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Chunghwa Telecom

Annual Report 2021


Focus on ESG with a Sustained Outlook



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1 Letter to Shareholders

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The Leading Provider of Smart Life
and the Enabler of Digital Economy.

Letter to Shareholders

Dear Shareholders,

As Taiwan faced the COVID-19 pandemic throughout 2021, we are extremely grateful to all our team members for their hard-work and ability to adapt to the new norms during these difficult times, alongside the Company. Our front-line staff also remained in their roles during the pandemic and continued to provide timely, high-quality services to our customers. We have delivered promising results for 2021, as both consolidated revenue and profits exceeded financial forecasts with annual growth rate increasing as well. Our financial performance hit a four-year record high in 2021, further creating value for our shareholders.

2021 Business Highlight

In 2021, we have achieved excellent operating results based on the "Transformation x 5G x Sustainability" strategy.

Successful Transformation with "Rise on, Together 2021" Plan

In response to changes in the operating environment and new business challenges, Chunghwa Telecom launched a three-year comprehensive strategic transformation plan, "Rise on, together 2021," strategy in 2019. We aimed to create fundamental changes in mindset, behavior and company culture to achieve an upward trend in financial metrics. After three years of hard work, we have successfully returned to the growth track from before recession. From 2019 to 2021, our telecom revenue turned upward, as net profit and EPS increased year-by-year. In addition, we achieved a record of EPS of NT\$4.61 in 2021.

In terms of business transformation, we continued to achieve milestones in core and emerging businesses these past three years, including 5G, smart applications, information and communication technology projects. In terms of network transformation, we promoted the next generation of network transformation as well as the integration of fixed-line and mobile networks, and collaborated on cloud-network and smart network maintenance. By aligning resource utilization with flexible deployment, we reduced maintenance and operating costs, while greatly improving operating efficiency. With the leading technical 5G construction method of C-RAN architecture that centralized maintenance operations and big data analysis based construction plan, we continued to accelerate 5G construction, as our network quality has been recognized by both

domestic and international institutions.

In terms of organizational transformation, we restructured our organizational structure with a "customer-centric" concept in mind by introducing three business groups: the Consumer Business Group, the Enterprise Business Group and the International Business Group. We have also built three technical groups: the Network Technology Group, Data Communications Business Group and Telecommunications Laboratories. This new organization officially launched on January 1, 2022. We will continue to strengthen the integration of organizational resources to realize operational synergies to enhance overall competitiveness through resourceful and customized services for our customers.

5G Leads Mobile Service Revenue Turned Upward

2021 is an important year for the Company with upward trends in the core business. In terms of mobile business, we have actively deployed 5G networks. By the end of 2021, we were the industry leader with more than 12,000 5G base stations completed. Our network quality has been recognized and awarded by professional international speed measurement agencies. Speedtest® recognized Chunghwa with "Fastest 5G" and "Fastest Mobile Network" in the first and second halves of 2021, respectively. As for Opensignal's "2021 Global User Network Experience," Chunghwa is recognized as the operator in Taiwan with the greatest number of projects entering the world's top 30 experience projects in Taiwan. Our 5G penetration rate has been promoted by excellent network quality along with an increase in proportion of 5G high price plan adoption, successfully driving our mobile service revenue upward in 2021.

Industry-Leading 5G Enterprise Private Network

In 2021, we actively cultivated the 5G enterprise private network market. Strategically, we aimed to acquire projects from leading enterprises across various industries and established vertical application models as a basis for expanding 5G enterprise private network market at home and abroad. We have successfully achieved pioneer projects milestones in many sectors with the top completion rate in the telecom industry. In addition to developing the domestic market, we have also made breakthroughs in the international market by signing a memorandum to cooperate with overseas telecom companies to develop international 5G enterprise private network services and technologies. Frost & Sullivan, the well-known international



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President

research and consulting institute, conducted the 5G enterprise private network evaluation for the first time in 2021. Chunghwa was the only company awarded the "2021 Taiwan Private 5G Network Customer Value Leadership Award," validating our performance in this arena.

Increasing Demand for Digital Business Accelerated Growth of Fixed-Line Broadband

In 2021, the COVID-19 outbreak increased consumer demand for digital services and accelerated enterprise digital transformation to improve fixed broadband business performance. Based on the demand for fixed-line broadband, the net adds of HiNet and broadband subscriber numbers both turned positive in 2021. In addition, demand for high-speed services also improved significantly, as the number of high-speed service subscribers with 300Mbps or higher increased at a double-digit annual growth rate, further driving increases in annual broadband revenue and ARPU. We further rolled out 2Gbps high-speed services amid with home Mesh Wi-Fi to respond to the strong market demand.

Significant Increase in Profitability of ICT and Emerging Businesses

In 2021, due to the active promotion of smart applications and enhanced project management, overall ICT profits margin and gross profits increased significantly, compared to 2020, contributing to the Company's bottom line. We also completed a number of smart transportation projects that includes constructing self-driving electric buses and building the first bus and emergency vehicle priority sign control system in Taiwan. In addition, we have cooperated with medically-focused strategic partners to enter the field of smart medical care and accelerate the development of innovative services.

Commit to ESG Practice and Set Medium- and Long-Term Carbon Reduction Targets

In 2021, we transformed the "Corporate Social Responsibility Committee" into the "Sustainable Development Committee." In response to global trends and government policies, we set medium- and long-term goals for energy conservation and carbon reduction, such as promoting IDC to use 100% renewable

energy by 2030 and achieving net zero carbon emissions by 2050. In addition, we have been awarded the "Task Force on Climate-related Financial Disclosures (TCFD)" and the Circular Economy Guidelines (BS8001) audit statement issued by the British Standard Institute, holding the status as the only telecom operator in Taiwan to simultaneously pass both audits.

In addition, we continue to give back to society in the form of innovation and technology. When the pandemic alert in Taiwan was upgraded in 2021, we fully supported the government and became its strongest backup force for pandemic prevention. For example, we developed, completed and launched the "SMS Contact Tracing Platform" within three days and developed an "Epidemic Control Assistance Platform." We also created the "Chunghwa Telecom unmanned airborne base station system," which provides signal relief in disaster areas, even during service interruptions. We established networks and mobile technology tools to introduce smart medical care solutions in rural health centers, applying 5G technology to unmanned ships to automatically remove marine debris on a daily basis. In addition, we have leveraged our technology to help disadvantaged groups and people in remote villages. During the pandemic, we provided 40,000 prepaid cards for disadvantaged students to study online at home and cooperated with strategic partners to help students in primary and secondary schools study in remote areas.

Our ESG efforts continue to gain recognitions by international professional organizations. We were the only telecom company in Asia to win the highest honor of "Jade Award" in the evaluation of The Asset ESG Corporate Award in 2021. We continue to enhance our corporate governance to protect both shareholder value and stakeholder rights. We have been awarded the 2021 Best Telecom Holding Governance Asia Award by globally-recognized media Capital Finance International, becoming the corporate governance benchmark for Asian telecom operators.

Solid Financial Performance, Shareholders Paybacks and Future Investments

Due to steady growth of our core businesses and improved profitability of emerging businesses, the Company's EBITDA increased by 5.9% year-over-year in 2021. Along with effective resource allocation, we maintained stable financial performance and healthy cash flow. Standard & Poor maintained our "AA" rating, the best in the global telecom industry, and we are the only telecom companies to receive this rating globally. Adhering to our intent of returning surplus to shareholders, the Company's cash dividend payout ratio reached 100% in 2021. Looking

forward, we will maintain a stable dividend policy to respond to shareholder expectations.

Stable financial constitution is the cornerstone of our ongoing investments in the future. In 2021, capital expenditure was NT\$35.3 billion, mainly used for the deployment of 5G and core access networks, the construction of IDC and the layout of international submarine cables in response to increasing demand for external bandwidth and potential opportunities driven by OTT digital content and audio-visual services. As technology evolves to enhance the efficient usage of space in our switch offices, we plan to develop more land and buildings with commercial potential to increase the Company's revenue through efficient use of idle assets.

Future Outlook

We adopted the "Customer-Centric" organizational structure on January 1, 2022. The three business groups, "Consumer Business Group," "Enterprise Business Group," and "International Business Group," will continue to focus on business development, while technical groups will leverage their capabilities and R&D resources for backup to support the expansion and success of the business groups.

Our visions and goals for the new organization include:

- Being the leader of smart life: to provide smart services between people and families; to provide smart life to meet client demands for entertainment, health, safety and convenience; to build the first smart life economic ecosystem in Taiwan.
- Being the facilitator of the digital economy: to become a leader in the 5G+AIoT industry by implementing emerging technological solutions; to become the best partner for the digital transformation of enterprises and international cloud network services.
- Building next generation of cloud-based intelligent networks: to establish broadband connection at all times; to provide customers with the ultimate experience; to promote the innovative digital economy; to develop products for information services and create a digital service eco-system while cooperating with various groups.

As we look forward to 2022, we will sustain our momentum in 5G migration through innovative applications, with an aim to drive up the 5G penetration rate to 30%, while steadily pushing upward growth of mobile ARPU. We are optimistic about the development of Metaverse-related VR, AI and zero-touch application, allowing customers to enjoy unprecedented VR integration experiences. We also provide Giga-level internet



▲ Senior executive team photo taken in March 2022 at New-Generation Service Center - Taipei Eastern District Service Center.

surfing experiences through "Always Broadband Connected environment" of "mobile broadband, fixed-line broadband, and home Wi-Fi" to support personal home-centric smart application services, expand in consumer markets and meet customer needs.

In terms of the enterprise customer market, we continue to provide tailored digital transformation solutions for enterprise customers. Through independent R&D, extensive partnerships and strategic investment, we will continue to develop our emerging businesses, such as smart transportation, smart agriculture, fintech and other integrated services, with cutting-edge technologies, including cybersecurity, cloud, AI, big data and blockchain, to help businesses across all industries advance into the digital era.

In terms of sustainability implementation, we set ESG-related goals with a vision of "green and low carbon, digital empowerment, integrity and transparency." We will replace old infrastructure with virtual network functions and retire old company cars with electric vehicles to reduce carbon emissions.

By 2030, we expect the Company's annual carbon emissions to be halved, compared to 2020. In addition, we look to accelerate usage of renewable energy in IDC data centers by purchasing green electricity and investing in renewable energy.

We continue to promote gender equality and raise our percentage of female managers. We will continue to support employee work-life balance, such as building "Mutual-help Education and Health Center in Workplace," so our employees can concentrate on work without any worry or concern. As a telecom operator, we constantly think about how to use network and technology capabilities to implement "Technology for Greater Good" through digital empowerment. We will continue to form partnerships with strategic parties to address structural issues regarding digital divide. By assisting enterprises with digital transformation, we will continue to practice "Digital Empowerment via Internet," while calling on enterprises and suppliers to reduce carbon emissions to achieve sustainability and sustainable prosperity.

We firmly believe that the "Transformation x 5G x Sustainability" strategy will establish a strong foundation for the Company's excellence in the next decade. Concurrently, our "Customer-Centric" structural transformation and 5G will generate greater value for our clients in the post-COVID digital era. Lastly, through sustainable prosperity and symbiosis with the society, we will continue to generate sustainable growth to maximize value for our shareholders and stakeholders.



Chi-Mau Sheih
Chairman and Chief Executive Officer



Shui-Yi Kuo
President

1. Operating Performance in 2021

1.1 2021 Operating Review

As of December 31, 2021, Taiwan local telephone penetration has reached 116.8% (according to the NCC's definition and calculation of "local telephone household subscribers as a percentage of total nationwide households"), of which the Company's subscribers totaled 9.65 million, representing a leading market share of 91.7%. For mobile communication, the nationwide penetration rate has reached 126.5%, of which the Company's subscribers totaled 11.92 million, representing a market share of 36.1%. The Company continues to maintain its market leadership position in terms of subscriber numbers. For data communication, the Company's broadband access subscribers (ADSL and FTTx) totaled 4.35 million, representing a market share of 62.6%; HiNet broadband ISP subscribers totaled 3.61 million, representing a market share of 57.8%.

Despite challenges related to COVID in 2020 and 2021, the Company demonstrated outstanding performance in revenue and profit by exceeding full year guidance. Mobile service revenues' growth is attributable to the increase in number of 5G users. Data communication and broadband access revenue increased due to increasing demand of broadband services amid work-from-home trend driven by stay-at-home economy, which further propelled the growth of higher speed service adopters and fixed broadband revenue. In addition to stable financial performance, the Company made great strides in ESG achievements in 2021, including its response to global net zero carbon emissions, commitment to medium- and long-term goals of carbon reduction, and introduction of renewable energy in IDC construction.

In response to the fierce competition, rapid technological advancement and ongoing innovation of emerging service business models, Chunghwa completed its organizational transformation, launching its new organizational structure and teams in early 2022. Looking ahead at this year, the Company will continue the growth momentum of various business, improve product and service offerings with customer-centric mindset and advocate the corporate values of "innovation, accountability, customer orientation, and integrity," striving to create the best customer experience and achieve the vision.

In addition, the Company is actively enhancing its MOD business by providing rich content and offering better digital convergence services through Hami Video. The Company continues to promote to the higher-speed broadband access of FTTx, enable government DIGI+ national policy, construct

Gbps networks, and further strengthen its nationwide broadband network capabilities.

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

The Company intends to provide more VAS for domestic fixed communication services. For broadband access with better service quality, the Company focuses on higher-speed optical fiber offerings by constructing a faster and more stable broadband network environment. As of December 31, 2021, the total broadband subscribers of the Company are approximately 4.35 million, of which approximately 2 million subscribers use 100Mbps and above, representing an increase of 13.7% year over year. In addition, FTTx subscribers are approximately 3.69 million, representing an increase of 1.8% year over year.

Furthermore, the Company is actively promoting MOD services, and making an effort to introduce high-quality channels and program content with HiNet+MOD+Mobile 5G Triple Play integration, in order to provide ubiquitous and seamless digital convergence services across networks, platforms, and terminals.

As a result of the COVID Level 3 Alert in 2021, the decline in consumption affected the subscription for new MOD service. As of the end of December 2021, MOD subscribers reached 2.06 million, representing a year over year decrease of 9,000. However, the number of CATV customers decreased by 128,000 from 4.87 million to 4.74 million, which indicates that MOD is relatively resistant.

As a leader in mobile communication, the Company launched high-speed 5G services on June 30, 2020, marking a milestone while leading the nation into a new era for telecommunication. Using innovative technologies such as AR, VR, AI, IoT, Big Data, and cloud, combined with 5G's advantages of high-speed, low latency, and massive connectivity, the Company developed applications in 7 categories and 13 vertical sub-sectors to form a cross-industry 5G ecosystem. With 4G/5G EN-DC technology, the Company established the nation's widest dual mobile network coverage while providing high-quality services. The Company continues to develop mobile VAS and expand its mobile network infrastructure as it promotes Hami VAS. As of December 31, 2021, the Company's mobile broadband customer base has reached approximately 11.92 million.

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

For international telecommunication business, the Company continues to improve service quality of the international fixed communication business, reduce churn rates, promote international leased lines and value-added services and strengthen integrated marketing of the overseas transnational business. In addition, the Company is actively expanding into overseas markets, enriching international ICT business and promoting the overseas 5G business to strengthen international business revenue.

The Company continues to strengthen operating efficiency of physical channel by focusing on relocating service centers in accordance with the variation of business districts and regional customer demands. In addition, the Company is consolidating service delivery into single access points-of-contact and implementing onsite service inspections for more convenient and better-quality telecommunication services.

For digital channel expansion, the Company continues to develop e-signature and digital payment services in different channels based on the customer-centric business concept after launching a variety of online promotion and activities for different customer bases. In addition to introducing Citizen Digital Certificate in 2019, the Company launched multiple identification services in 2021, such as MOEACA ID card issued by the Ministry of Economic Affairs Certification Authority and chip bank cards, to optimize the customer service process and overall experience by providing more convenient and high-quality online application service mechanisms.

In terms of operating cost discipline, the Company continues to improve operating efficiency, and optimize its internal organization, and enhance headcount structure while leveraging newly hired talents. In addition, the Company has designed various incentive programs, such as corporate bonuses and employee compensation, in order to encourage higher employee contributions.

1.2 Capital Expenditure

The Company's total CAPEX for 2021 was NT\$35.33 billion, including NT\$16.81 billion for mobile communications, and NT\$18.52 billion for non-mobile communications.

1.3 Revenue, Expenditure & Profit Analysis

Unit: NT\$ millions

Financial Metrics		Fiscal Year	2020	2021
Revenue & Expenditure	Revenues		207,609	210,478
	Gross Profit		70,580	75,367
	Income from Operations		42,362	44,930
	Non-Operating Income and Expenses		469	1,137
	Income before Income Tax		42,831	46,067
	Net Income		34,706	37,195
	Net Income attributable to Stockholders of the Parent		33,406	35,754
Profitability	Return on Assets (%)		7.09	7.33
	Return on Equity (%)		8.95	9.53
	Pre-tax Income to Paid-in Capital (%)		55.21	59.38
	Net Income Ratio (%)		16.72	17.67
	Earnings Per Share (NT\$)		4.31	4.61

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

1.4 Research & Development

The Company actively invests in the capacity of research and development. Through innovative and independent R&D, acquisition of domestic and foreign technologies, and research collaboration between industry, government and university, the Company develops forward-looking technologies/services in the areas such as 5G, cloud, IoT, artificial intelligence, Big Data, cybersecurity, and digital convergence in order to meet the needs of customers in time, as well as support business development and fuel the future growth.

To implement plans across various R&D fields, Chunghwa Telecom and its subsidiaries invested a total of NT\$3.69 billion in research and development in 2021, accounted for 1.75% of consolidated revenues.

2. Business Plan Highlights for 2022

2.1 Operation & Strategy Outlook

To actively promote the sustainable development of ESG and grasp the industrial business opportunities of the digital

economy and the new technology economy, the Company's business strategy for 2022 focuses on "sustainability + 5G + transformation," along with its five key pillars of strategy - "core business maintenance," "enhancing emerging business," "customer-orientation," "expanding cooperation," and "group cooperation." The Company focuses on business opportunities in digital convergence and the digital economy, using the R&D capacity of Chunghwa Telecommunication Laboratories to collaborate with strategic partners and strengthen the Company's business growth. The Company aims to expand in both domestic and overseas markets and deepen its involvement in corporate social responsibility, while commits to growing its business with the vision of "to ensure the sustainable development of ESG, to become the Leading Provider of Smart Life and the Enabler of Digital Economy" in order to deliver value to customers, shareholders, employees and society.

- Sustainable development of ESG: With the service concept of "green low-carbon, digital empowerment, integrity and transparency," fully integrate the ESG strategy and business plans to lead smart life and promote sustainable development.
- 5G: Driven by strategies of "Quality First" and "Expanding Cooperation," continue to optimize 5G network, maintain the leading position in 5G quality, promote private 5G enterprise network and form alliances with enterprise partners to develop smart applications and create a new growth curve for enterprise customer business.
- Transformation: Create a "customer-centric" organizational culture through organizational reorganization, creating new values of "innovation, accountability, customer orientation, and integrity" to achieve sustainable growth.
- Maintaining the Core Business: Improve customer value by providing mobile-fixed line convergence and three networks (5G/Wi-Fi/broadband), making good use of Taiwan's geographical advantages to promote Taiwan as the Asia-Pacific submarine cable center.
- Enhancing Emerging Businesses: Sprinting into the three emerging businesses of cloud/IDC, cyber security, and 5G+AIoT; developing innovative applications for content and smart life.
- Customer orientation: Operating omni-channel to optimize customer experience, establishing a team of experts to provide professional services to enterprise customers and establishing an overseas ICT team to promote Taiwan's smart applications.
- Expansion of Cooperation: Invest in potential partners and deepen business cooperation to promote the new southbound technology export flagship program; integrate business partners, funds and venture capital to create ecosystem investment.
- Group cooperation: Align group operations and parent and subsidiary companies with strategies and goals of

Company Business Plan to create group synergy; create great achievements with the customer-centric concept and cooperation between the technical and business branches.

2.2 Key Operating Metrics Outlook

The Company estimates its 2022 operating targets as listed below, based on its current evaluation of all business segments:

Key Offerings		Subscribers/Minutes in million
Domestic Fixed Communications	Local	9.39 Subs
	Domestic Long Distance	1,534.1 Mins
	Broadband Access	4.357 Subs
Mobile Communications	Mobile Services	12.371 Subs
Internet Network	HiNet Broadband ISP	3.56 Subs
International Fixed Communications	International Long Distance	131.7 Mins (Note)

Note: Only including outgoing minutes.

2.3 Key Product & Marketing Strategy

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

(1) Products

While facing the challenges of a competitive market environment and industry regulatory limitations, the Company continues to integrate and innovate services to strengthen customer relationship, encourage existing 4G customers to upgrade to 5G by adopting 5G devices with various sales promotion, which further increase customer value. Meanwhile, the Company explores attractive VAS to increase customer Average Revenue Per User (ARPU), and expands its product portfolio with digital life VAS to fulfill digital convergence consumption demands and to enhance its total revenue.

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

For mobile communication, the Company continues to expand its

mobile internet services in order to increase the overall revenue stream. The Company continues to build its mobile network, the quality of which has received recognition and is honored by numerous domestic and international awards. For 2022, the Company will continue providing its high-speed broadband network, optimizing its service coverage, offering flexible rate packages, providing more diversified mobile VAS, such as music (KKBOX, ringback tone), Hami Pass, Hami Video (movie, TV), Hami Cloud Gaming, Hami VR, e-book (Hami Books, children's books), as well as promoting mobile payment service, in order to better fulfill the demands of different market segments and, consequently, to increase customer contributions to the revenue stream.

For broadband and internet services, the Company focuses on broadband access upgrades and FTTx services in order to provide customers with a higher speed and more stable broadband network environment.

Under the trend of digital convergence development, the Company will actively offer FTTx promotions and integrated services such as mobile + broadband, broadband + mobile + Wi-Fi and broadband + MOD, allowing customers to enjoy the convenience of one-stop services for their internet access and media entertainment needs everywhere. In the future, the Company plans to develop more innovative VAS and diverse digital home services to fulfill customer demands for a smart life.

In addition, to meet the demands generated by the trend of digital convergence, the Company is providing cloud-enabled computing and solutions as well as cloud SaaS services, including Customer Relation Management (CRM), Enterprise Resource Planning (ERP), and Point of Sale (POS). The Company continues to develop various OTT and convergence services, such as video/audio, music, e-book, Hami Pass and mobile payment, to provide differentiated digital convergence experiences for all households by integrating internal resource and enhancing the content of multi-screen service.

For enterprise services, the Company leverages its ICT product portfolio as the core in developing advanced solutions, such as IoT (Intelligent Energy Network (iEN), Intelligent Video Surveillance Service (IVS), Intelligent Transportation System (ITS), and Intelligent Green Building (IGB)), cybersecurity, IDC integration, cloud computing, smart cities, and forward-looking infrastructure-related products for enterprises and governments. The Company is also continuing research efforts for innovative enterprise applications in emerging services, such as CHT IoT smart platform, AI, big data, smart healthcare, in order to increase its medium- to long-term revenue growth momentum.

(2) Pricing

The Company devises competitive product offerings with various rate plans to target customers by leveraging its comprehensive product portfolio, large customer base, and service innovations.

For broadband services, the Company offers broadband Internet promotion, including fixed + mobile broadband bundled package, broadband + mobile + Wi-Fi bundled package, and broadband + MOD + content bundled package, in order to fulfill the demand of indoor and outdoor internet access and entertainment. For mobile services, the Company meets customer demands by offering preferred 5G plans with multiple device solutions, which combined with the Hami Point ecosystem, to encourage upgrades to higher-quality 5G services.

(3) Sales Channel

As of December 31, 2021, the Company has 690 physical service locations, of which 447 are directly operated service centers and 243 are exclusive service stores, in order to offer broadband, MOD, mobile, and other services. In 2022, the Company's channel optimization efforts will focus on relocating physical stores to better-located and crowded places in order to provide customers with more convenient and efficient services.

In response to changes attributable to COVID-19, the Company optimized its online and offline reservation mechanism in May. Customers can easily complete priority calling services for physical stores by completing a simple One-Time Password (OTP) verification mechanism. Moreover, the Company launched online verification mechanisms for fixed-line on-site construction in June, which largely reduced the risk of infection from multiple contacts between on-site construction workers and customers, improving Company's access service efficiency through Online-to-Offline collaboration.

For the digital channels, the Company continues to expand the coverage rate of services that can be applied on Chunghwa Telecom App and online stores to enhance online sales and service application mechanism. Customers can quickly complete various business and service applications online at any time.

To meet customer demand, in addition to physical service locations, online stores, mobile apps and other diversified sales channels, the Company manages direct sales and services through a CRM platform, combining it with big data analysis to further improve marketing efficiency through targeted advertising. Also, the Company continues to expand its customer point reward program and membership management capabilities, as well as leverage corporate branding commercials, participate in exhibitions, and strengthen PR practices and targeted marketing

in order to increase overall customer loyalty. This raises new product awareness and favorable opinions, accelerating the spread of the company's reach.

2.4 Impact from Regulatory Changes and Competitive Development

- (1) The Legislative Yuan approved a budget for the third stage of its Forward-looking Infrastructure Development Program in January 2021. This budget for 2021-2022 includes a subsidy of NT\$15.49 billion, allocated to encourage telecom operators to speed up construction of 5G networks while promoting several projects in digital and infrastructure in urban and rural areas to further drive 5G development. The Company has completed the construction of more than 12,000 5G base stations in 2021, and continues accelerating the construction in 2022.
- (2) In conjunction with the release of the 5G 3.5GHz frequency band, some of the frequency in the C band of the Company's ST-2 satellite have halted service in Taiwan since May 2020, the Company has transferred the existing customers in Taiwan for continuing services. The NT\$460 million budget of compensation for the Company in 2021-2022, confirmed by The government as part of the third stage of the Forward-looking Infrastructure Development Program, was approved by the Communication Committee In 2021.
- (3) The primary goals of the Executive Yuan of Taiwan's "Digital Nation and Innovative Economic Development Program (2017-2025)" (the "DIGI+ plan"), renamed as the "Smart Country Plan (2021-2025)" in 2021, are to increase the scale of Taiwan's digital economy, expand the broadband network, provide all Taiwanese citizens with broadband internet access, and strengthen national information technology capabilities. Specifically, the development strategy includes creating an environment suitable for digital innovation ("DIGI+ Infrastructure") and establishing Taiwan's ultra-high-speed broadband service with a target of 90% of 1Gbps broadband coverage by 2020 and 90% of 2Gbps broadband coverage and 85% of the population with 5G coverage in non-rural area by 2025. Upon further review, the Company responded affirmatively to the government's DIGI+ gigabyte-level broadband coverage policy goal. In 2022, the Company increased capital expenditure of fixed broadband network to encourage customers to upgrade broadband speeds to 300Mbps or more, further solidifying the competitive advantages of the Company's fixed broadband network.
- (4) Since the implementation of the Hong Kong National Security Law on July 1, 2020, new rules and regulations have created uncertainty for multinational companies and OTT operators. In response to these developments, affected companies have gradually transferred their operation centers from Hong Kong to other locations. For example, LINE has moved its backup server for storing user data to Singapore. Facing the changes of new international situation, Chunghwa Telecom (CHT) will build a double ring submarine cable in the Asia-Pacific region and integrate with the core capabilities of IDC, cloud computing, cybersecurity, backhaul and other businesses to actively support the entry of customers and landing of new submarine cables. In addition, in response to the evolving international submarine cable transmission system and to provide a higher number of wavelength technologies, the Company has maintained its investment in new, high-bandwidth international submarine cables to provide better circuit cost advantages in the future and pursue international business opportunities.
- (5) The U.S.-China trade war has prompted China-based Taiwanese businesses to transfer their production lines and orders to Taiwan. The government has also implemented a policy that welcomes Taiwanese investment back to Taiwan. In 2022, the Company continues to refine its management of Taiwanese enterprises that may return, including plans for voice, mobile, internet, digital, PBX (including IP-Centrex), cloud backup, storage equipment, firewall, solar photovoltaic energy equipment, etc.
- (6) The initial outbreak of COVID-19 had developed into a pandemic since 2020, imposing a major burden on the medical system and causing border lockdowns in various countries, which severely affected the life and work of individuals and economic activities. Despite the various economic relief measures introduced by lawmakers around the globe, the COVID-19 impact continued to affect multiple industries, in particular transportation and tourism industry. The impact on the telecommunications industry has been relatively mild and primarily affected the revenue of mobile international roaming services. In addition to executing its business continuity plan to ensure business operations go uninterrupted, the Company will actively pursue business opportunities in the "new norm", such as home economy, zero-touch, and accelerated digital transformation of enterprises.



2 Company Profile

1. Date of Incorporation
2. Company Milestones



The Leading Provider of Smart Life
and the Enabler of Digital Economy.

Company Profile

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

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

1. Date of Incorporation

The Company was officially established on July 1, 1996.

2. Company Milestones

2.1 Merger and Acquisitions, Strategic Investments in Affiliated Enterprises for the most recent year and up to the Publication Date of this Annual Report

- (1) The Company invested 20.33% equity interest in WiAdvance Technology Corporation in March 2021 for infusing the power of public cloud services and integrate services into the manufacturing value chain.
- (2) The Company's investments in associates of Alliance Digital Tech Co., Ltd. completed liquidation and dissolution in September 2021.
- (3) The Company disposed of all shares of UUPON Inc. in October 2021.
- (4) The Company's Board of Directors approved an investment in Taiwan Capital Buffalo Fund VI, L.P. at the amount of \$600 million in January 2022 for mid-to-long-term strategic promotion for the deployment of emerging and forward-looking technology businesses.

2.2 Status of Corporate Reorganization for the most recent year and up to the Publication Date of this Annual Report

None.

2.3 Significant Shareholding Changes in Directors, Supervisors, or Shareholders with Greater than 10% Shareholding for the most recent year and up to the Publication Date of this Annual Report

None.

2.4 Changes in Managerial Control for the most recent year and up to the Publication Date of this Annual Report

None.

2.5 Material Changes in Business Operation, or Service Offerings for the most recent year and up to the Publication Date of this Annual Report

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

2.6 Other Matters of Material Significance that could Affect Shareholders' Interest for the most recent year and up to the Publication Date of this Annual Report

None.

3

Corporate Governance Report

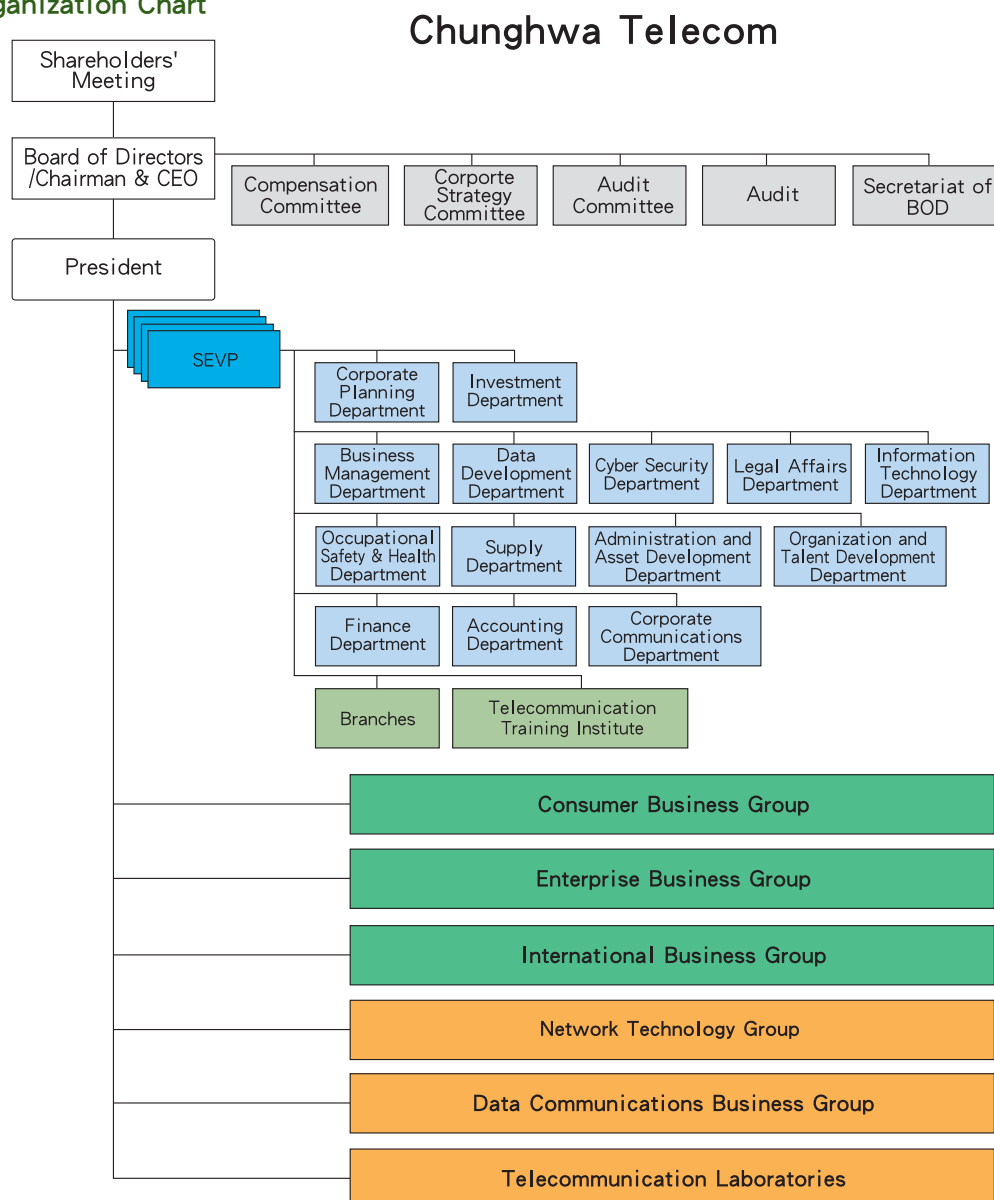
1. Organization Structure
2. Directors, President, Senior Executive Vice Presidents, Vice Presidents, Assistant Vice Presidents, Senior Directors, and Department Heads
3. 2021 Compensation of Directors (including Independent Directors), President, Senior Executive Vice Presidents, and Other Management Officers
4. Corporate Governance
5. Certified Public Accountant (CPA) Professional Fees
6. Change of CPA
7. Audit Independence for the Most Recent Year
8. Shareholding Changes of Directors, Supervisors, Management, and Major Shareholders for the Most Recent Year and Up To the Publication Date of This Annual Report
9. Relationship Among Top Ten Shareholders
10. Comprehensive Shareholding Information Relating to Company, Directors, Management, and Companies Affiliated through Direct and Indirect Investments

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and the Enabler of Digital Economy.

Corporate Governance Report

1. Organization Structure

1.1 Organization Chart



In response to market competition, rapid technological advancement and the ongoing innovation of new business models, Chunghwa Telecom launched a new organizational structure on January 1, 2022. Combining the newly established Consumer Business Group and Network Technology Group, with the Company's existing groups including the Enterprise Business Group, International Business Group, Data Communications Business Group and the Telecommunication Laboratories, Chunghwa established three business groups and three technology groups based on a customer-centric concept. The customer-centric structure enables the Company to enhance overall competitiveness moving forward.

1.2 Principal Lines of Business

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

- International Business Group: International Direct Dialing ("IDD"), Super eCall, international calling cards, international internet card (Let u Tour), conference call, Taiwan Gateway ("TWGate"), International Private Leased Circuit ("IPLC"), IDC for international customers, Internet Protocol Virtual Private Network ("IPVPN"), satellite transponder leasing, satellite VAS, satellite mobile communication, enterprise integrated services, overseas smart solutions, foreign subsidiaries, and others.
- Network Technology Group: primarily focuses on telecom network transformation, including network architecture and strategies planning, network monitoring and management, fixed network, mobile network, new generation intelligent cloud network, electricity planning and design, network operation and maintenance, customer network services, and others.
- Data Communications Business Group: internet, data communications, IDC, cloud computing, IoT, AI, smart care, information systems and cybersecurity, commercial applications, integrated services for government entities and enterprises, and others.
- Telecommunication Laboratories: primarily focuses on research and development in key sectors, including wireless communication, broadband network, network management, cloud computing, digital innovation, cybersecurity, AIoT, advanced technology, innovative incubation, etc.

