\$ 139
Impairment loss on intangible assets	<u>(9)</u>	<u>-</u>	<u>-</u>
	<u>\$ 93</u>	<u>\$ (635)</u>	<u>\$ 122</u>
			(Concluded)

b. Other income

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Dividend income	\$ 157	\$ 167	\$ 240
Rental income	79	76	75
Others	<u>133</u>	<u>139</u>	<u>148</u>
	<u>\$ 369</u>	<u>\$ 382</u>	<u>\$ 463</u>

c. Other gains and losses

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Valuation loss on financial assets and liabilities at fair value through profit or loss, net	\$ (206)	\$ (98)	\$ (147)
Foreign currency exchange gain or loss, net	(185)	(116)	(22)
Gain (loss) on disposal of investments accounted for using equity method, net	(14)	6	85
Gain on disposal of financial instruments, net	1	-	1
Others	<u>(14)</u>	<u>(71)</u>	<u>(11)</u>
	<u>\$ (418)</u>	<u>\$ (279)</u>	<u>\$ (94)</u>

d. Interest expenses

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Interest on bonds payable	\$ 161	\$ 168	\$ 168
Interest on lease liabilities	75	105	128
			(Continued)

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Interest paid to financial institutions	\$ 26	\$ 44	\$ 42
Others	<u>1</u>	<u>2</u>	<u>1</u>
	<u>\$ 263</u>	<u>\$ 319</u>	<u>\$ 339</u>
			(Concluded)

e. Impairment loss (reversal of impairment loss)

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Contract assets	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 3</u>
Trade notes and accounts receivable	<u>\$ 109</u>	<u>\$ 128</u>	<u>\$ 179</u>
Other receivables	<u>\$ 7</u>	<u>\$ 22</u>	<u>\$ 6</u>
Inventories	<u>\$ 34</u>	<u>\$ 23</u>	<u>\$ 60</u>
Property, plant and equipment	<u>\$ -</u>	<u>\$ 299</u>	<u>\$ -</u>
Investment properties	<u>\$ (107)</u>	<u>\$ 336</u>	<u>\$ (139)</u>
Intangible assets	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ -</u>

f. Depreciation and amortization expenses

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Property, plant and equipment	\$ 28,760	\$ 28,839	\$ 28,707
Right-of-use assets	3,982	4,072	4,168
Investment properties	44	45	45
Intangible assets	6,643	6,699	6,699
Incremental costs of obtaining contracts	<u>841</u>	<u>856</u>	<u>906</u>
Total depreciation and amortization expenses	<u>\$ 40,270</u>	<u>\$ 40,511</u>	<u>\$ 40,525</u>
Depreciation expenses summarized by functions			
Operating costs	\$ 30,735	\$ 30,874	\$ 30,770
Operating expenses	<u>2,051</u>	<u>2,082</u>	<u>2,150</u>
	<u>\$ 32,786</u>	<u>\$ 32,956</u>	<u>\$ 32,920</u>
Amortization expenses summarized by functions			
Operating costs	\$ 7,286	\$ 7,370	\$ 7,406
Marketing expenses	77	70	95
General and administrative expenses	71	68	63
Research and development expenses	<u>50</u>	<u>47</u>	<u>41</u>
	<u>\$ 7,484</u>	<u>\$ 7,555</u>	<u>\$ 7,605</u>

g. Employee benefit expenses

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Post-employment benefit			
Defined contribution plans	\$ 862	\$ 963	\$ 1,074
Defined benefit plans	<u>1,048</u>	<u>935</u>	<u>835</u>
	<u>1,910</u>	<u>1,898</u>	<u>1,909</u>
Share-based payment			
Equity-settled share-based payment	16	8	8
Other employee benefit (Note)	<u>43,746</u>	<u>44,305</u>	<u>46,964</u>
Total employee benefit expenses	<u>\$ 45,672</u>	<u>\$ 46,211</u>	<u>\$ 48,881</u>
Summary by functions			
Operating costs	\$ 21,857	\$ 21,858	\$ 22,796
Operating expenses	<u>23,815</u>	<u>24,353</u>	<u>26,085</u>
	<u>\$ 45,672</u>	<u>\$ 46,211</u>	<u>\$ 48,881</u>

Note: Other employee benefit mainly includes salaries, compensation and labor and health insurance expenses, etc.

The amendments to the Chunghwa's Articles of Incorporation were approved by the Chunghwa's stockholders in their meeting on May 31, 2024. The distribution rate of employees' compensation increased from 1.7% to 4.3% of pre-tax income to 2% to 5% of pre-tax income, while the distribution rate of directors' remuneration remained at no higher than 0.17%. As of December 31, 2024, the payables of the employees' compensation and the remuneration to directors were \$1,932 million and \$40 million, respectively. Such amounts have been approved by the Chunghwa's Board of Directors on February 26, 2025 and will be reported to the stockholders in their meeting planned to be held on May 29, 2025.

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the difference is recorded as a change in accounting estimate.

The compensation to the employees and remuneration to the directors of 2022 and 2023 approved by the Board of Directors on February 24, 2023 and February 23, 2024, respectively, were as follows:

	2022	2023
	Cash	Cash
	NT\$	NT\$
	(In Millions)	
Compensation distributed to the employees	\$ 1,498	\$ 1,522
Remuneration paid to the directors	39	40

There was no difference between the initial accrual amounts recognized in 2022 and 2023 and the amounts approved by in the Board of Directors in 2023 and 2024 of the aforementioned compensation to employees and the remuneration to directors.

33. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Current tax			
Current tax expenses recognized for the year	\$ 8,863	\$ 8,875	\$ 9,199
Income tax on unappropriated earnings	137	(31)	122
Income tax adjustments on prior years	(141)	(128)	(176)
Others	<u>7</u>	<u>4</u>	<u>4</u>
	<u>8,866</u>	<u>8,720</u>	<u>9,149</u>
Deferred tax			
Deferred tax expenses recognized for the year	318	218	176
Income tax adjustments on prior years	<u>151</u>	<u>9</u>	<u>8</u>
	<u>469</u>	<u>227</u>	<u>184</u>
Income tax recognized in profit or loss	<u>\$ 9,335</u>	<u>\$ 8,947</u>	<u>\$ 9,333</u>

Reconciliation of accounting profit and income tax expense was as follows:

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Income before income tax	<u>\$ 47,204</u>	<u>\$ 47,008</u>	<u>\$ 47,841</u>
Income tax expense calculated at the statutory rate	\$ 9,441	\$ 9,401	\$ 9,568
Nondeductible income and expenses in determining taxable income	(20)	28	25
Tax-exempt income	(3)	(9)	(29)
Income tax on unappropriated earnings	137	(31)	122
Investment credits	(207)	(209)	(218)
Effect of different tax rates of group entities operating in other jurisdictions	(31)	(7)	10
Income tax adjustments on prior years	10	(119)	(168)
Others	<u>8</u>	<u>(107)</u>	<u>23</u>
Income tax expense recognized in profit or loss	<u>\$ 9,335</u>	<u>\$ 8,947</u>	<u>\$ 9,333</u>

The applicable tax rate used by the entities subject to the Income Tax Act of the Republic of China is 20%. Tax rates used by other entities of the Company operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax recognized in other comprehensive income

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Deferred tax			
Remeasurement on defined benefit pension plans	\$ 231	\$ 31	\$ 451

c. Current tax assets and liabilities

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Current tax assets		
Tax refund receivable (included in other current assets - others)	\$ 4	\$ 5
Current tax liabilities		
Income tax payable	\$ 6,613	\$ 6,822

d. Deferred income tax assets and liabilities

The movements of deferred income tax assets and liabilities were as follows:

For the year ended December 31, 2022

	January 1, 2022	Recognized in Profit or Loss	Recognized in Other	December 31, 2022
			Comprehensive	
	NT\$	NT\$	Income	NT\$
	(In Millions)			
<u>Deferred income tax assets</u>				
Temporary differences				
Defined benefit pension plans	\$ 1,744	\$ 1	\$ (231)	\$ 1,514
Allowance for doubtful receivables over quota	265	(81)	-	184
Valuation loss on inventory	197	(92)	-	105
Seniority bonus	5	-	-	5
Valuation loss on financial assets	-	24	-	24
Impairment loss on assets	-	-	-	-

(Continued)