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

2.1 Directors

(1) Director Profile

Title (Note 1)	Nationality	Name	Gender/ Age (Note 2)	Date Elected	Tenure	Date First Elected (Note 3)	Shareholding when Elected		Current Shareholding		
							Shares	%	Shares	%	
Director	R.O.C.	MOTC	-	June 21, 2019	June 20, 2022	June 11, 1996	2,737,718,976	35.29%	2,737,718,976	35.29%	
Chairman, Chief Executive Officer and Director	R.O.C.	Chi-Mau Sheih (Representative of the MOTC)	Male 61-70	June 21, 2019	June 20, 2022	Succeeded as a director on January 4, 2017 Succeeded as the Chairman & CEO on April 22, 2019	72,054	0%	72,054	0%	
President, and Director	R.O.C.	Shui-Yi Kuo (Representative of the MOTC)	Male 51-60	June 21, 2019	June 20, 2022	April 26, 2019	0	0%	35,000	0%	
Director	R.O.C.	Shin-Yi Chang (Representative of the MOTC)	Male 61-70	June 21, 2019	June 20, 2022	June 21, 2019	0	0%	0	0%	
Director	R.O.C.	Lien-Chuan Lee (Representative of the MOTC)	Male 51-60	September 16, 2019	June 20, 2022	September 16, 2019	0	0%	0	0%	
Director	R.O.C.	Sin-Hong Chen (Representative of the MOTC)	Male 61-70	June 21, 2019	June 20, 2022	June 21, 2019	0	0%	0	0%	
Director	R.O.C.	Yu-Lin Huang (Representative of the MOTC)	Male 51-60	June 21, 2019	June 20, 2022	February 13, 2019	0	0%	0	0%	
Director	R.O.C.	Hung-Yi Hsiao (Representative of the MOTC)	Male 41-50	June 21, 2019	June 20, 2022	June 21, 2019	0	0%	0	0%	

As of February 28, 2022

	Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Major Experience & Education (Note 4)	Other Position	Executives, Directors or Supervisors who are Spouses or within Two Degrees of Kinship			Remarks (Note 5)
	Shares	%	Shares	%			Title	Name	Relation	
	0	0%	0	0%			-	-	-	-
	0	0%	0	0%	Chairman and Chief Executive Officer, Chunghwa Telecom Co., Ltd. Master, Business Administration, National Taiwan University	Chairman & CEO, Chunghwa Telecom Co., Ltd. Director, Industrial Technology Research Institute	-	-	-	-
	0	0%	0	0%	President, Chunghwa Telecom Co., Ltd. Master, Accounting, National Chengchi University	President, Chunghwa Telecom Co., Ltd. Chairman, Chunghwa Telecom Foundation Director, Cornerstone Ventures Co., Ltd.	-	-	-	-
	0	0%	0	0%	Director, Department of Accounting, MOTC Master, Business Administration, National Taiwan University	Supervisor, Taiwan International Ports Corp.	-	-	-	-
	0	0%	0	0%	Vice Minister, MOC Master, Economics, National Chengchi University	Director, Memorial Foundation of 228	-	-	-	-
	15,729	0%	0	0%	Chair Professor, Department of Electrical Engineering, National Yang Ming Chiao Tung University Ph.D., Electrical Engineering, Texas Tech University in Lubbock, Texas, USA	Independent Director, Chinesegamer International Corp.	-	-	-	-
	0	0%	0	0%	President, Taiwan Foundation for Democracy Ph.D., Civil and Environmental Engineering, University of California at Berkeley, USA	President, Taiwan Foundation for Democracy Director, Taiwan Thinktank	-	-	-	-
	0	0%	0	0%	Professor, Department of Law, School of Law, Soochow University, Taiwan Dean, Office of International & Cross-Strait Academic Exchange, Soochow University Ph.D., Law, Soochow University	Chairman, China Electric Manufacturing Corp.	-	-	-	-

Title (Note 1)	Nationality	Name	Gender/ Age (Note 2)	Date Elected	Tenure	Date First Elected (Note 3)	Shareholding when Elected		Current Shareholding		
							Shares	%	Shares	%	
Director	R.O.C.	Chin-Tsai Pan (Representative of the MOTC)	Male 61-70	June 21, 2019	April 5, 2021 (Dismissed)	March 22, 2017	2,000	0%	2,000	0%	
Director	R.O.C.	Shih-Hung Tseng (Representative of the MOTC)	Male 61-70	April 6, 2021	June 20, 2022	April 6, 2021	245	0%	245	0%	
Independent Director	R.O.C.	Lo-Yu Yen	Male 61-70	June 21, 2019	June 20, 2022	June 24, 2016	0	0%	0	0%	
Independent Director	R.O.C.	JenRan Chen	Male 61-70	June 21, 2019	June 20, 2022	June 24, 2016	0	0%	0	0%	
Independent Director	R.O.C.	Yu-Fen Lin	Female 51-60	June 21, 2019	June 20, 2022	June 23, 2017	0	0%	0	0%	
Independent Director	R.O.C.	Chung-Chin Lu	Male 61-70	June 21, 2019	June 20, 2022	June 15, 2018	0	0%	0	0%	
Independent Director	R.O.C.	Yi-Chin Tu	Male 41-50	June 21, 2019	June 20, 2022	June 21, 2019	0	0%	0	0%	

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

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

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

Note 4: If any of the current and past experiences involve part of the auditing CPA firms or any of the Company affiliates, please provide details for the person's title and responsibilities.

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

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

As of February 28, 2022

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

	Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Major Experience & Education (Note 4)	Other Position	Executives, Directors or Supervisors who are Spouses or within Two Degrees of Kinship			Remarks (Note 5)
	Shares	%	Shares	%			Title	Name	Relation	
	0	0%	0	0%	Executive Director, Chunghwa Telecom Workers' Union Kaohsiung Industrial High School	Deputy Senior Engineer, Kaohsiung Branch, Chunghwa Telecom Co., Ltd.	-	-	-	-
	2,000	0%	0	0%	President, Chunghwa Telecom's Corporate Union Tainan Branch Electronic Engineering Department of Kun Shan Institute of Technology	Engineer, Tainan Branch, Chunghwa Telecom Co., Ltd.	-	-	-	-
	0	0%	0	0%	Chairman, Entrepreneurs Co-Creation Platform Master, Accounting, National Chengchi University	Chairman, Entrepreneurs Co-Creation Platform Independent Director, Sinyi Realty Inc. Independent Director, Qisda Corp., Legal Representative Director, Chinese Television System Inc. Director, Alibaba Entrepreneurs Fund	-	-	-	-
	0	0%	0	0%	Executive Board Director, Pixnet Digital Media Technology Co., Ltd. Master, Sociology, National Taiwan University	Executive Board Director, Pixnet Digital Media Technology Co., Ltd. Independent Director, Ezfly International Travel Agent Co., Ltd. Executive Board Director, Institute for Information Industry (III)	-	-	-	-
	0	0%	0	0%	Managing Partner, Lex & Honor, Attorneys-at-Law Bachelors, Laws and Political Science, National Taiwan University	Managing Partner, Lex & Honor, Attorneys-at-Law Independent Director, Bank SinoPac Co., Ltd. Independent Director, SINBON Electronics Co., Ltd.	-	-	-	-
	0	0%	0	0%	Professor, Electrical Engineering Department, National Tsing Hua University Ph.D., Electrical Engineering, University of Southern California, USA	Director, National Science & Technology Center for Disaster Reduction	-	-	-	-
	0	0%	0	0%	Chairman, Taiwan AI Labs & Foundation Master, Computer Science and Information Engineering, National Taiwan University	Chairman, Taiwan AI Labs & Foundation Director, Taiwan Creative Content Agency	-	-	-	-

(2) Disclosure of Directors Professional Qualifications and Independence

As of February 28, 2022

Criteria Name	Professional Qualification and Work Experiences	Criteria for Independence	Number of Other Public Companies in which the Individual is Concurrently Serving as an Independent Director
Chi-Mau Sheih (Note 1)	1.Master, Business Administration, National Taiwan University 2.Current Position: Chairman and Chief Executive Officer, Chunghwa Telecom Co., Ltd. 3.Previous work experience: President, Senior Executive Vice President (Marketing and Administration), Chunghwa Telecom Co., Ltd., and President, Southern Taiwan Business Group, Chunghwa Telecom Co., Ltd. Mr. Sheih has been working with the Company for 46 years. 4.Chairman of the Company's ESG Committee 5.Area of Research/ Expertise: Business Management, ICT, Cyber Security, Cloud Computing, Big Data Applications and Commerce. 6.Qualified with the requirements of at least 5 years work experience in commerce and other necessary expertise for the business of the Company 7.Not been a person of any conditions defined in Article 30 of the Company Act.	1. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; 2. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the above persons in the preceding 1 subparagraph; 3. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company; 4. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; 5. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent); 6. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company; 7. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT\$500,000".	0

Criteria Name	Professional Qualification and Work Experiences	Criteria for Independence	Number of Other Public Companies in which the Individual is Concurrently Serving as an Independent Director
Shui-Yi Kuo (Note 1)	1.Master, Accounting, National Chengchi University 2.Current Position: President, Chunghwa Telecom Co., Ltd. 3.Previous work experience: Chief Financial Officer & Senior Executive Vice President (Investment) and Vice President of Accounting Department, Chunghwa Telecom Co., Ltd. 4.Vice-Chairman of the Company's ESG Committee 5.Chairman of the Company's Corporate Strategy Committee, Risk Management Committee and Data Governance Committee 6.Area of Research/ Expertise: Accounting and Finance 7.Qualified with the requirements of Certified Public Account and at least 5 years work experience in commerce and accounting and other necessary professional expertise for the business of the Company 8.Not been a person of any conditions defined in Article 30 of the Company Act.	1. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; 2. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the above persons in the preceding 1 subparagraph; 3. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company; 4. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; 5. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent); 6. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company; 7. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service" which total compensation within the recent two years exceeds NT\$500,000".	0
Shin-Yi Chang (Note 1)	1.Master, Business Administration, National Taiwan University 2.Current Position: Director, Department of Accounting, Ministry of Transportation and Communications 3.Previous work experience: Director, Accounting Department, Coast Guard Administration and Ministry of Economic Affairs 4.Member of the Company's Corporate Strategy Committee 5.Area of Research/Expertise: Accounting 6.Qualified with the requirement of at least 5 years work experience as an instructor of accounting at a public university with the necessary professional expertise necessary for the business of the Company 7.Not been a person of any conditions defined in Article 30 of the Company Act.	1. Not an employee of the Company or any of its affiliates; 2. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; 3. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2; 4. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company; 5. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; 6. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent); 7. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company; 8. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service" which total compensation within the recent two years exceeds NT\$500,000".	0
Lien-Chuan Lee (Note 1)	1.Master, Economics, National Chengchi University 2.Current Position: Vice Minister, Ministry of Culture ("MOC") 3.Previous work experiences: Secretary General and Executive Secretary of Legal Affairs, MOC, Senior Executive Officer, Ministry of Economic Affairs, Professor of Soochow University and Tamkang University, Taiwan respectively, in the area of International Finance, Investment Theory and Practice, and Futures Theory and Practice. 4.Area of Research/Expertise: Financial Management, Cultural and Digital Content Investment, interdisciplinary integration of Cultural and Technology 5.Qualified with the requirements of at least 5 years work experience as an instructor at a private university, with the necessary professional expertise 6.Not been a person of any conditions defined in Article 30 of the Company Act.	1. Not an employee of the Company or any of its affiliates; 2. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; 3. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2; 4. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company; 5. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; 6. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent); 7. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company; 8. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service" which total compensation within the recent two years exceeds NT\$500,000".	0

Criteria Name	Professional Qualification and Work Experiences	Criteria for Independence	Number of Other Public Companies in which the Individual is Concurrently Serving as an Independent Director
Sin-Hong Chen (Note 1)	1. Ph.D., Electrical Engineering, Texas Tech University in Lubbock, Texas, USA 2. Current Position: Professor, Department of Electrical and Computer Engineering, National Yang Ming Chiao Tung University 3. Previous work experience: Acting President of National Yang Ming Chiao Tung University, Chair, IoT & Intelligent Systems Research Center, National Chiao Tung University; Chief Executive Officer, National Telecommunication Program/Networked Communication Program, National Science Council, Taiwan; Chairman, Communication Engineering Program of National Science Council, Taiwan 4. Area of Research/Expertise: Speech Signal Processing, Speech Recognition, Speech Synthesis 5. Qualified with the requirements of at least 5 years work experience as an instructor of electrical engineering at a public university with the necessary professional expertise for the business of the Company 6. Not been a person of any conditions defined in Article 30 of the Company Act.	1. Not an employee of the Company or any of its affiliates; 2. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; 3. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2; 4. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company; 5. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; 6. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent); 7. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company; 8. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT\$500,000".	1
Yu-Lin Huang (Note 1)	1. Ph.D., Civil and Environmental Engineering, University of California at Berkeley, USA 2. Current Position: President of Taiwan Foundation for Democracy and Professor, Department of Civil Engineering, National Yang Ming Chiao Tung University 3. Previous work experience: Political Deputy Minister, Ministry of Transportation and Communications 4. Member of the Company's Corporate Strategy Committee 5. Area of Research/Expertise: Project Management, Project Financing, Infrastructure Investment and Privatization 6. Qualified with the requirements of at least 5 years work experience as an instructor at a public university with the necessary professional expertise for the business of the Company 7. Not been a person of any conditions defined in Article 30 of the Company Act.	1. Not an employee of the Company or any of its affiliates; 2. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; 3. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2; 4. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company; 5. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; 6. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent); 7. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company; 8. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT\$500,000".	0
Hung-Yi Hsiao (Note 1)	1. Ph.D., Law, Soochow University, Taiwan 2. Current Position: (1) Professor, Department of Law, School of Law, Soochow University, Taiwan (2) Dean of Office of International & Cross-Strait Academic Exchange, Soochow University, Taiwan (3) Professor, College of Law and Political Science, Feng Chia University 3. Previous work experiences: Member, Advisory Committee, Judicial Yuan and the Control Yuan; Lecturer, Judges Academy and Academy for the Judiciary, Ministry of Justice; Dean, Student Affairs, Soochow University, Taiwan; Independent Director, China Electric Manufacturing Corp. 4. Area of Research/Expertise: Criminal Law, Technology Law 5. Qualified with the requirements of at least 5 years work experience as a law instructor at a private university with necessary professional expertise for the business of the Company 6. Not been a person of any conditions defined in Article 30 of the Company Act.	1. Not an employee of the Company or any of its affiliates; 2. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; 3. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2; 4. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company; 5. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; 6. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent); 7. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company; 8. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT\$500,000".	0

Criteria Name	Professional Qualification and Work Experiences	Criteria for Independence	Number of Other Public Companies in which the Individual is Concurrently Serving as an Independent Director
Shih-Hung Tseng (Note 1)	<p>1. Graduated at the Electronic Engineering Department of Kun Shan Institute of Technology</p> <p>2. Current Position: employee and Labor Director of Chunghwa Telecom Co., Ltd.</p> <p>3. Member of the Company's Corporate Strategy Committee</p> <p>4. Area of Research/Expertise: ICT</p> <p>5. 43 years with the Company and qualified with the required 5-year minimum work experience with necessary professional qualifications for the business of the Company</p> <p>6. Not been a person of any conditions defined in Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the above persons in the preceding 1 subparagraph; Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company; Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent); Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company; Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT\$500,000". 	0
Lo-Yu Yen (Note 2)	<p>1. Master, Accounting, National Chengchi University</p> <p>2. Current Position: Chairman, Entrepreneurs Co-Creation Platform</p> <p>3. Previous work experience: President, Vincera Capital Group; President, Deloitte & Touche Taiwan; Partner & CPA, Deloitte & Touche Taiwan; Clients & Markets Leader and Chief Strategy Officer of Deloitte China</p> <p>4. Chairman of the Company's Audit Committee and member of the Company's Corporate Strategy Committee and Compensation Committee</p> <p>5. Area of Research/Expertise: Accounting and Finance</p> <p>6. Qualified with the requirements of Certified Public Accountant and at least 5 years work experience as an instructor of Accounting at a public or private junior college, college or university with other necessary expertise for the business of the Company.</p> <p>7. Not been a person of any conditions defined in Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> Not an employee of the Company or any of its affiliates; Not a director or supervisor of the Company or any of its affiliates; Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3; Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company; Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, ranks as of its top five shareholders, or has representative director(s) serving on the Company's board based on Article 27 of the Company Act; Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent); Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company; Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT\$500,000"; Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act. 	2

Criteria Name	Professional Qualification and Work Experiences	Criteria for Independence	Number of Other Public Companies in which the Individual is Concurrently Serving as an Independent Director
JenRan Chen (Note 2)	<p>1.Master, Sociology, National Taiwan University</p> <p>2.Current Position: Executive Board Director, Pixnet Digital Media Technology Co., Ltd.</p> <p>3.Previous work experiences:</p> <p>(1) General Manager, Chinese Television System</p> <p>(2) Founder and CEO, Yam Digital Technology Co., Ltd.</p> <p>4.Member of the Company's Audit Committee and Corporate Strategy Committee; Chairman of the Company's Compensation Committee</p> <p>5.Area of Research/ Expertise: Innovation Management, Team Building, Strategy Management, IT Services</p> <p>6.Qualified with the requirement of at least 5 years work experience in commerce with necessary professional expertise for the business of the Company</p> <p>7.Not been a person of any conditions defined in Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> Not an employee of the Company or any of its affiliates; Not a director or supervisor of the Company or any of its affiliates; Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3; Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company; Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, ranks as of its top five shareholders, or has representative director(s) serving on the Company's board based on Article 27 of the Company Act; Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent); Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company; Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service" which total compensation within the recent two years exceeds NT\$500,000"; Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act. 	1
Yu-Fen Lin (Note 2)	<p>1.B.A., Law and Political Science, National Taiwan University</p> <p>2.Current Position: Managing Partner, Lex & Honor Law Offices</p> <p>3.Previous Work Experiences: Partner, Kao & Partners, Attorneys-at-Law, Investment Lawyer, Lee & Li Attorneys-at-Law</p> <p>4.Member of the Company's Audit Committee and Compensation Committee</p> <p>5.Area of Research/Expertise: International Commercial Investment, Corporate Investment Law, Administrative and Public Laws related legal consultancy</p> <p>6.Qualified with the requirement of practising lawyer and at least 5 years work experience in law and other necessary expertise for the business of the Company</p> <p>7.Not been a person of any conditions defined in Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> Not an employee of the Company or any of its affiliates; Not a director or supervisor of the Company or any of its affiliates; Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3; Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company; Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, ranks as of its top five shareholders, or has representative director(s) serving on the Company's board based on Article 27 of the Company Act; Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent); Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company; Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service" which total compensation within the recent two years exceeds NT\$500,000"; Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act. 	2

Criteria Name	Professional Qualification and Work Experiences	Criteria for Independence	Number of Other Public Companies in which the Individual is Concurrently Serving as an Independent Director
Chung-Chin Lu (Note 2)	1.Ph.D., Electrical Engineering, University of Southern California, USA 2.Current Position: Professor, Department of Electrical Engineering, National Tsing Hua University 3.Previous work experiences: Chair, Electrical Engineering Department, National Tsing Hua University 4.Member of the Company's Audit Committee and Corporate Strategy Committee 5.Area of Research/Expertise: Digital Communications, Error-correcting Codes, Systems Bioinformatics, Quantum Computation and Quantum Communications, Machine Learning 6.Qualified with the requirement of at least 5 years work experience as an instructor in Electrical Engineering at a public university with necessary professional expertise for the business of the Company 7.Not been a person of any conditions defined in Article 30 of the Company Act.	1. Not an employee of the Company or any of its affiliates; 2. Not a director or supervisor of the Company or any of its affiliates; 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; 4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3; 5. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company; 6. Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, ranks as of its top five shareholders, or has representative director(s) serving on the Company's board based on Article 27 of the Company Act; 7. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; 8. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent); 9. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company; 10. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT\$500,000"; 11. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.	0
Yi-Chin Tu (Note 2)	1.Master, Computer Science and Information Engineering, National Taiwan University 2.Current Position: Chairman and Co-Founder of Taiwan AI Labs & Foundation, Computer Software Industry 3.Previous work experiences: Founder, non-profit open-source organization of BBS club of PTT; and Principal Development Manager for "Bing" and "Cortana" of Microsoft. 4.Member of the Company's Corporate Strategy Committee and Audit Committee 5.Area of Research/Expertise: Artificial Intelligence(AI), AI Data Governance, Software Platform R&D and Digital Talent Incubation 6.Qualified with the requirement of at least 5 years work experience with necessary professional expertise for the business of the Company 7.Not been a person of any conditions defined in Article 30 of the Company Act.	1. Not an employee of the Company or any of its affiliates; 2. Not a director or supervisor of the Company or any of its affiliates; 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; 4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3; 5. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company; 6. Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, ranks as of its top five shareholders, or has representative director(s) serving on the Company's board based on Article 27 of the Company Act; 7. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; 8. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent); 9. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company; 10. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT\$500,000"; 11. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.	0

Note 1: Legal Representative Directors

Note 2: Independent Directors

(3) Board Diversification and Independence

A. Implementation of Board Diversification Policy

a. Diversification Policy :

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

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

b. Concrete Objectives:

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

and decision-making and management capabilities necessary to perform their duties. The Company continuously arranges a variety of courses for the directors to enhance their decision-making quality and supervision skills, thus strengthening the functions of the Board of Directors. In addition, the Company focused on promoting gender equality and intends to have at least one female director on its Board with plans to reach a target of 20% female directors within 2025.

c. Implementation of the Board Diversification Policy

The Company's Board of Directors currently consists of 13 directors, including 5 independent directors (one female) and 8 legal representative directors. All 13 directors are ROC nationals. The Company's Board possesses overall competence which includes operating judgment, accounting & finance, operating management, crisis management, industry knowledge, global market knowledge, leadership and decision-making ability, the Board members also possess industrial experience and expertise, as follows: 10 directors equipped with business management skills; 11 directors with knowledge of corporate governance; 8 directors with ICT experiences, 4 directors with social media experience, 2 directors with expertise in Fintech, 8 directors with investment and M&A experience; 7 directors with audit and risk management skills; 8 directors with commerce and marketing specialists, 2 directors with legal professionals and 4 directors with accounting and finance experts. Please see below for additional information on the Board's background and expertise, as well as the Company's implementation of the board diversification policy.

Name	Gender	An employee/ management of the Company	Age	The date of the appointment as a director	Term of Office of the independent director	Communication Industry Experiences (years)	
Chi-Mau Sheih	Male	V	61-70	2017.1.4		46	
Shui-Yi Kuo	Male	V	51-60	2019.4.26		21	
Shin-Yi Chang	Male		61-70	2019.6.21		4.4	
Lien-Chuan Lee	Male		51-60	2019.9.16		2.6	
Sin-Horng Chen	Male		61-70	2019.6.21		43	
Yu-Lin Huang	Male		51-60	2019.2.13		3.2	
Hung-Yi Hsiao	Male		41-50	2019.6.21		2.8	
Shih-Hung Tseng	Male	V	61-70	2021.4.6		43	
Lo-Yu Yen	Male		61-70	2016.6.24	2	5.8	
JenRan Chen	Male		61-70	2016.6.24	2	24	
Yu-Fen Lin	Female		51-60	2017.6.23	2	4.8	
Chung-Chin Lu	Male		61-70	2018.6.15	2	33	
Yi-Ching Tu	Male		41-50	2019.6.21	1	27	

* Indicates partial competencies

Note: Directors as employees of the Company account for 23% of the board, independent directors account for 38% of the board, and female director accounts for 8% of the board.

B. The Independence of the Directors

The Company has 13 directors, 5 of whom are independent and represent 38.5% of the total number of directors. All independent directors maintain their independence within the scope of their duties, and have no interest relationship in the Company. Serving as the members of the Audit Committee, they are responsible for overseeing the fair presentation of the Company's financial reports, the hiring (and dismissal), independence and performance of the Company's CPA, the effective implementation of the Company's internal control system, the Company's risk management and control mechanism, and the Company's compliance with relevant laws and regulations.

- The positions of the Company's Chairman and

President are held by different persons and they are not related to each other by spousal or familial relationship. Therefore, the board of directors is able to perform its duties of supervising the management and directing the Company's strategy, and is responsible for the company and shareholders.

- All of the directors are not related to each other as spouses or relatives within the second degree of kinship, which complies with paragraph 3 and 4 of Article 26-3 of the Securities and Exchange Act. In addition, to ensure the independence of the Board's operations, pursuant to Article 17, Paragraph 1 of the Company's Meeting Rules of Order of the Board of Directors, if a director or a juristic person that the director represents is an interested party in relation to

As of February 28, 2022

	Industry Experiences								Professional Knowledge and Skills	
	Business Management	Corporate Governance	ICT	Social & Media	Fintech	Investment/ Mergers & Acquisitions	Audit/Risk Management	Commerce/ Marketing	Legal	Accounting & Finance
	V	V	V					V		
	V	V	V			V	V	V		V
	V	V	*	*	*	*	V	V		V
	V	V		V	V	V		V		
			V							
	V	V				V				V
	V	V	V	V		V	V	V	V	
			V							
	V	V				V	V	V		V
	V	V	V	V		V	V	V		
	V	V				V	V		V	
		V	V			V	V			
	V	V	V	V	V			V		

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

- In addition, to implement corporate governance and to enhance the functions of the Company's functional

committees, the Company enacted the "Regulations Governing the Performance Evaluation of the Board of Directors of Chunghwa Telecom Co., Ltd." in 2019. Board performance evaluations have been conducted annually since then, which cover board as a whole, functional committees and individual director performance evaluation. The Company has conducted an external board performance evaluation in 2019 and will be conducted every three years by an external independent professional institution, its reports and recommendations shall submit to the Board of Directors and used as a reference for the selection or nomination of directors for the next term.

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

Title (Note 1)	Nationality	Name	Gender	Effective Date (Note 6)	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		
					Shares	%	Shares	%	Shares	%	
President	R.O.C.	Shui-Yi Kuo	M	May 8, 2019	35,000	0%	0	0%	0	0%	
Senior Executive Vice President	R.O.C.	Hong-Chan Ma	M	August 10, 2018	0	0%	0	0%	0	0%	
Senior Executive Vice President	R.O.C.	Rong-Shy Lin	M	June 30, 2020	1,361	0%	39,000	0%	0	0%	
Senior Executive Vice President	R.O.C.	Wei-Kuo Hong	M	June 30, 2020	0	0%	0	0%	0	0%	
Senior Executive Vice President and Chief financial officer	R.O.C.	Yu-Shen Chen	M	September 1, 2020	100,000	0%	0	0%	0	0%	
Vice President	R.O.C.	Hui-Chen Wei	F	January 4, 2021	0	0%	0	0%	0	0%	
Vice President	R.O.C.	Shu-Ling Chen	F	September 30, 2017	152	0%	0	0%	0	0%	
Vice President	R.O.C.	Yuan-Kai Chen	M	November 27, 2020	22,075	0%	0	0%	0	0%	
Vice President	R.O.C.	Shih-Chung Chang	M	January 1, 2022	0	0%	0	0%	0	0%	
Vice President	R.O.C.	Hong-Bin Chiou	M	February 8, 2022	213	0%	0	0%	0	0%	
Vice President	R.O.C.	Fu-Fu Shen	F	October 18, 2021	9,840	0%	0	0%	0	0%	
Vice President	R.O.C.	Shui-Mu Chiang	M	January 4, 2021	0	0%	0	0%	0	0%	
Vice President	R.O.C.	Chun-Te Lee	M	January 1, 2022	4	0%	0	0%	0	0%	
Vice President	R.O.C.	Wen-Wang Tseng	M	January 1, 2015	2,603	0%	1,547	0%	0	0%	
Vice President	R.O.C.	Jeu-Yih Jeng	M	December 25, 2018	33,816	0%	1,000	0%	0	0%	
Vice President	R.O.C.	Chih-Hsiung Huang	M	November 27, 2020	3,612	0%	0	0%	0	0%	

As of February 28, 2022

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

Title (Note 1)	Nationality	Name	Gender	Effective Date (Note 6)	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		
					Shares	%	Shares	%	Shares	%	
Vice President	R.O.C.	Wen-Chih Lin	M	January 1, 2022	0	0%	0	0%	0	0%	
Vice President	R.O.C.	I-Fang Wu	F	November 27, 2020	21,136	0%	0	0%	0	0%	
Assistant Vice President	R.O.C.	Ya-Chien Hsueh	F	January 29, 2019	0	0%	0	0%	0	0%	
Assistant Vice President	R.O.C.	Lii-Jia Guo	M	March 1, 2018	2,448	0%	0	0%	0	0%	
Assistant Vice President	R.O.C.	Vincent Chen	M	January 1, 2022	0	0%	0	0%	0	0%	
Assistant Vice President	R.O.C.	Ze-Run Liu	M	January 1, 2022	0	0%	0	0%	0	0%	
Assistant Vice President	R.O.C.	Wan-Min Chou	M	January 1, 2022	162	0%	0	0%	0	0%	
Assistant Vice President	R.O.C.	Di-Yao Jhan	M	October 25, 2021	0	0%	0	0%	0	0%	
Assistant Vice President	R.O.C.	Ru-Kun Li	M	January 1, 2022	15,073	0%	0	0%	0	0%	
Assistant Vice President	R.O.C.	Jing-Ming Chen	M	January 1, 2022	5,588	0%	0	0%	0	0%	
Assistant Vice President	R.O.C.	Shih-Yuan Lin	F	January 1, 2022	56,304	0%	0	0%	0	0%	
Assistant Vice President	R.O.C.	Ren-Bin Cyue	M	January 1, 2022	0	0%	935	0%	0	0%	
President of Business Group	R.O.C.	Tian-Tsair Su	M	January 1, 2022	32,341	0%	0	0%	0	0%	
President of Business Group	R.O.C.	Li-Show Wu	F	January 1, 2019	32,964	0%	0	0%	0	0%	
President of Business Group	R.O.C.	Hsueh-Lan Wu	F	November 15, 2018	18,000	0%	0	0%	0	0%	
President of Business Group	R.O.C.	Chih-Cheng Chien	M	January 1, 2022	19,600	0%	0	0%	0	0%	
President of Branch	R.O.C.	Kuo-Chi Huang	M	January 1, 2022	4,252	0%	0	0%	0	0%	
President of Branch	R.O.C.	Ren-Siang Lin	M	January 1, 2022	29,013	0%	0	0%	0	0%	

	Major Experience & Education (Note 2)	Other Position	Officers who are Spouses or within Two Degrees of Kinship			Remarks (Note 3)
			Title	Name	Relation	
	Vice President, Marketing Department, Chunghwa Telecom Master, Automatic Control Engineering, Feng Chia University	Chairman of Smartfun Digital Co., Ltd. Director of Spring House Entertainment Tech. Inc. Director of Honghwa International Co., Ltd. Director of Skysoft Co., Ltd. Director of Senao International Co., Ltd.	-	-	-	-
	Assistant Vice President, Cyber Security Department, Chunghwa Telecom Master, Operation Research, State University of New York at Stony Brook, USA	None	-	-	-	-
	Executive Law Director, HTC Corporation Master, Law, Washington University in St. Louis, USA	Supervisor of Taiwan Telecommunications Association Supervisor of Next Commercial Bank Co.,	-	-	-	-
	Managing Director, Accounting Department, Southern Taiwan Business Group, Chunghwa Telecom, Supplementary Open Junior College For Public Administration National Chengchi University	Supervisor of Chunghwa Investment Co., Ltd. Supervisor of Cornerstone Ventures Co., Ltd. Supervisor of Clickforce Corp.	-	-	-	-
	Assistant Vice President, Public Affairs Department, Chunghwa Telecom Master, Business Administration, Strayer College, USA	Director of CHYP Multimedia Marketing & Communications Co., Ltd. Director of Senao International Co., Ltd.	-	-	-	-
	Assistant Vice President, Human Resource Department, Chunghwa Telecom Bachelor, Transportation and Communication Management Science, National Chung Kung University	None	-	-	-	-
	Assistant Vice President, Administration & Asset Management Department, Chunghwa Telecom Bachelor, Architectural Engineering Technology, National Taiwan University of Science and Technology	None	-	-	-	-
	Managing Director, Corporate Planning Department, Data Communications Business Group, Chunghwa Telecom Master, electrical Engineering, Michigan State University, USA	None	-	-	-	-
	Assistant Vice President, Chairman Office, Chunghwa Telecom Master, Photonics, National Chiao Tung University	None	-	-	-	-
	Assistant Vice President, Network Department, Chunghwa Telecom Ph.D., Electrical Engineering, National Taiwan University	None	-	-	-	-
	Assistant Vice President, Marketing Department, Chunghwa Telecom Master, Electronic Calculator, West Virginia University, USA	Director of Smartfun Digital Co., Ltd. Director of CHYP Multimedia Marketing & Communications Co., Ltd.	-	-	-	-
	Assistant Vice President, Big Data Department, Chunghwa Telecom Master, Information Management, National Taiwan University of Science and Technology	None	-	-	-	-
	Chairman of Honghwa International Co., Ltd. Master, Electrical Engineering, National Chung Kung University	Director of Honghwa International Co., Ltd. Director of Senao International Co., Ltd.	-	-	-	-
	Chairman, Honghwa International Corporation Master, Applied Mathematics, National Chiao Tung University	Director of International Integrated System, Inc. Director of CHT Security Co., Ltd.	-	-	-	-
	Vice President, Enterprise Business Group, Chunghwa Telecom Master, Information Management, National Taiwan University	Chairman of Chunghwa Telecom Vietnam Co., Ltd. Chairman of Chunghwa Telecom Global, Inc. Chairman of Chunghwa Telecom Thailand Co., Ltd. Director of VIETTEL-CHT Company Ltd. Chairman/President of Chunghwa SEA Holdings	-	-	-	-
	President, Mobile Business Group, Chunghwa Telecom Ph.D., Engineering Technology, National Taiwan University of Science and Technology	Chairman of Chunghwa Telecom Singapore Pte. ,Ltd. Director of Senao International Co., Ltd. Director of TATUNG TECHNOLOGY INCORPORATION	-	-	-	-
	President of Taipei Branch, (Mobile), Chunghwa Telecom Master, Electronic Engineering Technology, National Central University	None	-	-	-	-
	President of Taichung Branch (Mobile), Chunghwa Telecom Associate, Electronic Engineering, Provincial Taipei Institute of Technology	None	-	-	-	-

Title (Note 1)	Nationality	Name	Gender	Effective Date (Note 6)	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		
					Shares	%	Shares	%	Shares	%	
President of Branch	R.O.C.	Jung-Chin Kung	M	January 1, 2022	688	0%	0	0%	0	0%	
President of Business Group	R.O.C.	Chau-Young Lin	M	June 30, 2020	12,888	0%	0	0%	0	0%	
President of Branch	R.O.C.	Jason Hsu	M	January 1, 2020	42,488	0%	0	0%	0	0%	
President of Branch	R.O.C.	Ben-Yuan Chang	M	May 18, 2020	0	0%	0	0%	0	0%	
President of Branch	R.O.C.	Jinun-Jye Lee	M	February 28, 2018	0	0%	0	0%	0	0%	
President of Branch	R.O.C.	Jhen-Cian Su	M	June 30, 2021	2,410	0%	0	0%	0	0%	
President of Branch	R.O.C.	Jing-Cyuan Guo	M	June 28, 2021	0	0%	0	0%	0	0%	
President of Branch	R.O.C.	Huan-Hsing Chen	M	January 1, 2021	94	0%	0	0%	0	0%	
President of Branch	R.O.C.	Ling Jhao	F	January 1, 2022	4,780	0%	0	0%	0	0%	
President of Branch	R.O.C.	Yung-Hua Chou	M	June 30, 2020	216	0%	0	0%	0	0%	
President of Branch	R.O.C.	Chio-Fu Lai	M	May 5, 2017	10,510	0%	0	0%	0	0%	
President of Branch	R.O.C.	Tang Chang	M	June 30, 2021	2,000	0%	0	0%	0	0%	
President of Branch	R.O.C.	Ruei-Syuan Chang	M	June 30, 2021	96	0%	0	0%	0	0%	
President of Branch	R.O.C.	Jhao-Jia Chang	M	June 28, 2021	2,400	0%	0	0%	0	0%	
President of Branch	R.O.C.	Rong-Shun Huang	M	January 1, 2022	17,947	0%	0	0%	0	0%	
President of Branch	R.O.C.	Chia-Hsing Li	M	July 7, 2020	44,048	0%	0	0%	0	0%	
President of Branch	R.O.C.	Ge-Jhih Huang	M	January 1, 2022	70,388	0%	808	0%	0	0%	

	Major Experience & Education (Note 2)	Other Position	Officers who are Spouses or within Two Degrees of Kinship			Remarks (Note 3)
			Title	Name	Relation	
	President of Kaohsiung Branch (Mobile), Chunghwa Telecom Master, Business and Management, National Chiao Tung University	None	-	-	-	-
	Senior Executive Vice President Chunghwa Telecom, Ph.D., Electronic and Computer Engineering, National Taiwan University of Science and Technology	Chairman of International Integrated System, Inc. Chairman of Light Era Development Co., Ltd. Director of CHT Security Co., Ltd. Director of Chunghwa Precision Test Tech. Co., Ltd.	-	-	-	-
	President, Hsinchu Branch, Chunghwa Telecom Associate, Mechanical Engineering, Provincial Taipei Institute of Technology	None	-	-	-	-
	Vice President, New Taipei Branch, Chunghwa Telecom Ph.D., Computer Science, National Chiao Tung University	None	-	-	-	-
	Managing Director, Enterprise Business Department, Northern Taiwan Business Group, Chunghwa Telecom Associate, Electrical Engineering, Provincial Taipei Institute of Technology	None	-	-	-	-
	Vice President, Hsinchu Branch, Chunghwa Telecom Master, Information Management, National Chiao Tung University	None	-	-	-	-
	Vice President, Taichung Branch, Chunghwa Telecom Master, Applied Science and Technology, National Taiwan University of Science and Technology	None	-	-	-	-
	Vice President, Miaoli Branch, Chunghwa Telecom Master, Communications National Chiao Tung University	None	-	-	-	-
	Vice President, Hualien Branch, Chunghwa Telecom Master, Department of international Business, National Dong Hwa University	None	-	-	-	-
	Managing Director, Marketing Department, Northern Taiwan Business Group, Chunghwa Telecom Master, Applied Science and Technology, National Taiwan University of Science and Technology	None	-	-	-	-
	President, Changhua Branch, Chunghwa Telecom Electronic Engineering, Chin-Yi Junior College of Industry	None	-	-	-	-
	President, Nantou Branch, Chunghwa Telecom Master, Management, Chung Hua University	None	-	-	-	-
	Vice President, Taichung Branch, Chunghwa Telecom Ph.D Business Management, Nanhua University	None	-	-	-	-
	Vice President, Chiayi Branch, Chunghwa Telecom Master, Business and Management, National Chiao Tung University	None	-	-	-	-
	Vice President, Kaohsiung Branch, Chunghwa Telecom Master, Business Management, National Sun Yat-sen University	None	-	-	-	-
	Vice President, Taichung Branch, Chunghwa Telecom Master, Computer Science University of Iowa, USA	None	-	-	-	-
	Vice President, Southern Taiwan Business Group, Chunghwa Telecom Master, Electrical Engineering, National Chung Kung University	None	-	-	-	-

Title (Note 1)	Nationality	Name	Gender	Effective Date (Note 6)	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		
					Shares	%	Shares	%	Shares	%	
President of Branch	R.O.C.	Jin-Cyuan Liang	M	January 1, 2022	1,000	0%	21,000	0%	0	0%	
President of Branch	R.O.C.	Hsi-Sheng Cheng	M	November 13, 2019	42,428	0%	0	0%	0	0%	

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

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

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

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

Note 5: Ms. Ya-Chien Hsueh, Assistant Vice President of Legal Affairs, concurrently served as Head of Corporate Governance since January 1, 2021.

Note 6: To align with the company's organizational transformation, effective January 1, 2022, some affiliated institutions and/or level 1 branches have been renamed. Former supervisors of these entities remain unchanged, their original institution/branch/role listed under the "experience" section with the new effective date of January 1, 2022.

3. 2021 Compensation of Directors (including Independent Directors), President, Senior Executive Vice Presidents, and Other Management Officers

3.1 Compensation of Directors (including Independent Directors)

Unit: NT\$

Title	Name	Compensation to Directors								Total Compensation (A+B+C+D) and ratio of compensation to Net Income (%) (Note 10)		
		Base Compensation (A) (Note 2)		Pension / Severance (B)		Directors Compensation (C) (Note 3)		Professional Fee (D) (Note 4)				
		Parent-only	Consolidated (Note 7)	Parent- only	Consolidated (Note 7)	Parent-only	Consolidated (Note 7)	Parent- only	Consolidated (Note 7)	Parent-only	Consolidated (Note 7)	
Director	Chi-Mau Sheih	1,262,500	1,262,500	-	-	38,551,757	38,551,757	52,500	52,500	39,866,757 0.11%	39,866,757 0.11%	
	Shui-Yi Kuo											
	Shin-Yi Chang											
	Lien-Chuan Lee											
	Sin-Horng Chen											
	Yu-Lin Huang											
	Hung-Yi Hsiao											
	Chin-Tsai Pan (dismissed on April 5, 2021)											
	Shih-Hung Tseng (succeeded on April 6, 2021)											

	Major Experience & Education (Note 2)	Other Position	Officers who are Spouses or within Two Degrees of Kinship			Remarks (Note 3)
			Title	Name	Relation	
	Vice President, Pingtung Branch, Chunghwa Telecom Master, Department of Business and Administration, National Pingtung University of Science and Technology	None	-	-	-	-
	Director, Design & Planning Department, Southern Taiwan Business Group, Chunghwa Telecom Master, Computer and Communication Engineering, National Kaohsiung University of Science and Technology	None	-	-	-	-

Compensation as Concurrent Employees									Total Compensation (A+B+C+D+E+F+G) and ratio of compensation to Net Income (%) (Note 10)	Compensation from investees other than subsidiaries or the Parent Company (Note 11)	
	Salary, Bonuses, and Allowances (E) (Note 5)		Pension / Severance (F)		Employee Compensation (G) (Note 6)						
	Parent-only	Consolidated (Note 7)	Parent-only	Consolidated (Note 7)	Parent-only		Consolidated (Note 7)		Parent-only		Consolidated
					Cash	Stock	Cash	Stock			
	18,735,711	18,735,711	-	-	-	-	-	-	58,602,468 0.16%	58,602,468 0.16%	-

Independent Director	Lo-Yu Yen											
	JenRan Chen											
	Yu-Fen Lin	3,600,000	3,600,000	-	-	-	-	550,000	550,000	4,150,000 0.01%	4,150,000 0.01%	
	Chung-Chin Lu											
	Yi-Chin Tu											

A. Please explain the policy, system, standards, and structure of independent directors' compensation, and describe the correlation with the amount of compensation based on responsibility of the Company, and the amount of fixed part-time compensation and business execution expenses are paid separately according to position; the independent directors of the Company.
B. Compensation to Directors providing service to entities within the Company's most recent financial reporting period (such as serving as non-employee consultants of parent company).

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

Compensation Range

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

	-	-	-	-	-	-	-	-	4,150,000 0.01%	4,150,000 0.01%	-
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any do not participate in the distribution of Directors' compensation).
 of all companies listed in the financial reports (investee companies), in addition to compensation disclosed in the above table: None

Note 1: Excluding the independent directors of the Company, all other directors are representatives of the MOTC, the legal shareholding entity of the Company. All directors' names are listed separately by position, including by director and independent director, and compensation is disclosed as summaries. Mr. Shui-Yi Kuo, Director and President, is listed under "Compensation of the President, Senior Executive Vice President, Subsidiary President, and Department Heads."

Note 2: Refers to directors' fixed part-time compensation in fiscal year 2021.

Note 3: Refers to the amount of compensation for the fiscal year 2021, approved by the Board of Directors in the most recent year and distributed to MOTC, the legal shareholding entity represented by the respective directors, not as personal compensation. Independent directors did not participate in the allocation.

Note 4: Refers to directors' related business execution expenses for fiscal year 2021 (including traveling expenses, etc.)

Note 5: Refers to directors who also concurrently work as employees of the Company (including serving as President, Senior Executive Vice President, other manager or employees) in fiscal year 2021, and received salaries, commissions, severance payments, and different types of bonuses, rewards, travel expenses, special expenses, allowances, etc. The Company does not have share-based compensation as per IFRS 2, including employee stock option certificate, restricted stock, cash-based share subscription, etc.

Note 6: Refers to directors who also concurrently work as employees of the Company (including serving as President, Senior Executive Vice President, other manager or employees) in fiscal year 2021, and has received employee compensation (including stock and cash). These compensations as approved by the Board of Directors must be fully disclosed.

Note 7: Fully discloses the total amount of various director compensation items on a consolidated basis.

Note 8: Fully discloses directors' names in the compensation range table in accordance to the different compensation amounts of the respective directors.

Note 9: Fully discloses the total amount of various director compensation items on a consolidated basis; fully discloses directors' names in the compensation range table in accordance to the different compensation amounts of the respective directors.

Note 10: Net income for the year refers to net income on the 2021 parent-only financial report.

Note 11: a. This column shall clearly state the amount of compensation that Company directors received from investee Companies or the parent company (if none, please state "None").

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

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

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

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

Title	Name	Salary (A) (Note 2)		Pension / Severance (B)		
		Parent-only	Consolidated (Note 5)	Parent-only	Consolidated (Note 5)	
President	Shui-Yi Kuo	19,291,428	20,749,428	-	-	
Senior Executive Vice President	Hong-Chan Ma					
	Rong-Shy Lin					
	Wei-Kuo Hong					
	Yu-Shen Chen					
President of Business Group	I-Feng Chang					
	Li-Show Wu					
	Chih-Cheng Chien(succeeded on January 1, 2021)					
	Hsueh-Lan Wu					
	Chau-Young Lin					

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

Unit: NT\$

	Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				Total Compensation (A+B+C+D) and ratio of compensation to Net Income (%) (Note 8)		Compensation from Investees other than Subsidiaries Or Parent Company (Note 9)
	Parent-only	Consolidated (Note 5)	Parent-only		Consolidated (Note 5)				
			Cash	Stock	Cash	Stock	Parent-only	Consolidated	
	29,389,296	30,070,296	4,720,000	-	4,720,000	-	53,400,724 0.15%	55,539,724 0.16%	670,080

Note 1: The names of the Company's President, Senior Executive Vice President, and Department Heads shall be listed separately, with summarized compensation amount as disclosed. Mr. Shui-Yi Kuo, Director and President, is listed under "Compensation for Directors (including Independent Directors)".

Note 2: Refers to salary and extra commission disbursed to the Company President, Senior Executive Vice President, and Department Heads in fiscal year 2021.

Note 3: Refers to the different bonuses, rewards, travel expenses, special expenses, and allowances received by the Company President, Senior Executive Vice President, and Department Heads in fiscal year 2021. The Company does not have share-based compensation as per IFRS 2, such as employee stock option certificate, restricted stock, cash-based share subscription, etc.

Note 4: Refers to compensation as approved in the most recent year by the Board of Directors and allocated to the Company President, Senior Executive Vice President, and Department Heads in fiscal year 2021.

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

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

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

Note 8: Fiscal year net income refers to after-tax income in fiscal year 2021 and on a parent-only basis.

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

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

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

Note 10: Yu-Shen Chen, the Senior Executive Vice President of the company, took office on September 1, 2020.

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

3.3 Compensation of Managers

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

As of December 31, 2021

	Title (Note 1)	Name (Note 1)	Compensation in Stock	Compensation in Cash	Total	Total to Net Income(%)
Managers	Senior Executive Vice President	Hong-Chan Ma	0	21,635,899	21,635,899	0.06%
	Senior Executive Vice President	Rong-Shy Lin				
	Senior Executive Vice President	Wei-Kuo Hong				
	Senior Executive Vice President	Yu-Shen Chen				
	Vice President	Hui-Chen Wei (succeeded on January 4, 2021)				
	Vice President	Shu-Ling Chen				
	Vice President	Shih-Chung Chang				
	Vice President	Yuan-Kai Chen				
	Vice President	Shih-Mo Leu				
	Vice President	Fu-Fu Shen (succeeded on October 18, 2021)				
	Vice President	Chun-Te Lee				
	Vice President	Shui-Mu Chiang (succeeded on January 4, 2021)				
	Vice President	Wen-Wang Tseng				
	Vice President	Jeu-Yih Jeng				
	Vice President	Chih-Hsiung Huang				
	Vice President	Chung-Yung Kang				
	Vice President	Wen-Chih Lin				
	Vice President	Rong-Yi Chen				
	Vice President	I-Fang Wu				
	Vice President	Mao-Sing Lin				
	Assistant Vice President	Ya-Chien Hsueh				
	Assistant Vice President	Lii-Jia Guo				
	Assistant Vice President	Vincent Chen				
	Assistant Vice President	Ze-Run Liu				
	Assistant Vice President	Wan-Min Chou (succeeded on October 12, 2021)				
	Assistant Vice President	Di-Yao Jhan (succeeded on October 25, 2021)				
	Assistant Vice President	Ru-Kuen Lee				
	Assistant Vice President	His-Huang Chang(succeeded on July 1, 2021)				
	Assistant Vice President	Jing-Ming Chen (succeeded on June 28, 2021)				
	Assistant Vice President	Shih-Yuan Lin (succeeded on January 4, 2021)				
	Assistant Vice President	Petrina Chong				
	Assistant Vice President	Wen-Ming Chuang				
	Assistant Vice President	Yeh-Chin Ho				
	Assistant Vice President	Shu-Ling Chen				

	Title (Note 1)	Name (Note 1)	Compensation in Stock	Compensation in Cash	Total	Total to Net Income(%)
Managers	Assistant Vice President	Ren-Bin Cyue (succeeded on October 14, 2021)				
	Vice President of Business Group	Zhi-Cheng Luo				
	President of Branch	Jason Hsu				
	Vice President of Branch	Jimmy Shih				
	Vice President of Branch	Victoria Liao				
	President of Branch	Ben-Yuan Chang				
	Vice President of Branch	Ching-Hsu Wang (succeeded on July 1, 2021)				
	Vice President of Branch	Ying-Hsueh Wang				
	President of Branch	Jinun-Jye Lee				
	Vice President of Branch	Bi-Lian Liu				
	President of Branch	Chen-Chien Su (succeeded on June 30, 2021)				
	President of Branch	Nien-Yee Liu (dismissed on June 30, 2021)				
	Vice President of Branch	Po-Ta Tseng				
	President of Branch	Ching-Chuan Kuo (succeeded on June 28, 2021)				
	Vice President of Branch	Song-Hsiung Lin				
	President of Branch	Huan Hsing Chen (succeeded on January 1, 2021)				
	Vice President of Branch	Hon-Yu Chang (succeeded on January 4, 2021)				
	President of Branch	Shih-Chieh Chang				
	Vice President of Branch	Ling Chao				
	President of Branch	Yung-Hua Chou				
	Vice President of Branch	Shi-Zu Liu				
	President of Business Group	I-Feng Chang				
	Vice President of Business Group	Ker-Chih Hwang				
	Vice President of Business Group	Kuan-Hsiung Liang				
	President of Branch	Chio-Fu Lai				
	Vice President of Branch	Wen-Tu Chang (succeeded on June 28, 2021)				
	President of Branch	Tang Chang				
	President of Branch	Chin-Tu Lin (dismissed on June 30, 2021)				
	Vice President of Branch	Yi-Mao Lin				

	Title (Note 1)	Name (Note 1)	Compensation in Stock	Compensation in Cash	Total	Total to Net Income(%)
Managers	President of Branch	Ruei-Shiuan Chang (succeeded on June 30, 2021)				
	Vice President of Branch	Chung-Ta Hsieh				
	President of Branch	Chaw-Chia Chang (succeeded on June 28, 2021)				
	Vice President of Branch	Mu-Hsiang Lai				
	President of Branch	Ching-Chuan Wang				
	Vice President of Branch	Ru-Dar Yang (dismissed on June 30, 2021)				
	Vice President of Branch	Rong-Shuen Huang				
	Vice President of Branch	Zhong-Xing Yan				
	President of Branch	Chia-Hsing Li				
	Vice President of Branch	Jung-Huang Huang				
	President of Branch	Yung-Chien Mao				
	Vice President of Branch	Chin-Chuan Liang				
	President of Branch	Hsi-Sheng Cheng				
	President of Business Group	Li-Show Wu				
	Vice President of Business Group	Hui-Fen Lin				
	Vice President of Business Group	Ru-Bin Sun				
	President of Business Group	Chih-Cheng Chien (succeeded on January 1, 2021)				
	Vice President of Business Group	Hsueh-Hai Hu				
	Vice President of Business Group	Zhong-Yong Jia (succeeded on July 1, 2021)				
	President of Branch	Kuo-Chi Huang				
	Vice President of Branch	Chi-Huang Su				
	President of Branch	Jen-Shang Lin (succeeded on June 30, 2021)				
	President of Branch	Chin-Kun Lin (dismissed on June 30, 2021)				
	President of Branch	Jung-Chin Kung				
	Vice President of Branch	De-Ming Chen				
	President of Business Group	Hsueh-Lan Wu				
	Vice President of Business Group	Chin-Chou Chen				
	President of Business Group	Chau-Young Lin				
	Vice President of Business Group	Ting-Ming Lin				

	Title (Note 1)	Name (Note 1)	Compensation in Stock	Compensation in Cash	Total	Total to Net Income(%)
Managers	Vice President of Business Group	Quen-Zong Wu				
	Vice President of Telecommunication Laboratories	Jung-Kuei Chen				
	Vice President of Telecommunication Laboratories	Hey-Chyi Young				
	Vice President of Telecommunication Laboratories	Hong-Bin Chiou				

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

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

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

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

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

3.4 Compensation to Directors, President, and Senior Executive Vice President, as Percentage of Net Income for the most Percentage of Net Income for the most recent two years; Compensation Policy, Budget, and Risks

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

Unit : NT\$'000

Items Title	Parent-only				Consolidated			
	2020		2021		2020		2021	
	Total	Total to Net Income(%)	Total	Total to Net Income(%)	Total	Total to Net Income(%)	Total	Total to Net Income(%)
Compensation of Director	59,058,616	0.18%	62,752,468	0.18%	59,058,616	0.17%	62,752,468	0.17%
Compensation of President, Senior Executive Vice President, Senior Directors	65,599,164	0.20%	53,400,724	0.15%	71,616,216	0.21%	55,539,724	0.15%
Net income	33,406,130,451	-	35,753,579,340	-	34,705,543,108	-	37,194,879,274	-

(2) Compensation Policy, Criteria and Composition:

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

(3) Compensation Budgeting Procedure:

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

(4) Compensation and Performance:

- A. The compensation for a Director who is concurrently an

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

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

(5) Compensation and Risks:

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

4. Corporate Governance

4.1 The Operations of the Board of Directors

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

The Board of Directors convened 11 meetings (A) in fiscal year 2021, of which the attendance is as follows:

Title	Name (Note 1)	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Remarks
Director	Chi-Mau Sheih	11	0	100%	
Director	Shui-Yi Kuo	11	0	100%	
Director	Shin-Yi Chang	11	0	100%	
Director	Lien-Chuan Lee	11	0	100%	
Director	Sin-Horng Chen	10	0	90.9%	Absent once
Director	Yu-Lin Huang	9	0	81.8%	Absent twice
Director	Hung-Yi Hsiao	11	0	100%	
Director	Chin-Tsai Pan	2	0	100%	Dismissed on April 5, 2021, should have attended 2 meetings, actually attended 2 meetings
Director	Shih-Hung Tseng	9	0	100%	Succeeded on April 6, 2021; should have attended 9 meetings, actually attended 9 meetings
Independent Director	Lo-Yu Yen	11	0	100%	
Independent Director	JenRan Chen	10	1	90.9%	
Independent Director	Yu-Fen Lin	11	0	100%	
Independent Director	Chung-Chin Lu	11	0	100%	
Independent Director	Yi-Chin Tu	11	0	100%	

Other Matters of Importance :

1. If any of the following circumstances occur, it is necessary to specify the dates of the board meetings, sessions, contents of motion, all independent directors' opinions, and the Company's responses:

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act : None

(2) In addition to item (1), other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors : None

2. Any directors' recusal of a stated proposal must specify the name of the director, the content of the proposal, the reason for the recusal of interest, and the voting status:

At the 12th meeting of the 9th Board of Directors on February 23, 2021, independent director Mr. Lo-Yu Yen voluntarily recused himself due to conflicts of interest related to the following case:

To release the non-competition restrictions on the independent director Mr. Lo-Yu Yen when he assumes the position of independent director at Qisda Corporation.

At the 14th meeting of the 9th Board of Directors on August 5, 2021, independent director Yu-Fen Lin voluntarily recused herself due to conflicts of interest related to the following case:

To release the non-competition restrictions on the independent director Ms. Yu-Fen Lin when she assumes the position of independent director at SINBON Electronics Co., Ltd.

At the 15th meeting of the 9th Board of Directors on November 5, 2021, legal representative director Sin-Horng Chen voluntarily recused himself due to conflicts of interest related to the following case:

To release the non-competition restrictions on the legal representative director Mr. Sin-Horng Chen when he assumes the position of independent director at Chinesegamer International Corp.

3. Publicly-listed companies should disclose board self-evaluation (or peer-evaluation) information including cycle, period, scope, method, and content, and should fill in the attached form number two (2), Information Regarding the Implementation of the Evaluation of the Board of Directors.
4. Measures have been taken to strengthen the functioning of the Board of Directors (e.g. establishment of the Audit Committee, increasing transparency) to assist the board in carrying out its various duties; please refer to page 53, Section IV, Part 3.3 "BOARD OF DIRECTORS Composition and Responsibilities".

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

Note 2:

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

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

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

Cycle (Note 1)	Period (Note 2)	Scope (Note 3)	Method (Note 4)	Content (Note 5)
Once a year	January 1, 2021 to December 31, 2021	Performance evaluation of the board	Self-evaluation	1. Participation in the operation of the Company; 2. Improvement of the quality of the board of directors' decision making; 3. Composition and structure of the board of directors; 4. Election and continuing education of the directors; and 5. Internal control.
Once a year	January 1, 2021 to December 31, 2021	Performance evaluation of individual directors	Self-evaluation	1. Alignment of the goals and missions of the Company; 2. Awareness of the duties of a director; 3. Participation in the operation of the Company; 4. Management of internal relationship and communication; 5. The director's professionalism and continuing education; and 6. Internal control.
Once a year	January 1, 2021 to December 31, 2021	Performance evaluation of the Audit Committee	Self-evaluation	1. Participation in the operation of the Company; 2. Awareness of the duties of the Audit Committee; 3. Improvement of quality of decisions made by the Audit Committee; 4. Makeup of the Audit Committee and the election of its members; and 5. Internal control.
Once a year	January 1, 2021 to December 31, 2021	Performance evaluation of the Compensation Committee	Self-evaluation	1. Participation in the operation of the Company; 2. Awareness of the duties of the Compensation Committee; 3. Improvement of quality of decisions made by the Compensation Committee; 4. Makeup of the Compensation Committee and the election of its members.
Once a year	January 1, 2021 to December 31, 2021	Performance evaluation of the Corporate Strategy Committee	Self-evaluation	1. Participation in the operation of the Company; 2. Awareness of the duties of the Corporate Strategy Committee; 3. Improvement of quality of decisions made by the Corporate Strategy Committee; 4. Makeup of the Corporate Strategy Committee and the election of its members.

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

Note 2: Refers to the period covered by the Board evaluation, for example: evaluating board performance from January 1, 2021, to December 31, 2021.

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

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

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

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

4.2 Audit Committee Operation

The Audit Committee convened 7 meetings (A) in fiscal year 2021, including one temporary meeting, of which attendance was as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Remarks
Independent Director	Lo-Yu Yen	7	0	100%	Audit Committee Chairman
Independent Director	JenRan Chen	7	0	100%	
Independent Director	Yu-Fen Lin	7	0	100%	
Independent Director	Chung-Chin Lu	7	0	100%	
Independent Director	Yi-Chin Tu	7	0	100%	

Other matters of importance:

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

• The Audit Committee held 7 meetings in 2021, in which the primary considerations include:

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

• Review financial reports

The Board of Directors prepared the 2020 annual operational report, financial statements, and earnings distribution proposals, among which the financial statements have been verified by Deloitte & Touche, and a verification report has been issued. The above-mentioned operational report, financial statement and earnings distribution proposal have been reviewed by the Audit Committee, which found no discrepancies.

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

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

● **Appoint visa accountant**

The audit committee has the responsibility of supervising the independence of the visa accountant firm to ensure the fairness of the financial statements. With the exception of tax-related services or specially approved items, visa accountant firms cannot provide other services to the Company. The Audit Committee must approve all services provided by the visa accountants. To ensure the independence of the visa accountant firm, the audit committee developed an independent evaluation form that refers to Article 47 of the Accountants Act and the Bulletin of the Professional Ethics of Accountants No. 10, "Integrity, impartiality, objectivity, and independence." The form assesses the independence of accountants, professionalism and competence, related parties, and mutual business or financial interests, in addition to other projects. The 10th meeting of the 9th Audit Committee on Feb 22, 2021 reviewed and approved Deloitte & Touche Accountants Ding-Sheng Zhang and Zheng-Hong Guo, both of whom met the independence assessment standards and are qualified to serve as the Company's financial and tax accountants.

2. Operational status of Audit Committee

Date of Audit Committee Meetings	Contents of the Motion	Matters cited in Article 14-5 of the Securities and Exchange Act	Dissenting opinions, reservations or major recommendations of independent directors	Other matters that were not approved by the Audit Committee but were approved by more than two-thirds of all directors
Feb 22, 2021 (9-10)	1. The Company's 2020 Internal Control Statement comply with the domestic regulations and the Sarbanes-Oxley Act.	V	-	-
	2. The Company's 2020 operational report and financial statements.	V	-	-
	Audit Committee resolution results : Approved by all independent directors in attendance.			
	The Company's response to the audit committee's recommendations: Approved by all board directors in attendance from the 12th meeting of 9th Board (Feb 23, 2021)			
May 5, 2021 (9-12)	1. The Company's financial statements for the 1st quarter of 2021.	V	-	-
	2. The Personnel appointment and dismissal of the Chief Audit Executive (CAE).	V	-	-
	3. Procurement of "IMS Core Equipment" from related party, TAISEL.	V	-	-
	4. Deloitte & Touche counseling internal control system revision compensation.	V	-	-
	Audit Committee resolution results : Approved by all independent directors in attendance.			
	The Company's response to the audit committee's recommendations: Approved by all board directors in attendance from the 13th meeting of 9th Board (May 6, 2021)			

Date of Audit Committee Meetings	Contents of the Motion	Matters cited in Article 14-5 of the Securities and Exchange Act	Dissenting opinions, reservations or major recommendations of independent directors	Other matters that were not approved by the Audit Committee but were approved by more than two-thirds of all directors
Aug 4, 2021 (9-13)	1. The Company's financial statements for the 2nd quarter of 2021.	V	-	-
	2. Procurement of "MSER Equipment" from related party, TAISEL.	V	-	-
	3. Acquired the right of use to CHT IDC building's equipment space for a period of 7 years, to 2028 from a related party, CHIEF.	V	-	-
	4. Budget proposal for additional volume transfer to construct the turnkey project in Nangang's new building.	V	-	-
	5. Co-construction and development of "Sanchong Second Office Base" with related party, Light-Era.	V	-	-
	Audit Committee resolution results : Approved by all independent directors in attendance.			
	The Company's response to the audit committee's recommendations: Approved by all board directors in attendance from the 14th meeting of 9th Board (Aug 5, 2021)			
Nov 4, 2021 (9-14)	1. The Company's financial statements for the 3rd quarter of 2021.	V	-	-
	2. Amendment of Internal Control System.	V	-	-
	3. Eliminate of non-compete agreements for directors.	V	-	-
	4. Obtain of mobile broadband project.	V	-	-
	Audit Committee resolution results : Approved by all independent directors in attendance.			
	The Company's response to the audit committee's recommendations: Approved by all board directors in attendance from the 15th meeting of 9th Board (Nov 5, 2021)			
Dec 21, 2021 (9-15)	CPA duties and compensation for 2022.	V	-	-
	Audit Committee resolution results : Approved by all independent directors in attendance.			
	The Company's response to the audit committee's recommendations: Will report to the Board of Directors after completion of bargain negotiation with the visa accounting firm.			
Dec 29, 2021 (9-3) temporary meeting	Extension of lease of the ST-2 satellite transponder.	V	-	-
	Audit Committee resolution results : Approved by all independent directors in attendance.			
	The Company's response to the audit committee's recommendations: Approved by all board directors in attendance from the 8th temporary meeting of 9th Board (Dec 29, 2021)			

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

During the year, there were no matters that the independent directors should be avoided in the interest proposal.

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

To improve the Company's corporate governance and strengthen the Board's professional knowledge, the Company established the Audit Committee as part of the 7th Board, which consisted entirely of independent directors. In addition to supervising the Company's response plans for internal and external changes, the design of its internal control system and periodic inspection and audit reports, the Audit Committee also must ensure that the design and implementation of

the internal control system are consistent and effective to establish communication channels and mechanisms with the internal audit supervisor and accountants, while advancing opinion exchanges. A summary of communication methods and recent communication subjects are as follows:

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

- (1) A meeting between the accountants and the Chief Audit Executive should be held at least once a year to review and discuss the completed results, any deficiencies, and opinions resulting from internal CAE and external auditor findings. Meeting results and transcripts should be recorded and submitted to the Board for review.
- (2) Regular reports from CAE to the Audit Committee.
 - i. Regular meetings should be held at least once a quarter with extraordinary meetings held as needed. During the meeting, the internal CAE should report to the independent directors on the Company's implementation of internal audit processes and performance of internal control. When items related to financial reports need to be discussed, accountants should attend the meeting to explain the financial reports and address questions raised by committee members.
 - ii. Annual internal audit plan.
 - iii. Annual professional training plan for internal auditors.
- (3) The Company's accountants shall hold Audit Committee meetings for no less than 4 times per annum and report the quarterly review and annual financial results to the Board.
- (4) Others: Extraordinary meetings shall be held in the event of abnormal events, or events that the independent directors, CAE, and Company's accountants deem it necessary to communicate.

• Summary of Communications between Independent Directors and the CAE:

Date	Attendees	Information Communicated	Communication Results
Feb 22, 2021 Audit Committee (9-10)	Independent Directors Lo-Yu Yen JenRan Chen Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu CAE Min-Gume Cheng	CAE reported on the Company's implementation of internal audit processes and internal control operations of January 2021.	Independent Director Recommendations 1. Review report of CGMH & NTUST Project at next meeting. 2. Propose inspection reports regarding Inventory Control & Procurement Optimization. Handling Response 1. Review reports for special projects included in the committee's March agenda. 2. Arrange inspection reports regarding CAE's Inventory Control & Optimize Procurement Optimization in the May committee's agenda. 3. Audit highlights reported at the 12th meeting of 9th Board.
Mar 31, 2021 Audit Committee (9-11)	Independent Directors Lo-Yu Yen JenRan Chen Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu CAE Min-Gume Cheng	CAE reported on the Company's implementation of internal audit processes and internal control operations in February 2021.	Independent Director Recommendations No comments provided during this meeting. Handling Response Audit highlights reported at the 13th meeting of 9th Board.
May 5, 2021 Audit Committee (9-12)	Independent Directors Lo-Yu Yen JenRan Chen Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu CAE Min-Gume Cheng	CAE reported on the Company's implementation of internal audit processes and internal control operations from March to April of 2021.	Independent Director Recommendations No comments provided during this meeting. Handling Response Audit highlights reported at the 13th meeting of 9th Board.
May 5, 2021 Internal Audit Project Report Meeting	Independent Directors Lo-Yu Yen JenRan Chen Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu CAE Min-Gume Cheng	CAE reported on the special report regarding Inventory Control and Procurement Optimization.	Independent Director Recommendations Suggest management to plan and report on inventory control automation process. Handling Response An AIoT inventory management system planning report has been included in the committee's August agenda.
Aug 4, 2021 Audit Committee (9-13)	Independent Directors Lo-Yu Yen JenRan Chen Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu CAE Chiu-Ming Lien	CAE reported on the Company's implementation of internal audit processes and internal control operations from May to July of 2021.	Independent Director Recommendations No comments provided during this meeting. Handling Response Audit highlights reported at the 14th meeting of 9th Board.

Date	Attendees	Information Communicated	Communication Results
Nov 4, 2021 Audit Committee (9-14)	Independent Directors Lo-Yu Yen JenRan Chen Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu CAE Chiu-Ming Lien	1. CAE reported on the Company's implementation of internal audit processes and internal control operations from August to October of 2021. 2. Reviewed draft of the 2022 Audit Plan.	Independent Director Recommendations 1. MOD project investigation should be included in the 2022. 2. Audit of the human development program should be added to the 2022 Audit Plan. Handling Response 1. Audit highlights reported at the 15th meeting of 9th Board. 2. 2022 audit plan has been revised and submitted to the Board for review.
Dec 21, 2021 Audit Committee (9-15)	Independent Directors Lo-Yu Yen JenRan Chen Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu CAE Chiu-Ming Lien	CAE reported on the Company's implementation of internal audit processes and internal control operations of in Nov 2021.	Independent Director Recommendations 1. MOD project should be proposed as soon as possible. 2. Review of the report regarding "Online Store" inspection should be proposed during the next meeting. Handling Response Audit highlights reported at the 16th meeting of 9th Board.

• Summary of Communications Between Independent Directors and Accountants:

Date	Attendees	Information Communicated	Communication Results
Feb 22, 2021 Audit Committee (9-10)	Independent Directors Lo-Yu Yen JenRan Chen Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu Accountants Dien-Sheng Chang Cheng-Hung Kuo	1. Reviewed the Company's draft 2020 domestic and SOX internal control system statement. 2. Reviewed the Company's draft operation and financial report for 2020.	Independent Director Recommendations 1. The 2020 internal control system statement approved by all directors in attendance. 2. Draft 2020 financial report approved by all directors in attendance. 3. The 2020 operation report should be revised and then submitted to the Board of Directors for approval following the Chairman's review. Handling Response 1. The 2020 internal control system statement and the draft financial report reported and approved at the 12th meeting of the 9th Board. 2. The 2020 operation report had revised and submitted by the chairman, and approved at the 12th meeting of the 9th Board.
Feb 22, 2021	Independent Directors Lo-Yu Yen JenRan Chen Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu Accountants Dien-Sheng Chang Cheng-Hung Kuo	Private (closed-door) communication meeting among accountants and independent directors.	
Mar 31, 2021 Audit Committee (9-11)	Independent Directors Lo-Yu Yen JenRan Chen Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu Accountants Dien-Sheng Chang Cheng-Hung Kuo	Reviewed full 2020 IFRS financial draft report to be included in Form 20-F.	Independent Director Recommendations Full 2020 IFRS financial Report approved by all directors in attendance; no need to report to the Board. Handling Response Full IFRS Financial Report has been included in the Company's Form 20-F, filed to the U.S. Securities and Exchange Commission (the "SEC") on April 19, 2021.
May 5, 2021 Audit Committee (9-12)	Independent Directors Lo-Yu Yen JenRan Chen Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu Accountants Dien-Sheng Chang Cheng-Hung Kuo	Reviewed the first quarter 2021 financial reports.	Independent Director Recommendation Approved with no comments. Handling Response Reported at the 13th meeting of the 9th Board.
Aug 4, 2021 Audit Committee (9-13)	Independent Directors Lo-Yu Yen JenRan Chen Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu Accountants Dien-Sheng Chang Cheng-Hung Kuo	Reviewed the second quarter 2021 financial reports.	Independent Director Recommendation Approved with no comments. Handling Response Reported at the 14th meeting of the 9th Board.
Nov 4, 2021 Audit Committee (9-14)	Independent Directors Lo-Yu Yen JenRan Chen Yu-Fen Lin Chung-Chin Lu Yi-Chin Tu Accountants Dien-Sheng Chang Cheng-Hung Kuo	Reviewed the third quarter 2021 financial reports.	Independent Director Recommendation Approved with no comments. Handling Response Reported at the 15th meeting of the 9th Board.