	January 1, 2022	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	December 31, 2022
	NT\$	NT\$	NT\$	NT\$
	(In Millions)			
Estimated warranty liabilities	\$ 43	\$ 4	\$ -	\$ 47
Valuation loss on onerous contracts	26	(8)	-	18
Share of profit or loss of associates and joint ventures accounted for using equity method	401	(399)	-	2
Accrued award credits liabilities	9	3	-	12
Deferred revenue	49	(19)	-	30
Unrealized foreign exchange loss, net	2	56	-	58
Others	<u>33</u>	<u>(5)</u>	<u>-</u>	<u>28</u>
	2,774	(516)	(231)	2,027
Loss carryforwards	<u>11</u>	<u>159</u>	<u>-</u>	<u>170</u>
	<u>\$ 2,785</u>	<u>\$ (357)</u>	<u>\$ (231)</u>	<u>\$ 2,197</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Defined benefit pension plans	\$ (1,969)	\$ (145)	\$ -	\$ (2,114)
Deferred revenue for award credits	(55)	(15)	-	(70)
Land value incremental tax	(95)	-	-	(95)
Intangible assets	(24)	4	-	(20)
Unrealized foreign exchange gain, net	(27)	26	-	(1)
Others	<u>(19)</u>	<u>18</u>	<u>-</u>	<u>(1)</u>
	<u>\$ (2,189)</u>	<u>\$ (112)</u>	<u>\$ -</u>	<u>\$ (2,301)</u>
				(Concluded)

For the year ended December 31, 2023

	January 1, 2023	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	December 31, 2023
	NT\$	NT\$	NT\$	NT\$
(In Millions)				
<u>Deferred income tax assets</u>				
Temporary differences				
Defined benefit pension plans	\$ 1,514	\$ 1	\$ (31)	\$ 1,484
Allowance for doubtful receivables over quota	184	(41)	-	143
Valuation loss on inventory	105	(29)	-	76
Seniority bonus	5	64	-	69
Valuation loss on financial assets	24	21	-	45
Impairment loss on assets	-	60	-	60
Estimated warranty liabilities	47	1	-	48
Valuation loss on onerous contracts	18	19	-	37
Share of profit or loss of associates and joint ventures accounted for using equity method	2	6	-	8
Accrued award credits liabilities	12	5	-	17
Deferred revenue	30	(15)	-	15
Unrealized foreign exchange loss, net	58	(55)	-	3
Others	28	(3)	-	25
	2,027	34	(31)	2,030
Loss carryforwards	170	(101)	-	69
	<u>\$ 2,197</u>	<u>\$ (67)</u>	<u>\$ (31)</u>	<u>\$ 2,099</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Defined benefit pension plans	\$ (2,114)	\$ (146)	\$ -	\$ (2,260)
Deferred revenue for award credits	(70)	4	-	(66)
Land value incremental tax	(95)	-	-	(95)

(Continued)

	January 1, 2023	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	December 31, 2023
	NT\$	NT\$	NT\$	NT\$
	(In Millions)			
Intangible assets	\$ (20)	\$ 2	\$ -	\$ (18)
Unrealized foreign exchange gain, net	(1)	(11)	-	(12)
Others	<u>(1)</u>	<u>(9)</u>	<u>-</u>	<u>(10)</u>
	<u>\$ (2,301)</u>	<u>\$ (160)</u>	<u>\$ -</u>	<u>\$ (2,461)</u>
				(Concluded)

For the year ended December 31, 2024

	January 1, 2024	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	December 31, 2024
	NT\$	NT\$	NT\$	NT\$
	(In Millions)			
<u>Deferred income tax assets</u>				
Temporary differences				
Defined benefit pension plans	\$ 1,484	\$ 11	\$ (450)	\$ 1,045
Allowance for doubtful receivables over quota	143	(25)	-	118
Valuation loss on inventory	76	3	-	79
Seniority bonus	69	6	-	75
Valuation loss on financial assets	45	29	-	74
Impairment loss on assets	60	-	-	60
Estimated warranty liabilities	48	8	-	56
Valuation loss on onerous contracts	37	8	-	45
Share of profit or loss of associates and joint ventures accounted for using equity method	8	7	-	15
Accrued award credits liabilities	17	(2)	-	15
Deferred revenue	15	(10)	-	5
				(Continued)

	January 1, 2024	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	December 31, 2024
	NT\$	NT\$	NT\$	NT\$
	(In Millions)			
Unrealized foreign exchange loss, net	\$ 3	\$ (2)	\$ -	\$ 1
Others	<u>25</u>	<u>48</u>	<u>-</u>	<u>73</u>
	2,030	81	(450)	1,661
Loss carryforwards	<u>69</u>	<u>(69)</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,099</u>	<u>\$ 12</u>	<u>\$ (450)</u>	<u>\$ 1,661</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Defined benefit pension plans	\$ (2,260)	\$ (142)	\$ (1)	\$ (2,403)
Deferred revenue for award credits	(66)	(45)	-	(111)
Land value incremental tax	(95)	-	-	(95)
Intangible assets	(18)	2	-	(16)
Unrealized foreign exchange gain, net	(12)	6	-	(6)
Valuation gain on financial assets, net	-	-	-	-
Others	<u>(10)</u>	<u>(17)</u>	<u>-</u>	<u>(27)</u>
	<u>\$ (2,461)</u>	<u>\$ (196)</u>	<u>\$ (1)</u>	<u>\$ (2,658)</u>
				(Concluded)

- e. Unused loss carryforwards and deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Loss carryforwards		
Expire in 2024	\$ 1	\$ -
Expire in 2025	15	17
Expire in 2026	8	10
Expire in 2027	3	3
Expire in 2028	1	1
Expire in 2029	1	2
Expire in 2030	-	1
Expire in 2031	-	1
Expire in 2032	5	6
		(Continued)

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Expire in 2033	\$ 13	\$ 20
Expire in 2034	<u>-</u>	<u>12</u>
	<u>\$ 47</u>	<u>\$ 73</u>
Investment credits - research and development expenditures		
Expire in 2025	<u>\$ 8</u>	<u>\$ -</u>
Deductible temporary differences	<u>\$ 10</u>	<u>\$ 16</u>
		(Concluded)

f. Information about unused investment credits and loss carryforwards

As of December 31, 2024, information about investment credits - research and development expenditures was as follows:

Remaining Creditable Amount	Expiry Year
NT\$ (In Millions)	
<u>\$ -</u>	2025

As of December 31, 2024, information about loss carryforwards was as follows:

Remaining Creditable Amount	Expiry Year
NT\$ (In Millions)	
\$ 17	2025
10	2026
3	2027
1	2028
2	2029
1	2030
1	2031
6	2032
20	2033
<u>12</u>	2034
<u>\$ 73</u>	

g. Income tax examinations

Income tax returns of Chunghwa, SENAO, Youth, ISPOT, Aval, Wiin, SENYOUNG, CHYP, CHSI, LED, SHE, CHIEF, Unigate, CHPT, NavCore, TestPro, CHST, SFD, CLPT, CHTSC, HHI, IISI and UTC have been examined by the tax authorities through 2022. Income tax returns of CHI have been examined by the tax authorities through 2023.

h. Pillar Two Model Rules

The application of the Pillar Two rules does not have a material impact on the Company's consolidated financial statements. The Company will continue to review the possible impact on the Company's future financial performance.

34. EARNINGS PER SHARE

Net income and weighted average number of common stocks used in the calculation of earnings per share were as follows:

Net Income

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Net income used to compute the basic earnings per share			
Net income attributable to the parent	\$ 36,358	\$ 36,958	\$ 37,189
Assumed conversion of all dilutive potential common stocks			
Employee stock options and employee compensation of subsidiaries	_____ (7)	_____ (5)	_____ (3)
Net income used to compute the diluted earnings per share	<u>\$ 36,351</u>	<u>\$ 36,953</u>	<u>\$ 37,186</u>

Weighted Average Number of Common Stocks

	Year Ended December 31		
	2022	2023	2024
	(Millions Shares)		
Weighted average number of common stocks used to compute the basic earnings per share	7,757	7,757	7,757
Assumed conversion of all dilutive potential common stocks			
Employee compensation	_____ 8	_____ 8	_____ 18
Weighted average number of common stocks used to compute the diluted earnings per share	<u>7,765</u>	<u>7,765</u>	<u>7,775</u>

As Chunghwa may settle the employee compensation in shares or cash, Chunghwa shall presume that it will be settled in shares and take those shares into consideration when calculating the weighted average number of outstanding shares used in the calculation of diluted EPS if the shares have a dilutive effect. The dilutive effect of the shares needs to be considered until the approval of the number of shares to be distributed to employees as compensation in the following year.