4.3 Corporate Governance Implementation Status and Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"

Evaluation Criteria	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Explanation	
1. Does the Company establish and disclose the proper corporate governance framework based on the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	V		The Company's Board of Directors adopted the "Code of Corporate Governance for Chunghwa Telecom Co., Ltd." with a total of 50 articles which refers to the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies". The Company's principles are available for shareholder review on the Company's official website under "Corporate Governance".	None
2. Shareholding structure & shareholders' rights (1) Has the Company established an internal operating procedure to address shareholders' suggestions, doubts, disputes, and litigation, with proper implementation based on this procedure?	V		The Company has designated a shareholder service team to handle shareholder suggestions and disputes. Shareholder suggestions, inquiries, disputes, and litigation are handled based on relevant standard operating procedures.	None
(2) Is the Company fully aware of its major shareholders and the ultimate owners of those shares?	V		In compliance with SEC Article 25, the Company reports changes in insiders' (directors, managers, and shareholders of more than 10% of shares outstanding) shareholding on a monthly basis, which is published on the designated public information website. Since the first quarter of 2020, each of the Company's quarterly reports have disclosed the names of shareholders who hold more than 5% equity, the total amount and proportion of the shares they hold, and other relevant information.	None
(3) Does the Company adopt and execute the proper risk management and firewall system within its affiliates?	V		1. The Company's internal control system consists of corporate-level risk management and operational-level execution control. In addition, "Chunghwa Telecom Rules and Procedures on Monitoring and Managing Subsidiaries", approved by the CEO, are also in place as risk control mechanisms. 2. "Chunghwa Telecom Rules and Procedures on Conducting Transactions between Group Companies and Related Parties" were amended and approved by the BoD. It consists of 15 articles and is applicable to related party transactions on procurement and sales, asset disposal, guarantees, loans, etc. 3. "Chunghwa Telecom Rules and Procedures on Investments" were amended and approved by the BoD. It consists of 41 articles and is applicable to investment strategy, due diligence, valuation, agreement signing, settlement, application, integration, post-investment management, performance review, exit mechanism and penalty, etc.	None
(4) Does the Company establish internal rules against insider trading?	V		The Company prevents insider trading by controlling key points in its operations, which prevents Company insiders from exploiting non-public information to trade securities.	None
3. Board of Directors Composition and Responsibilities (1) Does the Board of Directors develop and implement a policy to promote diversity in the composition of its members	V		1. Diversification Policy In order to strengthen corporate governance and promote the sound development of the composition and structure of the board of directors, the Company approved the resolution on enacting the "Code of Corporate Governance of Chunghwa Telecom Ltd. Co." with a total of 50 articles on August 26, 2004. Article 20 of the Code states: The composition of the board members shall be considered in a diversified manner and the appropriate policy on diversity should be based on the Company's business operations, operating dynamics, and development needs. It is advisable that the policy includes, without being limited to, the following criteria in two aspects: (1) Basic requirements and values: Gender, age, nationality, culture and ethnicity; (2) Professional knowledge and skills: Such as legal, accounting, industry, finance, marketing or technology Board members shall possess the necessary knowledge, skills, and experience to perform their duties. 2. Concrete Objectives The Board shall direct company strategies, supervise management and be responsible to the Company and its shareholders. The operations and arrangements of its corporate governance system shall ensure that the Board of directors complies with the provisions of laws, regulations, its Articles of Incorporation and the resolutions of its shareholder meetings in exercising its authority. Article 12-1 of the Company's Articles of Incorporation provides for a board of directors consisting of seven to fifteen directors, one-fifth of whom shall be expert representatives. All the directors of the Company are equipped with the knowledge, skills, literacy and decision-making and management capabilities necessary to perform their duties. The Company continuously arranges a variety of courses for the directors to enhance their decision-making quality and supervision skills, thus strengthening the functions of the Board of Directors. In addition, the Company focused on promoting gender equality and intends to have at least one female director on its Board with plans to reach a target of 20% female directors in 2025. 3. Implementation of the Board Diversification Policy The Company's Board of Directors currently consists of 13 directors, including 5 independent directors (one female) and 8 legal representative directors. All 13 directors are ROC nationals. In accordance with Article 20 of the Company's Code of Corporate Governance, its Board possesses overall competence which includes operating judgment, accounting & finance, operating management, crisis management, industry knowledge, global market knowledge, leadership and decision-making ability, the Board members also possess industrial experience and expertise, as follows: 10 directors equipped with business management skills; 11 directors with knowledge of corporate governance; 8 directors with ICT experiences, 4 directors with social media experience, 2 directors with expertise in Fintech, 8 directors with investment and M&A experience; 7 directors with audit and risk management skills; 8 directors with commerce and marketing specialists, 2 directors with legal professionals and 4 directors with accounting and finance experts. The policy that the composition of the Board of Directors should consider diversity as stipulated in the Company's Code of Corporate Governance has been implemented.	None

Evaluation Criteria	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Explanation	
(2) Does the Company voluntarily establish other functional committees in addition to the Compensation Committee and the Audit Committee?	V		<p>1. In addition to the Compensation Committee and Audit Committee the Company has established in accordance with the laws, the board of the Company has also set up a Corporate Strategy Committee, which is responsible to hold meetings at the request of the board and discuss key matters for developing the Company's business. The key matters include: mid to long-term goals and strategies, major investments and mergers and acquisitions, a major reorganization of the Company, application or return of business license, annual business operating plan and budget compilation and revision, capital increase or decrease, and so on.</p> <p>2. The Corporate Strategy Committee currently consists of 8 directors (including 4 independent directors), namely, Shui-Yi Kuo (the Chairman), Shin-Yi Chang, Yu-Lin Huang, Shih-Hung Tseng, Lo-Yu Yen, Jen-Ran Chen, Chung-Chin Lu, and Yi-Chin Tu. The Chairman of the Committee, Mr. Shui-Yi Kuo is well versed in the telecom industry and an expert in accounting. For the other directors' individual expertise, please refer to the "Disclosure of Directors Professional Qualifications and Independence" on page 21, each of the directors is capable to provide guidance for the Company's future development strategy.</p> <p>3. The Committee held 4 meetings in 2021. The attendance rate for more than half of the directors (5 directors) was 100%, while the other 3 directors also attended 3 meetings each. Discussions at the meetings included ESG-relevant issues such as talent strategy and cultivation planning, digital transformation, zero-touch, telemedicine, and the promotion and planning of ESG sustainability.</p>	None
(3) Does the Company establish and implement on an annual basis a set of assessments to measure the performance of the Board of Directors, report the performance evaluation results to the Board to Directors, and use it as a reference for the compensation of the Board of Directors?	V		The Company enacted the "Regulations Governing the Performance Evaluation of the Board of Directors of Chunghwa Telecom Co., Ltd.". According to the Regulation, the performance evaluation is conducted at a set date annually and the report is submitted to its Board of Directors before the end of March of the following year for review, improvement, and to serve as a reference for the selection or nomination of directors. The results of the Company's Board Performance Evaluation for 2021 have been reported at the 17th meeting of the 9th Board of Directors on February 23, 2022.	None
(4) Does the Company regularly evaluate the independence of its CPAs?	V		<p>The Audit Committee is authorized to evaluate the independence of the CPAs on annual basis.</p> <p>1. The evaluation mechanisms are as follows:</p> <p>(1) In accordance to U.S. Sarbanes-Oxley Act, the CPA firm must be pre-approved by the Audit Committee prior to annual audit and any other project.</p> <p>(2) In accordance to U.S. Sarbanes-Oxley Act, the CPAs shall report the audit/review content and independence to the Audit Committee on quarterly basis.</p> <p>(3) Any change of audit CPAs must strictly in compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.</p> <p>(4) Periodically obtain a Confirmation of Independence from the CPAs.</p> <p>(5) Periodically assess the independence and competence of the CPAs, and report the results of the assessment to the Audit Committee.</p> <p>2. The evaluation results are as follows:</p> <p>(1) The independence of the CPA is compliant with the regulations of the U.S. SEC, PCAOB, and other relevant regulations.</p> <p>(2) The Company has not appointed the same CPA for five successive years.</p>	None
(5) Has the Company adopted a succession plan for key executives?	V		The Company applies a rigorous selection and evaluation mechanism for its key executive succession planning process. Its training program considers a combination of leadership potential, personal characteristics, professional knowledge, and management ability, and leverages a mentorship and Individual Development Plans (IDP) framework to discover individual potential, strengths, and weaknesses while accelerating the development of capabilities, personalities, and depth and breadth of experience. The entire key executive development program spans 1 to 2 years.	None
4. Has the Company allocated suitable and sufficient corporate governance staff and appointed a manager of corporate governance responsible for corporate governance matters (including, but not limited to, furnishing information required for business execution by directors, assisting directors in complying with laws and regulations, handling matters related to board and shareholder meetings in accordance with the laws, producing minutes of board and shareholder meetings, etc.)?	V		<p>1. The Company has allocated an adequate number of corporate governance personnel and appointed a chief corporate governance officer to be in charge of corporate governance affairs (including, but not limited to, furnishing information required for business execution by directors, assisting directors in complying with laws and regulations, handling matters related to board and shareholder meetings in accordance with the laws, producing minutes of board and shareholder meetings, etc.).</p> <p>2. The chief corporate governance of the Company has completed 23 hours of continuing education in 2021, and has met the requirement of at least 18 hours of training courses for the first year of her appointment. The training courses are as follows:</p> <p>(1) Pierce the veil of Facilitator for Corporate Governance - Best-Practice for Chief Corporate Governance Personnel(3 hours)</p> <p>(2) Analysis of money laundering cases and predicate crimes(3 hours)</p> <p>(3) To Give or not to Give - Director's Information Right(2.5 hours)</p> <p>(4) Matters needing attention of the board meetings and shareholders meeting for the year 2021(2.5 hours)</p> <p>(5) CSR and ESG practices for green energy and renewable energy, for example(3 hours)</p> <p>(6) The 13th Taipei Corporate Governance Forum(3 hours)</p> <p>(7) Legal Compliance Briefing on Insider Stock Transactions for the year 2021(3 hours)</p> <p>(8) 2030/ 2050 Net Zero-Sustainable Challenges and Opportunities for Global Enterprises(3 hours)</p>	None
5. Has the Company established a communication channel and designated a website section for its stakeholders (including but not limited to shareholders, employees, customers, and suppliers) as well as to handle all CSR-related issues?	V		The Company has established sections for "CSR" and "Stakeholders" on its website. It also maintains a Facebook page, customer service hotline, online platform, e-mail, instant message service, and mobile app to serve as multiple and adequate access channels for responding to stakeholders. Stakeholder negotiation results are regularly reported to the Board of Directors and disclosed on the Company website.	None
6. Does the Company appoint a professional shareholder service agency to handle shareholder meeting affairs?	V		The Company has engaged the registrar and transfer agency department of Yuanfa Securities to handle shareholder meeting affairs.	None

Evaluation Criteria	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Explanation	
7. Information Disclosure (1) Does the Company have a corporate website to disclose all information regarding finances, the business, and corporate governance?	V		The Company has established an official corporate website to disclose financial, business, corporate governance, and related information in a timely manner.	None
(2) Does the Company have other information disclosure channels (e.g. English website, designated personnel to handle information collection and disclosure, spokesperson system, investor conference webcasts, etc.)?	V		The Company has established an English version of the official corporate website and designated personnel responsible for Company information collection and disclosure. The Company implements a spokesperson system with the CFO designated as the spokesperson. Conference related materials, including audio recordings, financial, and operational metrics are disclosed in the "Investors" section of the website. The same information are also available on the MOPS website.	None
(3) Does the Company report its annual financial report within two months after the end of the fiscal year and announce the first, second, and third quarter financial reports and monthly operating updates before the prescribed deadlines?	V		In order to enhance the timeliness of information disclosure, the Company reported its annual financial report within two months after the end of the fiscal year and announced the first, second, and third quarter financial reports and monthly operating updates before the prescribed deadlines.	None
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices? (1) Employee rights	V		The Company's human resources policies comply with the provisions prescribed under laws, such as the Labor Standards Act, and collective bargaining agreements, in order to protect employee rights.	None
(2) Employee wellness	V		The Company engages professional organizations to handle employee assistance programs, including psychological, legal, financial, health, and management consultations. The Company has also opened multiple channels for employees to express their opinions, creating a sense of active engagement and avenues for smooth, mutual communication.	None
(3) Investor relations	V		The Company's most important goals are to protect shareholders' rights and to treat all shareholders equally. In addition to disclosing all required information such as financial, operational, changes in internal shareholdings, etc. in a timely manner, the Company voluntarily discloses material information on the investor relations section of its website. All shareholder meetings are recorded in accordance with the company laws and relevant regulations; all records of the meetings are disclosed on the Company's official website.	None
(4) Supplier relations	V		1. The Company purchases equipment from suppliers in accordance with the "Chunghwa Telecom Procurement Management Regulation" and other relevant provisions; the successful bidder fulfills the responsibilities of product delivery and warranties in accordance with the contract. 2. The company also evaluates suppliers based on price, quality, delivery, service and fulfillment of ESG / corporate social responsibilities, which include the establishment of a stable and sustainable supply chain.	None
(5) Rights of stakeholder	V		In compliance with the latest domestic regulations and international trends, the Company publicly discloses related contracts and systems to ensure all stakeholder rights. The Company has established a website section for stakeholders, providing a communication channel that allows stakeholders to report and receive responses to unfair treatment or encroachment on rights. Employees: http://chtblog.cht.com.tw/mbr/index.jsp Suppliers: https://scm.cht.com.tw/outboard/ Customers: https://www.cht.com.tw/home/consumer Investors: http://www.cht.com.tw/ir/mae-smeeeting.html	None
(6) Directors' training record	V		The Company follows the Taiwan Stock Exchange Corporation's "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies." Please refer to appendix A "Directors' Continuing Education Records for fiscal year 2021."	None
(7) Implementation of risk management policies and risk assessments	V		1. The Company's risk management policy and risk assessment measurement standards are implemented in accordance to "Chunghwa Telecom Risk Management Rules" approved by Board of Directors, and the risk management operations across the corporate are promoted in accordance with the "Working Guidelines for the Risk Management of Chunghwa Telecom". 2. The Company consistently analyzes and rectifies all high-impacted risks to ensure achieving business operation targets, financial accuracy, etc.; the Company also utilizes risk management system to register, track and manage, those relevant risks to strengthen overall governance and risk management.	None
(8) Implementation of customer relations policies	V		The Company provides the highest level of comprehensive customer service, using a customer system to understand behavior, provide technology and innovative services with enhanced values, provide a high-quality network for internet communication, and provide active care for customers with convenient and accelerated two-way communication channels. The service quality of physical stores is inspected using the "On-site Inspection of Service Quality Protocol." In addition, the Company offers a 24x7 call center and online customer service. In order to actively improve customer satisfaction, the Company also offers paperless payment choices, such as SMS, e-mail, voice, and others, in order to adhere to its carbon reduction policy.	None

Evaluation Criteria	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Explanation	
(9) Insurance for directors	V		To lower and disperse material damage and risk to the Company and shareholders arising from director mistakes or carelessness while executing business within the scope of their term, the Company has purchased liability insurance according to their respective terms of office. The details of the insurance coverage have also been reported to the directors.	None
9. Implementation of the Management of Intellectual Property	V		1. The company has outlined relevant intellectual property management measures to manage the company's patents, trademarks, copyrights, and trade secrets etc. 2. Led by the Chunghwa Telecommunications Research Institute, a patent management system was established for all employees to promote their businesses, so as to improve operating performance and reduce intellectual property disputes. 3. The Company links the intellectual property management plan with the Company's business plan and development strategy, and reports findings to the board of directors every year to foster continuous development.	None
10. Please explain items that have been already improved and priority measures to reinforce matters that have not been improved, in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange.				
Items already improved	None			
Items to be improved	None			

4.4 Compensation Committee Composition, and Operations

(1) Compensation Committee Member Profiles

December 31, 2021

Title	Criteria	Professional Qualification and Work Experiences	Criteria for Independence	Number of Other Public Companies in which the Individual is Concurrently Serving as Compensation Committee Member
	Name			
Independent Director (Chairman)	JenRan Chen	(Note)	(Note)	0
Independent Director	Lo-Yu Yen	(Note)	(Note)	0
Independent Director	Yu-Fen Lin	(Note)	(Note)	0

Note: Please see page 21, Chapter III, 2, 2.1, (2) "Disclosure of Directors Professional Qualifications and Independence".

(2) Compensation Committee Operation

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

B. Current Compensation Committee Member Terms: June 21, 2019, through June 20, 2022; the committee convened 2 meetings

(A) in 2021, of which attendance is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Remarks
Committee Chairman	JenRan Chen	2	0	100%	Scope of Responsibilities: 1. Regularly formulate and review policies, systems, standards, and structures related to director and management performance assessments and compensation. 2. Regularly enact and review director and management compensation.
Committee Member	Lo-Yu Yen	2	0	100%	
Committee Member	Yu-Fen Lin	2	0	100%	

Other Matters of Importance:

1. In circumstances where the Board of Directors declines to adopt, or make modifications based on, recommendations from the Compensation Committee, specify the dates of meetings, sessions, contents of motion, Board of Directors resolutions, the Company's response to the Compensation Committee's opinion (for example, where the compensation passed by Board of Directors exceeds the recommendations of the Compensation Committee, the circumstances and reasons for the difference of opinions shall be specified): None in the current fiscal year.
2. In circumstances where resolutions of the Compensation Committee were objected to by members, or members had a reserved opinion, and were recorded or declared in writing, specify the dates of meetings, sessions, contents of motions, all member opinions, and responses to member opinions: None in the current fiscal year.
3. Compensation Committee discussions and resolutions:
In 2021, the Compensation Committee met 2 times

Date	Information Communicated	Results Communicated	
February 22, 2021 (9-3)	Review of the executive management team's final performance results for 2020	Approved by all members in attendance.	Used to determine the Company's executive management teams' performance and bonuses
	Distribution of the Company's fiscal year 2020 compensation for board directors		The compensation plan is reported to the Board for review and approval
May 5, 2021 (9-4)	Distribution of Company's fiscal year 2020 compensation for executive management	Approved by all members in attendance.	Used to determine the annual allocation of executive management compensation

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

Evaluation Criteria	Implementation Status (Note)			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Explanation	
1. Has the Company established a Sustainable Development unit (full- or part-time), with a senior manager authorized by the Board of Directors to handle and report related activities to the Board of Directors?	V		<p>1. The Company established the Corporate Social Responsibility ("CSR") committee in 2006 and renamed to "Sustainable Development Committee" in 2021 responsible for formulation of CSR policies, system and management guidelines in aspects of ESG governance.</p> <p>2. "Sustainable Development Committee" oversees six working groups under the original CSR Committee, while adding 4 new groups that consist of Environment E, Social S1, Social S2, and Governance G. Each working group is managed by the corporate senior executive vice president. The committee reports to the board of directors every six months regarding work progress, strategic planning; operational implementation, which will be disclosed in the Company's annual report and website.</p> <p>3. On August 5, 2021, at the 14th meeting of the 9th board of directors, adopted the plan to sustainable development: with the concepts of "green low-carbon, digital transformation, integrity and transparency" to progress towards intelligent and sustainable living.</p>	None
2. Does the company follow principles of materiality in evaluating the risks of environmental, social, and corporate governance, and establish relevant policies or strategies?	V		<p>The Board of Directors adopted "Regulations for the Risk Management of Chunghwa Telecom" which includes the policies, scope, organizational structure and procedures of risk management. The managerial department accordingly formulated the "Working Guidelines for the Risk Management of Chunghwa Telecom" to promote the risk management operations across the corporate and incorporated risk assessment and response procedures into important regulations and guidelines for the Company's major operations.</p> <p>In 2016, the Risk Management Committee was established to further improve risk management performance.</p> <p>The Company conducts risk assessments for environmental, social and corporate governance issues related to its operations based on materiality principle and formulates relevant risk management policies or strategies as well.</p> <p>(Please refer to our official website regarding risk management related information.)</p>	None

Evaluation Criteria	Implementation Status (Note)			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Explanation	
3. Environment (1) Does the Company establish proper environmental management systems in line with its industry characteristics?	V		<ol style="list-style-type: none"> 1. The Company joined the Taiwan Alliance for Net Zero Emission in June 2021 and proposed net-zero emissions targets for 2030/2050. To meet the 2050 net zero carbon emissions target, the Company set the mid-term goal of 100% net zero emissions in office sites and 100% use of renewable energy in IDC computer rooms in 2030. The Company's carbon emission investigation scope encompasses all sub-departments and branches. In accordance with the newest version of ISO 14064-1:2018, other than Scope 1 and Scope 2, the Company seeks to extend the vertical environmental management of 15 upstream and downstream carbon emissions at Scope 3 to progress towards a more refined and sustainable operations. 2. The Company adopted the Chunghwa Telecom Energy-Saving Policy for a Sustainable Environment and Telecom Facility Office Energy-Saving Plan as its conservation initiatives to reduce carbon emissions. In addition, the Company has supplemented these initiatives with comprehensive green energy saving solutions of an Intelligent Energy Network ("iEN") and Power Operations Support System ("POSS") to dynamically manage the use of air conditioning energy. 3. In 2021, the Company adopted the BS 8001 Circular Economy framework, and became the first in Taiwan's telecommunications industry to obtain the BS8001 Circular Economy Review certification. 4. The Company developed and established the Environmental Sustainability Development Management System ("EARTH"), which provides the Company with environmental data to help manage its use of internal resources and environmental activities, including the use of electricity and water, waste and recycling management, green procurement, and among others in order for the Company to grasp the efficient use of energy in real-time. 5. The Company addresses the implement results respectively on "Governance", "Strategy", "Risk Management", and "Metrics and Targets", which are four core elements in accordance with the Task Force on Climate-Related Financial Disclosure (TCFD) recommendation. 6. To fulfill the green commitment and meet the global green challenge, through the strategy of "Green Enterprise, Green Sustainability and Green Innovation", the Company actively executes the 5G (Green) actions: "Green Operation, Green Energy, Green Store, Green Supply Chain and Green Procurement" initiative, to pursue and realize economic, environmental and social benefits. 7. The Company formulated the "Environmental Sustainability Strategy and Target Plan", to cover environmental sustainability policies, and strategic outlines to actively promote sustainable actions. The Company also prepares annual budget to sufficiently meet these policies. 8. The Company has obtained ISO14001 and ISO50001 certifications. ISO 14001 is valid until 2023/12/24, while ISO 50001 is valid until 2022/12/17. 	None
(2) Is the Company committed to improving the utilization efficiency of various resources and using recycled materials with a low environmental footprint?	V		<ol style="list-style-type: none"> 1. The Company is committed to improve the efficient use of energy. The Company consolidates or shuts down current facilities (UPS or SMR) based on current electricity use to improve efficiency. Further, the Company optimizes cooling tower operations and uses temperature-controlled frequency conversion for windmills and water pumps to conserve energy. Concurrently, the Company has steadily replaced its older, more energy-consuming equipment, such as SMRs and air-conditioning with highly sensible heat,- air-conditioning hosts and highly efficient (over 90%) SMR models to reduce electricity costs. 2. The Company has adopted Chunghwa Telecom Energy-Saving Policy for a Sustainable Environmental and Telecom Facility Office Energy-Saving Plan, which includes incentives for energy conservation, carbon reduction, green procurement and environmental sustainability, to achieve the goal of "improve efficiency in resource usage while reduce environmental impact." 3. The Company uses environmentally-friendly permeable bricks of recycled green materials for its new building project to enhance outdoors aesthetics while also reduce environmental impact. 4. To align with the government's policies of a circular economy to achieve efficiency in resource use, the Company selected the most up-to-date MOD video service with highest penetration rate as its target. The Company minimized the MOD set-top box and power usage to successfully reduce the use of raw materials and electricity consumption. On the consumer side, the Company organized and reused the MOD STB under the principle of "Ensuring Service Quality", to successfully extend the life cycle of the MOD STB while preventing resource waste and reducing pollution. 5. Renewable energy utilization rate: The company actively handles the use of renewable energy, and has set a target for renewable energy procurement and use in 2022 to be more than 22 million kWh, and a renewable energy procurement and use target of more than 50 million kWh in 2023. The goal is to increase the proportion of renewable energy used. 	None

Evaluation Criteria	Implementation Status (Note)			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
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(3) Does the Company evaluate the impact of climate change on the Company's current and future potential risks and opportunities, and adopt measures to respond to climate-related issues?	V		<p>The Company launched the Task Force on Climate-related Financial Disclosure ("TCFD") in 2020. In accordance with the TCFD framework, the Company will disclose information on governance, strategy, risk management, and metrics and goals regarding climate-related risks and opportunities in its ESG report and on its official website. As of the end of 2021, the Company has obtained the third-party review certification for two consecutive years.</p> <p>Please find below a brief of the implementation results:</p> <p>Governance: The Environment team under the ESG Committee coordinates climate change work and submits results following an assessment of climate risk and opportunity to the Risk Management Committee, who reports the findings at the Chairman's Meeting on a regular basis.</p> <p>Strategy: Strategies to mitigate and adapt to the effects of climate change are as follows: 1. Mitigation: Implementation of energy-efficient improvements by using renewable energy and developing emerging technologies; 2. Adaptation: Strengthen the climate resilience of the Company's communication equipment and facilities to reduce the impact of natural disasters.</p> <p>Risk Management: With reference to ISO 31000 Risk Management Guidance, the Company established a risk management process related to climate change and regularly assesses climate change impact.</p> <p>Metrics and Goals: The Company set a target to achieve net-zero carbon emissions by 2050. Aligning with the government's policy and striving to implement the Adaptation Strategy to Climate Change in Taiwan (2018-2022), the Company established its climate change adaptation targets.</p> <p>Future potential risks and opportunities derived from climate change: Based on the results of the 2020 TCFD project, the Company re-examined and assessed the risks and opportunities derived from climate change, and finally confirmed 3 risks and 3 opportunities that require high attention. The Company will actively manage related risks and opportunities and monitor the impact of climate change to reduce the operational and financial impact.</p> <p>1. Risks: (1) Changes in energy structure, which may cause electricity bills to increase; (2) increases in GHG emissions costs; (3) increases in average temperature, which may result in higher energy consumption.</p> <p>2. Opportunities: (1) Reduced GHG emissions and operating costs; (2) use of low-carbon technologies to improve energy efficiency; (3) use of 5G, IoT and big data to drive industrial transformation</p> <p>Please refer to our official website regarding CSR report and environmental related information.</p>	None
(4) Does the company collect information on greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and formulate policies on greenhouse gas reduction, water usage reduction, or other waste management policies?	V		<p>Greenhouse Gas Management Initiatives:</p> <p>1. Since 2008, the Company has implemented an annual "Greenhouse Gas (GHG) Inventory Plan" that generates data based on GHG Protocol. The Company incorporated issues related to GHG reduction into the risk management process and leveraged the Company's self-developed Intelligent Energy Network (iEN) and Power Operation Support System (POSS) to manage the energy use of air conditioners through an online system, benefitting from technological advantages to reduce carbon emissions. In addition, the Company has adopted the ISO14064-1 International Standard for GHG Emissions and passed external third-party verification.</p> <p>2. Reduction Goals: In June 2021, the Company joined the Taiwan Alliance for Net Zero Emission and proposed net-zero emissions targets for 2030/2050. In addition, the Company proposed a Science-Based Target ("STBi") carbon reduction commitment in August 2021. The Company anticipates it will submit STBi carbon-reduction targets within two years to achieve a carbon emissions reduction of 50% by 2030.</p> <p>3. Achievements: The Company conducted its annual GHG inventory verification, covering Scope 1 (Direct Emissions) and Scope 2 (Indirect Emissions). In 2020, the verification also covered Scope 3 (Employee Commuting and Travel, Purchase of Products and Services, Waste Disposal, Fuel- and Energy-related Activities, and Leased assets). The Company is SGS-Taiwan certified and discloses relevant environmental information. Through its self-developed EARTH system, the Company can effectively understand the benefits of using environmental resources to conserve energy. In addition, the Company established the "Energy Saving Plan for Telecommunication Facilities" to reduce energy use and GHG emissions. As of the end of 2021, the Company has reduced carbon by 1.7% with electricity emission factor of 0.485 kgCO₂e in our estimate.</p> <p>Energy Saving: 1. To promote the use of renewable solar energy. As of the end of 2020, the Company has completed 55 photovoltaic solar sites across Taiwan with a total capacity of 2,783.665kWp. As a result of the Company's ongoing efforts, total GHG emissions in 2020 amounted to 790,320.9986 t-CO₂e, a decrease of 4.06% from the previous year.</p> <p>2. Ongoing replacement of older, telecom-related equipment with high levels of energy consumption.</p> <p>3. Use the EARTH system to manage electronic documents and systems.</p> <p>Water Saving: 1. Build recovery systems for rainwater, groundwater and air-conditioning condensation to achieve water reuse.</p> <p>2. The Company's recycled water is primarily used for everyday use. In addition to tap water, water for cooling and air conditioning are recycled for everyday use. The Company adoption of rainwater usage helped obtain the ISO 14046 Environmental Water footprint certification.</p> <p>3. Based on the water consumption in 2020, we aim to reduce water consumption by 2% for people's livelihood, and the annual increase in water consumption due to business growth shall not exceed 2%.</p> <p>Waste Reduction: 1. To launch waste reduction programs 5R, the Company actively monitors and manages the amount of waste generated through the online system and entrusts qualified processing manufacturers to recycle waste, such as lead-acid batteries, cables and hardware, among other miscellaneous items.</p> <p>2. The Company adopted the BS 8001 Circular Economy framework in 2021, to enable a private waste disposal agency, approved by the environmental protection agency, for waste disposal services. The Company became the first enterprise in Taiwan's telecommunication industry to obtain the BS8001 Circular Economy Review certification.</p> <p>3. The Company continues to promote consumer electronic billing and combined billing, the reuse and recycling of water, digital document systems, etc.</p> <p>4. Based on the amount of waste in 2020, the target for domestic waste is to reduce by 2% per year and 100% of business waste is handed over to EPA qualified manufacturers to recycle/reuse, landfill and incinerate.</p>	None

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			<p>The Company's levels of green house gas emissions for the two preceding years are as follows:</p> <table><tr><th colspan="3">GHG Emissions Unit: t-CO2e</th></tr><tr><th>Year</th><th>2019</th><th>2020</th></tr><tr><td>Direct Emissions (Scope 1)</td><td>28,455.5921</td><td>22,192.9316</td></tr><tr><td>Indirect Emissions (Scope 2)</td><td>795,295.4952</td><td>768,128.0670</td></tr><tr><td>Total Emissions (Scope 1+Scope 2)</td><td>823,751.0873</td><td>790,320.9986</td></tr></table> <p>The Company's levels of water consumption and total weight of waste for the two preceding years are as follows:</p> <table><tr><th colspan="3">Water Usages & Waste Management</th></tr><tr><th>Year</th><th>2019</th><th>2020</th></tr><tr><td>Tap Water Consumption</td><td>691,954</td><td>679,629</td></tr><tr><td>Air-Conditioner Water Consumption</td><td>1,590,716</td><td>1,617,960</td></tr><tr><td>Recycled Water</td><td>3,776</td><td>2,777</td></tr><tr><td>Biological Waste</td><td>2,881</td><td>3,173</td></tr><tr><td>Industrial Waste</td><td>3,592</td><td>10,528</td></tr></table> <p>Please refer to our official website regarding environmental related information.</p>	GHG Emissions Unit: t-CO2e			Year	2019	2020	Direct Emissions (Scope 1)	28,455.5921	22,192.9316	Indirect Emissions (Scope 2)	795,295.4952	768,128.0670	Total Emissions (Scope 1+Scope 2)	823,751.0873	790,320.9986	Water Usages & Waste Management			Year	2019	2020	Tap Water Consumption	691,954	679,629	Air-Conditioner Water Consumption	1,590,716	1,617,960	Recycled Water	3,776	2,777	Biological Waste	2,881	3,173	Industrial Waste	3,592	10,528	
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4. Social Responsibilities (1) Does the Company formulate appropriate management policies and procedures in accordance with relevant regulations and international human rights conventions?	V		<p>1. The Company publicly supports and voluntarily follows standards including the United Nation's (UN) Universal Declaration of Human Rights (UDHR), the International Labor Organization Declaration on Fundamental Principles and Rights at Work, and the Global Compact.</p> <p>2. The Company publicly discloses human rights policies on official website, adopts appropriate internal policies and procedures according to relevant regulations and the International Bill of Human Rights, and conducts an annual review and audit of relevant implementation activities.</p> <p>3. The Company complies with the "Labor Union Act" and is the only telecom provider in Taiwan with labor union that has signed a collective bargaining agreement with its employees.</p> <p>4. The Company has surpassed the legal requirements in the employment of disadvantaged minority groups: in 2021, the Company hired about 3.79 times more employees with disabilities than the number required by law.</p>	None																																				
 (2) Does the company formulate and implement reasonable employee benefits (including compensation, vacation, and other benefits), and appropriately reflect operating performance or results in employee compensation?	V		<p>The Company has established and implemented reasonable employee welfare measures, including remuneration, vacation and other benefits, and appropriately reflects the operating performance in employee remuneration:</p> <p>1. The board of directors has a remuneration committee, which is responsible for the policies, systems, standards and structures of remuneration.</p> <p>2. Verification and evaluation: The evaluation results are used as the basis for salary promotion, bonuses and remuneration distribution.</p> <p>3. Bonus distribution: Link bonuses with the company's operating performance, annual net profit and employee assessment.</p> <p>4. The Company offers favorable policies to employees, including 21 days of annual leave for people who have been with the Company for over 7 years, 5 days of personal leave, 30 days for sick leave with full compensation, and 42 days for maternity leave, excluding weekends, official holidays and national holidays.</p> <p>5. To improve employee benefits, the Company provides an employee welfare fund in accordance with rules and regulations of the Employee Welfare Committee to handle various employee subsidies including marriage, childbirth, children's education, children's education scholarships, employee retirement, employee death and death of dependent events, three holidays (Chinese New Year, Dragon Boat Festival and Mid-Autumn Festival), employee recreational activities, birthday parties and group insurance, etc.</p> <p>6. Beginning in 2022, the Company will be the first in its industry to offer employees with children under the age of 3 to apply for a one hour reduction per working day with no salary deduction.</p> <p>7. The company establishes an inclusive and friendly workplace, advocates diversity and equality in the workplace, and employee rights , such as salary, promotion, and various company benefits, do not differ by gender, age or ethnicity. In 2011, female employees account for 29.41% of total workforce while females in management positions (Director level and above) account for 20.7%.</p>	None																																				

Evaluation Criteria	Implementation Status (Note)			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Explanation	
(3) Does the Company provide a safe and healthy working environment, and provide training on safety and health for its employees on a regular basis?	V		<p>The Company strives to provide its employees with a safe and healthy working environment, regularly holding education and training sessions on health and safety for its employees. The curriculum is summarized, as follows:</p> <ol style="list-style-type: none"> To build a safe and healthy working environment, regularly hold education and training sessions on health and safety: <ol style="list-style-type: none"> Develop a health and safety policy and implement it accordingly. Establish specialized teams and personnel to be responsible for occupational health and, create a friendly and high-quality working environment. Employ physicians and specialized nursing staff to provide on-site health-related services. Handle medical checkups and Employee Assistance Programs ("EAP") to plan and implement various medical checkup packages on an annual basis, providing one-on-one professional consulting services. At the Company's Employee Training Centers in Banqiao, Taichung, and Kaohsiung: hold health and safety education training, raise awareness and practice drills for employees and contractors to strengthen awareness of work safety, improve health and safety skills and adaptability, and protect employees and contractors during everyday work. To continue promote occupational safety and effective health management, the Company proactively adheres to international standards for occupational safety and health (ISO 45001) and receives global certification. In 2021, a total of 27 branch offices completed certification and underwent annual reviews. Through the systemic Plan-Do-Check-Act management cycle, the Company expects to continue improving the efficiency of its health and safety management system and build a good culture focused on overall safety and health. In 2021, there were 68 occupational accidents, accounting for 0.34% of employees, of which 59 were traffic accidents. To achieve the goal of zero disasters, the Company will continue to strengthen training programs to reduce workplace accidents and raise awareness for traffic safety, and to hold traffic accident prevention digital learning courses (e-learning) to strengthen traffic safety knowledge and skills such as defensive driving and road rights. To respond to the COVID-19 pandemic, the Company developed an epidemic prevention contingency plan to minimize operational interruptions while also prevent cluster infections in the workplace, thus ensuring physical and mental health of employees. 	None
(4) Does the Company establish effective career development programs for its employees?	V		<ol style="list-style-type: none"> Comprehensive occupational training program: includes management and 18 specialized occupational programs. Program content is continuously reviewed, expanded, and modified in order to better assist employee career development. Based on the concept of AGLOW (Attraction: Attract new employees to stay, Growth: Employees can grow, Leadership: Leadership development for supervisors, Opportunity: Opportunity to develop talent, Winning: smooth succession-planning), the Company established various programs for employees of different levels, including current employees, new recruits and all level supervisors, with customized training programs, and accelerate the training and development of potential employees to make them reserve successors. The Company has established the concept of life-long learning and a supportive learning environment, leveraging e-learning systems to encourage all employees to learn and grow. 	None
(5) With respect to customer health and safety of products and services, customer privacy, marketing, and labeling, does the Company comply with relevant regulations and international standards, and formulate related consumer protection policies and appeal procedures?	V		<ol style="list-style-type: none"> In accordance with the law, the Company has established a set of internal Corporate Marketing Standards, business rules, and service contracts. The Company implements the "Key Points for the Implementation of Mobile Broadband Business Service Quality Standards" to reach the four major categories of "Service Efficiency", "Customer Service Center", "Customer Complaint Processing," and "Accounting Services" that address a total of 25 service quality indicators to ensure consumer rights. The Company has a privacy policy, which is disclosed publicly: https://www.cht.com.tw/home/consumer/privacy https://www.cht.com.tw/en/home/cht/privacy To protect consumer privacy, the Company: <ol style="list-style-type: none"> has adopted a management system in accordance with relevant regulations and standards; has designated a responsible department; classifies fundamental consumer information as "Highly Confidential"; is implementing the new version of the "Personal Data Collection Notice" https://pdpn.cht.com.tw; requires that all employees sign a "Business Confidentiality Agreement", with direct supervisors bearing joint liability; has integrated privacy protection as part of employees' key performance indicators (KPIs) for performance reviews; has received international information security and individual privacy protection certification (such as ISO27001 and BS10012) Products and services are designed to take into account of the impact of consumer overuse, and marketing material contains explanations on scope of use and other helpful reminders. To manage and ease concerns about Electromagnetic (EM) waves: <ol style="list-style-type: none"> Base stations comply with regulations and standards; The public can apply for free professional measurement; Taiwan Telecommunication Industry Development Association (TTIDA) is entrusted with touring the country to advocate for correct understanding. Provides diverse customer service and appeal channels, including physical stores, a dedicated customer service line, and an online platform. The appeals filing and handling procedure has been standardized and has a target of providing satisfactory responses and resolutions within 3 business days. Conducts customer satisfaction surveys and improves service quality in a timely manner. Uses big data analysis to enhance products, services, and functionality. 	None

Evaluation Criteria	Implementation Status (Note)			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Explanation	
(6) Does the Company have a supplier management policy that requires suppliers to comply with and implement relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights?	V		<p>1. The Company established the "Code of Corporate Social Responsibility for Suppliers of Chunghwa Telecom" that informs suppliers of CSR standards on ethics, labor, environment, and health and safety, in order to achieve the good ethical standards, respect for labor rights, and environmental sustainability on both fronts.</p> <p>2. When purchasing tenders, tenderers must review the "General Terms of Information on the Purchase Tender" and complete the "Basic Data and Review Form for Participating Tenderers" before participating in the tender. The tenderers self-report on corporate integrity, material sourcing, environmental safety, occupational safety, energy conservation and carbon reduction, among other topics, and agree to follow the Company's social responsibility guidelines of the supplier.</p> <p>3. On November 18th, 2020 the Company implemented the "Chunghwa Telecom Supplier Management Operation Plan" to improve supplier management efficiency. The Suppliers are evaluated using various KPIs such as financial capabilities, performance quality, ability to meet deadlines, price advantages, professional abilities, after-sales service, warranty responsibilities, engineering cooperation, work safety performance and cooperation with the Company, as well as ESG responsibilities. Since 2020, to enhance suppliers' ESG capability, the Company has implemented the "Sustainability Supply Chain Grading System." Based on the evaluation results, the Company will assign the evaluated supplier with a grade that is divided to four levels -- Gold, Silver, Bronze and Participation. From these grades, the Company will encourage suppliers to improve their standards in environmental protection, labor rights, and occupational safety and health to meet standards. Furthermore, the Company is committed to suppliers with carbon-reduced and green products during the procurement bidding process.</p> <p>Implementation:</p> <p>(1) Since 2010, the annual "Chunghwa Telecom Supplier Partner CSR Exchange" publicly recognizes outstanding CSR vendors and invites experts, scholars and leading business representatives to share their experiences with initiatives to drive supply chain partners to work together towards a more sustainable future.</p> <p>(2) Since 2011, suppliers with large procurement volumes or high levels of influence have been required to fill out online CSR status questionnaires and carry out sustainability assessments. Gradually taking ESG into consideration during supply chain selection, the Company looks forward to working with suppliers to achieve good ethical standards, respect for labor rights, set goals to reach environmental sustainability, and more.</p> <p>(3) Since 2014, the Company commissioned the external verification unit of SGS Taiwan to conduct the "supplier evaluation" for key suppliers. It is expected to construct a complete supply chain management mechanism through a two-part strategy through "understanding analysis" and "on-site visits." Since 2011, the Company has rewarded extra points to suppliers who passed the "dual evaluation program" in the past three years, offering sustainable competitive advantages to suppliers.</p> <p>(4) Since 2016, annual supplier education and training sessions have been conducted to emphasize the importance of environmental sustainability through on-site visits.</p> <p>(5) Since 2019, the "Supplier Sustainability Rating" mechanism launched to establish a list of suppliers qualified for sustainability through internal ranking of suppliers' ESG.</p> <p>(6) Since 2020, the Company conducts the "Supplier ESG Education Training" on an annual basis. The Company uses the "Sustainable Supply Chain" initiative to promote a series of improvement actions for sustainability. Ongoing education and training on sustainability will help suppliers deepen their knowledge and recognition of ESG and direct them to meet the proper guidelines.</p>	None
5. Does the company refer to internationally accepted reporting standards or guidelines for compiling reports on non-financial information, such as ESG reports? Did the previous release reports obtain a confirmation or assurance opinion from a third party verifier?	V		<p>Each year, the Company creates its CSR report according to the latest version of the GRI Standards Core Option, Telecommunications Sector Supplement and International Integrated Reporting <IR> Framework in both Chinese and English. In 2021, ahead of regulatory requirements, the Company created its "2020 CSR Report" following standards of Telecommunication Services by Sustainability Accounting Standards Board ("SASB") and publishing a separate "SASB Report". In addition, SGS Taiwan verifies all content and data through a major review and assurance program to ensure its compliance with the GRI Standards Core Option, AA 1000 AS (2008) Type 2 High Level Assurance, International Integrated Reporting <IR> Framework, and SASB Standards. CSR Report has obtained the SGS-Taiwan Review Certification Statement, which can be found in the Company's ESG Annual Report.</p> <p>Please download our CSR report for more details from our official website.</p>	None
6. If the Company has established the sustainable development principles based on "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation: No discrepancy found.				
<p>7. Other important information to facilitate better understanding of the Company's sustainable development practices</p> <p>(1) In 2021, Chunghwa Telecom continued to comply with the government's COVID-19 pandemic prevention measures. Using its core competitive advantages, the Company provided support that includes: 1) epidemic prevention mobile phones; 2) epidemic monitoring and control systems; 3) real-time Short Message Service; 4) big data analysis; 5) communication among disease management and medical units; 6) preferential services; and 7) "1922" consultation hotline.</p> <p>(2) Institutionalization of corporate volunteering: The "2019-2021 Three-year Volunteering Plan" was approved in 2019 and implemented accordingly.</p> <p>(3) The Company held its inaugural "5G Plastic Free Day" featuring a series of activities. Through various activities including online environmental protection courses and games, Huashan outdoor 5G Plastic Free Family Day and beach and mountain clean-ups, the Company raised awareness for environmental protection and attracted more than 2,000 corporate volunteers to join.</p> <p>(4) The Company's mission of "Bridge digital divide" and "Create digital opportunities" drives its excellence in service while encouraging "corporate volunteers" to actively participate in local community service projects, with details on execution as listed below:</p> <ul style="list-style-type: none"> ● Outpost Taiwan ● Digital Good Neighbors ● Chunghwa Telecom EYE Social Innovative Call Center ● Read with You - Community Network Tutoring ● Telecommunication Universal Services ● Optimization of Voice Assistant App for the Visually Impaired ● Social Inclusion"51 SDGs" initiatives: "I Helping, I Sharing, I Learning, I Technology and I Protecting" <p>(5) Social Investment Statistics: Includes cash donation and non-cash input conversion through commercial events, in-kind donation, corporate volunteering, sending short messages for charity, free short-code services, preferential measures and convenient services for the disabled with a total social investment of NT\$740 million in fiscal year 2021.</p>				

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

4.6 Ethical Corporate Management

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

Evaluation Criteria	Implementation Status (Note)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Explanation	
(2) Has the Company established a dedicated unit to promote ethical corporate management under the Board of Directors, and regularly (at least once a year) report to the Board of Directors on its ethical corporate management policy, measures to prevent unethical conduct, and monitor implementation?		V	<p>1. The Company designates the Organization and Talent Development Department as a dedicated unit to promote Company integrity and ethics. Responsibilities of this department include assisting the Board of Directors and Executive Management team in formulating and supervising the implementation of ethical policy and codes of conduct, as well as implementing ethical standards. The department reported to the Board of Directors on November 5, 2021.</p> <p>2. The Company implemented the ethical management policy. Please see below for implement details of the year 2021:</p> <p>(1) Education and Training</p> <p>In each training course, a series of training classes will be provided to employees, covering topics such as regulation, inspection, and risk management, etc., to help them learn basic legal knowledge, codes of conduct, ethical management principles and operating procedures, the total training hours are 80,176. Throughout the course, case studies are used to strengthen the conceptualization and implementation of prevention mechanisms in order to both manage and prevent dishonest behavior.</p> <p>(2) Law and Case Advocacy</p> <p>The Company's dedicated unit is committed to the education and promotion of all employees. In 2021, the Company consolidated the ethical management principles, code of conduct, and processing standards for important internal information, using a digital learning platform to share case studies and publicize the matters that colleagues should pay attention to in day-to-day business.</p> <p>(3) Annual Test</p> <p>The Company conducted an online test for all employees from October 1 to October 29, 2021. The test covers the ethical management principles, ethical management operating procedures and behavior guidelines, the code of conduct, and obligations to maintain the company's confidential business matters.</p> <p>(4) Regular Inspection</p> <p>To prevent dishonest and unethical behavior while controlling fraud risks, the Company established a dedicated unit to monitor and track the above behaviors. The Company implemented an anti-fraud plan for its subsidiaries, including advisory on business reform and corrections, reports of major situations, spot checks, and anti-fraud case studies. Based on the annual plan, the anti-fraud department collects all cases on monthly basis and then records, analyzes, and evaluates the performance, before evaluating the case through the internal control system, to ensure the overall operation and to prevent the occurrence of dishonest acts.</p> <p>(5) Reporting and Whistleblower Protection Rule</p> <ul style="list-style-type: none"> Detailed reporting rules can be found within the Company's "Code of Corporate Governance," "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," and "Code of Ethics." All the rules are implemented actively to prevent any dishonest behaviors, in accordance with a system of checks and balances to investigate and discipline in the event of violations and employee complaints. The Company encourages both internal and external reporting on dishonest behavior and misconduct, and it assigns the Organization and Talent Development Department as the special unit responsible for accepting reports. The stakeholder section on the Company's website provides effective communication methods for employees, shareholders, stakeholders and external parties. In addition, the Company's website also includes contact information, including a special mailing address, email address, and phone number, for the Audit Committee, which accepts employee reports and complaints, and reports related to internal accounting and auditing. If a report involves the Board of Directors or senior executives, the case will be delivered and presented to an independent director. Detailed reporting and whistleblower protection rules can be found within the Company's "Code of Corporate Governance," "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," "Code of Ethics," "Key Points for Employee Complaints Operation," and "Practicing Points for Practitioners Violating the Code of Ethics." The whistleblower's identity and personal information are kept confidential, and the Company vows to protect whistleblowers from improper handling or retaliation. In 2021, the Company reviewed 67 cases, including 44 externally reported cases and 23 internally reported cases by employees. There were no major violations of ethical management. 	The Company designates the Organization and Talent Development Department as a dedicated unit to promote Company integrity and ethics. Responsibilities of this department include assisting the Board of Directors and Executive Management team in formulating and supervising the implementation of ethical policy and codes of conduct, as well as implementation of ethical standards through management supervision, internal audit and timely reports to the Board of Directors, effectively following the Company's policy and ethical guidelines.
(3) Does the Company establish policies to prevent conflicts of interest, provide suitable channels to report such conflicts, and implement such policies?	V		The Company has a "Code of Ethics", and has established channels including a dedicated telephone line, fax, and e-mail for employees and external parties to report violations. It also conducts regular and irregular audits through its internal control system.	None

Evaluation Criteria	Implementation Status (Note)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Explanation	
(4) Has the Company established an effective accounting system and internal control system to facilitate ethical corporate management? Does its internal audit team provide risk assessment results and formulate audit plans related to unethical conduct, and audit compliance of non-ethical conduct measures, or does the Company engage external CPAs to implement such audits?	V		<p>1. The Company has established accounting policies and amended accounting policies as required by the amended International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) endorsed and issued into effect by the Financial Supervisory Commission (FSC) as well as business practices.</p> <p>2. The Company has established the control activities at entity level, with "Code of Conducts", which are amended according to changes of environment and regulations. No major violations of ethical standards are found by external audits this year.</p> <p>3. The audit plan for fiscal year 2021 was formulated in accordance with the Financial Supervisory Commission's "Regulations Governing Establishment of Internal Control Systems by Public Companies", the Company's "Internal Control System" & "Internal Audit Implementation Rules", and the assessment results that include the risk of unethical conduct. The contents include audit targets, scope, projects, and frequency, etc., The audit results include measures preventing unethical conduct practices, which is reported to the Board of Directors.</p>	None
(5) Does the Company regularly hold internal and external educational trainings on ethical corporate management?	V		<p>1. The Company organizes education and training and awareness programs on an annual basis, with online exams to be passed, in order to strengthen integrity and ethical standards. In 2021, all employees participated in digital learning programs "Code of Ethics" and "Ethical Corporate Management Best Practice Principles" with an online "Comprehensive Exam" requiring a score of 100 to indicate completion. The course and exam took a total of about 1 hour altogether. All employees excluding those with reasonable exemptions (such as maternity leave, injury, or long-term sick leave) completed the exam, representing a 100% completion rate. The Company shall continue to enhance corporate management, risk controls, and an ethical corporate management culture for long-term sustainable corporate management.</p> <p>2. In 2021, the Company requested investee companies and supply partners to implement the Company's code of conduct, human rights policy, and anticorruption policy among other commitment goals, and conveyed to their respective employees the principles of strictly maintaining ethics and discipline.</p>	None
<p>3. Reporting ethical violations</p> <p>(1) Has the Company formulated a concrete whistleblowing and incentive system, established a convenient whistleblowing channel, and assigned appropriate personnel to handle the cases of those who have reports raised against them?</p>	V		<p>The Company has enacted "Operational Rules for Handling Cases in Violation of Code of Ethics" to handle violations of ethical corporate management rules, with the following reporting channels for internal and external use:</p> <p>1. Contact Address: Room 503, No. 21-3, Sec.1 Hsinyi Rd, Taipei 100012, R.O.C.</p> <p>2. Telephone: 0800-080998</p> <p>3. Fax: (02)23570007</p> <p>4. E-mail: chthr@cht.com.tw</p> <p>Reported cases are handled by personnel with a clear division of power and responsibilities, whom are appointed on a case-to-case basis.</p>	None
(2) Has the Company established standard operating procedures for handling whistleblowing claims and, after a complete investigation, follow-up measures and mechanisms related to maintaining confidentiality?	V		<p>1. The Company has established the "Implementation of the Violation of Code of Ethics Case Investigation and Handling Principles," which conducts active investigation, while adhering to confidentiality principles according to Company rules.</p> <p>2. After case investigation, follow-up measures to be taken are below: If evidence indicates that there were illegal activity or violations of regulations, violators with administrative responsibility will be handled according to regulations. For violators with legal responsibility, the Company will transfer the case to the prosecutor's office or file for a civil/criminal lawsuit, depending on the evidence presented.</p>	None
(3) Does the Company provide proper whistleblower protection?	V		<p>The Company has established the "Implementation of the Violation of Code of Ethics Case Investigation and Handling Principles" with objective, fair, confidential, and sensitive investigation procedures in order to protect whistleblowers from any improper treatment.</p>	None
<p>4. Enhancing information disclosure</p> <p>Does the Company disclose its established ethical corporate management policies and promotion results on its website and MOPS?</p>	V		<p>The Company has fully disclosed all ethical corporate management related content, status, and performance results on its official website and on MOPS.</p>	None

Evaluation Criteria	Implementation Status (Note)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies" and Reasons
	Yes	No	Explanation	
5. If the Company has established ethical corporate management policies based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please describe any discrepancies between the policies and their implementation: No discrepancy found.				
6. Other important information to facilitate a better understanding of the Company's ethical corporate management practices: (e.g., review and amendment of the policies)				
<div> <div>(1) The Company has enacted the "Chunghwa Telecom Ethical Corporate Management Best Practice Principles" and implements a regular review process for any amendments to the principles, which includes consistently monitoring developments in domestic and international ethical corporate management standards, and by encouraging directors, management, and employees to share their recommendations, in order to improve the overall performance of corporate business ethics. To adjust to its organizational changes, the Company amended and approved the "Chunghwa Telecom Ethical Corporate Management Best Practice Principles" ahead of the 5th extraordinary meeting of the 9th Board of Directors on September 28, 2021.</div> <div>(2) The Company has adopted the "Code of Corporate Social Responsibility for Suppliers of Chunghwa Telecom Co., Ltd.," which fully discloses its corporate ethical principles. In addition, these principles are communicated and emphasized in procurement bidding documents and the annual supplier partner exchange conference, so the suppliers have a clear understanding of the Company's ethical management policies and commitment to conduct business activities with integrity, transparency, and responsibility. Furthermore, the Company expects its suppliers to adopt the "Ethical Corporate Management Best Practice Principles," or enact similar codes of ethics, with proper disclosure.</div> </div>				

Note: Regardless of whether the implementation status is checked Yes or No, it is required to be in the "Explanation" section

4.7 Access to Corporate Governance Rules and Procedures

The Company has established the "Code of Corporate Governance for Chunghwa Telecom Co., Ltd.," which is available on the Company website at: Home > About CHT > Corporate Governance > Other Bylaws >

Code of Corporate Governance (<https://www.cht.com.tw/en/home/cht/about-cht/corporate-governance/other-bylaws>).

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

(1) The Company's Material Information Disclosure Procedure.

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

- A. Target audience and scope of material information.
- B. Corporate confidentiality procedure.
- C. Designated responsible unit.
- D. The Company's material information disclosure procedure.

- (2) In fiscal year 2021, the Company's President undertook 44 hours of corporate governance related courses and training. In addition, some managers also participated in similar courses and training. In the future, the Company expects to continue such courses and training for senior executives and managers.

4.9 Internal Control Systems

(1) Statement of Internal Control System

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

Date : February 23, 2022

Based on the results of self-assessments, Chunghwa Telecom Co., Ltd. states the following with regard to its internal control system during the year 2021:

1. Our board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and we take immediate remedial actions in response to any identified deficiencies.
3. We evaluate the design and operating effectiveness of our internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component contains certain elements which stated in the Regulations.
4. We have evaluated the design and operating effectiveness of our internal control system according to the aforesaid Regulations.
5. Based on the results of such evaluation, we believe that, on December 31, 2021, we have maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of our annual report for the year 2021 and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement was approved by the board of directors in their meeting held on February 23, 2022, with none of the 13 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Chunghwa Telecom Co., Ltd.



Chi-mau Sheih,
Chairman and Chief Executive Officer



Shui-Yi Kuo,
President

(2) Auditor Review Report

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

4.10 Any Penalties for Violations of Regulations or the Company's Internal Control Systems; Major Defects and the Status of Corrections of Internal Control Systems for Fiscal Year 2021 and Up To the Publication Date of This Annual Report

None.

4.11 Major Resolutions of Shareholders' Meetings and Board Meetings for Fiscal Year 2021 and Up To the Publication Date of This Annual Report

(1) Major Resolutions and Execution Status of 2020 General Shareholders' Meeting

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

B. The Company's 2020 Earnings Distribution

Status: For the 2020 earnings distribution, cash dividends paid to the shareholders totaled NT\$33,403,564,823, representing NT\$4.306 per share. August 31, 2021 served as the ex-dividend date and September 28, 2021 as the dividend payment date. All dividends have been paid at this time.

C. Amendments to the Company's Articles of Incorporation

Status: Approved by Ministry of Economic Affairs on September 14, 2021; proper registration and disclosure can be found on the Company website.

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

Status: Disclosed on MOPS on September 28, 2021.

E. Amendments to the Rules for Election of Directors of the Company

Status: Disclosed on MOPS on September 29, 2021 and

the Company website.

F. Release of non-competitive restrictions for the independent director Mr. Lo-Yu Yen

Status: Disclosed on MOPS on August 20, 2021.

(2) Major Resolutions of Board Meetings

A. The 11th meeting of the 9th Board of Directors on January 26, 2021

- (1) The Company's business operation plan (including budget) and condensed consolidated financial forecast for the year 2021
- (2) The Company to lease its land
- (3) The distribution of a one-time employee incentive bonus
- (4) Personnel appointment for the Company's investees companies

B. The 12th meeting of the 9th Board of Directors on February 23, 2021

- (1) The Company's 2020 earnings distribution for remuneration to directors and employees
- (2) The Company's 2020 operational report and financial statements
- (3) The Company's 2020 Internal Control Statement for the purpose of domestic regulatory and Sarbanes-Oxley Act compliance
- (4) The Company's 2020 earnings distribution
- (5) The commencement of implementation of the Company's Employee Stock Ownership Plan for another three years starting from April 2021
- (6) The amendment to partial articles of the Company's Articles of Incorporation
- (7) The amendment to partial articles of the Company's Ordinance of Shareholders Meetings
- (8) The amendment to partial articles of the Company's Directors Election Regulations
- (9) To release non-competition restrictions on the Company's directors
- (10) To convene the Company's 2021 Annual General Meeting of Shareholders at its Training Institute at 9:00 AM on Friday, May 28, 2021

C. The 3rd Special Meeting of the 9th Board of Directors on April 7, 2021

The Company to donate NT\$10 million to the "0402 Taroko Express Accident" dedicated account set up by the Ministry of Health and Welfare

D. The 13th meeting of the 9th Board of Directors on May 6, 2021

- (1) To procure IMS Core construction project equipment from the Company's affiliated company "Taiwan International Standard Electronics Ltd."
- (2) The amendment to partial articles of the Company's Guidelines of Investment
- (3) Personal appointment and dismissal for the Company

E. The 4th Special Meeting of the 9th Board of Directors on June 1, 2021

- (1) To postpone the Company's annual general meeting to August 20, 2021
- (2) Change the time frame of promoting the Company's organization transformation

F. The 14th meeting of the 9th Board of Directors on August 5, 2021

- (1) To set the ex-dividend date for the Company's 2020 cash dividends
- (2) To procure MSER Network Equipment for the year 2021 from the Company's affiliated company "Taiwan International Standard Electronics Ltd."
- (3) The acquisition of the right-of-use of H.D. Building, the IDC site, from the Company's affiliated company "Chief Telecom Inc." for the year 2021 to 2028
- (4) The joint construction of its own office building located in Sanchong, New Taipei City. with the Company's affiliated company "Light Era Development Co., Ltd."
- (5) To increase the budget on the transfer of building bulk of the Company's construction of its telecommunication facilities and commercial building in Nankang area
- (6) To release the non-competition restriction on the Company's independent director Ms. Lin, Yu-Fen
- (7) Personnel appointment for the Company's invested companies

G. The 5th Special Meeting of the 9th Board of Directors on September 28, 2021

- (1) The amendment to partial articles of the Company's "Organizational Regulations"
- (2) The amendment to partial articles of the Company's "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Code of Ethics", "Operation Directions of Management Controls for the Prevention of Insider

Trading", "Guidelines of Investment" and "Implementation Guidelines for Special Performance-based Bonus"

- (3) The amendment to partial articles of the Company's "Employees Management Regulations"

H. The 6th Special Meeting of the 9th Board of Directors on October 20, 2021

The adjustment on the scope of the Company's organizational transformation

I. The 15th meeting of the 9th Board of Directors on November 5, 2021

- (1) The Company's acquisition of the assets
- (2) The Company's 2022 short-term line of credit
- (3) The Company's 2022 Audit Plan
- (4) The revocation of the Company's Jakarta (Indonesia) Representative Office
- (5) The Company's donation to its related party of National Taiwan University of Science and Technology of the amount of NT\$1.2 million as an Industry Academy Cooperation
- (6) In line with the Company's organizational transformation effective on January 1, 2022, the Company to change the names of its two Business Groups
- (7) The amendment to partial articles of the Company's Segregation of Power between the Board of Directors and its Management
- (8) The amendment to partial articles of the Company's Internal Control System
- (9) The amendment to partial articles of the Company's Accounting System
- (10) The amendment to Article 2 and 7 of the Company's Corporate Social Responsibility Best Practice Principles
- (11) The amendment to Article 6 of the Company's Organizational Regulations of the Board of Directors, partial articles of the Company's Meeting Rules of Order of the Board of Directors, partial articles of the Company's Code of Corporate Governance
- (12) To release the non-competition restriction on the Company's director Dr. Chen, Sin-Horng
- (13) Personnel appointment and dismissal for the Company and its investees

J. The 7th Special Meeting of the 9th Board of Directors on December 23, 2021

- (1) To grant the employees with special one-time incentive bonus
- (2) The amendment to partial articles of the Company's "Organizational Regulations"
- (3) The amendment to the Company's "Risk Management Regulations"
- (4) To reassign a dedicated custodian of the Company's chop for endorsements and Guarantees

K. The 8th Special Meeting of the 9th Board of Directors on December 29, 2021

The Company extended the lease for the use of the ST-2 satellite transponder from its affiliated party "ST-2 Satellite Ventures Private Limited"

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

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

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

- (1) The Company's 2021 earnings distribution for remuneration to directors and employees
- (2) The Company's 2021 operational report and financial statements

- (3) The Company's 2021 Internal Control Statement for the purpose of domestic regulatory and Sarbanes-Oxley Act compliance
- (4) The Company's 2021 earnings distribution
- (5) The amendment to article eight of the Company's Articles of Incorporation
- (6) The amendment to partial articles of the Company's Procedures for Acquisition or Disposal of Assets
- (7) To convene the Company's 2022 Annual General Meeting of Shareholders at its Training Institute at 9:00 AM on Friday, May 27, 2022
- (8) In line with the Company's organizational transformation, the Company to change the name of its Data Communications Business Groups
- (9) The amendment to article thirteen of the Company's Organizational Regulations for Compensation Committee
- (10) The amendment to the first article of the Company's Regulations of Performance Management for Senior Executives
- (11) Personnel appointment for the Company's invested companies

4.12 Major Dissenting Comments Among Directors Over Board Meeting Resolutions for Fiscal Year 2021 and Up To the Publication Date of This Annual Report

At the 16th meeting of the 9th Board of Directors' Meeting held on January 25, 2022, labor director Mr. Shih-Hung Tseng had a dissenting opinion regarding the Company to invest in Taiwan Capital Buffalo Fund VI, L.P. with the amount of NT\$600 million. However, after the management team provided additional explanation and clarification at the meeting, the board of directors approved the resolution.

4.13 Resignation/Dismissal of Key Officers (including Chairman, President, Accounting Manager, Financial Manager, Internal Auditor, and R&D Manager) for Fiscal Year 2021 and Up To the Publication Date of This Annual Report

February 28, 2022

Position	Name	Date of Appointment	Termination Date	Reason for Resignation or Dismissal
Internal Chief Audit Executive	Min-Gume Cheng	June 30, 2019	June 30, 2021	Retirement
Chief R&D Executive	Chau-Young Lin	June 30, 2020	January 1, 2022(Note 1)	Job Transfer

Note 1: Chau-Young Lin served as the Company's President of Data Communications Branch and the President of the Company's Telecommunication Laboratories since June 30, 2020. On January 1, 2022, Mr. Lin was relieved of his position as the President of the Company's Telecommunication Laboratories.

5. Certified Public Accountant, or CPA, Professional Fees

NT\$'000

Accounting Firm	Name of CPA	Audit Period	Audit Fee	Non-audit Fee (Note)	Total	Remarks
Deloitte & Touche	Dien-Sheng Chang and Cheng-Hung Kuo	January 1 - December 31, 2021	36,424	100	36,524	-

Note: Non-audit fee of \$100,000 paid in 2021 was for reviewing the non-management employees' salary information by the accounting firm.

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

Not applicable as the Company did not change CPA firm in 2021.

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

Not applicable.

6. Change of Certified Public Accountant

The Company did not change CPA in 2021.

7. Audit Independence for the Most Recent Year

None.

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

8.1 Shareholding Changes of directors, managers and major shareholders

Title	Name	2021		As of February 28, 2022	
		Shares Increase (Decrease)	Pledged Shares Increase (Decrease)	Shares Increase (Decrease)	Pledged Shares Increase (Decrease)
Major Shareholder and Director	MOTC (Note1)	0	0	0	0
Chairman, Chief Executive Officer and Director	Chi-Mau Sheih (Note 2)	0	0	0	0
Director	Shui-Yi Kuo (Note 2)	35,000	0	0	0
Director	Shin-Yi Chang (Note 2)	0	0	0	0
Director	Lien-Chuan Lee (Note 2)	0	0	0	0
Director	Sin-Hong Chen (Note 2)	0	0	0	0
Director	Yu-Lin Huang (Note 2)	0	0	0	0

Title	Name	2021		As of February 28, 2022	
		Shares Increase (Decrease)	Pledged Shares Increase (Decrease)	Shares Increase (Decrease)	Pledged Shares Increase (Decrease)
Director	Hung-Yi Hsiao (Note 2)	0	0	0	0
Director	Chin-Tsai Pan (Note 2) (dismissed on April 5, 2021)	0	0	0	0
Director	Shih-Hung Tseng (Note 2) (succeeded on April 6, 2021)	0	0	0	0
Independent Director	Lo-Yu Yen	0	0	0	0
Independent Director	JenRan Chen	0	0	0	0
Independent Director	Yu-Fen Lin	0	0	0	0
Independent Director	Chung-Chin Lu	0	0	0	0
Independent Director	Yi-Chin Tu	0	0	0	0
President	Shui-Yi Kuo	35,000	0	0	0
Senior Executive Vice President	Hong-Chan Ma	0	0	0	0
Senior Executive Vice President	Rong-Shy Lin	0	0	0	0
Senior Executive Vice President	Wei-Kuo Hong	0	0	0	0
Senior Executive Vice President	Yu-Shen Chen	0	0	0	0
Vice President	Kuo-Chiang Chung (dismissed on January 1, 2021)	0	0	0	0
Vice President	Hui-Chen Wei (succeeded on January 4, 2021)	0	0	0	0
Vice President	Shu-Ling Chen	0	0	0	0
Vice President	Yuan-Kai Chen	0	0	0	0
Vice President	Shih-Chung Chang	0	0	0	0
Vice President	Hong-Bin Chiou (succeeded on February 8, 2022)	0	0	0	0
Vice President	Fu-Fu Shen (succeeded on October 18, 2021)	0	0	0	0
Vice President	Shui-Mu Chiang (succeeded on January 4, 2021)	0	0	0	0
Vice President	Chun-Te Lee	0	0	0	0
Vice President	Wen-Wang Tseng	0	0	0	0

Title	Name	2021		As of February 28, 2022	
		Shares Increase (Decrease)	Pledged Shares Increase (Decrease)	Shares Increase (Decrease)	Pledged Shares Increase (Decrease)
Vice President	Jeu-Yih Jeng	0	0	0	0
Vice President	Chih-Hsiung Huang	0	0	0	0
Vice President	Wen-Chih Lin	0	0	0	0
Vice President	I-Fang Wu	0	0	0	0
Vice President	Mao-Sing Lin (dismissed on January 1, 2022)	0	0	0	0
Assistant Vice President	Ya-Chien Hsueh (Note 3)	0	0	0	0
Assistant Vice President	Lii-Jia Guo	0	0	0	0
Assistant Vice President	Vincent Chen	0	0	0	0
Assistant Vice President	Ze-Run Liu	0	0	0	0
Assistant Vice President	Wan-Min Chou (succeeded on October 12, 2021)	0	0	0	0
Assistant Vice President	Di-Yao Jhan (succeeded on October 25, 2021)	0	0	0	0
Assistant Vice President	Ru-Kuen Lee	0	0	0	0
Assistant Vice President	Jing-Ming Chen (succeeded on June 28, 2021)	0	0	0	0
Assistant Vice President	Timothy Horng (dismissed on January 1, 2021)	0	0	0	0
Assistant Vice President	Shih-Yuan Lin (succeeded on January 4, 2021)	0	0	0	0
Assistant Vice President	Ren-Bin Cyue (succeeded on October 14, 2021)	0	0	0	0
President of Business Group	Yuan-Kuang Tu (dismissed on January 1, 2021)	0	0	0	0
President of Business Group	I-Feng Chang (dismissed on January 1, 2022)	0	0	0	0
President of Business Group	Tian-Tsair Su (succeeded on January 1, 2022)	0	0	0	0
Vice President of Business Group	Rong-Yi Chen (succeeded on January 1, 2022)	0	0	0	0
Vice President of Business Group	Hsueh-Hai Hu	0	0	0	0
Assistant Vice President	Liang-Wei Li (succeeded on January 1, 2022)	0	0	0	0
Assistant Vice President	Wen-Ming Chuang	0	0	0	0

Title	Name	2021		As of February 28, 2022	
		Shares Increase (Decrease)	Pledged Shares Increase (Decrease)	Shares Increase (Decrease)	Pledged Shares Increase (Decrease)
Assistant Vice President	Petrina Chong	0	0	0	0
Assistant Vice President	Shu-Ling Chen	0	0	0	0
President of Business Group	Li-Show Wu	0	0	0	0
Vice President of Business Group	Ru-Bin Sun (dismissed on January 1, 2022)	0	0	0	0
Vice President of Business Group	Ming-Tsung Chen (succeeded on January 1, 2022)	0	0	0	0
Vice President of Business Group	Hui-Fen Lin (dismissed on January 1, 2022)	0	0	0	0
Vice President of Business Group	Kuan-Hsiung Liang	0	0	0	0
President of Business Group	Hsueh-Lan Wu	0	0	0	0
Vice President of Business Group	Chin-Chou Chen	0	0	0	0
President of Business Group	Ming-Shih Chen (dismissed on January 1, 2021)	0	0	0	0
President of Business Group	Chih-Cheng Chien (succeeded on January 1, 2021)	0	0	0	0
Vice President of Business Group	Zhong-Yong Jia (succeeded on July 1, 2021)	(3,000)	0	0	0
Vice President of Business Group	Zhi-Cheng Luo	0	0	0	0
Vice President of Business Group	Chung-Yung Kang (succeeded on January 1, 2022)	0	0	0	0
Assistant Vice President	His-Huang Chang (succeeded on July 1, 2021)	0	0	0	0
Assistant Vice President	Yeh-Chin Ho	0	0	0	0
President of Branch	Kuo-Chi Huang	0	0	0	0
Vice President of Branch	Chi-Huang Su	0	0	0	0
President of Branch	Chin-Kun Lin (dismissed on June 30, 2021)	0	0	0	0
President of Branch	Jen-Shang Lin (succeeded on June 30, 2021)	0	0	0	0
President of Branch	Jung-Chin Kung	0	0	0	0
Vice President of Branch	De-Ming Chen	0	0	0	0
President of Business Group	Chau-Young Lin	0	0	0	0

Title	Name	2021		As of February 28, 2022	
		Shares Increase (Decrease)	Pledged Shares Increase (Decrease)	Shares Increase (Decrease)	Pledged Shares Increase (Decrease)
Vice President of Business Group	Ting-Ming Lin	0	0	0	0
Vice President of Business Group	Quen-Zong Wu	0	0	0	0
Vice President of Business Group	Ming Chung (succeeded on January 1, 2022)	0	0	0	0
Vice President of Telecommunication Laboratories	Jung-Kuei Chen	0	0	0	0
Vice President of Telecommunication Laboratories	Hey-Chyi Young	0	0	0	0
Vice President of Telecommunication Training Institute	Shih-Mo Leu (succeeded on February 8, 2022)	0	0	0	0
President of Branch	Jason Hsu	0	0	0	0
Vice President of Branch	Victoria Liao	0	0	0	0
Vice President of Branch	Kuan-Chun Hsieh (dismissed on January 1, 2021)	0	0	0	0
Vice President of Branch	Jimmy Shih (dismissed on January 1, 2022)	0	0	0	0
Vice President of Branch	Yung-Feng Wang (succeeded on January 1, 2022)	0	0	0	0
President of Branch	Ben-Yuan Chang	0	0	0	0
Vice President of Branch	Ying-Hsueh Wang	0	0	0	0
Vice President of Branch	Ching-Hsu Wang (succeeded on July 1, 2021)	0	0	0	0
President of Branch	Jinun-Jye Lee	0	0	0	0
Vice President of Branch	Bi-Lian Liu (dismissed on January 1, 2022)	0	0	0	0
Vice President of Branch	Lung-Wuu Men (succeeded on January 1, 2022)	0	0	0	0
President of Branch	Nien-Yee Liu (dismissed on June 30, 2021)	0	0	0	0
President of Branch	Chen-Chien Su (succeeded on June 30, 2021)	0	0	0	0
Vice President of Branch	Po-Ta Tseng	0	0	0	0
President of Branch	Ching-Chuan Kuo (succeeded on June 28, 2021)	0	0	0	0
Vice President of Branch	Song-Hsiung Lin	0	0	0	0
President of Branch	Sheng-Haun Chang (dismissed on January 1, 2021)	0	0	0	0

Title	Name	2021		As of February 28, 2022	
		Shares Increase (Decrease)	Pledged Shares Increase (Decrease)	Shares Increase (Decrease)	Pledged Shares Increase (Decrease)
President of Branch	Huan-Hsing Chen (succeeded on January 1, 2021)	0	0	0	0
Vice President of Branch	Hon-Yu Chang (succeeded on January 4, 2021)	0	0	0	0
President of Branch	Shih-Chieh Chang (dismissed on January 1, 2022)	0	0	0	0
President of Branch	Ling Chao (succeeded on January 1, 2022)	0	0	0	0
President of Branch	Yung-Hua Chou	0	0	0	0
Vice President of Branch	Shi-Zu Liu	0	0	0	0
President of Branch	Chio-Fu Lai	0	0	0	0
Vice President of Branch	Wen-Tu Chang (succeeded on June 28, 2021)	0	0	0	0
President of Branch	Chin-Tu Lin (dismissed on June 30, 2021)	0	0	0	0
President of Branch	Tang Chang	0	0	0	0
Vice President of Branch	Yi-Mao Lin	0	0	0	0
President of Branch	Ruei-Shiuan Chang (succeeded on June 30, 2021)	0	0	0	0
Vice President of Branch	Chung-Ta Hsieh	0	0	0	0
President of Branch	Chaw-Chia Chang (succeeded on June 28, 2021)	0	0	0	0
Vice President of Branch	Mu-Hsiang Lai	0	0	0	0
President of Branch	Ching-Chuan Wang (dismissed on January 1, 2022)	0	0	0	0
President of Branch	Rong-Shuen Huang (succeeded on January 1, 2022)	0	0	0	0
Vice President of Branch	Ru-Dar Yang (dismissed on June 30, 2021)	0	0	0	0
Vice President of Branch	Tang-Lin Su (succeeded on January 1, 2022)	0	0	0	0
Vice President of Branch	Zhong-Xing Yan	0	0	0	0
President of Branch	Chia-Hsing Li	0	0	0	0
Vice President of Branch	Yung-Shan Lin (succeeded on January 1, 2022)	0	0	0	0
President of Branch	Ker-Chih Hwang (succeeded on January 1, 2022)	0	0	0	0

Title	Name	2021		As of February 28, 2022	
		Shares Increase (Decrease)	Pledged Shares Increase (Decrease)	Shares Increase (Decrease)	Pledged Shares Increase (Decrease)
Vice President of Branch	Adorn Yeh (dismissed on January 1, 2021)	0	0	0	0
Vice President of Branch	Jung-Huang Huang	0	0	0	0
President of Branch	Yung-Chien Mao (dismissed on January 1, 2022)	0	0	0	0
President of Branch	Chin-Chuan Liang (succeeded on January 1, 2022)	0	0	0	0
Vice President of Branch	Huan-Chang Hsiao (succeeded on January 1, 2022)	0	0	0	0
President of Branch	Hsi-Sheng Cheng	0	0	0	0

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

2. Representatives of MOTC

3. Ms. Ya-Chien Hsueh, Assistant Vice President of Legal Affairs, concurrently served as Head of Corporate Governance since January 1, 2021.

8.2 Stock Trade with Related Party

None.

8.3 Stock Pledge with Related Party

None.