35. SHARE-BASED PAYMENT ARRANGEMENT

- a. CHIEF share-based compensation plan (“CHIEF Plan”) described as follows:

The Board of Directors of CHIEF resolved to issue 950, 50 and 200 stock options on December 19, 2017, October 31, 2018 and November 13, 2020. Each option is eligible to subscribe for one thousand common stocks when exercisable and the exercise price is \$147.00, \$147.00 and \$206.00 per share, respectively. The options are granted to specific employees that meet the vesting conditions. The CHIEF Plan has an exercise price adjustment formula upon the changes in common stocks or distribution of cash dividends. The options of the CHIEF Plan are valid for five years and the graded vesting schedule will vest two years after the grant date.

The compensation costs for stock options for the years ended December 31, 2022, 2023 and 2024 were \$8.8 million, \$5.0 million and \$2.7 million, respectively.

CHIEF modified the plan terms of stock options granted on December 19, 2017 in July 2022; therefore, the exercise price changed from \$128.70 to 124.70 per share. The modification did not cause any incremental fair value granted.

CHIEF modified the plan terms of stock options granted on October 31, 2018 in July 2022; therefore, the exercise price changed from \$134.50 to \$130.30 per share. The modification did not cause any incremental fair value granted.

CHIEF modified the plan terms of stock options granted on November 13, 2020 in July 2022, August 2023 and July 2024; therefore, the exercise price changed from \$199.70 to \$193.50, \$171.70 and \$166.50 per share, respectively. The modification did not cause any incremental fair value granted.

Information about CHIEF’s outstanding stock options for the years ended December 31, 2022, 2023 and 2024 was as follows:

	Year Ended December 31, 2022					
	Granted on December 19, 2017		Granted on October 31, 2018		Granted on November 13, 2020	
	Number of Options	Weighted Average Exercise Price (NT\$)	Number of Options	Weighted Average Exercise Price (NT\$)	Number of Options	Weighted Average Exercise Price (NT\$)
Options outstanding at beginning of the year	213.25	\$ 128.70	10.50	\$134.50	194.00	\$199.70
Options exercised	(213.25)	124.70	(10.50)	130.30	(51.00)	193.50
Options forfeited	-	-	-	-	(0.75)	-
Options outstanding at end of the year	-	-	-	-	142.25	193.50
Options exercisable at end of the year	-	-	-	-	0.50	193.50
Weighted average remaining contractual life (years)	-		0.83		2.87	

	Year Ended December 31, 2023		Year Ended December 31, 2024	
	Granted on November 13, 2020		Granted on November 13, 2020	
	Number of Options	Weighted Average Exercise Price (NT\$)	Number of Options	Weighted Average Exercise Price (NT\$)
<u>Employee stock options</u>				
Options outstanding at beginning of the year	142.25	\$193.50	93	\$ 171.70
Options exercised	(47.00)	171.70	(85)	166.50
Options forfeited	<u>(2.25)</u>	-	<u>(1)</u>	-
Options outstanding at end of the year	<u>93.00</u>	171.70	<u>7</u>	166.50
Options exercisable at end of the year	<u>-</u>	-	<u>7</u>	166.50
Weighted average remaining contractual life (years)	1.87		0.87	

CHIEF used the fair value method to evaluate the options using the Black-Scholes model and binomial option pricing model and the related assumptions and the fair value of the options were as follows:

	Stock Options Granted on December 19, 2017	Stock Options Granted on October 31, 2018	Stock Options Granted on November 13, 2020
Grant-date share price (NT\$)	\$95.92	\$166.00	\$356.00
Exercise price (NT\$)	\$147.00	\$147.00	\$206.00
Dividend yield	-	-	-
Risk-free interest rate	0.62%	0.72%	0.18%
Expected life	5 years	5 years	5 years
Expected volatility	17.35%	16.60%	34.61%
Weighted average fair value of grants (NT\$)	\$2,318	\$33,540	\$173,893

The expected volatility for the options granted in 2020 was based on CHIEF's average annualized historical share price volatility from June 5, 2018, CHIEF's listing date on Taipei Exchange, to the grant date. The expected volatilities for the options granted from 2017 to 2018 were based on the average annualized historical share price volatility of CHIEF's comparable companies before the grant date.

b. CHTSC share-based compensation plan ("CHTSC Plan") described as follows:

The Board of Directors of CHTSC resolved to issue 4,500 and 3,500 stock options on December 20, 2019 and February 20, 2021, respectively. Each option is eligible to subscribe for one thousand common stocks when exercisable and the exercise prices are both \$19.085 per share. The options

are granted to specific employees that meet the vesting conditions. The CHTSC Plan has an exercise price adjustment formula upon the changes in common stocks. The options of the CHTSC Plan are valid for five years and the graded vesting schedule will vest one year after the grant date.

The compensation costs for stock options for the years ended December 31, 2022, 2023 and 2024 were \$5.1 million, \$0.5 million and \$0.2 million, respectively.

Information about CHTSC's outstanding stock options for the years ended December 31, 2022, 2023 and 2024 was as follows:

	Year Ended December 31, 2022			
	Granted on December 20, 2019		Granted on February 20, 2021	
	Number of Options	Weighted Average Exercise Price (NT\$)	Number of Options	Weighted Average Exercise Price (NT\$)
<u>Employee stock options</u>				
Options outstanding at beginning of the year	3,174	\$ 19.085	3,324	\$ 19.085
Options exercised	(2,049)	19.085	(815)	19.085
Options forfeited	<u>(42)</u>	-	<u>(166)</u>	-
Options outstanding at end of the year	<u>1,083</u>	19.085	<u>2,343</u>	19.085
Options exercisable at end of the year	<u>31</u>	19.085	<u>7</u>	19.085
Weighted average remaining contractual life (years)	1.97		3.14	
	Year Ended December 31, 2023			
	Granted on December 20, 2019		Granted on February 20, 2021	
	Number of Options	Weighted Average Exercise Price (NT\$)	Number of Options	Weighted Average Exercise Price (NT\$)
<u>Employee stock options</u>				
Options outstanding at beginning of the year	1,083	\$ 19.085	2,343	\$ 19.085
Options exercised	(1,002)	19.085	(778)	19.085
Options forfeited	<u>(41)</u>	-	<u>(46)</u>	-
Options outstanding at end of the year	<u>40</u>	19.085	<u>1,519</u>	19.085

(Continued)

Year Ended December 31, 2023			
	Granted on December 20, 2019		Granted on February 20, 2021
	Number of Options	Weighted Average Exercise Price (NT\$)	Number of Options
			Weighted Average Exercise Price (NT\$)
Options exercisable at end of the year	<u>5</u>	\$ 19.085	<u>7</u> \$ 19.085
Weighted average remaining contractual life (years)	0.97		2.14

(Concluded)

Year Ended December 31, 2024			
	Granted on December 20, 2019		Granted on February 20, 2021
	Number of Options	Weighted Average Exercise Price (NT\$)	Number of Options
			Weighted Average Exercise Price (NT\$)
<u>Employee stock options</u>			
Options outstanding at beginning of the year	40	\$ 19.085	1,519 \$ 19.085
Options exercised	(20)	19.085	(699) 19.085
Options forfeited	<u>(20)</u>	-	<u>(165)</u> -
Options outstanding at end of the year	<u>-</u>	-	<u>655</u> 19.085
Options exercisable at end of the year	<u>-</u>	-	<u>5</u> 19.085
Weighted average remaining contractual life (years)	-		1.14

CHTSC used the fair value method to evaluate the options using the Black-Scholes model and the related assumptions and the fair value of the options were as follows:

	Stock Options Granted on December 20, 2019	Stock Options Granted on February 20, 2021
Grant-date share price (NT\$)	\$20.17	\$23.76
Exercise price (NT\$)	\$19.085	\$19.085
Dividend yield	12.49%	15.18%
Risk-free interest rate	0.54%	0.25%
Expected life	5 years	5 years
Expected volatility	42.41%	47.35%
Weighted average fair value of grants (NT\$)	\$2,470	\$3,350

Expected volatility was based on the average annualized historical share price volatility of CHTSC's comparable companies before the grant date.

c. CLPT share-based compensation plan ("CLPT Plan") described as follows:

The Board of Directors of CLPT resolved to issue 690, 600 and 755 stock options on February 26, 2021, May 31, 2022 and September 26, 2023, respectively. Each option is eligible to subscribe for one thousand common stocks when exercisable and the exercise prices are all \$16.87 per share. The options are granted to specific employees that meet the vesting conditions. The CLPT Plan has an exercise price adjustment formula upon the changes in common stocks or distribution of cash dividends. The options of the CLPT Plan are valid for four years and the graded vesting schedule will vest two years after the grant date.

The compensation costs for stock options for the years ended December 31, 2022, 2023 and 2024 were \$1.5 million, \$2.9 million and \$4.9 million, respectively.

CLPT modified the plan terms of stock options granted on February 26, 2021 in September 2023 and October 2024; therefore, the exercise price changed from \$15.90 to \$14.40 and \$13.30 per share, respectively. The modification did not cause any incremental fair value granted.

CLPT modified the plan terms of stock options granted on May 31, 2022 in September 2023 and October 2024; therefore, the exercise price changed from \$16.87 to \$15.30 and \$14.10 per share, respectively. The modification did not cause any incremental fair value granted.

CLPT modified the plan terms of stock options granted on September 26, 2023 in September 2023 and October 2024; therefore, the exercise price changed from \$16.87 to \$15.30 and \$14.10 per share, respectively. The modification did not cause any incremental fair value granted.

Information about CLPT's outstanding stock options for the year ended December 31, 2022, 2023 and 2024 was as follows:

	Year Ended December 31, 2022			
	Granted on February 26, 2021		Granted on May 31, 2022	
	Number of Options	Weighted Average Exercise Price (NT\$)	Number of Options	Weighted Average Exercise Price (NT\$)
Options outstanding at beginning of the year	550	\$ 15.90	-	\$ -
Options granted	-	-	600	16.87
Options forfeited	(40)	-	(160)	-
Options outstanding at end of the year	<u>510</u>	15.90	<u>440</u>	16.87
Options exercisable at end of the year	<u>-</u>	-	<u>-</u>	-
Weighted average remaining contractual life (years)	2.16		3.41	

	Year Ended December 31, 2023					
	Granted on February 26, 2021		Granted on May 31, 2022		Granted on September 26, 2023	
	Number of Options	Weighted Average Exercise Price (NT\$)	Number of Options	Weighted Average Exercise Price (NT\$)	Number of Options	Weighted Average Exercise Price (NT\$)
<u>Employee stock options</u>						
Options outstanding at beginning of the year	510	\$ 15.90	440	\$ 16.87	-	\$ -
Options granted	-	-	-	-	755	16.87
Options exercised	(55)	15.90	-	-	-	-
Options forfeited	<u>(15)</u>	-	<u>-</u>	-	<u>-</u>	-
Options outstanding at end of the year	<u>440</u>	14.40	<u>440</u>	15.30	<u>755</u>	15.30
Options exercisable at end of the year	<u>192</u>	14.40	<u>-</u>	-	<u>-</u>	-
Weighted average remaining contractual life (years)	1.16		2.41		3.74	

Year Ended December 31, 2024						
Granted on February 26, 2021			Granted on May 31, 2022		Granted on September 26, 2023	
	Weighted Average Exercise Price (NT\$)		Weighted Average Exercise Price (NT\$)		Weighted Average Exercise Price (NT\$)	
	Number of Options		Number of Options		Number of Options	
<u>Employee stock options</u>						
Options outstanding at beginning of the year	440	\$ 14.40	440	\$ 15.30	755	\$ 15.30
Options exercised	(415)	14.40	(220)	15.30	-	-
Options forfeited	<u>-</u>	-	<u>-</u>	-	<u>(5)</u>	-
Options outstanding at end of the year	<u>25</u>	13.30	<u>220</u>	14.10	<u>750</u>	14.10
Options exercisable at end of the year	<u>25</u>	13.30	<u>-</u>	-	<u>-</u>	-
Weighted average remaining contractual life (years)	0.16		1.41		2.74	

CLPT used the fair value method to evaluate the options using the Black-Scholes model and the related assumptions and the fair value of the options were as follows:

	Stock Options Granted on February 26, 2021	Stock Options Granted on May 31, 2022	Stock Options Granted on September 26, 2023
Grant-date share price (NT\$)	\$17.63	\$18.66	\$28.43
Exercise price (NT\$)	\$16.87	\$16.87	\$16.87
Dividend yield	-	-	-
Risk-free interest rate	0.31%	0.98%	1.10%
			(Continued)

	Stock Options Granted on February 26, 2021	Stock Options Granted on May 31, 2022	Stock Options Granted on September 26, 2023
Expected life	4 years	4 years	4 years
Expected volatility	35.22%	35.76%	31.99%
Weighted average fair value of grants (NT\$)	\$4,750	\$5,665	\$13,225 (Concluded)

Expected volatility was based on the average annualized historical share price volatility of CLPT's comparable companies before the grant date.

36. CASH FLOW INFORMATION

Except for those disclosed in other notes, the Company entered into the following non-cash investing and financing activities:

Investing activities	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Additions of property, plant and equipment	\$ 31,265	\$ 30,398	\$ 28,576
Changes in other payables	<u>270</u>	<u>343</u>	<u>180</u>
Payments for acquisition of property, plant and equipment	<u>\$ 31,535</u>	<u>\$ 30,741</u>	<u>\$ 28,756</u>

Financing activities

	Balance on January 1, 2022	Cash Flows from Financing Activities	Changes in Non-Cash Transactions		Cash Flows from Operating Activities - Interest Paid	Balance on December 31, 2022
	NT\$	NT\$	New Leases	Others	NT\$	NT\$
	(In Millions)					
Lease liabilities	<u>\$ 10,273</u>	<u>\$ (3,777)</u>	<u>\$ 4,369</u>	<u>\$ (117)</u>	<u>\$ (75)</u>	<u>\$ 10,673</u>

	Balance on January 1, 2023	Cash Flows from Financing Activities	Changes in Non-Cash Transactions		Cash Flows from Operating Activities - Interest Paid	Balance on December 31, 2023
	NT\$	NT\$	New Leases	Others	NT\$	NT\$
	(In Millions)					
Lease liabilities	<u>\$ 10,673</u>	<u>\$ (3,884)</u>	<u>\$ 4,415</u>	<u>\$ (124)</u>	<u>\$ (105)</u>	<u>\$ 10,975</u>

	Balance on January 1, 2024	Cash Flows from Financing Activities	Changes in Non-Cash Transactions		Cash Flows from Operation Activities - Interest Paid	Balance on December 31, 2024
	NT\$	NT\$	New Leases NT\$	Others NT\$	NT\$	NT\$
			(In Millions)			
Lease liabilities	\$ 10,975	\$ (3,944)	\$ 4,092	\$ (103)	\$ (128)	\$ 10,892

37. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of debt of the Company and the equity attributable to the parent.

Some consolidated entities are required to maintain minimum paid-in capital amount as prescribed by the applicable laws.

The management reviews the capital structure of the Company as needed. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. According to the management's suggestions, the Company maintains a balanced capital structure through paying cash dividends, increasing its share capital, purchasing outstanding shares, and issuing new debt or repaying debt.

38. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
<u>Financial assets</u>		
Measured at FVTPL		
Mandatorily measured at FVTPL	\$ 1,037	\$ 1,005
Hedging financial assets	-	1
Financial assets at amortized cost (Note a)	82,091	91,049
Financial assets at FVOCI	4,412	4,667
<u>Financial liabilities</u>		
Hedging financial liabilities	-	2
Financial liabilities at amortized cost (Note b)	65,466	69,231

Note a: The balances included cash and cash equivalents, trade notes and accounts receivable, receivables from related parties, other current monetary assets, financial assets at amortized cost and refundable deposits (classified as other noncurrent assets).

Note b: The balances included short-term loans, trade notes and accounts payable, payables to related parties, partial other payables, customers' deposits, bonds payable (including the current portion) and long-term loans (including the current portion).