9. Relationship Among Top Ten Shareholders

August 26, 2021

Name	Current Shareholding		Spouses' and Minors' Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Ministry of Transportation and Communications, or MOTC	2,737,718,976	35.29%	-	-	-	-	Chunghwa Post Co., Ltd.	MOTC owns 100%	-
Representative of MOTC Kwo-Tsai Wang	-	-	-	-	-	-	-	-	-
Shin Kong Life Insurance Co., Ltd.	493,359,184	6.36%	-	-	-	-	-	-	-
Representative of Shin Kong Life Po-Tseng Pan	808	0.00001%	-	-	-	-	-	-	-
CTBC Bank Trust Account - CHT Employee Stock Ownership Trust Plan	314,572,388	4.06%	-	-	-	-	-	-	-
Cathay Life Insurance Co., Ltd.	253,829,000	3.27%	-	-	-	-	-	-	-

Name	Current Shareholding		Spouses' and Minors' Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Representative of Cathay Life Insurance Tiao-Kuei Huang	7,272	0.00009%	-	-	-	-	-	-	-
JP Morgan Chase Bank, N.A., acting as depositary and representative of CHT ADRS	230,414,680	2.97%	-	-	-	-	-	-	-
Labor Pension Fund of the New Labor Pension System, R.O.C.	144,703,300	1.87%	-	-	-	-	-	-	-
Chunghwa Post Co., Ltd.	144,120,719	1.86%	-	-	-	-	MOTC	The only shareholder of Chunghwa Post Co., Ltd.	-
Representative of Chunghwa Post Hong-Mo Wu	-	-	-	-	-	-	-	-	-
Labor Insurance Fund, R.O.C.	112,555,644	1.45%	-	-	-	-	-	-	-
Taiwan Life Insurance Co., Ltd.	83,519,000	1.08%	-	-	-	-	-	-	-
Representative of Taiwan Life Insurance Su-Kuo Huang	-	-	-	-	-	-	-	-	-
Fubon Life Insurance Co., Ltd.	54,638,855	0.70%	-	-	-	-	-	-	-
Representative of Fubon Life Insurance Richard M. Tsai	-	-	-	-	-	-	-	-	-

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

As of December 31, 2021
Unit: Share; %

Affiliated Companies (Note)	Investments of the Company		Direct or Indirect Investments		Total Investments	
	Shares	%	Shares	%	Shares	%
Prime Asia Investments Group Ltd. (B.V.I.) ("Prime Asia")	1,301	100%	-	-	1,301	100%
CHYP Multimedia Marketing & Communications Co., Ltd. ("CHYP")	15,000,000	100%	-	-	15,000,000	100%
Donghua Telecom Co., Ltd. ("DHT")	178,589,592	100%	-	-	178,589,592	100%

Affiliated Companies (Note)	Investments of the Company		Direct or Indirect Investments		Total Investments	
	Shares	%	Shares	%	Shares	%
Chunghwa Telecom Global, Inc. ("CHTG")	6,000,000	100%	-	-	6,000,000	100%
Chunghwa System Integration Co., Ltd. ("CHSI")	60,000,000	100%	-	-	60,000,000	100%
Light Era Development Co., Ltd. ("LED")	300,000,000	100%	-	-	300,000,000	100%
Chunghwa Telecom Singapore Pte., Ltd. ("CHTS")	26,382,976	100%	-	-	26,382,976	100%
Chunghwa Telecom Japan Co., Ltd. ("CHTJ")	1,000	100%	-	-	1,000	100%
Chunghwa Telecom Vietnam Co., Ltd. ("CHTV")	-	100%	-	-	-	100%
Honghua International Co., Ltd. ("HHI")	18,000,000	100%	-	-	18,000,000	100%
Chunghwa Telecom (Thailand) Co., Ltd. ("CHTT")	1,300,000	100%	-	-	1,300,000	100%
Chunghwa Investment Co., Ltd. ("CHI")	68,085,000	89%	-	-	68,085,000	89%
CHT Security Co., Ltd. ("CHTSC")	24,000,000	77%	-	-	24,000,000	77%
Chunghwa Leading Photonics Tech. Co., Ltd. ("CLPT")	7,050,000	75%	-	-	7,050,000	75%
Smartfun Digital Co., Ltd. ("SFD")	6,500,000	65%	-	-	6,500,000	65%
CHIEF Telecom Inc. ("CHIEF")	39,425,803	56%	2,078,000	3%	41,503,803	59%
Spring House Entertainment Tech. Inc. ("SHE")	8,250,731	56%	-	-	8,250,731	56%
International Integrated System, Inc. ("IISI")	37,210,575	51%	-	-	37,210,575	51%
Chunghwa Sochamp Technology Inc. ("CHST")	2,040,000	51%	-	-	2,040,000	51%
Senao International Co., Ltd. ("SENAO")	71,773,155	28%	1,001,000	0%	72,774,155	28%
Chunghwa SEA Holdings ("CHT SEA")	1,020,000	51%	-	-	1,020,000	51%
CHUNGHWA PCHOME FUND I CO., LTD. ("CPFI")	20,000,000	50%	-	-	20,000,000	50%
Cornerstone Ventures Co., Ltd. ("CVC")	490,000	49%	-	-	490,000	49%
Next Commercial Bank ("NCB")	419,000,000	42%	-	-	419,000,000	42%
Taiwan International Standard Electronics Co., Ltd. ("TISE")	1,760,000	40%	-	-	1,760,000	40%
KKBOX Taiwan Co., Ltd. ("KKBOX TW")	4,438,286	30%	-	-	4,438,286	30%
So-net Entertainment Taiwan Limited ("So-net")	9,429,000	30%	-	-	9,429,000	30%
Viettel-CHT Co., Ltd. ("Viettel-CHT")	-	30%	-	-	-	30%
Taiwan International Ports Logistics Corporation ("TIPL")	8,000,000	27%	-	-	8,000,000	27%
KingwayTek Technology Co., Ltd. ("KWT")	9,556,585	23%	-	-	9,556,585	23%
WiAdvance Technology Corporation ("WATC")	3,700,000	20%	-	-	3,700,000	20%

The table above displays investment accounted for using equity-method.

Appendix A

Directors' Continuing Education Records for fiscal year 2021

Title	Name	Appointment Date	Training Period		Organizer	Course Name	Training Hours	In Compliance with Regulations (Note)
			From	To				
Representative of Juristic Person Director (Chairman & CEO)	Chi-Mau Sheih	2019.6.21	2021.5.6	2021.5.6	Taiwan Corporate Governance Association	CSR and ESG practices for green energy and renewable energy	6	Yes
			2021.11.5	2021.11.5	Taiwan Corporate Governance Association	2030/ 2050 Net Zero-Sustainable Challenges and Opportunities for Global Enterprises		
Representative of Juristic Person Director (President)	Shui-Yi Kuo	2019.6.21	2021.3.19	2021.3.19	Taiwan Corporate Governance Association	To Give or not to Give - Director's Information Right	8.5	Yes
			2021.5.6	2021.5.6	Taiwan Corporate Governance Association	CSR and ESG practices for green energy and renewable energy		
			2021.11.5	2021.11.5	Taiwan Corporate Governance Association	2030/ 2050 Net Zero-Sustainable Challenges and Opportunities for Global Enterprises		
Representative of Juristic Person Director	Shin-Yi Chang	2019.6.21	2021.5.6	2021.5.6	Taiwan Corporate Governance Association	CSR and ESG practices for green energy and renewable energy	12	Yes
			2021.11.5	2021.11.5	Taiwan Corporate Governance Association	2030/ 2050 Net Zero-Sustainable Challenges and Opportunities for Global Enterprises		
			2021.12.22	2021.12.22	Taiwan Corporate Governance Association	Corporate Governance Summit XVII Practicing ESG, Implementing Governance and Sustainable Development		
Representative of Juristic Person Director	Lien-Chuan Lee	2019.9.16	2021.5.6	2021.5.6	Taiwan Corporate Governance Association	CSR and ESG practices for green energy and renewable energy	6	Yes
			2021.11.5	2021.11.5	Taiwan Corporate Governance Association	2030/ 2050 Net Zero-Sustainable Challenges and Opportunities for Global Enterprises		
Representative of Juristic Person Director	Sin-Hong Chen	2019.6.21	2021.5.6	2021.5.6	Taiwan Corporate Governance Association	CSR and ESG practices for green energy and renewable energy	6	Yes
			2021.8.11	2021.8.11	Securities and Futures Institute	Model Practices Analysis of CSR & ESG in the Evaluation of Corporate Governance		

Title	Name	Appointment Date	Training Period		Organizer	Course Name	Training Hours	In Compliance with Regulations (Note)
			From	To				
Representative of Juristic Person Director	Yu-Lin Huang	2019.6.21	2021.5.6	2021.5.6	Taiwan Corporate Governance Association	CSR and ESG practices for green energy and renewable energy	6	Yes
			2021.11.5	2021.11.5	Taiwan Corporate Governance Association	2030/ 2050 Net Zero-Sustainable Challenges and Opportunities for Global Enterprises		
Representative of Juristic Person Director	Hung-Yi Hsiao	2019.6.21	2021.5.6	2021.5.6	Taiwan Corporate Governance Association	CSR and ESG practices for green energy and renewable energy	6	Yes
			2021.11.5	2021.11.5	Taiwan Corporate Governance Association	2030/ 2050 Net Zero-Sustainable Challenges and Opportunities for Global Enterprises		
Representative of Juristic Person Director	Shih-Hung Tseng	2021.4.6	2021.5.6	2021.5.6	Taiwan Corporate Governance Association	CSR and ESG practices for green energy and renewable energy	12	Yes
			2021.9.1	2021.9.1	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum		
			2021.11.5	2021.11.5	Taiwan Corporate Governance Association	2030/ 2050 Net Zero-Sustainable Challenges and Opportunities for Global Enterprises		
Independent Director	Lo-Yu Yen	2019.6.21	2021.5.6	2021.5.6	Taiwan Corporate Governance Association	CSR and ESG practices for green energy and renewable energy	24	Yes
			2021.8.27	2021.8.27	Taiwan Corporate Governance Association	Reflection on the sustainability of real estate and sharing the development of the brand		
			2021.9.1	2021.9.1	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum		
			2021.11.5	2021.11.5	Taiwan Corporate Governance Association	2030/ 2050 Net Zero-Sustainable Challenges and Opportunities for Global Enterprises		
			2021.11.30	2021.11.30	Taiwan Corporate Governance Association	Digital Opportunities and Digital Talent		
			2021.12.7	2021.12.7	Taiwan Stock Exchange Corporation	2021 Cathay Sustainable Finance and Climate Change Summit		

Title	Name	Appointment Date	Training Period		Organizer	Course Name	Training Hours	In Compliance with Regulations (Note)
			From	To				
Independent Director	JenRan Chen	2019.6.21	2021.5.6	2021.5.6	Taiwan Corporate Governance Association	CSR and ESG practices for green energy and renewable energy	12	Yes
			2021.8.20	2021.8.20	Taiwan Corporate Governance Association	A course board directors and corporate supervisors should know: global risk awareness		
			2021.10.26	2021.10.26	Taiwan Corporate Governance Association	Artificial Intelligence Technology and Applications		
			2021.11.5	2021.11.5	Taiwan Corporate Governance Association	2030/ 2050 Net Zero-Sustainable Challenges and Opportunities for Global Enterprises		
Independent Director	Yu-Fen Lin	2019.6.21	2021.3.18	2021.3.18	Securities and Futures Institute	Principle of Fair Treatment to Clients- Training Program for directors and supervisors	11.5	Yes
			2021.3.23	2021.3.23	Taiwan Corporate Governance Association	Things to note for 2021 Shareholders Meeting and Board Meetings		
			2021.11.5	2021.11.5	Taiwan Corporate Governance Association	2030/ 2050 Net Zero-Sustainable Challenges and Opportunities for Global Enterprises		
			2021.11.16	2021.11.16	Taiwan Academy of Banking and Finance	FinTech Taipei Forum		
Independent Director	Chung-Chin Lu	2019.6.21	2021.5.6	2021.5.6	Taiwan Corporate Governance Association	CSR and ESG practices for green energy and renewable energy	6	Yes
			2021.11.26	2021.11.26	Taiwan Corporate Governance Association	2030/ 2050 Net Zero-Sustainable Challenges and Opportunities for Global Enterprises		
Independent Director	Yi-Chin Tu	2019.6.21	2021.5.6	2021.5.6	Taiwan Corporate Governance Association	CSR and ESG practices for green energy and renewable energy	6	Yes
			2021.11.5	2021.11.5	Taiwan Corporate Governance Association	2030/ 2050 Net Zero-Sustainable Challenges and Opportunities for Global Enterprises		

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

Appendix B

Records of the President, Senior Executive Vice Presidents and Other Management Officers Continuing Education for Fiscal Year 2021

Title	Name	Appointment Date	Training Period		Organizer	Course Title	Hours
			From	To			
President	Shui-Yi Kuo	2019.5.8	2021.2.5	2021.2.5	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.2.24	2021.2.24	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			2021.3.19	2021.3.19	Taiwan Corporate Governance Association	To Give or not to Give - Director's Information Right	2.5
			2021.3.30	2021.3.30	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			2021.4.27	2021.4.27	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.5.6	2021.5.6	Taiwan Corporate Governance Association	CSR and ESG practices for green energy and renewable energy	3
			2021.6.23	2021.6.23	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.7.22	2021.7.22	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.8.27	2021.8.27	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.9.24	2021.9.24	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3
			2021.10.29	2021.10.29	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.11.5	2021.11.5	Taiwan Corporate Governance Association	2030/ 2050 Net Zero-Sustainable Challenges and Opportunities for Global Enterprises	3
			2021.11.23	2021.11.23	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
Senior Executive Vice President	Hong-Chan Ma	2018.8.10	2021.2.5	2021.2.5	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.2.24	2021.2.24	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			2021.3.30	2021.3.30	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			2021.4.27	2021.4.27	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.5.6	2021.5.6	Taiwan Corporate Governance Association	CSR and ESG practices for green energy and renewable energy	3
			2021.6.23	2021.6.23	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.7.22	2021.7.22	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.8.27	2021.8.27	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.9.24	2021.9.24	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3
			2021.10.29	2021.10.29	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.11.5	2021.11.5	Taiwan Corporate Governance Association	2030/ 2050 Net Zero-Sustainable Challenges and Opportunities for Global Enterprises	3
			2021.11.23	2021.11.23	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5

Title	Name	Appointment Date	Training Period		Organizer	Course Title	Hours
			From	To			
Senior Executive Vice President	Rong-Shy Lin	2020.6.30	2021.2.5	2021.2.5	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.2.24	2021.2.24	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			2021.3.30	2021.3.30	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			2021.4.27	2021.4.27	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.6.23	2021.6.23	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.7.22	2021.7.22	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.8.27	2021.8.27	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.9.24	2021.9.24	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3
			2021.10.29	2021.10.29	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.11.5	2021.11.5	Taiwan Corporate Governance Association	2030/ 2050 Net Zero-Sustainable Challenges and Opportunities for Global Enterprises	3
			2021.11.23	2021.11.23	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
Senior Executive Vice President	Wei-Kuo Hong	2020.6.30	2021.2.5	2021.2.5	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.2.24	2021.2.24	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			2021.3.30	2021.3.30	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			2021.4.27	2021.4.27	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.5.6	2021.5.6	Taiwan Corporate Governance Association	CSR and ESG practices for green energy and renewable energy	3
			2021.6.23	2021.6.23	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.7.22	2021.7.22	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.8.27	2021.8.27	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.9.24	2021.9.24	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3
			2021.10.29	2021.10.29	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.11.5	2021.11.5	Taiwan Corporate Governance Association	2030/ 2050 Net Zero-Sustainable Challenges and Opportunities for Global Enterprises	3
			2021.11.17	2021.11.17	Telecommunication Training Institute, Chunghwa Telecom	Supply System Advanced Course	2
			2021.11.23	2021.11.23	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5

Title	Name	Appointment Date	Training Period		Organizer	Course Title	Hours
			From	To			
Senior Executive Vice President	Yu-Shen Chen	2020.9.1	2021.2.5	2021.2.5	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.2.24	2021.2.24	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			2021.3.30	2021.3.30	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			2021.4.27	2021.4.27	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.6.23	2021.6.23	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.7.22	2021.7.22	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.8.27	2021.8.27	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.9.24	2021.9.24	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3
			2021.10.29	2021.10.29	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.11.5	2021.11.5	Taiwan Corporate Governance Association	2030/ 2050 Net Zero-Sustainable Challenges and Opportunities for Global Enterprises	3
			2021.11.23	2021.11.23	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
President of the Business Group	I-Feng Chang	2019.8.22 (Retired on 2022.1.1)	2021.2.5	2021.2.5	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.2.24	2021.2.24	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			2021.3.30	2021.3.30	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			2021.4.27	2021.4.27	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.5.6	2021.5.6	Taiwan Corporate Governance Association	CSR and ESG practices for green energy and renewable energy	3
			2021.6.23	2021.6.23	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.7.22	2021.7.22	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.8.27	2021.8.27	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.9.24	2021.9.24	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3
			2021.10.29	2021.10.29	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.11.23	2021.11.23	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5

Title	Name	Appointment Date	Training Period		Organizer	Course Title	Hours
			From	To			
President of the Business Group	Chih-Cheng Chien	2022.1.1	2021.2.5	2021.2.5	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.2.24	2021.2.24	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			2021.3.30	2021.3.30	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			2021.4.27	2021.4.27	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.5.6	2021.5.6	Taiwan Corporate Governance Association	CSR and ESG practices for green energy and renewable energy	3
			2021.6.23	2021.6.23	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.7.22	2021.7.22	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.8.27	2021.8.27	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.9.24	2021.9.24	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3
			2021.10.29	2021.10.29	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.11.23	2021.11.23	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
President of the Business Group	Chau-Young Lin	2020.6.30	2021.2.5	2021.2.5	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.3.30	2021.3.30	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			2021.5.6	2021.5.6	Taiwan Corporate Governance Association	CSR and ESG practices for green energy and renewable energy	3
			2021.7.22	2021.7.22	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.10.29	2021.10.29	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.11.5	2021.11.5	Taiwan Corporate Governance Association	2030/ 2050 Net Zero-Sustainable Challenges and Opportunities for Global Enterprises	3

Title	Name	Appointment Date	Training Period		Organizer	Course Title	Hours
			From	To			
President of the Business Group	Hsueh-Lan Wu	2018.11.15	2021.2.24	2021.2.24	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			2021.5.6	2021.5.6	Taiwan Corporate Governance Association	CSR and ESG practices for green energy and renewable energy	3
			2021.11.5	2021.11.5	Taiwan Corporate Governance Association	2030/ 2050 Net Zero-Sustainable Challenges and Opportunities for Global Enterprises	3
President of the Business Group	Li-Show Wu	2019.1.1	2021.2.5	2021.2.5	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.3.30	2021.3.30	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			2021.5.6	2021.5.6	Taiwan Corporate Governance Association	CSR and ESG practices for green energy and renewable energy	3
			2021.6.23	2021.6.23	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.7.22	2021.7.22	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.8.27	2021.8.27	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.9.24	2021.9.24	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3
			2021.10.29	2021.10.29	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			2021.11.5	2021.11.5	Taiwan Corporate Governance Association	2030/ 2050 Net Zero-Sustainable Challenges and Opportunities for Global Enterprises	3
			2021.11.23	2021.11.23	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5

4

Capital Review

1. Capital and Shares
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9. Shares Issuance for Mergers and Acquisitions
10. Funding Use Plan and Execution

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Capital Review

1. Capital and Shares

1.1 Source of Capital

As of February 28, 2022

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount(NT\$)	Shares	Amount(NT\$)	Sources of Capital	Capital Paid-in by Assets Other than Cash	Other
Jul 1996	34	9,647,724,900	96,477,249,000	9,647,724,900	96,477,249,000	assumed capital from Ministry of Transportation, Directorate General of Telecommunications	-	-
May 2006	10	9,647,724,902	96,477,249,020	9,647,724,902	96,477,249,020	capital increase of 2 special shares purchased by MOTC	-	-
Aug 2006	10	9,647,724,902	96,477,249,020	9,455,724,902	94,557,249,020	treasury shares cancellation	-	-
Oct 2006	10	12,000,000,002	120,000,000,020	9,667,845,095	96,678,450,950	earnings to capital increase	-	FSC Document No. 0950126724 June 27, 2006
Aug 2007	10	12,000,000,002	120,000,000,020	10,634,629,604	106,346,296,040	capital surplus to capital increase	-	SEF Authorization No. 09601199260 August 22, 2007
Nov 2007	10	12,000,000,002	120,000,000,020	9,667,845,095	96,678,450,950	capital reduction by cash	-	SEF Authorization No. 09701280910 November 15, 2007
Mar 2008	10	12,000,000,002	120,000,000,020	9,557,776,914	95,577,769,140	treasury shares cancellation	-	SEF Authorization No. 09701049860 February 29, 2008
Nov 2008	10	12,000,000,002	120,000,000,020	11,608,363,565	116,083,635,650	earnings and capital surplus to capital increase	-	SEF Authorization No. 09701293050 November 19, 2008
Jan 2009	10	12,000,000,002	120,000,000,020	9,696,808,183	96,968,081,830	capital reduction by cash	-	SEF Authorization No. 09801006090 January 14, 2009
Apr 2009	10	12,000,000,002	120,000,000,020	9,696,808,181	96,968,081,810	special shares cancellation	-	SEF Authorization No. 09801077020 April 23, 2009
Sep 2009	10	12,000,000,000	120,000,000,000	10,666,488,999	106,664,889,990	capital surplus to capital increase	-	SEF Authorization No. 09801205990 September 7, 2009
Nov 2009	10	12,000,000,000	120,000,000,000	9,696,808,181	96,968,081,810	capital reduction by cash	-	SEF Authorization No. 09801261140 November 11, 2009
Nov 2010	10	12,000,000,000	120,000,000,000	7,757,446,545	77,574,465,450	capital reduction by cash	-	SEF Authorization No. 09901266330 November 29, 2010

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

1.2 Shareholder Structure

As of August 26, 2021 (Note)

Shareholder Structure Amount	Government Agencies	Financial Institutions	Other Institutions	Individuals	Foreign Institutions & Individuals	Total
Number of Shareholders	9	49	926	276,597	1,247	278,828
Shareholding (shares)	3,157,581,265	1,321,203,838	632,798,753	1,396,778,267	1,249,084,422	7,757,446,545
Shareholding %	40.70%	17.03%	8.16%	18.01%	16.10%	100%

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

1.3 Shareholding Distribution

As of August 26, 2021 (Note)

Shareholding Range (Unit: Share)	Number of Shareholders	Shareholding (shares)	Shareholding (%)
1-999	72,911	21,691,874	0.28%
1,000-5,000	153,195	312,783,770	4.03%
5,001-10,000	22,855	176,748,711	2.28%
10,001-15,000	8,306	104,423,110	1.35%
15,001-20,000	5,196	93,622,334	1.21%
20,001-30,000	6,310	158,447,081	2.04%
30,001-40,000	3,485	121,498,785	1.57%
40,001-50,000	2,037	92,401,613	1.19%
50,001-100,000	2,957	201,957,298	2.60%
100,001-200,000	807	111,331,182	1.43%
200,001-400,000	306	85,927,783	1.11%
400,001-600,000	106	51,488,530	0.66%
600,001-800,000	46	31,900,066	0.41%
800,001-1,000,000	49	44,151,890	0.57%
1,000,001-999,999,999	261	3,411,353,542	43.98%
>1,000,000,000	1	2,737,718,976	35.29%
Total	278,828	7,757,446,545	100.00%

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

1.4 Major Shareholders

As of August 26, 2021 (Note)

Major Shareholder	Shareholding	Shares	%
MOTC		2,737,718,976	35.29%
Shin Kong Life Insurance Co., Ltd.		493,359,184	6.36%
CTBC Bank Trust Account - CHT Employee Stock Ownership Trust Plan		314,572,388	4.06%
Cathay Life Insurance Co., Ltd.		253,829,000	3.27%
JP Morgan Chase Bank, N.A., acting as depositary and representative of CHT ADRS		230,414,680	2.97%
Labor Pension Fund of the New Pension System, R.O.C.		144,703,300	1.87%
Chunghwa Post Co., Ltd.		144,120,719	1.86%
Labor Insurance Fund, R.O.C.		112,555,644	1.45%
Taiwan Life Insurance Co., Ltd.		83,519,000	1.08%
Fubon Life Insurance Co., Ltd.		54,638,855	0.70%

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

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

Items			2020	2021	2022 (As of Feb. 28)
Market Price per Share	Highest (Note 1)		117.00	118.50	126.00
	Lowest (Note 1)		103.00	108.00	114.50
	Average (Note 1)		109.25	112.60	119.41
Net Worth per Share	Before Distribution		48.72	48.90	-
	After Distribution		44.41	(Note 2)	-
Earnings per Share	Weighted Average Shares		7,757,446,545	7,757,446,545	7,757,446,545
	Earnings Per Share		4.31	4.61	-
Dividends per Share	Cash Dividends		4.306	4.608 (Note2)	-
	Stock Dividends	From Retained Earnings	0	0 (Note2)	-
		From Additional Paid-in Capital	0	0 (Note2)	-
	Accumulated Undistributed Dividends		0	0	-
Return on Investment (Note 3)	Price / Earnings Ratio		25.35	24.43 (Note2)	-
	Price / Dividend Ratio		25.37	24.44 (Note2)	-
	Cash Dividend Yield Rate%		3.94	4.09 (Note2)	-

Notes:

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

2. 2021 dividends distribution to be approved by shareholders at Annual General Meeting, or AGM, in 2022.

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

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

Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price (2020=NT\$109.25, 2021=NT\$112.60)

1.6 Dividend Policy and Discussion

(1) Dividend Policy

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

Dividend distribution is dependent on the actual profitability, capital expenditure plan, cash status and other conditions for the relevant year, as well as a resolution adopted at the shareholders' meeting.

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

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

(2) Dividend Distribution

Below is the dividend distribution from years 2019 to 2021; the appropriation amount for 2021 has yet to be approved at the 2022 AGM.

Unit: NT\$/share

Year	Cash Dividend		Stock Dividend
	From Retained Earnings	From Additional Paid-in Capital	
2019	4.226	0	0
2020	4.306	0	0
2021	4.608	0	0

(3) Expected Material Changes in Dividend Policy

None.

1.7 Impact of Stock Dividend Distribution in 2022 Shareholders' Meetings on Business Performance and EPS

None.

1.8 Compensation of Employees and Directors

(1) Overall compensation strategy

A. Employees' and Directors' compensation according to the Articles of Incorporation.

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

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

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

C. Compensation Approved in the Board of Directors Meeting

a. Employees and directors' compensation in the form of cash or stock. The Board of Directors have approved employee cash compensation of 1,429,000,245, and directors cash compensation of 38,551,757.

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

No employee compensation in the form of stock is distributed for the year of 2021.

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

Items	Actual Distribution (NT\$)	2021 Approved Distribution by BoD (NT\$)	Differences (NT\$)
Employees' cash compensation	1,202,447,602	1,202,447,602	0
Employees' stock compensation	0	0	0
Directors' compensation	35,803,428	35,803,428	0

Notes:

1. In accordance to 2021 directors and employees cash compensation, approved by Board of Directors in 2020.
2. In 2021, the Company's Board of Directors consists of 5 independent directors (of whom, one succeeded in June 2019), and 9 directors (of whom, seven succeeded in June 2019, one succeeded in September 2019, one succeeded in April 2020, whom is not entitled to any cash compensation, one was dismissed in April 2021).
3. The independent directors are not entitled to any cash compensation; the directors are representatives from MOTC, so their cash compensation are distributed to MOTC, which is calculated on pro-rate basis in terms of days of service for newly elected directors within the years.

(2) Equal and competitive compensation system

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

(3) Employee Share Trust

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

1.9 Share Repurchase by the Company

None.

2. Corporate Bonds

2.1 Corporate bond

As of December 31, 2021

Issue	Domestic Unsecured Bond, 2020	Domestic Unsecured Bond, 2021
Issuing Date	2020.7.30	2021.4.20
Denomination	NT\$10,000,000	NT\$10,000,000
Offering Price	Par	Par
Total Amount	NT\$20,000,000,000	NT\$7,000,000,000
Coupon	Tranche A: 0.50% p.a. Tranche B: 0.54% p.a. Tranche C: 0.59% p.a.	Tranche A: 0.42% p.a. Tranche B: 0.46% p.a. Tranche C: 0.50% p.a.
Tenor and Maturity Date	Tranche A: 5 years Maturity: 2025.7.30 Tranche B: 7 years Maturity: 2027.7.30 Tranche C: 10 years Maturity: 2030.7.30	Tranche A: 5 years Maturity: 2026.4.20 Tranche B: 7 years Maturity: 2028.4.20 Tranche C: 10 years Maturity: 2031.4.20
Guarantor	None	None
Trustee	Bank of Taiwan	Bank of Taiwan
Underwriter	Yuanta Securities	MasterLink Securities
Legal Counsel	True honesty international Law Offices	True honesty international Law Offices
Auditor	Deloitte & Touche	Deloitte & Touche
Repayment	Bullet	Bullet
Outstanding	NT\$20,000,000,000	NT\$7,000,000,000
Redemption or Early Repayment Clause	None	None
Covenants	None	None

Credit Rating		twAAA (Taiwan Ratings Corporation, 2019.12.6)	twAAA (Taiwan Ratings Corporation, 2020.12.17)
Other Rights of Bondholders	Conversion Right	None	None
	Amount of Converted or Exchanged Common Shares, ADRs or Other Securities	Not Applicable	Not Applicable
Dilution Effect and Other Adverse Effects on Existing Shareholders		None	None
Custodian		None	None

2.2 Convertible Bond:

None.

2.3 Exchangeable Bond:

None.

2.4 Shelf Registration:

None.

2.5 Bond with Warrants:

None.

3. Preferred Shares

None.

4. Overseas Depositary Receipts

Item Issuing date	Issuance and Trade Market	Issuance Amount (US\$ billion)	Issuance Price per Unit (US\$)	Number of Issuance Units	DR-Represented Securities	Number of DR-Represented Securities (shares)
Initial Public Offering 2003.7.17	NYSE	1.58	14.24	110,975,000	common shares	1,109,750,000
Additional Issuance 2005.8.9	NYSE	2.56	18.98	135,068,200	common shares	1,350,682,000
Additional Issuance 2006.9.28	NYSE	0.96	16.99	56,434,790	common shares	564,347,900
Additional Issuance 2006.10.31	NYSE	-	-	4,920,862	common shares	49,208,623
Additional Issuance 2007.9.7	NYSE	-	-	30,409,227	common shares	304,092,271
Capital Reduction by Cash 2008.1.9	NYSE	-	-	-30,709,825	common shares	-307,098,254
Additional Issuance 2008.12.3	NYSE	-	-	33,131,017	common shares	331,310,172
Capital Reduction by Cash 2009.3.20	NYSE	-	-	-56,025,734	common shares	-560,257,344
Additional Issuance 2009.9.18	NYSE	-	-	11,258,465	common shares	112,584,650
Capital Reduction by Cash 2010.2.8	NYSE	-	-	-26,860,182	common shares	-268,601,820
Capital Reduction by Cash 2011.1.25	NYSE	-	-	-53,720,364	common shares	-537,203,639
Rights & Liabilities of DR Holders	Same with common shareholders					

Item		Issuance and Trade Market	Issuance Amount (US\$ billion)	Issuance Price per Unit (US\$)	Number of Issuance Units	DR-Represented Securities	Number of DR-Represented Securities (shares)
Issuing date							
Trustee		NA					
Depositary		JPMorgan Chase Bank, N.A.					
Custodian		JPMorgan Chase Bank, N.A., Taipei Branch					
Outstanding Units		20,602,198 (As of February 28, 2022)					
Related Fee for Issuance and Maintenance		The MOTC paid for the issuance in July 2003, August 2005 and September 2006. The shareholders paid for the issuance by stock dividend in October 2006, September 2007, December 2008 and September 2009. The shareholders also paid for the capital reduction with cash in January 2008, March 2009, February 2010 and January 2011. The Company paid for registration and related maintenance fees.					
Key Terms of the Deposit Agreement and the Custodian Agreement		As Per the Deposit Agreement and the Custodian Agreement					
Market price	2021	Highest			US\$42.72		
		Lowest			US\$38.67		
		Average			US\$40.3109		
	2022.1.1~ 2022.2.28	Highest			US\$44.97		
		Lowest			US\$41.70		
		Average			US\$43.0385		

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

5. Employee Stock Options

None.

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

None.

7. Employee Restricted Stock Shares

None.

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

None.

9. Shares Issuance for Mergers and Acquisitions

None.


10. Funding Use Plan and Execution

As of December 31, 2021, any incomplete public issuance or private placement or any completed public issuance or private placement over the past three years but yet to benefit the Company: None



5 Operational Highlights

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



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Operational Highlights

1. Business Overview

1.1 Business Scope

We are the largest telecommunications service provider in Taiwan, with leading offerings in domestic and international fixed communication, mobile communication and internet services.

(1) Revenue Breakdown

As of December 31, 2021, domestic fixed communications revenues accounted for 30.8% of total revenues, mobile communications revenues accounted for 45.3%, internet business revenues accounted for 15.7%, international fixed communications revenues accounted for 4.3%, and other revenues accounted for 3.9%.

Among these, domestic fixed communication revenue has continued to decline, owing to the impacts of price reductions and competition on broadband internet business and the relatively higher base period of the one-time entry of large-scale special bidding projects in 2020, which resulted in a slight decrease in business share compared to last year.

The proportion of mobile communication revenue continued to increase due to the growth in number of 5G users. The increased proportion of internet business revenue is attributable to data network business growth. As a result of one-time accounting for the construction of international cloud network services, international fixed communications revenue accounted for an increase of 4.6%, compared to the prior year period.

(2) Current Products / Services

A. Household Market

- Domestic Fixed Communications Services
 - Local Telephone: voice call, call waiting, call transfer, three-way calling, speed dial, wake-up call, do-not-interrupt, ringback tone, call screening, direct call, 1288 information inquiry, and other value-added services.
 - Domestic Long Distance Telephone: operator-assisted long distance call, subscriber toll dialing (STD).
 - Intelligent Network (IN): 0800 Advanced Free Phone (AFP), 0203 Mass Announcement (MA), 099 Personal Number, 0204 Premium Rate Service (PRS), etc.
- Domestic Leased Circuits
 - Asymmetric Digital Subscriber Line (ADSL): install additional equipment at user telephone terminal

using ADSL technology in order to provide internet connection and MOD/OTT multimedia services.

- FTTx Fiber Access: utilize various optical network equipment, with Ethernet or Very-high-bit-rate Digital Subscriber Line (VDSL) technology, to provide high speed internet access, MOD/OTT multimedia, and other data communication services.
- Internet and Other VAS Services
 - Internet Service Provider (ISP): HiNet is the Company's ISP brand, primarily offering broadband access (ADSL and FTTx), fixed line, and dial-up services.
 - VAS: Chunghwa Telecom Personal Health Record, i-Bobby, anti-hacking services, anti-porn services, online time management, mobile internet gatekeeping, game accelerator, etc.
- MOD/Internet Protocol Television (IPTV) Services
 - MOD is a multimedia on demand platform that provides the Company's customers and other telecommunication service providers with channel programs, on-demand programs, and other content from third-party operators.
 - Hami Video and IPTV are cross-network multi-screen products leveraging video services from fixed networks and mobile networks.
- International Fixed Communications Services
 - International voice call, including international direct call with 009 and super value-saving international call with 019.

B. Consumer Market

- Mobile Communications Services
 - Mobile broadband service: With the evolution of fourth-generation (4G) and fifth-generation (5G) mobile communication technologies, we continue to move towards a new era of higher speeds and the pervasive connection of all things with the internet. Through 5G's three characteristics of high speed, low latency, and massive connectivity, customers are able to access VR/AR, 4K/8K Video and various innovative 5G application services, bringing new, unprecedented network experiences to all customers.
 - Mobile VAS: Including integrated services of text/multimedia message, ringback tone, video streaming, video call, GPS, and digital content from mobile broadband internet, such as Hami Pass, Hami Video, KKBOX music, e-Book, Hami Cloud Gaming, Hami VR, mobile payment, etc.

- OTT Convergence: Launch mobile multi-screen video content, such as Hami Video, in order to fulfill diverse customer demand by providing live and on-demand content, including movies, dramas, animated shows, kids programs, etc. and 5G video application services.
- Wi-Fi: Wi-Fi internet access is widely available by leveraging all publicly installed wireless Access Point (AP) software, hardware, and using HiNet, emome, and Chunghwa Telecom membership for account validation.
- International Fixed Communications Services: International voice call, including international direct call with 009, super value-saving international call with 019, international prepaid calling card, E-Call card, etc.

C. Enterprise Market

The Company provides enterprise clients with ICT services in order to fulfill customer demand and to enable them to achieve their respective strategic and operational targets.

- Enterprise Integrated Services: enterprise voice and data integrated services, enterprise digitization, cloud SaaS services (CRM, ERP, POS, etc.)
- Enterprise Mobile Services: mobile virtual private network (MVPN), enterprise text message, mobile data virtual private network (MDVPN), mobile DM, disaster emergency response message, mobile device maintenance and management (MDMM), IoT, esafe, etc.
- Enterprise Data Services: data circuits, domestic data exchange (data exchange and VAS), HiNet Enterprise internet access, messaging (text, email, fax), enterprise information security, enterprise VPN and VAS, IDC and cloud services (Colocation and internet services), Data Center Solution, hicloud CaaS-based VPC, hicloud Boxe data file, hicloud S3 cloud storage, hiHosting, International Public Cloud (AWS, Azure, GCP etc.), digital content (domain name registration and FunPlay), Enterprise video platform, IoT (iEN, IVS, ITS, Intelligent Green Building, etc.), government services (e-Procurement, real estate property, road supervision, railway tickets booking, etc.), big data analysis, etc.
- International Enterprise Services: international voice services (international enterprise hotline 009, international voice resale, receiver paid phone, international conference call, international interactive voice response, or IVR, international enterprise calling card, etc.), international data services (international

private leased circuit, or IPLC, internet - protocol virtual private network, or IPVPN, TWGate, IDC, MPLS VPN, EZ VPN, SSL VPN, internet IP, etc.), international VAS (international remote backup system, international video conferencing, ICT construction and maintenance, EZ Conference HD, etc.), and international satellite services (satellite frequency converter leasing, satellite VAS, satellite mobile communication, enterprise ICT, etc.).