Financial Risk Management Objectives

The main financial instruments of the Company include investments in equity and debt instruments, trade notes and accounts receivable, trade notes and accounts payable, lease liabilities, loans and bonds payable. The Company's Finance Department provides services to its business units, co-ordinates access to domestic and international capital markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors. Those derivatives are used to hedge the risks of exchange rate fluctuation arising from operating or investment activities. Compliance with policies and risk exposure limits is reviewed by the Company's Finance Department on a continuous basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Chunghwa reports the significant risk exposures and related action plans timely and actively to the audit committee and if needed to the Board of Directors.

a. Market risk

The Company is exposed to market risks of changes in foreign currency exchange rates and interest rates. The Company uses forward exchange contracts to hedge the exchange rate risk arising from assets and liabilities denominated in foreign currencies.

There were no changes to the Company's exposure to market risks or the manner in which these risks are managed and measured.

1) Foreign currency risk

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the balance sheet dates were as follows:

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Assets		
USD	\$ 2,044	\$ 2,962
EUR	68	57
SGD	920	1,075
RMB	155	176
Liabilities		
USD	1,030	1,216
EUR	675	1,039
SGD	1,864	1,739
RMB	38	41

The carrying amounts of the Company's derivatives with exchange rate risk exposures at the balance sheet dates were as follows:

	December 31	
	2023	2024
	NT\$	NT\$
(In Millions)		
Assets		
USD	\$ -	\$ -
EUR	-	1
Liabilities		
EUR	-	2

Foreign currency sensitivity analysis

The Company is mainly exposed to the fluctuations of the currencies USD, EUR, SGD and RMB.

The following table details the Company's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible changes in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and forward exchange contracts. A positive number below indicates an increase in pre-tax profit or equity where the functional currency weakens 5% against the relevant currency.

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
(In Millions)			
Profit or loss			
Monetary assets and liabilities (a)			
USD	\$ 75	\$ 51	\$ 87
EUR	(39)	(30)	(49)
SGD	(69)	(47)	(33)
RMB	-	6	7
Derivatives (b)			
USD	-	-	2
EUR	3	7	1
Equity			
Derivatives (c)			
EUR	22	1	17

- This is mainly attributable to the exposure to foreign currency denominated receivables and payables of the Company outstanding at the balance sheet dates.
- This is mainly attributable to forward exchange contracts.
- This is mainly attributable to the changes in the fair value of derivatives that are designated as cash flow hedges.

For a 5% strengthening of the functional currency against the relevant currencies, there would be an equal and opposite effect on the pre-tax profit or equity for the amounts shown above.

2) Interest rate risk

The carrying amounts of the Company's exposures to interest rates on financial assets and financial liabilities at the balance sheet dates were as follows:

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Fair value interest rate risk		
Financial assets	\$ 43,156	\$ 47,563
Financial liabilities	41,458	41,445
Cash flow interest rate risk		
Financial assets	9,136	12,950
Financial liabilities	2,185	1,785

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's pre-tax income would increase/decrease by \$18 million, \$17 million and \$28 million for the years ended December 31, 2022, 2023 and 2024, respectively. This is mainly attributable to the Company's exposure to floating interest rates on its financial assets, short-term and long-term loans.

3) Other price risk

The Company is exposed to equity price risks arising from holding other company's equity. Equity investments are held for strategic rather than trading purposes. The management managed the risk through holding various risk portfolios. Further, the Company assigned finance and investment departments to monitor the price risk.

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax profit and pre-tax other comprehensive income for the year ended December 31, 2022 would have increased/decreased by \$50 million and \$175 million as a result of the changes in fair value of financial assets at FVTPL and financial assets at FVOCI, respectively. If equity prices had been 5% higher/lower, pre-tax profit and pre-tax other comprehensive income for the year ended December 31, 2023 would have increased/decreased by \$51 million and \$221 million as a result of the changes in fair value of financial assets at FVTPL and financial assets at FVOCI, respectively. If equity prices had been 5% higher/lower, pre-tax profit and pre-tax other comprehensive income for the year ended December 31, 2024 would have increased/decreased by \$48 million and \$233 million as a result of the changes in fair value of financial assets at FVTPL and financial assets at FVOCI, respectively.

b. Credit risk

Credit risk refers to the risk that a counterparty would default on its contractual obligations resulting in financial loss to the Company. The maximum credit exposure of the aforementioned financial instruments is equal to their carrying amounts recognized in the consolidated balance sheet as of the balance sheet date.

The Company has large trade receivables outstanding with its customers. A substantial majority of the Company's outstanding trade receivables are not covered by collateral or credit insurance. The Company has implemented ongoing measures including enhancing credit assessments and strengthening overall risk management to reduce its credit risk. While the Company has procedures to monitor and limit exposure to credit risk on trade receivables, there can be no assurance such procedures will effectively limit its credit risk and avoid losses. This risk is heightened during periods when economic conditions worsen. As the Company serves a large number of unrelated consumers, the concentration of credit risk was limited.

The Company mitigates its financial credit risk by selecting counterparties with investment grade credit ratings and by limiting the exposure to any individual counterparty. The Company regularly monitors and reviews market conditions, and adjusts the limit applied to counterparties according to their credit standing.

In accordance with the Company's investment and risk management policies, counterparties for debt investments must be financial institutions with investment grade or higher, and thus there is no significant credit exposure resulting from such investments. The Company assesses whether there has been a significant increase in credit risk on debt instruments since initial recognition by reviewing changes in financial market conditions, and external credit ratings and material information of the issuers.

The Company assesses the 12-month expected credit loss and lifetime expected credit loss for debt instruments based on the probability of default and loss given default provided by external credit rating agencies.

c. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalent position to support the operations and reduce the impact on fluctuation of cash flow.

1) Liquidity and interest risk tables

The following tables detailed the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company is required to pay.

December 31, 2023

	Weighted Average Effective Interest Rate (%)	Less than 1 Month NT\$	1-3 Months NT\$	3 Months to 1 Year NT\$	1-5 Years NT\$	More than 5 Years NT\$	Total NT\$
(In Millions)							
Non-derivative financial liabilities							
Non-interest bearing	-	\$ 37,930	\$ -	\$ 2,108	\$ 5,309	\$ -	\$ 45,347
Floating interest rate instruments	1.99	-	15	2,170	-	-	2,185
Fixed interest rate instruments	0.53	-	-	-	25,800	4,700	30,500
		<u>\$ 37,930</u>	<u>\$ 15</u>	<u>\$ 4,278</u>	<u>\$ 31,109</u>	<u>\$ 4,700</u>	<u>\$ 78,032</u>

Information about the maturity analysis for lease liabilities was as follows:

	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Total
	NT\$	NT\$	NT\$	NT\$	NT\$
	(In Millions)				
Lease liabilities	\$ 3,519	\$ 4,819	\$ 2,357	\$ 518	\$ 11,213

December 31, 2024

	Weighted Average Effective Interest Rate (%)	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years	Total
		NT\$	NT\$	NT\$	NT\$	NT\$	NT\$
		(In Millions)					
Non-derivative financial liabilities							
Non-interest bearing	-	\$ 42,220	\$ -	\$ 2,500	\$ 5,311	\$ -	\$ 50,031
Floating interest rate instruments	2.08	104	6	79	1,691	-	1,880
Fixed interest rate instruments	0.54	79	45	8,969	17,248	4,719	31,060
		<u>\$ 42,403</u>	<u>\$ 51</u>	<u>\$ 11,548</u>	<u>\$ 24,250</u>	<u>\$ 4,719</u>	<u>\$ 82,971</u>

Information about the maturity analysis for lease liabilities was as follows:

	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Total
	NT\$	NT\$	NT\$	NT\$	NT\$
	(In Millions)				
Lease liabilities	\$ 3,586	\$ 5,255	\$ 2,143	\$ 164	\$ 11,148

The following table detailed the Company's liquidity analysis for its derivative financial instruments. The table had been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
	NT\$	NT\$	NT\$	NT\$	NT\$
	(In Millions)				

December 31, 2023

Gross settled

Forward exchange contracts					
Inflows	\$ -	\$ 169	\$ -	\$ -	\$ 169
Outflows	-	169	-	-	169
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2024

Gross settled

Forward exchange contracts					
Inflows	\$ 46	\$ 350	\$ -	\$ -	\$ 396
Outflows	46	351	-	-	397
	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>

2) Financing facilities

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Unsecured bank loan facilities		
Amount used	\$ 585	\$ 250
Amount unused	<u>56,191</u>	<u>56,438</u>
	<u>\$ 56,776</u>	<u>\$ 56,688</u>
Secured bank loan facilities		
Amount used	\$ 1,600	\$ 1,600
Amount unused	<u>20</u>	<u>15</u>
	<u>\$ 1,620</u>	<u>\$ 1,615</u>

39. FAIR VALUE INFORMATION

The fair value measurement guidance establishes a framework for measuring fair value and expands disclosure about fair value measurements. The standard describes a fair value hierarchy based on three levels of inputs that may be used to measure fair value. These levels are:

Level 1 fair value measurements: These measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements: These measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements: These measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

- a. Financial instruments that are not measured at fair value but for which fair value is disclosed

Except those listed in the table below, the Company considers that the carrying amounts of financial assets and liabilities not measured at fair value approximate their fair values.