(3) Planned New Products / Services

A. Household Market

- Introduce higher-speed broadband access and VAS to meet customer demand generated by the continued IP network and digital convergence trends.
- Expand and integrate HiNet VAS (Chunghwa Telecom Personal Health Record, i-Bobby, video, HiCare services, anti-hacking services, game accelerator, etc.) in order to increase the competitiveness of the Company's product offering and to enhance user loyalty.
- Introduce leading domestic and international video content such as Netflix, and enhance 4K/8K video/audio content and quality in order to ensure unique competitive advantages compared to CATV.
- Leverage innovative user experiences to increase differentiated services with diversified OTT services and MOD set-top boxes, as well as smart home infrastructure for digital convergence services, in order to develop IoT, home care, entertainment with MOD enhancement, and to maintain the Company's leadership position with a more flexible revenue model and sales channel.

B. Consumer Market

- Enhance Hami Video service offering by increasing content attractiveness and user experience, further curating popular content, and improving customization and social network sharing in order to provide users with on-demand multi-screen OTT services under a unified pricing system.
- Promote Hami VAS, such as music, Hami Pass, Hami Books, Hami Video, Hami Cloud Gaming, Hami VR, AR Dongzidong x Uniigym, mobile payment, etc., in order to expand user traffic with more mobile applications.
- Promote Near-Field Communication (NFC) applications by integrating ICT platforms and online-to-offline (O2O) services in order to improve merchant operational efficiency and consumer mobile lifestyles.
- Introduce the mobile and broadband convergence

discount plan, combine with CHT Home Wi-Fi AP to create the industry's first seamless network experience and provide MOD and Hami Video services with local and international video and television content and multiple value-added services, including Internet Guard and Bandwidth Diversion. Customers are encouraged to simultaneously apply for mobile, dual broadband networks and value-added services, in order to create value and boost business momentum.

C. Enterprise Market

- Develop esafe service in order to increase effective communication for better collaboration, enterprise operational efficiency, and internal management controls.
- Develop enterprise anti-hacking and Cybersecurity Gateway solutions for better cybersecurity measures, integrate management and control, and reduce management cost.
- Continue integrating network and cybersecurity service in order to provide network security, system platform security and detection, terminal security, data protection, advanced persistent threat (APT) solutions, identity validation, access control and management, security operation center (SOC) outsourcing, security consulting, etc.
- Develop IDC integration by leveraging network resources and integrating transmission, submarine cable, internet, VPN, international broadband, and undersea cable, to establish high-standard regional infrastructure such as Banqiao IDC center, in order to provide enterprises with high-speed and high-quality networks, cloud, and VAS applications matching international standards.
- Develop enterprise private cloud solution with more flexibility and greater reliability by accelerating private cloud construction with application and operating environments, and by integrating SDN and Network Function Virtualization (NFV) technology, flexible management, and dynamic software configured network.
- Develop integrated surveillance solution by providing single access for overall surveillance of IDC, all software/hardware/virtual resource status, and all other necessary IT operating performance metrics.
- Expand IoT applications and IoT intelligent network platform for cross-functional collaboration and applications by providing clients with an accelerated and convenient development model in order to enable clients to realize diverse creative applications over

the open IoT platform infrastructure, including smart agriculture, smart manufacturing, smart transportation, smart city, and other digital innovations.

- Enhance advanced AI research and development with in-depth local demand application services by providing smart security solutions such as vehicle recognition, facial recognition, and traffic prediction, as well as by developing AI semantic cloud and smart voice control services, with collaboration from domestic terminal and content providers.
- Expand big data and internet advertising solutions; continue to develop traffic flow, public sentiment, internet advertising, big data analysis, and cross-functional applications.
- Launch Smart Healthcare services, provide a variety of physiological measurement equipment, and gradually provide the four major EHS risk solutions, as well as providing 5G care services in remote villages with the characteristic of 5G high-speed, low-latency and massive connections features which combined with smart care terminals, in order to assist SMEs with occupational safety compliance and enter the enterprise health management market. Besides, the Company assisted SMEs in occupational safety compliance and enter the enterprise health management market.
- Provide audio/video service platform including channel, VOD, smart video dashboard, etc., in order to enable consumers to access live events and for enterprises to access internal training or establish audio/video brands.

1.2 Industry Overview

(1) Industry Status and Development

The global penetration of mobile devices such as smartphones and tablets are becoming more popular and mature, and social networks are also becoming more prevalent. All of these trends, along with cloud computing, Mobile Broadband, digital TV, e-Commerce, interactive sensors, wearables, etc., will be driving growth for the technology and telecommunications industries. Broadband network access, mobile communication, and IPTV are key performance indicators of the telecommunications industry:

A. For the broadband market, according to statistics from Department of Household Registration and National Communications Commission, as of December 31, 2021, the total number of households in Taiwan is approximately 9.01 million, while the total broadband subscribers in Taiwan is approximately 6.43 million (including Public Wireless Local Area Network, or

PWLAN).

- B. According to NCC statistics, as of December 31, 2021, the total number of mobile subscribers in Taiwan reached approximately 29.58 million, representing a penetration rate of 126.5%.

(2) Industry Value Chain

- A. Technological development has blurred many lines between formerly specialized industries, as the telecommunications industry becomes increasingly more integrated to develop more diversified applications. Under the trend of digital convergence, the value chain of the telecommunications industry has further expanded, and industry players must provide innovative and diversified services to better meet user demand and enlarge market share. At the same time, service providers for content, applications and platforms, as well as network and terminal equipment vendors serve as important value partners for industry players to promote digital convergence services.
- B. In response to the technological development of metaverse and blockchain along with environmental changes related to energy-saving and carbon-reduction industries, the Company has reorganized into three major business groups in 2022, including Consumer Business Group, Enterprise Business Group and International Business Group, maintaining its overall commitment to promote one-stop services and better meeting customer expectations. The Company is actively developing emerging businesses in 5G, online banking, IDC/cloud, security, smart networking, big data, AI, video and smart life to target the business opportunities in digital convergence and the digital economy, as well as offering digital convergence services to the three core markets of consumers, households, and enterprises. The Company continues to strengthen its core business and promote the ICT and overseas businesses to maximize enterprise value by expanding enterprise partnerships in related industries through alliances, cooperation, and investment. In the future, the Company will continue to invest in its core and emerging businesses. By integrating its R&D capabilities and working more closely with its customers and ecosystem partners, the Company will provide better quality, more innovative, and generally superior user experiences.

(3) Product Development Trends and Competitive Landscape

A. Domestic Fixed Communications Services

- Local and Domestic Long Distance Telephone: as

of December 31, 2021, Taiwan local telephone penetration has reached 116.8%. However, the number of local telephone subscribers has been declining slightly due to traffic migration to mobile communication, free communication software, and VoIP, although the Company continues to maintain a leading subscriber market share at 91.7%. The average market share by minutes in the local and domestic long distance telephone market were approximately 83.4% and 82.1%, respectively, while the market share by revenue in the local and domestic long distance telephone market were 96.4% and 47.8% respectively.

● Broadband Internet Access:

- The government has promoted the availability of universal telecommunication services in remote areas, including digital infrastructure and broadband access, to achieve greater than 90% nationwide coverage with Mega-level (Gbps) bandwidth access. As of December 31, 2021, the Company's nationwide fixed network broadband coverage has reached 98.2% for 35Mbps, 97.4% for 60Mbps, 95.7% for 100Mbps. FTTH fiber network coverage rate reached 88% with a ready-to-install rate of 74.3% within a week. The Company launched 2Gbps broadband Internet service in August 2021 with coverage rate reaching 29.7%, and will continue to build out its fiber-optic network to meet customers' demands for high-speed broadband and expand domestic broadband internet access for the country's citizens.

- As of December 31, 2021, the Company's broadband access subscribers have reached approximately 4.35 million, representing a market share of 62.6%. Of these subscribers, higher speed subscribers have increased significantly, with FTTx as the primary chosen product for approximately 3.69 million subscribers, of which 2 million subscribers use speeds of 100Mbps and above.

- Data Circuits Business: the Company's data circuits business has been impacted by broadband internet access and competition in the industry. As of December 31, 2021, the Company's data circuits market share was approximately 49.8%.

● MOD/IPTV Services

- As of December 31, 2021, Taiwan market has a total of 4.74 million household subscribers of cable television, of which 77.49% uses one of the five multiple-system operators (China Network Systems Co., Ltd., Kbro Co., Ltd., TWM Broadband, Taiwan Fixed Network Co., Ltd., and Taiwan Optical Platform Co., Ltd.). In addition, channel providers

have been broadcasting HD audio/video content and interactive and customized television programs and applications, resulting in more intense competition for the Company's MOD services.

- MOD provides over 197 channels, including 193 high definition (HD) channels and over 25,000 hours of on-demand programs. In addition, the Company continues to optimize its user interface (UI), design quality content and package offerings that cater to customer needs, and leverage OTT technology to develop new services such as interactive gaming, advertising, and 4K viewing, in order to better fulfill market demand. As of December 31, 2021, the Company had approximately 2.06 million MOD subscribers.

B. Mobile Communications Services

- Although the overall mobile market continues to be very competitive, the domestic mobile operators' subscriber market shares are relatively stable, of which the Company is the largest provider in terms of both subscribers and revenue. As of December 31, 2021, the Company has total mobile subscribers of 11.92 million (including pre-paid subscribers), representing a market share of 36.1%. Mobile revenue market share was 38.9%.
- Mobile communication broadband services are in greater demand, primarily due to the evolution of mobile technology and deeper penetration of tablets and smart phones such as iPhone/Android. Many service providers have launched mobile broadband services in order to fulfill customer demand for higher speed internet access.
- The Company plans to continue constructing its mobile broadband network, optimizing service coverage, and constructing more Wi-Fi hotspots in order to provide a more convenient mobile broadband internet service. At the same time, the Company continues offering integrated wireless broadband internet access and more diversified services, such as KKBOX, Hami Pass,

Hami Video, Hami Books, etc., for the purpose of increasing customer contribution and revenue.

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

C. Internet and Other VAS Services

- Taiwan's broadband access penetration rate is relatively high with intense competition, primarily because both telecommunications service providers and cable broadband operators offer broadband access with high speeds and high quality services. As of December 31, 2021, the Company's HiNet broadband ISP subscribers totaled approximately 3.61 million, representing a market share of 57.8%. Internet revenue market share was 57.3%.
- As the value of the gaming market continues to increase, the Company has introduced gaming accelerators for professional players to gain key timing advantages in winning games.

D. International Fixed Communications Services

- The Company is the leading provider of international fixed communication services. As of December 31, 2021, the Company has a market share of 47.1% by outgoing call while market share of ILD telephone revenue was 46.1%.
- For prepaid cards, the Company continued to serve existing customers while acquiring new customers, launching numerous data and voice combination discounts for foreign labor customers to achieve the largest revenue proportion. Chunghwa continues to strengthen its customer service and consumer stickiness, promote its prepaid card business and expand market share.

1.3 Research and Development

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

Unit: NT\$'000

Item/Fiscal Year	2021	2022 (as of Feb. 28, 2022) (Note)
R&D expenses	3,687,747	560,578
Consolidated revenues	210,477,948	33,971,344
R&D expenses as a % of consolidated revenues	1.75%	1.65%

Note: 2022 figures are unaudited.

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

Chunghwa Telecom's research and development mainly focuses on supporting the Company's business and deploying future growth momentum. Key achievements in 2021 include:

A. Forward-looking network and cloud technologies

- Established 5G network verification platform to verify 5G architecture and network slicing function; developed 5G private network solutions and supported physical/virtual resource management and quality assurance function; deployed open network technology and developed smart solutions for 5G RAN.
- Expanded the development of FTTH equipment interoperability, launched HiNet 2G/1G high-speed Internet service, and improved domestic fiber-to-the-home coverage and broadband network service rates.
- Developed management solutions for 5G private network, cloud-network-endpoint integration, fixed-mobile network convergence and operations; provided customers with new type of self-management services to improve network resource efficiency.
- Developed multi-cloud management solutions, container management platforms, hicloud operation and management, etc.; launched multi-cloud management platform service, global public cloud hosting services and hicloud new services.

B. Innovative information and communication application services

- Combined 5G, AI, and cross-domain ICT technology and developed solutions for smart road, law enforcement technology, drone inspection, remote consultation, smart construction, water resource management and others, to support the Company's emerging businesses and create new opportunities for future growth.
- Applied edge computing technology to launch low-latency, high-quality video entertainment services, such as multi-angle live streaming, immersive 5G entertainment, and multi-location co-performance in real time, etc.
- Developed an AR service platform and combined 5G to launch solutions for industrial vision, remote video collaboration, and guided exhibitions.
- Developed voice recognition and synthesis, language understanding, text analytics, and machine learning platform technologies, and applied to IVR (Interactive Voice Response) navigation, smart speakers, analysis

of public opinion and Voice of Customers, and other services.

- Developed mobile certificates for natural persons, FIDO (Fast Identity Online) authentication, blockchain smart contract, etc., and applied to the emerging use cases in the sectors of the government, finance and insurance industries, green energy trading, etc.

1.4 Corporate Development Plan

(1) Long-term Corporate Development Plan

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

(2) Short-term Corporate Development Plan

- A. Expand FTTx broadband business and encourage customers to adopt higher speed while maintaining high quality network services with integrated offerings.
- B. Continue to develop and expand integrated services of fixed communication, mobile, data communication, and value-added services.
- C. Advance the integrated network of fixed and mobile communication by optimizing network resources and enhancing network quality.
- D. The Company remains committed to developing 5G and creating value, offering mobile services that transform from "price competition" to "value creation" to encourage customers to increase tariffs and upgrade to 5G services. By providing reliable network quality, expanding signal coverage to the widest and emphasizing the adjoining and maximum bandwidth advantages, the Company strengthens its customer-centric value.
- E. Expand MOD and Hami Video services by introducing

preferred content and channels for seamless audio/video experiences anytime, anywhere.

- F. Provide accelerated and convenient mobile data transmission services for enterprise clients, and collaborate with information content providers to develop mobile ICT VAS.
- G. Enhance precision marketing and effectively manage online social media by leveraging big data analysis and CRM platforms in order to improve brand image, strengthen customer relations, and deliver on product sales targets.
- H. Enhance marketing of integrated services and ICT services for enterprise clients.
- I. Develop IoT platform with diverse and innovative applications suitable for fulfilling various demands from multiple industries.
- J. Expand various cybersecurity solutions, targeting households, enterprises, and government entities.
- K. Actively compete for project bidding opportunities by designing advanced IDC/cloud hardware/software total solutions in accordance with client requirements.
- L. Develop internally, or cooperate with third-party partners, to provide total solutions for enterprise clients in the areas of AR/Virtual Reality (VR), AI, big data, Fintech, health care, gas intelligence, and other innovative applications.
- M. Expand overseas market in conjunction with the Company's affiliates and strategic partners.

2. Markets & Sales Overview

2.1 Market Analysis

The Taiwan telecommunication market is relatively competitive, and customers have high expectations of telecommunications service quality and pricing. The Company follows closely market dynamics and consumption trends in order to develop more appealing and innovative products with appropriate pricing plans.

(1) Household Market

A. Domestic Fixed Communications Services

- Key Offerings and Regions: local telephone, domestic long distance, broadband access; nationwide throughout Taiwan.
- Market share including enterprise market: as of December 31, 2021, market share by local telephone subscribers was 91.7%, market share by domestic long distance call minutes was 82.1%, and market share by broadband access subscribers 62.6%.
- Future market demand and supply, market growth

trends, competitive advantages and disadvantages:

- The Company offers diverse broadband internet access services. As of December 31, 2021, the total number of broadband subscribers are approximately 4.35 million. The Company plans to continue offering higher speed and better quality FTTB and FTTH optical network access in order to fulfill customers' increasing demand for bandwidth.
- Due to the decline of local, long-distance voice and broadband services as well as the high base period for enterprise-customer bidding, domestic fixed communication business revenue decreased by 6.7% year over year. Excluding the impact of large-scale enterprise bidding projects, domestic fixed communication business revenue increased by 0.6%, compared to the prior year period.

• Countermeasures:

- Construct FTTx next generation network (NGN), gradually migrate to VoIP, and provide value-added and integrated services.
- Enhance CRM, formulate precise customer segmentation with integrated marketing plan and improved customer value.
- Develop and promote fixed communication VAS, such as 1288 information inquiry, ringback tone, incoming call filter, etc., in order to increase VAS revenue.
- Promote family-centric convergent services, such as broadband + MOD/OTT + smart home AI semantic cloud, health cloud, etc., to meet the needs for home intelligence, audio and video entertainment, and security.
- Launch higher speed FTTx services in order to fulfill customer demand and develop new applications for IoT.
- Expand MOD services and integrated marketing for broadband internet access.

B. Internet and Other VAS Services

- Key Offerings and Regions: nationwide throughout Taiwan.
- Market share including enterprise market: as of December 31, 2021, market share by HiNet broadband ISP subscribers was 57.8%.
- Future market demand and supply, market growth trends, competitive advantages and disadvantages: The broadband access penetration rate is relatively high, and on top of that, telecommunications providers has consolidated cable operators, which will likely increase broadband market competition. The Company

plans to develop multimedia and high definition audio/video content such as MOD HD, and OTT, in order to increase revenue generation.

- Countermeasures:
 - Expand digital convergence services, provide differentiated products, and increase customer value.
 - Expand MOD and HiNet VAS such as video, gaming, cyber security, etc., in order to increase revenue streams.
 - Expand higher speed internet access and various application VAS with FTTx 300M and above as the key offering in order to facilitate broadband customer migration.
 - Analyze customer attributes and service demand using CRM platform, promote digital convergence services (such as FTTx, mobile internet, MOD, etc.), and apply precision marketing to increase the number of customers and enhance traffic and revenue streams.

C. MOD/IPTV Services

- Key offerings and regions: nationwide throughout Taiwan.
- Market share: as of December 31, 2021, total MOD subscribers are approximately 2.06 million, representing a penetration rate of 22.9% (MOD subscribers/Total households) and a market share of 30.3% (MOD subscribers/(MOD subscribers+CATV subscribers)).
- Future market demand and supply, market growth trends, competitive advantages and disadvantages:
 - Currently, MOD primarily offers TV channels, video on demand and other application services for the home market. Going forward, the Company will provide personal market services by integrating OTT content and technology to expand the scale of subscriber numbers and allow everyone to enjoy better and more convenient video content services.
 - MOD advantages: customized channel subscription package, 4K and HD quality, on-demand video, multi-screen availability; MOD app which enables customers to download and view their preferred MOD programs anytime, anywhere.
 - Due to regulation restrictions, the Company currently cannot directly operate or act as an agent for television channels, which adversely impacts its business. In the long term, such restrictions may not be conducive for the overall development and competitiveness of the domestic film and television industry.

- Countermeasures:
 - Expand digital convergence and individual and family integrated services. Provide differentiated products and increase customer value.
 - Expand MOD/OTT and HiNet VAS such as video, gaming, cyber security, etc., in order to increase revenue streams.
 - Expand MOD/OTT services and integrated marketing for broadband internet access to bring marketing synergies.

D. International Fixed Communications Services

- Key Offerings and Regions: international long distance; nationwide throughout Taiwan and overseas to about 230 countries.
- Market share including enterprise market: as of December 31, 2021, market share by international long distance call minutes was 47.1%.
- Future market demand and supply, market growth trends, competitive advantages and disadvantages: International fixed communications revenue in 2021 increased 4.6% year over year, mainly due to a one-time construction revenue of international cloud network service, which offset the decrease in international communication revenue due to the replacement of free communication software and the reduction of low-margin calls business, as well as the decrease of mobile international roaming revenue resulted from the impact from the COVID-19 pandemic.
- Countermeasures:
 - Promote hotline service package and loyalty program to continue improving services for existing customer base.
 - Enhance Ideal Card bundled services.

(2) Consumer Market

A. Mobile Communications Services

- Key offerings and regions: nationwide throughout Taiwan, international roaming outside of Taiwan.
- Market share including enterprise market: as of December 31, 2021, market share by mobile communication subscribers was 36.1%.
- Future market demand and supply, market growth trends, competitive advantages and disadvantages:
 - As of December 31, 2021, the mobile communication penetration rate in Taiwan had reached 126.5%.
 - The Company focused on expanding mobile broadband services with cross-business integration

and more competitive product design; as of December 31, 2021, mobile broadband customer base had reached approximately 11.92 million, representing an increase of 5.5% year over year.

- The Company continues its infrastructure construction efforts based on user experience and establishing differentiated quality. The Company's mobile network design and construction focus on the goal of "widest coverage," especially for high population density areas and most bustling commercial districts with high and low frequency integration in order to enable optimal coverage and enable seamless voice calls, mobile internet access, and other commercial uses.
- The Company is committed to promoting 5G upgrades which effectively driven ARPU growth, encouraging 5G migration which will improve customer value and deepen data usage behavior. Combined with multiple tariffs and Hami value-added services, the Company have successfully attracted more customers and further improved revenue growth.
- Countermeasures:
 - Leverage the Company's bandwidth advantage, accelerate construction of infrastructure, improve customer experiences, expand the mobile customer base, and increase ARPU.
 - In 2021, Chunghwa was the only company to receive first place award for 5G network speed certification by two different international Authorities. The Company will continue to expand coverage of 5G communications across Taiwan, to provide customers with the ultimate 5G network experience and to create a leading 5G brand.
 - ◆ In 2021, the Company won the Speedtest® "Taiwan Fastest 5G No. 1", "Best Mobile Coverage No. 1" and Taiwan's "Fastest Mobile Network."
 - ◆ In December 2021, the Company won the five titles, including "5G Download Speed", "5G Upload Speed", "5G Video Experience", "5G game experience" and "5G Voice App Experience," as announced by Opensignal.
 - The Company provided accurate data to guide customers in groups and promote diversified packages, accelerating 5G transition to further boost customer value.
 - The Company developed 5G smart life devices and innovative 5G applications, providing a variety of value-added services and discounts to further enhance the value of 5G and generate revenue from

new services.

- Expand market share in the millennials segment by leveraging online stores in order to increase digital marketing efficiency and new customer acquisition.
- Provide customers better quality services with cross-network integration and channel partner alliances.

(3) Enterprise Market

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

- Key offerings and regions: nationwide Taiwan (international roaming available).
- Future market demand and supply, market growth trends, competitive advantages and disadvantages:
 - Continue to provide higher speed, better quality enterprise broadband, IDC, etc., in order to fulfill enterprise demand for broadband internet access, cloud applications, etc.
 - Enterprise customer revenue from local and long-distance voice services has declined year-over-year due to the influence of free communication software and more favorable VoIP integration solutions. Despite this, long-distance voice revenue has increased across various industries, including finance, electronics, shipping, steel and chemicals, compared to the previous year, attributable to U.S.-China trade negotiations and pandemic outbreak. The demand for specific industries and international roaming shrinks due to the epidemic which affected mobile voice and data communications. However, the increase in monthly rental and SMS revenue helped to maintain the overall positive growth in mobile communication revenue, compared to the prior year period.
 - International leased line market share was 75.6%. Revenue increases by 1.9% compared with the same period of last year, due to implications from the US-China trade war and pandemic. The Company plans to continue to improve services for existing customers while developing new OTT and carrier customers in the Southeast Asia market in order to facilitate data communication business revenue generation.
- Countermeasures:
 - Provide customers with better quality services, and increase customer loyalty and value with cross-network integration and channel partner alliances.
 - Continue to develop enterprise communication integration and VAS in order to increase VAS revenue generation.

- Strengthen the promotion of international data and circuit leasing businesses, integrate IDC, cloud, domestic and international mobile communication business and emerging enterprise services. The Company will also strive for business opportunities relating to OTT operators and the implementation of the Hong Kong National Security Law to increase overall revenue.

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

- Key offerings and regions: nationwide throughout Taiwan; in mobile IoT services, the Company is the only telecommunication service provider in Taiwan that is capable of providing NB-IoT and LTE Cat-M1 services for both the domestic and overseas markets.
- Market share: due to the wide range of industry definitions that exist without consistent standards, there is no total ICT market volume information, which makes it hard to calculate market share.
- Future market demand and supply, market growth trends, competitive advantages and disadvantages:
 - The Company has competitive advantages in technology, telecommunications, large-scale project execution and integration, a renowned brand, nationwide service channels, providing enterprises with advanced ICT services, and enabling enterprises to achieve their respective strategic and operational targets.
 - Applications such as IoT, enterprise information security, and mobile ICT are driving demand as both higher speed internet access and diverse mobile device penetration rates increase.
 - Competitors typically use lower pricing strategies when deploying enterprise ICT services and in seizing enterprise market opportunities.

- Countermeasures:
 - Expand fixed network broadband, mobile internet access, digital convergence, and other enterprise VAS in order to increase customer value and revenue generation.
 - Expand IoT, enterprise information security, IDC, cloud, mobile ICT, etc., in order to fulfill enterprise client demand for innovative applications and VAS.
 - Provide mobile IoT communication services, enable enterprises to adopt various mobile solutions, and collaborate with global telecommunication service providers to offer terminals for international roaming, enterprise terminal management, IoT solutions, etc.
 - Expand and discover qualified alliance partners to provide sector-specific ICT total solutions for enterprise clients; actively compete for project bidding opportunities from government entities.

2.2 Main Features and Production Process of Major Products

The Company's leading offerings are domestic and international fixed communications, mobile communications, and internet services for individual consumers, households, and enterprises. The Company's main product features and production processes are: service positioning and network planning, construction, and post-maintenance.

2.3 Supply of Raw Materials

Not applicable as the Company is not a manufacturer.

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

None.

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

Key Offerings		2020	2021
Domestic Fixed Communications	Local Network	14,743,705 subscribers	14,041,570 subscribers
	Long Distance Network	1,400,516 subscribers	1,400,516 subscribers
	Broadband Access Network (ADSL+FTTx)	11,190,719 ports	11,608,093 ports
	MOD (Set-Top box)	2,569,351 sets	2,705,910 sets
Mobile Communications	Mobile Network	20,980,000 subscribers	21,380,000 subscribers
Internet Network	HiNet BRAS	5,476,000 ports	5,393,000 ports
International Fixed Communications	International Network	101,616 subscribers	101,616 subscribers

2.6 Sales Volume for the Most Recent 2 Years

Key Offerings		2020		2021	
		Subscribers/ Minutes in millions	Revenue (NT\$ billions)	Subscribers/ Minutes in millions	Revenue (NT\$ billions)
Domestic Fixed Communication	Local Network	9.897 Subs	24.46	9.649 Subs	23.76
	Long Distance Network	1,640.7 Mins	2	1,534.1 Mins	1.9
	Broadband Access Network (ADSL+FTTx)	4,348 Subs	18.14	4,354 Subs	18.6
	MOD	2,069 Subs	3.64	2,06 Subs	3.7
Mobile Communications	Mobile Services	11.298 Subs	56.72	11.916 Subs	58.04
Internet Network	HiNet	3,584 Subs	32.12	3,613 Subs	33.08
International Fixed Communications	International Network	222.3 Mins (Note)	8.7	131.7 Mins (Note)	9.1

Note: Only including outgoing minutes.

3. Human Resources

Year		2020	2021	2022 (as of Feb. 28, 2022)
Number of Employees		20,930	20,247	19,806
Average Age		50.1	49.0	48.7
Average Years of Service		24.42	22.73	22.31
Breakdown of Education Level (%)	Ph.D.	1.29	1.30	1.29
	Masters	31.51	33.82	34.32
	Bachelors	50.39	50.72	50.44
	Senior High School	15.58	13.17	12.99
	Below (and include) Middle School	1.23	0.99	0.96

4. Environmental Protection Expenditures

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

None.

4.2 Countermeasures and Potential Costs

(1) Environmental Protection and Pollution Prevention

- A. Ensure full compliance with the Air Pollution Prevention Law, Noise Prevention Law and Waste Disposal Law, as well as other environmental protections and related laws and regulations, while taking appropriate preventive measures during the construction of telecommunications projects.
- B. Aim to avoid hours of heavy traffic flow and use low-noise equipment to reduce the environmental impact of living quality for nearby residents when conduction telecommunications engineering work near roads.
- C. Environmental protection regulations will be followed when lead acid batteries used for telecommunications must be disposed of, by handing them over to a qualified recycling and processing company for lead acid battery waste that is properly registered to the Environmental Protection Agency (EPA) with proper documentation provided in sextuplicate for audit tracking.

(2) Enhance Environmental Protection Measures for Telecommunication Engineering Construction

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

regulations, contractors are also required to comply with regulations during construction to guarantee project quality.

(3) Enhance Energy Saving Measures in Telecommunication Office

- A. Use a centralized monitoring system to effectively control equipment room temperatures to reach between approximately 27 to 30°C and conduct peak demand controls to prevent power load exceeding the contract capacity during peak demand intervals.
- B. In remote areas or suburbs with lower temperatures and better air quality, prioritize the use of natural air, which can significantly reduce energy use in winter months.
- C. Strengthen and improve heat dissipation capabilities of telecommunications equipment, moderately increasing ambient temperature while effectively reducing the power consumption of air conditioning systems.
- D. Adjust air volume or air duct placement for better efficiency in air conditioners by the heating value generated by communication equipment.
- E. Optimize, consolidate, eliminate and choose low energy-consuming products for switches, broadband, and transmission circuits.
- F. Replace telecommunications equipment and centralize electrical equipment at office facilities to improve overall operating efficiency.
- G. Avoid low loading usage of power supply equipment to optimize operating efficiency.
- H. Adopt highly-sensible heat-packaged air conditioning systems to improve air conditioning efficiency based on the thermal load characteristics of telecommunications facilities.
- I. Choose highly-efficient models for newly purchased equipment, installing certain equipment with inverters and accelerating the replacement of older, energy-consuming equipment to reduce energy consumption.
- J. Use air conditioning systems with highly-sensible heat energy-saving units and energy-saving, temperature-controlled frequency conversion cooling water towers and motors to effectively reducing operating power.
- K. Adopt various energy-saving options when planning and designing new air conditioning systems, such as separating cold and hot aisles, frequency conversion return fans, induced ventilation systems and variable air volume systems.
- L. Use natural ventilation air conditioning at suburban base stations.

M. Implement mobile networks in dormant modes during off-peak hours to reduce base station power consumption.

5. Employee Relations

5.1 Workplace Environment and Employee Safety

- (1) The Company and all of its branch offices have set up an Occupational Safety and Health Department to coordinate its occupational safety and health management plans and procedures in accordance with relevant regulations. The Occupational Safety and Health Department focuses on promoting issues related to health and safety management, such as hazard recognition, health and safety controls and assessment, as well as implementing equipment for automatic checks before operation and operating environment monitoring services to continue improving health and safety facilities and create a safe, healthy, comfortable and friendly working environment.
- (2) The Company built three Employee Training Centers in Banqiao, Taichung and Kaohsiung to hold health and safety education training, raise awareness and practice drills for employees and contractors to strengthen awareness of workplace safety, improve health and safety skills and adaptability, and ensure the overall safety of all employees and contractors during everyday work.
- (3) The Company pays NT\$3,500 per employee for various health examination packages designed for different ages and health risk factors. In addition, the Company hired 19 doctors and 22 professional nursing staff to conduct health-related services on-site to support employees' well-being, including planning and implementing health education programs, providing guidelines to promote health and sanitation, education on work-related injury prevention, health consultations, first aid, emergency response systems, and health examinations.
- (4) The Company held 11 live streaming in 2021 with 2,505 attendees to promote healthy activities in the workplace. In addition, the Company established various sports and leisure facilities for employees, such as basketball, tennis, badminton, table tennis, exercise bikes, treadmills, and more. The Company continued to enhance employee assistance programs (EAP) to care for and improve the physical and mental health of employees. In 2021, the Company conducted 523 EAP consultations, three group emotion and stress adjustment courses, three special case admission services, and one reassuring group admission service, while distributing 12 internal releases related to mental health. The Company held four online courses with

a total of 19,254 participants to foster positive mental health in a friendly workplace and enhance the sensitivity of its personnel to better recognize certain statuses of mental health status.

- (5) To continue promoting occupational safety and effective health management, the Company proactively adheres to the international standard for occupational safety and health (ISO 45001) and receives global certification. In 2021, a total of 27 branch offices completed certification and underwent annual reviews. Through the systemic Plan-Do-Check-Act management cycle, the Company expects to continue improving efficiency in health and safety management and build a high-quality culture focused on health and safety.
- (6) To ensure zero cluster infection in the workplace, the Company has taken various precautions against the COVID-19 pandemic, such as forming a "COVID-19 Epidemic Response Plan," establishing a "Contingency Organization," constantly updating information on pandemic prevention measures at various stages, initiating temperature checks before entering the workplace for all employees, conducting random inspections for epidemic prevention measures, following up with employees identified as potential contacts with confirmed cases of COVID-19, conducting in total of 50 COVID-19 prevention campaigns and purchasing enough anti-epidemic materials for employees to use.
- (7) In order to implement a friendly working environment, assist employees with work/life balance, flexible commute times as well as working hours, while simultaneously improving the Company's operational efficiency, the Company implement a flexible working hour system in Telecommunication Laboratories.

5.2 Employee Behavior and Ethical Standards

- (1) The Company has established a "Code of Ethics", which includes standards on personal responsibility, community responsibility, and responsibility towards the Company, the public, and other stakeholders. Applicable to directors, managers, and employees, its purpose is to prevent unethical conduct and to promote behavior that conforms with requirements and standards, including general principles, conflicts of interest among employees, customer and supplier relationships and conflicts of interest, and related policies and standards that also include the Company's policies towards ethical business practices.
- (2) The "Code of Ethics" can be accessed under "Corporate Governance" within the corporate website <https://www.cht.com.tw> > About Us > About CHT > Corporate Governance > Other by Laws > Code of Ethics, and internal "Division for Organization and Talent Development" website. The Company conducts annual "Code of Ethics" reviews and

online testing in order to strengthen employee ethics and values.

- (3) The Company has established "Employee Appraisal Guidelines" and "Employee Reward/Disciplinary Standards" to conduct employee assessments and to arrange for rewards and penalties.
- (4) The Company has established "Employee Suggestions and Reward Operations Guidelines" in order to encourage all employees to actively make suggestions, participate in research and development, reduce costs and expenses, increase productivity, and contribute to a positive and innovative corporate culture.

5.3 Employee Welfare Policy

- (1) The Company has provided employee labor insurance in accordance with the regulations, and in case of any claims, the Company shall actively notify and assist all employees throughout the application process in order to ensure employee welfare rights.
- (2) Manage medical insurance for employees and dependents.
- (3) According to employees' physical capabilities, interests, feedback, and opinions, organize hikes, tours, excursions, sports competitions, and cultural and recreational activities, and provide participation rewards and competition awards to increase employees' motivation for participation in such activities, to promote the development of employees' physical and mental health and increase opportunities for interaction.
- (4) The Company provides employee benefits in order to assist the Employee Welfare Committee to offer various employee subsidies (such as for marriage, birth, children's education, retirement, death of employee and related family dependents, etc.), perks for the three major holidays, employee recreational activities, birthday parties, group insurance, and others.
- (5) The Company offers benefits such as family care leave, maternity leave, pregnancy Checkup leave and parental leave, in addition to other initiatives, to help young employees with childcare problem and implement gender equality in the workplace, which are superior to laws and regulations. Employees who have childcare needs can apply for no pay leave. During the no pay leave period, employees can apply for allowances from the Bureau of Labor Insurance for a maximum of six months. After expiration of the allowance from government, employees are further entitled under Company policy to receive additional monthly allowances totaling half the sum assured under the Bureau of Labor Insurance during child care leave. In addition, the Company has begun to provide annual reimbursements of NT\$6,000

to employees with children aged under 6 to align with the national fertility policy and help retain young talent. Concurrently, the Company applied to the local authorities for corporate childcare subsidies and offered the subsidies to employees who have children in daycare. Beginning in 2022, the Company will be the first in its industry to offer to employees with children under the age of 3 to apply for a one hour reduction per working day with no salary deduction. Meanwhile, in effort to take care of employees' children and create a family-friendly workplace environment, the Company will introduce 16 classes titled "Mutual-help Education and Health Center in Workplace" at the six capitals, which are scheduled to officially open in August 2022.

- (6) The Company has established the Employee Share Trust in order to increase employee welfare benefits, enhance corporate unity, share the successes of business operations, and ensure better living after employee retirement or departure. The Trust consists of 30% pro-rata share-based bonuses based on employee approved monthly contributed portion of salaries.

5.4 Overseas Delegation and Workshop

The Company has arranged overseas delegations and research opportunities in accordance with its annual budget. However, due to the ongoing impact of the COVID-19 pandemic in 2020 and 2021, in order to protect employee safety, the number of people sent abroad has dropped sharply compared with previous years. Nine employees went abroad in 2021, fewer than fifty seven staff members in the prior year.

5.5 Employee Training and Education Program

(1) Employee Training and Education Status

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

A. Employee Training

- In order to ensure that all newly hired employees

can seamlessly join the Company with a basic understanding of the Company's operating guidelines, culture, organization, business, safety, employee rights and responsibilities, etc., the Company arranges relevant courses for training through e-Learning programs.

- Based on a foundation of AGLOW (Attraction for new employees to stay, Growth of employees, Leadership development for supervisors, Opportunity for talent to develop, Winning with smooth succession-planning), the Company established various programs for employees of different levels. From long-time employees to new recruits, supervisors at all levels can customize training and accelerate training development for potential employees to name successors.
- The Company's HR team is in charge of planning and executing employee on-the-job training with relevant assessments in order to enable all employees to achieve successful career development, enhance their professional knowledge, and improve their service attitudes and overall performance.