	December 31, 2023		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Financial assets</u>				
Financial assets at amortized cost				
Corporate bonds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 2,002</u>

(Continued)

	December 31, 2023		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Financial liabilities</u>				
Financial liabilities measured at amortized cost				
Bonds payable	\$ 30,483	\$ 30,469	\$ 30,488	\$ 30,485
				(Concluded)

The fair value of bonds is measured using Level 2 inputs. The valuation of fair value is based on the quoted market prices provided by third party pricing services.

- b. Financial instruments that are measured at fair value on a recurring basis

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	\$ -	\$ 1	\$ -	\$ 1
Listed stocks	-	-	-	-
Non-listed stocks	-	-	793	793
Limited partnership	-	-	219	219
Other investing agreements	-	-	24	24
	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1,036</u>	<u>\$ 1,037</u>
Financial assets at FVOCI				
Listed and emerging stocks	\$ 243	\$ -	\$ -	\$ 243
Non-listed stocks	-	-	4,169	4,169
	<u>\$ 243</u>	<u>\$ -</u>	<u>\$ 4,169</u>	<u>\$ 4,412</u>
Hedging financial liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	\$ -	\$ -	\$ -	\$ -
Non-listed stocks	-	-	661	661
Limited partnership	-	-	307	307
Other investing agreements	-	-	37	37
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,005</u>	<u>\$ 1,005</u>
Financial assets at FVOCI				
Listed and emerging stocks	\$ 126	\$ -	\$ -	\$ 126
Non-listed stocks	-	-	4,541	4,541
	<u>\$ 126</u>	<u>\$ -</u>	<u>\$ 4,541</u>	<u>\$ 4,667</u>
				(Continued)

	Level 1	Level 2	Level 3	Total
Hedging financial assets	\$ <u>-</u>	\$ <u>1</u>	\$ <u>-</u>	\$ <u>1</u>
Hedging financial liabilities	\$ <u>-</u>	\$ <u>2</u>	\$ <u>-</u>	\$ <u>2</u> (Concluded)

There were no transfers between Levels 1 and 2 for the years ended December 31, 2022, 2023 and 2024.

The reconciliations for financial assets measured at Level 3 were listed below:

2022

Financial Assets	Measured at Fair Value through Profit or Loss NT\$	Measured at Fair Value through Other Comprehensive Income NT\$ (In Millions)	Total NT\$
Balance at January 1, 2022	\$ 909	\$ 3,157	\$ 4,066
Acquisition	348	16	364
Disposal	-	-	-
Recognized in profit or loss under “Other gains and losses”	(215)	-	(215)
Recognized in other comprehensive income under “Unrealized gain or loss on financial assets at fair value through other comprehensive income”	-	52	52
Proceeds from capital reduction from investees	<u>(22)</u>	<u>(7)</u>	<u>(29)</u>
Balance at December 31, 2022	<u>\$ 1,020</u>	<u>\$ 3,218</u>	<u>\$ 4,238</u>
Unrealized gain or loss in 2022	<u>\$ (209)</u>		

2023

Financial Assets	Measured at Fair Value through Profit or Loss NT\$	Measured at Fair Value through Other Comprehensive Income NT\$ (In Millions)	Total NT\$
Balance at January 1, 2023	\$ 1,020	\$ 3,218	\$ 4,238
Acquisition	133	305	438
Recognized in profit or loss under “Other gains and losses”	(95)	-	(95)
			(Continued)

Financial Assets	Measured at Fair Value through Profit or Loss NT\$	Measured at Fair Value through Other Comprehensive Income NT\$ (In Millions)	Total NT\$
Recognized in other comprehensive income under “Unrealized gain or loss on financial assets at fair value through other comprehensive income”	\$ -	\$ 649	\$ 649
Proceeds from capital reduction from investees and profit distribution	(22)	(3)	(25)
Balance at December 31, 2023	<u>\$ 1,036</u>	<u>\$ 4,169</u>	<u>\$ 5,205</u>
Unrealized gain or loss in 2023	<u>\$ (95)</u>		
			(Concluded)

2024

Financial Assets	Measured at Fair Value through Profit or Loss NT\$	Measured at Fair Value through Other Comprehensive Income NT\$ (In Millions)	Total NT\$
Balance at January 1, 2024	\$ 1,036	\$ 4,169	\$ 5,205
Acquisition	159	313	472
Recognized in profit or loss under “Other gains and losses”	(147)	-	(147)
Recognized in other comprehensive income under “Unrealized gain or loss on financial assets at fair value through other comprehensive income”	-	62	62
Proceeds from capital reduction from investees and profit distribution	(43)	(3)	(46)
Balance at December 31, 2024	<u>\$ 1,005</u>	<u>\$ 4,541</u>	<u>\$ 5,546</u>
Unrealized gain or loss in 2024	<u>\$ (143)</u>		

The fair values of financial assets and financial liabilities of Level 2 are determined as follows:

- 1) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market prices.
- 2) For derivatives, fair values are estimated using discounted cash flow model. Future cash flows are estimated based on observable inputs including forward exchange rates at the end of the reporting periods and the forward and spot exchange rates stated in the contracts, discounted at a rate that reflects the credit risk of various counterparties.

The fair values of non-listed domestic and foreign equity investments and film and drama investing agreements were Level 3 financial assets and determined using the market approach by reference the Price-to-Book ratios (P/B ratios) of peer companies that traded in active markets, using the income approach, in which the discounted cash flow is used to capture the present value of the expected future economic benefits to be derived from the investments, or using assets approach. The significant unobservable inputs used were listed in the below table. An increase in growth rate of long-term revenue, a decrease in discount for the lack of marketability or noncontrolling interests discount, or a decrease in the discount rate would result in increases in the fair values.

	December 31	
	2023	2024
Discount for lack of marketability	3.75%-20.00%	20.00%-30.00%
Noncontrolling interests discount	17.01%-25.00%	15.00%-29.04%
Growth rate of long-term revenue	0.19%	0.12%
Discount rate	7.11%-8.20%	8.32%-14.40%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair values of Level 3 financial assets would increase (decrease) as below table.

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Discount for lack of marketability		
5% increase	\$ (49)	\$ (63)
5% decrease	\$ 45	\$ 63
Noncontrolling interests discount		
5% increase	\$ (22)	\$ (51)
5% decrease	\$ 22	\$ 51
Growth rate of long-term revenue		
0.1% increase	\$ 35	\$ 31
0.1% decrease	\$ (35)	\$ (31)
Discount rate		
1% increase	\$ (396)	\$ (363)
1% decrease	\$ 488	\$ 439

40. RELATED PARTIES TRANSACTIONS

The ROC Government has significant equity interest in Chunghwa. Chunghwa provides fixed-line services, mobile services, internet and data and other services to the various departments and institutions of the ROC Government in the normal course of business and at arm's-length prices. Except for those disclosed in other notes or this note, the transactions with the ROC government bodies have not been disclosed because the transactions are not individually or collectively significant. However, the related revenues and operating costs have been appropriately recorded.

- a. The Company engages in business transactions with the following related parties:

Company	Relationship
Taiwan International Standard Electronics Co., Ltd.	Associate
So-net Entertainment Taiwan Limited	Associate
KKBOX Taiwan Co., Ltd.	Associate
KingwayTek Technology Co., Ltd.	Associate
Taiwan International Ports Logistics Corporation	Associate
Senao Networks, Inc.	Associate
EnGenius Networks Inc.	Subsidiary of the Company's associate, SNI
EnRack Technology Inc.	Subsidiary of the Company's associate, SNI
Emplus Technologies, Inc.	Subsidiary of the Company's associate, SNI
ST-2 Satellite Ventures Pte., Ltd.	Associate
CHT Infinity Singapore Pte., Ltd.	Associate
Viettel-CHT Co., Ltd.	Associate
PT. CHT Infinity Indonesia	Subsidiary of the Company's associate, CISG
Click Force Co., Ltd.	Associate
Chunghwa PChome Fund I Co., Ltd.	Associate
Cornerstone Ventures Co., Ltd.	Associate
Next Commercial Bank Co., Ltd.	Associate
WiAdvance Technology Corporation	Associate
AgriTalk Technology Inc.	Associate
Imedtac Co., Ltd.	Associate
Baohwa Trust Co., Ltd.	Associate
Porrina Inc.	Associate
Taiwania Hive Technology Fund L.P.	Associate
Chunghwa SEA Holdings	Joint venture
Other related parties	
Chunghwa Telecom Foundation	A nonprofit organization of which the funds donated by Chunghwa exceeds one third of its total funds
Senao Technical and Cultural Foundation	A nonprofit organization of which the funds donated by SENAO exceeds one third of its total funds
Sochamp Technology Co., Ltd.	Investor of significant influence over CHST
Tsann Kuen Enterprise Co., Ltd.	Substantial related party of SENAO
E-Life Mall Co., Ltd.	Substantial related party of SENAO
Engenius Technologies Co., Ltd.	Substantial related party of SENAO
Cheng Keng Investment Co., Ltd.	Substantial related party of SENAO
Cheng Feng Investment Co., Ltd.	Substantial related party of SENAO
All Oriented Investment Co., Ltd.	Substantial related party of SENAO
Hwa Shun Investment Co., Ltd.	Substantial related party of SENAO
Yu Yu Investment Co., Ltd.	Substantial related party of SENAO
Kangsin Co., Ltd.	Substantial related party of SENAO
United Daily News Co., Ltd.	Investor of significant influence over SFD
Shenzhen Century Communication Co., Ltd.	Investor of significant influence over SCT
Advantech Co., Ltd.	Investor of significant influence over IISI
Z-Com, Inc.	Investor of significant influence over CHST

- b. Balances and transactions between Chunghwa and its subsidiaries, which are related parties of Chunghwa, have been eliminated on consolidation and are not disclosed in this note. Terms of the foregoing transactions with related parties were not significantly different from transactions with non-related parties. When no similar transactions with non-related parties can be referenced, terms were determined in accordance with mutual agreements. Details of transactions between the Company and other related parties are disclosed below:

1) Operating transactions

	Revenues		
	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Associates	\$ 417	\$ 403	\$ 402
Others	<u>61</u>	<u>57</u>	<u>65</u>
	<u>\$ 478</u>	<u>\$ 460</u>	<u>\$ 467</u>
Operating Costs and Expenses			
Year Ended December 31			
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Associates	\$ 1,247	\$ 1,322	\$ 1,108
Others	<u>80</u>	<u>74</u>	<u>82</u>
	<u>\$ 1,327</u>	<u>\$ 1,396</u>	<u>\$ 1,190</u>

2) Non-operating transactions

	Non-operating Income and Expenses		
	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Associates	\$ 37	\$ 38	\$ 40
Others	<u>2</u>	<u>2</u>	<u>1</u>
	<u>\$ 39</u>	<u>\$ 40</u>	<u>\$ 41</u>

3) Receivables

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Associates	\$ 76	\$ 184
Others	<u>2</u>	<u>9</u>
	<u>\$ 78</u>	<u>\$ 193</u>

4) Payables

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Associates	\$ 381	\$ 476
Others	<u>4</u>	<u>4</u>
	<u>\$ 385</u>	<u>\$ 480</u>

5) Customers' deposits

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Associates	\$ 20	\$ 4
Others	<u>-</u>	<u>-</u>
	<u>\$ 20</u>	<u>\$ 4</u>

6) Acquisition of property, plant and equipment

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Associates	<u>\$ 32</u>	<u>\$ 173</u>	<u>\$ 144</u>

7) Acquisition of intangible assets

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Associates	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>

8) Lease-in agreements

Chunghwa entered into a contract with ST-2 Satellite Ventures Pte., Ltd. on March 12, 2010 to lease capacity on the ST-2 satellite. This lease term is for 15 years which should start from the official operation of ST-2 satellite and the total contract value is approximately \$6,000 million (SGD 261 million), including a prepayment of \$3,068 million at the inception of the lease, and the rest of amount should be paid annually when ST-2 satellite starts its official operation. ST-2 satellite was launched in May 2011 and began its official operation in August 2011. As ST-2 satellite is in good operating condition, the useful life is extended for another 3 years and 3 months after evaluation in 2021. The Board of Directors of Chunghwa approved to extend the lease period accordingly with the original contract terms in December 2021; therefore, Chunghwa acquired right-of-use asset of \$1,125 million from the aforementioned lease extension.

The lease liabilities of ST-2 Satellite Ventures Pte., Ltd. as of December 31, 2023 and 2024 were as follows:

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Lease liabilities - current	\$ 197	\$ 204
Lease liabilities - noncurrent	<u>1,603</u>	<u>1,463</u>
	<u>\$ 1,800</u>	<u>\$ 1,667</u>

The interest expense recognized for the aforementioned lease liabilities for the years ended December 31, 2022, 2023 and 2024 were \$8 million, \$8 million and \$7 million, respectively.

9) Others

The bank deposits and other financial assets of NCB as of December 31, 2023 and 2024 were as follows:

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Bank deposits and other financial assets	<u>\$ 1,132</u>	<u>\$ 2,709</u>

The interest income recognized for the aforementioned bank deposits and other financial assets for the year ended December 31, 2023 and 2024 were \$1 million and \$25 million, respectively.

c. Compensation of key management personnel

The compensation of directors and key management personnel was as follows:

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Short-term employee benefits	\$ 360	\$ 352	\$ 369
Post-employment benefits	8	26	9
Share-based payment	2	1	1
Termination benefits	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 370</u>	<u>\$ 379</u>	<u>\$ 379</u>

The compensation of directors and key management personnel was mainly determined by the compensation committee having regard to the performances and market trends.

41. PLEDGED ASSETS

The following assets are mainly pledged as collaterals for bank loans, customs duties of the imported materials and warranties of contract performance, or the trust account the Company entrusts to Land Bank of Taiwan for fund control and property rights management.

	December 31	
	2023	2024
	NT\$	NT\$
	(In Millions)	
Property, plant and equipment	\$ 2,469	\$ 2,439
Land held under development (included in inventories)	1,999	1,999
Restricted assets (included in other assets - others)	<u>546</u>	<u>1,189</u>
	<u>\$ 5,014</u>	<u>\$ 5,627</u>

42. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Except for those disclosed in other notes, the Company's significant commitments and contingent liabilities as of December 31, 2024 were as follows:

- a. Acquisitions of property, plant and equipment of \$14,396 million.
- b. Acquisitions of telecommunications-related inventory of \$12,366 million.
- c. Unused letters of credit amounting to \$10 million.
- d. A commitment to contribute \$2,000 million to a Piping Fund administered by the Taipei City Government, of which \$1,000 million was contributed by Chunghwa on August 15, 1996 (classified as other financial assets - noncurrent). If the fund is not sufficient, Chunghwa will contribute the remaining \$1,000 million upon notification from the Taipei City Government.
- e. Chunghwa committed that when its ownership interest in NCB is greater than 25% and NCB encounters financial difficulty or the capital adequacy ratio of NCB cannot meet the related regulation requirements, Chunghwa will provide financial support to assist NCB in maintaining a healthy financial condition.
- f. Chunghwa signed a contract, the ST-2 Satellite Succession Plan, with Singapore Telecommunications Limited, for a total transaction price of EUR 177 million and SGD 51 million. As of December 31, 2024, Chunghwa had paid the amount of EUR 89 million (classified as prepayments - noncurrent).
- g. The Company has signed the house and land presale contracts amounting to \$7,704 million and has received \$1,064 million in accordance with the contracts (classified as contract liabilities).
- h. Chunghwa's Board of Directors approved an investment in Cultural Content Industry Fund in February 2024. The investment amount is capped at \$1,200 million.

43. SIGNIFICANT SUBSEQUENT EVENTS

- a. Chunghwa's Board of Directors approved an investment in TRF 1 L.P. at the amount of \$300 million in January 2025.
- b. Chunghwa no longer had more than half of seats of the Board of Directors of CHST since January 2025. As a result, the Company lost control over CHST and recognized CHST as an investment in associate.
- c. Chunghwa's Board of Directors approved a satellite investment project with Astranis Space Technologies Corp. in April 2025, with an investment amount not exceeding USD 115 million.

44. SEGMENT INFORMATION

The Company's reportable segments are "Consumer Business", "Enterprise Business", "International Business" and "Others", which are managed separately because each segment represents a strategic business unit that serves different customers. Segment information is provided to the chief operating decision maker who allocates resources and assesses segment performance. The Company's measure of segment performance is mainly based on revenues and income before income tax.

Some operating segments have been aggregated into a single operating segment taking into account the following factors: (a) the type or class of customer for the telecommunications products and services are similar; (b) the nature of the telecommunications products and services are similar; and (c) the methods used to provide the services to the customers are similar.

The accounting policies of the operating segments are the same as those described in Note 3.

a. Segment revenues and operating results

Analysis by reportable segment of revenues and operating results of continuing operations are as follows:

	Consumer Business NT\$	Enterprise Business NT\$	International Business NT\$ (In Millions)	Others NT\$	Total NT\$
<u>Year ended December 31, 2022</u>					
Revenues					
From external customers	\$ 132,063	\$ 72,152	\$ 7,189	\$ 5,335	\$ 216,739
Intersegment revenues	2,166	952	864	348	4,330
Segment revenues	<u>\$ 134,229</u>	<u>\$ 73,104</u>	<u>\$ 8,053</u>	<u>\$ 5,683</u>	221,069
Intersegment elimination					(4,330)
Consolidated revenues					<u>\$ 216,739</u>
Segment income before income tax	<u>\$ 28,505</u>	<u>\$ 15,607</u>	<u>\$ 1,694</u>	<u>\$ 1,398</u>	<u>\$ 47,204</u>
<u>Year ended December 31, 2023</u>					
Revenues					
From external customers	\$ 137,093	\$ 73,005	\$ 9,188	\$ 3,913	\$ 223,199
Intersegment revenues	2,626	1,014	995	406	5,041
Segment revenues	<u>\$ 139,719</u>	<u>\$ 74,019</u>	<u>\$ 10,183</u>	<u>\$ 4,319</u>	228,240
Intersegment elimination					(5,041)
Consolidated revenues					<u>\$ 223,199</u>
Segment income before income tax	<u>\$ 28,907</u>	<u>\$ 14,363</u>	<u>\$ 2,141</u>	<u>\$ 1,597</u>	<u>\$ 47,008</u>

(Continued)

	Consumer Business NT\$	Enterprise Business NT\$	International Business NT\$ (In Millions)	Others NT\$	Total NT\$
<u>Year ended December 31, 2024</u>					
Revenues					
From external customers	\$ 139,982	\$ 75,338	\$ 9,919	\$ 4,729	\$ 229,968
Intersegment revenues	2,765	884	1,107	376	5,132
Segment revenues	<u>\$ 142,747</u>	<u>\$ 76,222</u>	<u>\$ 11,026</u>	<u>\$ 5,105</u>	235,100
Intersegment elimination					(5,132)
Consolidated revenues					<u>\$ 229,968</u>
Segment income before income tax	<u>\$ 29,771</u>	<u>\$ 12,881</u>	<u>\$ 2,383</u>	<u>\$ 2,806</u>	<u>\$ 47,841</u>
					(Concluded)

b. Other segment information

Other information reviewed by the chief operating decision maker or regularly provided to the chief operating decision maker was as follows:

Year ended December 31, 2022

	Consumer Business NT\$	Enterprise Business NT\$	International Business NT\$ (In Millions)	Others NT\$	Total NT\$
Share of profits (loss) of associates and joint ventures accounted for using equity method	\$ (43)	\$ 23	\$ 315	\$ 147	\$ 442
Interest income	\$ 11	\$ 28	\$ 8	\$ 202	\$ 249
Interest expenses	\$ 151	\$ 83	\$ 7	\$ 22	\$ 263
Depreciation and amortization	\$ 28,703	\$ 9,714	\$ 1,114	\$ 739	\$ 40,270
Reversal of impairment loss on investment properties	\$ -	\$ -	\$ -	\$ 107	\$ 107
Impairment loss on intangible assets	\$ 9	\$ -	\$ -	\$ -	\$ 9

Year ended December 31, 2023

	Consumer Business NT\$	Enterprise Business NT\$	International Business NT\$ (In Millions)	Others NT\$	Total NT\$
Share of profits (loss) of associates and joint ventures accounted for using equity method	\$ (129)	\$ 29	\$ 283	\$ 70	\$ 253
Interest income	\$ 25	\$ 58	\$ 36	\$ 499	\$ 618
Interest expenses	\$ 185	\$ 94	\$ 8	\$ 32	\$ 319
Depreciation and amortization	\$ 28,699	\$ 9,721	\$ 1,354	\$ 737	\$ 40,511
Impairment loss on investment properties	\$ -	\$ -	\$ -	\$ 336	\$ 336
Impairment loss on property, plant and equipment	\$ 249	\$ 50	\$ -	\$ -	\$ 299

Year ended December 31, 2024

	Consumer Business	Enterprise Business	International Business	Others	Total
	NT\$	NT\$	NT\$	NT\$	NT\$
			(In Millions)		
Share of profits (loss) of associates and joint ventures accounted for using equity method	\$ (303)	\$ 55	\$ 277	\$ 128	\$ 157
Interest income	\$ 29	\$ 56	\$ 58	\$ 638	\$ 781
Interest expenses	\$ 199	\$ 98	\$ 8	\$ 34	\$ 339
Depreciation and amortization	\$ 28,421	\$ 9,943	\$ 1,422	\$ 739	\$ 40,525
Reversal of impairment loss on investment properties	\$ -	\$ -	\$ -	\$ 139	\$ 139

c. Main products and service revenues

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
		(In Millions)	
Consumer Business			
Mobile services	\$ 51,821	\$ 55,138	\$ 57,067
Fixed-line services	42,766	42,574	42,872
Sales	35,172	36,816	37,231
Others	<u>2,304</u>	<u>2,565</u>	<u>2,812</u>
	<u>132,063</u>	<u>137,093</u>	<u>139,982</u>
Enterprise Business			
Fixed-line services	34,537	33,967	33,757
ICT business	24,248	24,697	27,792
Mobile services	8,942	9,119	9,152
Others	<u>4,425</u>	<u>5,222</u>	<u>4,637</u>
	<u>72,152</u>	<u>73,005</u>	<u>75,338</u>
International Business			
Fixed-line services	5,063	5,389	5,087
ICT business	1,506	2,841	4,016
Others	<u>620</u>	<u>958</u>	<u>816</u>
	<u>7,189</u>	<u>9,188</u>	<u>9,919</u>
Others			
Sales	4,553	3,034	3,803
Others	<u>782</u>	<u>879</u>	<u>926</u>
	<u>5,335</u>	<u>3,913</u>	<u>4,729</u>
	<u>\$ 216,739</u>	<u>\$ 223,199</u>	<u>\$ 229,968</u>

d. Geographic information

The users of the Company's services are mainly from Taiwan, ROC. The revenues it derived outside Taiwan are mainly revenues from international long distance telephone and leased line services. The geographic information for revenues was as follows:

	Year Ended December 31		
	2022	2023	2024
	NT\$	NT\$	NT\$
	(In Millions)		
Taiwan, ROC	\$ 209,727	\$ 215,265	\$ 220,398
Overseas	<u>7,012</u>	<u>7,934</u>	<u>9,570</u>
	<u>\$ 216,739</u>	<u>\$ 223,199</u>	<u>\$ 229,968</u>

The Company has long-lived assets in U.S., Singapore, Hong Kong, China, Vietnam, Japan, Thailand and Germany for \$3,093 million and \$2,948 million as of December 31, 2023 and 2024, respectively, in the aforementioned areas, the other long-lived assets are located in Taiwan, ROC.

e. Major customers

For the years ended December 31, 2022, 2023 and 2024, the Company did not have any single customer whose revenue exceeded 10% of the total revenues.