- The employee training and education program is primarily divided into two categories, professional and managerial, both of which leverage e-Learning programs, community learning, a knowledge management system, and relevant e-Learning satisfaction surveys.
- In 2021, expenses related to employee training and education amounted to NT\$451 million, which includes training academies, professional development, self-learning, external training, etc. Based on a total of 20,247 employees, this represents an average expense of NT\$22,294 per person for employee training and education.
- The Company has Telecommunication Training Institutes in Banqiao, Taichung, and Kaohsiung and continues to introduce various training programs on an annual basis in accordance with the overall corporate plan. In 2021, the Telecommunication Training Institutes conducted 1,726 classes for 99,566 attendees, with total training fees of NT\$451 million. For details, please see the table below:

Training Categories		# of Classes	# of Attendances	Total # of Man-Hour	Fees (NT\$' 000)
1	Management & Supervisory	272	22,351	86,615	56,327
2	Professional Knowledge & Technology	556	23,535	246,609	160,374
3	Marketing & Customer Services	156	7,400	52,692	34,267
4	Safety & Health	186	17,447	78,264	50,896
5	Computer	556	28,833	196,199	127,592
6	e-Learning	-	-	488,222	21,924
	Total	1,726	99,566	1,148,601	451,380

B. Employee Professional Development:

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

the areas of telecommunications business, technology, and management. Details regarding program participants and fees for the academic year 2020-2021 are listed below:

Categories Items	Specialty	Bachelor	Master	Ph.D.	Total
# of Applications	3	29	174	29	237
Fees (NT\$)	16,470	255,000	3,446,842	22,430	3,769,747

Note: The above table lists all subsidized applications for both the first and second semesters of the 2020-2021 academic year, which ran from September 1, 2020, to January 31, 2021 and February 1, 2021 to June 30, 2021, respectively.

(2) Financial Reporting Related Employees with

Mandatory Certifications:

A. International internal auditor certification:

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

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

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

C. International internal control certification:

2 personnel in the audit department

D. R.O.C. certified public accountant:

31 personnel in the accounting department; 2 personnel in the investment department

E. U.S. certified public accountant:

3 personnel in the accounting department; 2 personnel in the investment department

directly into employees' pension accounts held under the Bureau of Labor Insurance.

- (4) In 2021, the number of officially retired employees was 1,424, and voluntary retirement personnel was 255, which makes for a total of 1,679 retired personnel, and all have completed the retirement procedures.

5.7 Employee Negotiation and Employee Benefits Protection

- (1) The Company values its employees as one of its most important assets. Since its privatization, the Company has both complied with labor union agreements and implemented benefits, such as rights for a one hour work reduction for employees with children under the age of 3 (no salary deduction), birth allowances, education funding for the children of employees, an employee stock trust and employee bonuses. The Company strives to facilitate comprehensive and consistent communication with all of its employees in order to ensure satisfactory labor union relations.
- (2) The Company has established regular, trustworthy and effective communication channels in order to increase the frequency and depth of overall communication with labor unions.
- A. The Company's branches hold at least one meeting every 3 months in accordance to the labor union agreement.
- B. If any significant labor-related amendment changes are requested, negotiation and discussion meetings are conducted as additional meetings.
- (3) The Company has signed a collective bargaining agreement in accordance with the "Collective Agreement Act." Currently, agreements have been signed with the Chunghwa Telecom Workers' Union, Southern Taiwan Business Group Workers' Union, Northern Taiwan Business Group Workers' Union, Data Communications Business Group Workers' Union, Kaohsiung Branch Workers' Union, Changhua Branch Workers' Union, Taichung Branch Workers' Union, Tainan Branch Workers' Union, Pingtung Branch Workers' Union, and Nantou Branch Workers' Union.

5.6 Retirements

- (1) The Company has established the "Employees' Pension, Consolation Pay, and Severance Pay Guidelines of Chunghwa Telecom," which is in accordance with the relevant Labor Standards Act and Labor Pension Act. For those employees who have retired prior to the privatization of Chunghwa Telecom, their respective retirement benefits are issued by the central government.
- (2) The Labor Standard Act Article 56-1 stipulates monthly provisions to be provided as retirement pensions, while Article 56-2 stipulates that, commencing March 31, 2021, a one-time pension reserve can be allotted at the full balance, and must be managed appropriately by the Company's Employee Retirement Fund Supervisory Committee, and deposited into Bank of Taiwan under the committee's name.
- (3) In accordance with the Labor Pension Act, the Company contributes a monthly pension rate of no less than 6% of employees' monthly salary. These contributions are deposited

5.8 Losses Related to Labor Disputes in 2021 and Up To the Publication Date of this Annual Report

(1) In 2021 and up to the publication date of this annual report, the Company was fined NT\$80,000 and penalized by the Labor Authority.

As of February 28, 2022

No.	County or City	Record Date	Record Number	Law Violated	Violation Details	Fine (NT\$'000)	Notes
1	Kaohsiung City	January 18, 2021	Ministry of Labor Record No. 1100125002	Article 35.1.5 of the Labor Union Act	Unfair Labor Practice	30	The Company failed to follow the convention to invite the representatives recommended by the Southern Taiwan Business Group South Branch Business Union to attend the assessment committee meeting, as listed in the Labor Union Act, resulting in a fine of NT\$30,000 from the Ministry of Labor.
2	Taipei City	March 8, 2021	Ministry of Labor Record No. 11060553221	Article 36.2 of the Labor Standards Law	Employees regular leave and holidays	50	In 2021, the Northern Taiwan Business Group of Chunghwa Telecom Co., Ltd. was subjected to a Labor Inspection, and was fined NT\$50,000 due to violations.
	Total					80	

(2) To implement Labor Standards, uphold the rights of the Company and its employees and respond to labor inspections, the Company has strengthened the management practices of relevant labor laws and regulations and hired personnel from the Department of Labor at the Taipei City Government to provide training related to practical operations, principles and precautions of Labor Standards Law with a goal to achieve zero violations of Labor Standards and reduce penalties.

Through the PDCA cycle, the Company continues to adjust and modify its "Cybersecurity Policy" and incorporate it into operating activities to ensure "Zero" major cybersecurity and privacy accidents.

6.1 Cybersecurity Management Strategy and Structure

(1) Cybersecurity Governance and Operational Structure

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

The Company holds regular meetings of "Cybersecurity Working Group" and "Privacy Protection Working Group", the Cybersecurity department includes an executive secretary with responsibilities that range from reporting on cybersecurity management performance, reviewing and improving risk-related issues, reviewing the suitability of cybersecurity programs, privacy protection policies and regulations, and supervising and evaluating compliance and efficacy of strategies, while reporting regularly to the Board. The Company's Board of Directors is comprised of Directors with various areas of expertise, including industry experience, legal expertise, risk management, auditing, and digital communication, to oversee the Company's cybersecurity and privacy protection governance.

6. Cybersecurity Management

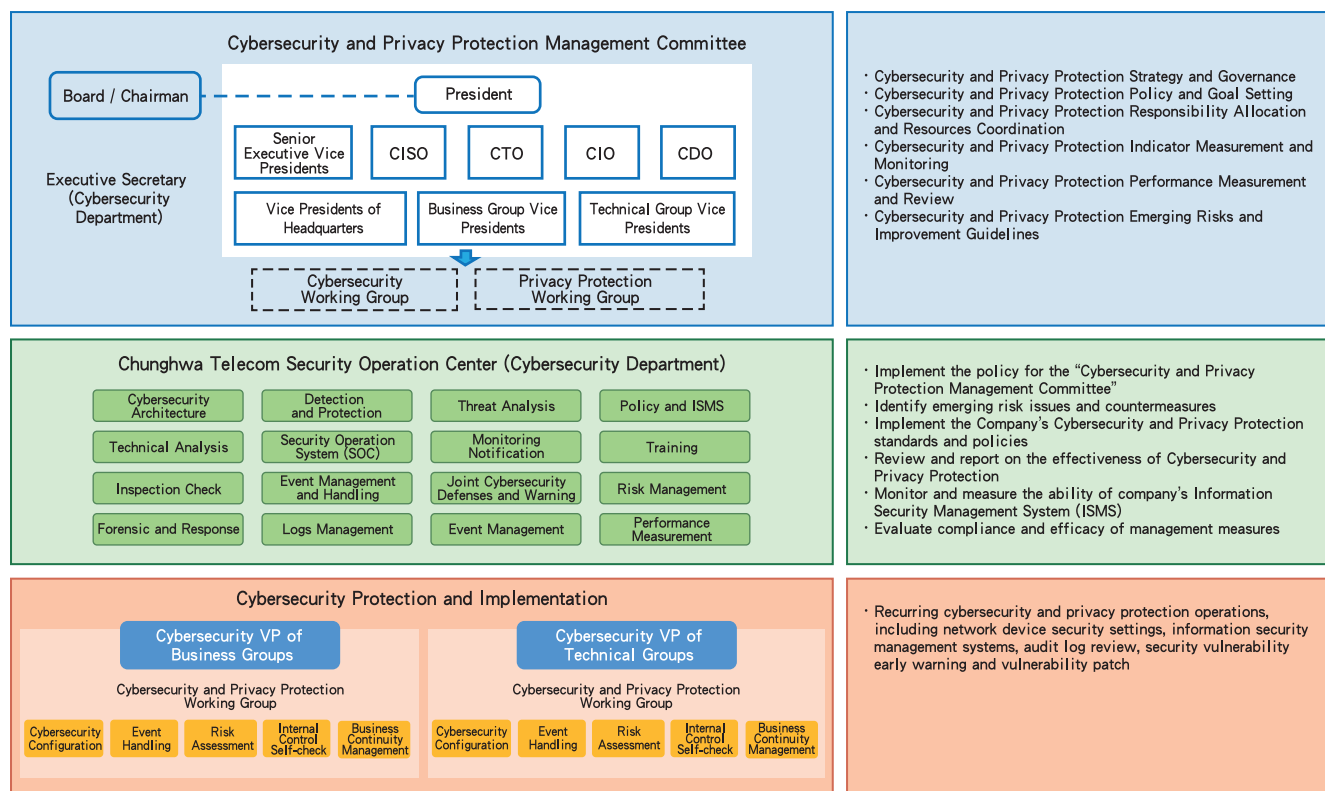
As solid information and communication security critical infrastructure is the foundation for any telecoms operator, the Company aims to achieve its cybersecurity vision by establishing itself as "the most valuable, safe, reliable and trustworthy telecom service provider that meets international standards."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

The Company aims to meet its "Zero Tolerance" goal by implementing its "Cybersecurity Policy" and following the spirit of the ISO 27001 information security management system.

In 2013, the Company built CHT SOC and gained valuable experience in large-scale hacking and defense scenarios. In 2016, the Company established a cybersecurity department to manage cybersecurity with responsibilities such as coordination of overall Company Cybersecurity Policy, implementing the policy for the "Cybersecurity and Privacy Protection Management Committee", aligning standards with regulations and emerging technological development, risk control management, security

operations, joint cybersecurity defenses, education and training, effective evaluation, and compliance assessments. To meet both domestic and international regulations, the Company continues to improve its cybersecurity-related management system to reduce corporate cyber risks and promote the development of CHT's emerging businesses, thereby providing clients with a safe and credible digital environment.

(2) Cybersecurity Organizational Structure



(3) Cybersecurity Management Strategies and Continuously Improved Framework

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

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

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

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

Risk Identification and Countermeasure

- International Standards and Regulatory Compliance
- Cybersecurity and Privacy Protection Policies and Controls
- Cybersecurity organization and operation
- Risk Management and Protection Strategies



Review and Improvement

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

Prevention, Detection and Rapid Response

Prevention

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

Detection

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

Response

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

Check and Assessment

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

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

Risk Identification and Countermeasure: Beginning with risk management and based on international standards of ISO27001, BS10012, CSA and NIST, the Company established a comprehensive cybersecurity management system that certified by third-party certifications. Mastering standard development trends such as ITU, 3GPP and GSMA and cooperating with industry, government, and academic parties like the ORAN Alliance, the Company analyzes risk defense countermeasures and incorporates security requirements into development plans in advance ("Security by Design"), including policy, management and technology to reduce cybersecurity risks and ensure compliance.

Prevention, Detection and Rapid Response: Through intelligent Security Operation Center (CHT SOC), the Company deploys a multi-layered, in-depth security protection and detection mechanism based on "Zero Trust Architecture." The Company trains employees for cybersecurity awareness with more than 800 employees already holding international cybersecurity certifications. Through intelligent and automated

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

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

Review and Improvement: The Company reviews cybersecurity KPIs and holds review meetings to ensure suitable cybersecurity and privacy protection policies and regulations, offering rewards for outstanding performance, thereby motivating employees to implement cybersecurity policies and regulations while offering additional circumstantial training sessions and other options to violators. The Company continues to identify new threats and risks for defense systems implementation while incorporating and executing case-specific plans.

The Company's "Risk Management Committee" charter includes monthly tracking of management performance regarding cybersecurity and privacy protection. Significant risks are reported to Audit Committee or directly to the Board. Although many enterprises in Taiwan have suffered major informational security breaches in recent years, the Company has been unaffected, thus far.

6.2 Detailed Management Measures

The Company continues to analyze cybersecurity risks and defense countermeasures. In addition to passing external certification, it has implemented various detailed measures in seven areas to ensure the strength of cybersecurity and avoid operational disruption that may impact the Company's operations in relation to cybersecurity issues on Critical Infrastructure (CI), network and information systems. These seven Aspects include (1) Cybersecurity Protection and Management, (2) Personal Information and Privacy Protection and Management, (3) Intelligent Security Operation Center (SOC) and Multi-Layered, In-Depth Security Protection, (4) Critical Infrastructure and Information System Business Continuity Management, (5) Immediate Incident Notification and Quick Response Mechanisms, (6) Third-party vulnerability analysis and Cybersecurity Health Diagnosis, and (7) Cybersecurity Insurance.

(1) Cybersecurity Protection and Management

Employee Security Training	<ul style="list-style-type: none"> • Hold cybersecurity training sessions and classes; encourage employees to obtain international cybersecurity certifications; promote employee awareness and professional capacities for cybersecurity and privacy protection. • Regularly hold Social Engineering exercises to improve employee alertness to Advanced Persistent Threat (APT) attacks.
Endpoint Security	<ul style="list-style-type: none"> • Install antivirus, security control software and disable Internet Neighborhoods to ensure devices and software meet security standards.
Network Security	<ul style="list-style-type: none"> • Deploy multi-layered, in-depth security protection and detection mechanisms based on "Zero Trust Architecture." • Establish Demilitarized Zone (DMZ) to control network access.
System and Software Security	<ul style="list-style-type: none"> • Develop software based on Secure Software Development Life Cycle (SSDLC); systems pass the security assessment before launch or updates; applications receive MAS certification marks from the Ministry of Economic Affairs. • Regularly scan for vulnerabilities and patch within time limit. • Establish software lists; understand the risk of software vulnerabilities and respond immediately through critical vulnerability early warnings, notifications and patching mechanisms to reduce the Zero-Day attacks. • All developers are required to pass security coding training and tests.

Penetration Test, Cybersecurity Health Diagnosis, and Red Team Security Assessments	<ul style="list-style-type: none"> • The CHT Security Operation Center (CHT SOC) has cultivated a cybersecurity assessment team with more than 10 years of cybersecurity experience and cybersecurity certifications, such as CEH, ECSCA, GWAPT, etc.; to simulate hacking techniques, conduct penetrable testing and red team security assessments; patch within time limit if vulnerabilities are found to shorten the Zero-Day (0-day) Attacks.
Cloud Security	<ul style="list-style-type: none"> • hcloud services certify quadrable cybersecurity verifications (ISO27001, ISO27017, ISO27018, CSA STAR). • Obtained international verifications, including AWS MSP, Azure Expert MSP, Google Cloud Premier Partner; currently the first and only CSP cloud service provider in Taiwan to integrate world's three core public clouds of AWS, Azure, and GCP with localized hcloud addition to provide four major public clouds.
IoT Security	<ul style="list-style-type: none"> • Established an AIoT platform to combine cloud, cybersecurity, big data, AI, AR, and other core technologies to provide clients with IoT facilities and security and protection mechanisms. • CHT Telecommunication Laboratories is recognized as "IoT Cybersecurity Recognized Laboratories," providing security assessment services and ensuring that facilities comply with IoT security standards.
Physical Security	<ul style="list-style-type: none"> • Implement physical isolation, individualized gates, 24-hour intrusion alarms and video monitoring systems. • Implement access control systems and prohibit personnel with concerns that may damage national security from causing machine room breaches.
Supply Chain Security	<ul style="list-style-type: none"> • Partner with credible suppliers, cooperative manufacturers and exclude products with security concerns and manufacturers that may affect national security. • Form standardized "Cybersecurity Complement Provisions" to be included in contracts for procurement or supplier cooperation. Specify cybersecurity management requirements and penalties for suppliers and further supervise and manage, as needed.

(2) Personal Information and Privacy Protection Management

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

with requirements set by authorities.

(3) Intelligent Security Operation Center (SOC) and Multi-Layered, In-Depth Security Protection

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

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

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

The Company established a Network Operation Center (NOC) and quality assessment mechanism for its information system, to provide information on performance degradation and abnormal network symptoms to help resolve issues and prevent complications. To provide customers with comprehensive and uninterrupted services featuring a high degree of resilience against disasters, the Company built the CI, network and information system business continuity management mechanism that allows the Company to maintain operations of key elements under natural and man-made disasters, as well as other cybersecurity incidents. The Company also formed business continuity plans and emergency response plans to regularly drill, review and provide updates on disaster prevention, network attacks and defenses, sustainable information system operations and record keeping. This will ensure that employees are familiar with operational procedures to minimize the impact of disasters and interrupted operating time, protect the rights and interests of customers and shareholders, and reduce risks while improving competitiveness.

The Company has participated in Taiwan's Critical Infrastructure (CI) & Critical Information Infrastructure (CII) national-level drills for seven consecutive years. In 2021, the Company was awarded the "National CI Protection Assessment Enterprise Designation" by the Executive Yuan of R.O.C. (Taiwan).

(5) Immediate Incident Response Mechanism

The Company has implemented the notification, response, and improvement mechanism and its related operation procedures for cyber security incidents. Using intelligent SOC, the Company

maintains alerts to various cybersecurity attacks at any time and can detect abnormal threats or violations in a timely manner, quickly responding and tracking on potential impact. The Company will establish an emergency response team to deal with any impact or losses caused by internal and external cybersecurity threats if necessary.

(6) Third-party vulnerability analysis and Cybersecurity Health Diagnosis

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

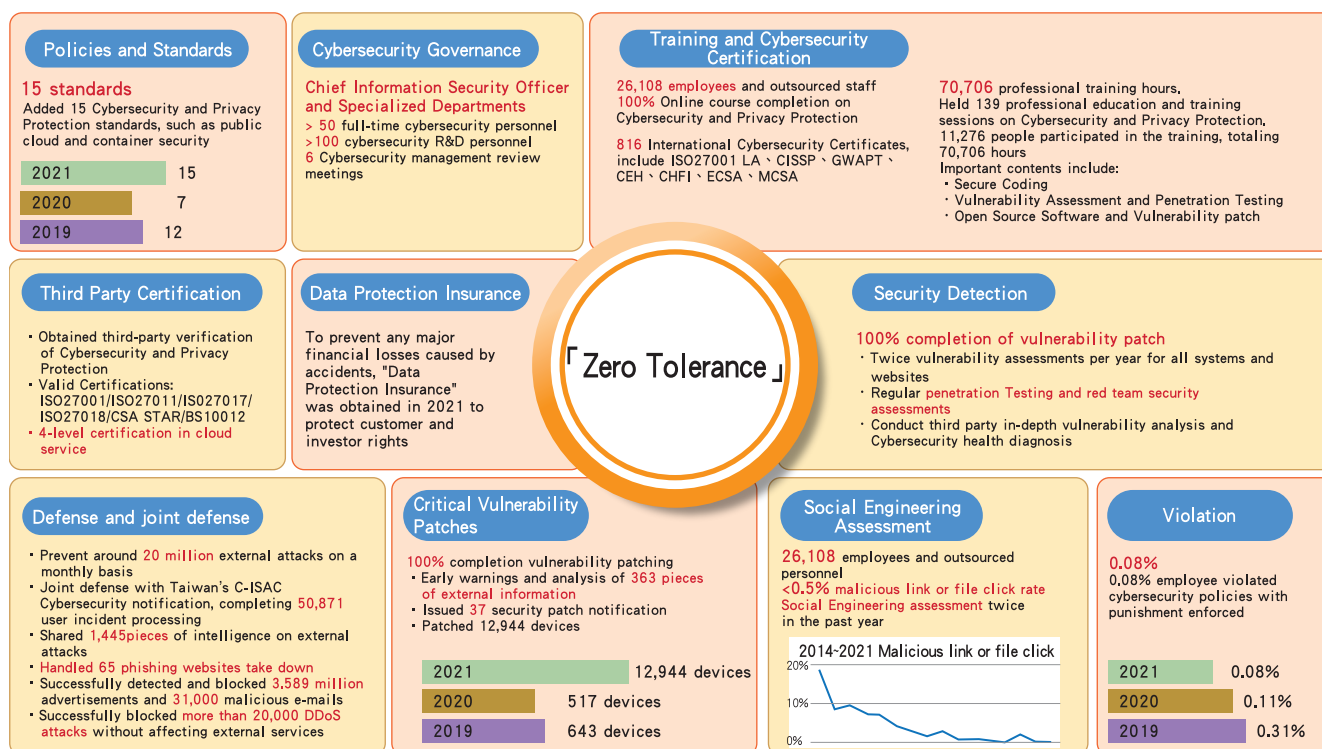
CHT Security's Digital Forensic and Cybersecurity Analysis Center is ISO 17025 certified. Its Red Team Security Assessment is the only ISO 20000 certificated team in Taiwan, having discovered more than 50 Common Vulnerabilities and Exposures (CVEs) on software, website, and IoT equipment. In addition,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

(7) Cybersecurity Insurance

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

6.3 Invest in Cyber Security Management

The Company has a dedicated professional cybersecurity solutions provider with a full range of capabilities to detect cybersecurity anomalies and early warnings. Over the years, the Company invested much of its resources to develop high-quality cybersecurity talent. Thus far, the Company has appointed a Chief Information Security Officer and formed a team of about 50 full-time cybersecurity personnel and more than 100 people as part of the cybersecurity R&D team. A summary of our cybersecurity implementation measures in 2021 are as follows: The Company regularly conducts educational training on "Cybersecurity and Privacy Protection" and requires all employees, including contractors such as outsourced personnel and personnel from subsidiaries assigned to serve CHT, to fully complete these training. In addition, advanced training courses are designed for supervisors of all levels, as well as employees in systems, network and cybersecurity management, as well as those in software and application development, among others, to improve cybersecurity and privacy data privacy protection knowledge and skills. As a result, the Company instilled the importance of cybersecurity and privacy data protection to all employees. (Security by Design).



6.4 Recent Losses, Potential Impact and Countermeasures due to Major Cybersecurity Incidents, As of the Publication Date of this Annual Report

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

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

- i. Examine the incidents' scope of impact and damage, which further rated into different degrees of rate and respond

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

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

As of February 28, 2022, the Company has not been subject to any punishment due to cybersecurity or data breaches.


7. Major Contracts

Contract Types	Contract Party	Contract Period	Key Content	Restrictions
Procurement	APPLE ASIA LLC	Jan 25, 2021 ~ Current	Products for resale	Confidentiality
Procurement	Ericsson Taiwan Ltd., Nokia Networks Taiwan Co., Ltd.	Jan 6, 2021 ~ Current	Mobile communication equipment	Confidentiality
Procurement	Hwacom Systems Inc., Stark Inforcom Inc.	Jan 5, 2021 ~ Current	Transmission equipment	Confidentiality
Procurement	Tai Tung Communication Co., Ltd., Evertop Wire & Cable Corporation, Ta Ya Electric Wire & Cable Co., Ltd.	Mar 9, 2021 ~ Current	Wire and cable	Confidentiality
Related Entities				
Procurement	Chunghwa System Integration Co., Ltd.	Jan 5, 2021 ~ Current	Software	Confidentiality
Procurement	Taiwan International Standard Electronic	Jan 7, 2021 ~ Current	Fiber-optic communication equipment	Confidentiality
Procurement	Honghua International Corp.	Jan 27, 2021 ~ Current	Labor contract	Confidentiality
Procurement	Chief Telecom	Feb 25, 2021 ~ Current	IDC Service	Confidentiality



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

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



The Leading Provider of Smart Life
and the Enabler of Digital Economy.

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

1. Financial Position

Analysis of Consolidated Financial Position for the Most Recent 2 Years

Unit: NT\$'000

Item \ Year	Dec 31, 2021	Dec 31, 2020	Variance (+/-) Amount	Variance (+/-) %
Current Assets	91,021,059	81,803,059	9,218,000	11
Property, Plant and Equipment	289,100,461	281,415,943	7,684,518	3
Intangible Assets	83,945,083	90,284,560	(6,339,477)	(7)
Other Assets	49,003,757	52,874,430	(3,870,673)	(7)
Total Assets	513,070,360	506,377,992	6,692,368	1
Current Liabilities	64,292,298	71,435,111	(7,142,813)	(10)
Noncurrent Liabilities	57,515,612	45,684,424	11,831,188	26
Total Liabilities	121,807,910	117,119,535	4,688,375	4
Common Stocks	77,574,465	77,574,465	0	0
Additional Paid-in Capital	171,279,625	171,261,379	18,246	0
Retained Earnings	130,888,906	128,168,050	2,720,856	2
Other Equity	(408,150)	927,122	(1,335,272)	(144)
Noncontrolling Interests	11,927,604	11,327,441	600,163	5
Total Equity	391,262,450	389,258,457	2,003,993	1

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

- Noncurrent liabilities increased by 26%: primarily due to the issuance of bonds and the reclassification of current portion of long-term loans to long-term loans in 2021.
- Other equity decreased by 144%: primarily due to the increase of unrealized valuation loss on financial assets at fair value through other comprehensive income.

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

Unit: NT\$'000

Item \ Year	Dec 31, 2021	Dec 31, 2020	Variance (+/-) Amount	Variance (+/-) %
Current Assets	63,880,337	54,926,878	8,953,459	16
Property, Plant and Equipment	279,910,890	272,623,164	7,287,726	3
Intangible Assets	83,435,418	89,723,406	(6,287,988)	(7)
Other Assets	63,318,046	67,065,574	(3,747,528)	(6)
Total Assets	490,544,691	484,339,022	6,205,669	1
Current Liabilities	57,596,030	63,358,005	(5,761,975)	(9)
Noncurrent Liabilities	53,613,815	43,050,001	10,563,814	25
Total Liabilities	111,209,845	106,408,006	4,801,839	5
Common Stocks	77,574,465	77,574,465	0	0
Additional Paid-in Capital	171,279,625	171,261,379	18,246	0
Retained Earnings	130,888,906	128,168,050	2,720,856	2
Other Equity	(408,150)	927,122	(1,335,272)	(144)
Total Equity	379,334,846	377,931,016	1,403,830	0

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

- Noncurrent liabilities increased by 25%: primarily due to the issuance of bonds and the reclassification of current portion of long-term loans to long-term loans in 2021.
- Other equity decreased by 144%: primarily due to the increase of unrealized valuation loss on financial assets at fair value through other comprehensive income.

2. Financial Performance

Analysis of Consolidated Financial Performance for the Most Recent 2 Years

Unit: NT\$'000

Item \ Year	2021	2020	Variance (+/-) Amount	Variance (+/-) %
Revenues	210,477,948	207,608,998	2,868,950	1
Gross Profit	75,367,197	70,580,146	4,787,051	7
Income from Operations	44,929,821	42,361,726	2,568,095	6
Non-Operating Income and Expenses	1,136,803	469,245	667,558	142
Income Before Income Tax	46,066,624	42,830,971	3,235,653	8
Net Income	37,194,879	34,705,543	2,489,336	7
Other Comprehensive Income (Loss), Net of Income Tax	(965,831)	1,174,916	(2,140,747)	(182)
Total Comprehensive Income	36,229,048	35,880,459	348,589	1
Net Income Attributable to:				
Stockholders of the Parent	35,753,579	33,406,130	2,347,449	7
Noncontrolling interests	1,441,300	1,299,413	141,887	11
Comprehensive Income Attributable to:				
Stockholders of the Parent	34,789,149	34,598,348	190,801	1
Noncontrolling interests	1,439,899	1,282,111	157,788	12

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

- Non-operating income and expenses increased by 142%; primarily due to the increase of: (1) valuation gain on financial assets at fair value through profit or loss; (2) foreign currency exchange gain; (3) share of profits of associates and joint ventures accounted for using equity method.
- Other comprehensive income (loss), net of income tax decreased by 182%; primarily due to the decrease of remeasurements of defined benefit pension plans and increase of unrealized valuation loss on financial assets at fair value through other comprehensive income.

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

Unit: NT\$'000

Item \ Year	2021	2020	Variance (+/-) Amount	Variance (+/-) %
Revenues	178,843,350	178,622,827	220,523	0
Gross Profit	64,914,561	61,416,583	3,497,978	6
Income from Operations	41,683,186	39,539,657	2,143,529	5
Non-Operating Income and Expenses	2,204,270	1,343,772	860,498	64
Income Before Income Tax	43,887,456	40,883,429	3,004,027	7
Net Income	35,753,579	33,406,130	2,347,449	7
Other Comprehensive Income (Loss), Net of Income Tax	(964,430)	1,192,218	(2,156,648)	(181)
Total Comprehensive Income	34,789,149	34,598,348	190,801	1

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

- Non-operating income and expenses increased by 64%; primarily due to the increase of: (1) valuation gain on financial assets at fair value through profit or loss; (2) foreign currency exchange gain; (3) share of profits of associates and joint ventures accounted for using equity method.
- Other comprehensive income (loss), net of income tax decreased by 181%; primarily due to the decrease of remeasurements of defined benefit pension plans and increase of unrealized valuation loss on financial assets at fair value through other comprehensive income.

3. Cash Flow

Analysis of Consolidated Cash Flows for the Most Recent 2 Years

Unit: NT\$'000

Item \ Year	2021	2020	Variance (+/-) Amount	Variance (+/-) %
Cash & Cash Equivalents, Beginning of the Year	30,419,655	34,049,643	(3,629,988)	(11)
Net Cash Provided by Operating Activities	74,858,200	74,455,956	402,244	1
Net Cash Used in Investing Activities	(31,172,361)	(68,253,689)	37,081,328	(54)
Net Cash Used in Financing Activities	(34,313,928)	(9,801,699)	(24,512,229)	250
Effect of Exchange Rate on Cash and Cash Equivalents	(12,942)	(30,556)	17,614	(58)
Cash & Cash Equivalents, End of the Year	39,778,624	30,419,655	9,358,969	31

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

- Net cash used in investing activities decreased by 54%; primarily due to the acquisition of the 5G mobile broadband license in 2020.
- Net cash used in financing activities increased by 250%; primarily due to the decrease of issuance of bonds and short-term bills in 2021.
- Effect of exchange rate on cash and cash equivalents decreased by 58%; primarily due to the larger USD position held by subsidiaries and the trend of USD against NTD depreciated.

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

Unit: NT\$'000

Item \ Year	2021	2020	Variance (+/-) Amount	Variance (+/-) %
Cash & Cash Equivalents, Beginning of the Year	20,090,053	25,081,712	(4,991,659)	(20)
Net Cash Provided by Operating Activities	71,008,415	70,163,197	845,218	1
Net Cash Used in Investing Activities	(29,385,033)	(66,481,394)	37,096,361	(56)
Net Cash Used in Financing Activities	(33,423,879)	(8,673,462)	(24,750,417)	285
Cash & Cash Equivalents, End of the Year	28,289,556	20,090,053	8,199,503	41

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

- Net cash used in investing activities decreased by 56%; primarily due to the acquisition of the 5G mobile broadband license in 2020.
- Net cash used in financing activities increased by 285%; primarily due to the decrease of issuance of bonds and short-term bills in 2021.

Projected Consolidated Cash Flow for 2021

Unit: NT\$'000

Cash & Cash Equivalents, Beginning of the Year	Projected Net Cash Flow from Operating Activities (Note)	Projected Total Cash Outflow (Note)	Projected Cash & Cash Equivalents, End of the Year	Expected Remedy Plans for Negative Balance of Cash and Cash Equivalents	
				Investment Plans	Financing Plans
39,778,624	71,060,413	71,099,759	39,739,278	-	-

Note: The above table is on consolidated basis.

- Operating activities: Cash flows from operating activities expected to remain stable in 2022.
- Investing activities: Cash outflows from investing activities in 2022 are mainly on network infrastructure.
- Financing activities: Cash flows from financing activities in 2022 are mainly for cash dividend distribution and proceeds from borrowings.

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

4.1 Major Capital Expenditures and Source of Funding

Unit: NT\$ billion

Actual or Planned Source of Capital	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Actual or Expected Capital Expenditure	
			2021 (Actual)	2022 (Expected)
Mobile Communications (2021)	Internal Funded	December 2021	16.81	-
Non-Mobile Communications (2021)	Internal Funded	December 2021	18.52	-
Mobile Communications (2022)	Internal Funded	December 2022	-	14.48
Non-Mobile Communications (2022)	Internal Funded	December 2022	-	22.29

Note: The above table is based on consolidated financials.

4.2 Expected Benefits

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

core strengths, thus achieving the Company's long term vision.

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

For more details, please also see page 78, Chapter III, Section 10, "Comprehensive Shareholding Information Relating to Company, Directors, Management, and Companies Affiliated through Direct and Indirect Investment" and page 137, Chapter VII, Section 1.1, "Consolidated Operation Report of the Company and Affiliates".

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

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

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

6.1 Risk management structure and operation

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

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

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

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

(1) Policy

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

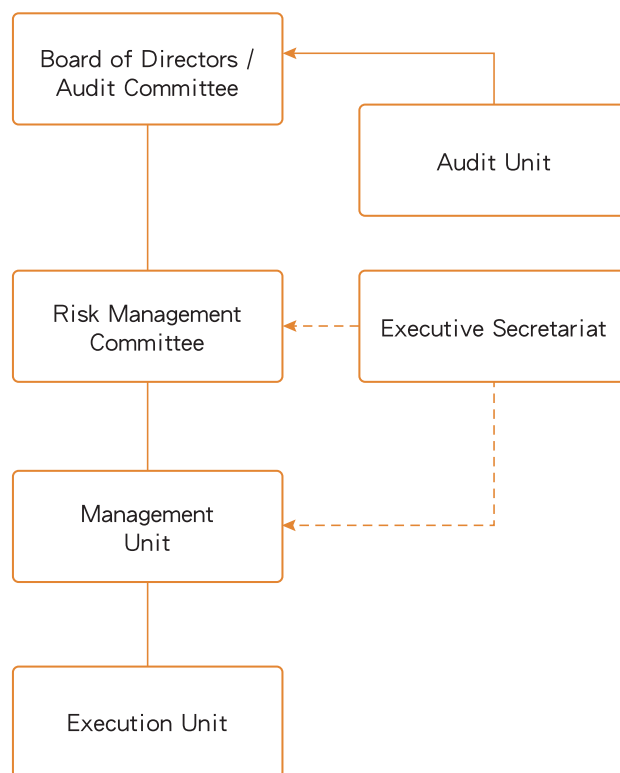
(2) Scope

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

Recent risk issues include: COVID-19 pandemic risk, cybersecurity and personal data protection risk, climate change risk, etc. Enterprise-level risks are closely tracked and managed by the committee to reduce risks to stakeholders.

(3) Organization chart with its responsibilities

The organization chart of our risk management is listed below:



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

(4) Operating situation

In 2021, the Company held three committee meetings, focusing on corporate-level risks linked to the goals of business plan. When the Company discussed the 2021 business plan at the beginning of 2021, the corporate-level risk events were included. And the Company reported its annual risk management operations situation during the 9th meeting of the 13th Board of Directors on May 6, 2021.

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

According to the Company's risk management rules, regularly scheduled risk management education and training, as well as various risk management-related courses, are offered and held on a yearly basis, covering cybersecurity, occupational safety, information, internet, etc. In 2021, the Company began offering courses, including on-the-job risk management training, basic risk assessment classes, and advanced risk assessment classes, to strengthen the company's risk management and control capabilities.

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

(1) Impact on Company Profit and Loss

Items	2021 (NT\$'000, %)
Interest Income and Expenses, Net	(123,487)
Foreign Exchange Gains / (Loss)	229,502
Revenues	210,477,948
Income Before Income Tax	46,066,624
Interest Income and Expenses, Net as % of Revenues	(0.06)%
Interest Income and Expenses, Net as % of Income Before Tax	(0.27)%
Foreign Exchange Gains / (Loss) as % of Revenues	0.11%
Foreign Exchange Gains / (Loss) as % of Income Before Tax	0.50%

Note: The above table is based on consolidated financials.

- (2) As of December 31, 2021, the subsidiaries have borrowed a total bank debt of NT\$1.67 billion with floating interest rates.
- (3) The Company operates its financial plan based on a conservative manner. In an attempt to manage interest risk, the Company's interest-bearing liabilities are on fixed interest rates, with appropriate short-term and long-term debt arrangements. The Company's existing long-term liabilities are measured at amortized cost, and changes in interest rates will not affect cash flows and fair value, mitigating any significant impact on the Company as well. The Company will carefully adjust its financing strategy according to the interest rate fluctuation, in order to effectively control interest rate risks.
- (4) In 2021, the Company primarily leveraged forward exchange contracts to reduce its exposure to foreign currency risk.
- (5) Although Taiwan's M1b annual rate continues to fall on a monthly basis, it remains double-digits. The Company will continue to watch closely whether the subsequent trend will impact the inflation rate (CPI). The Company estimates that recent inflation should not have a major impact on its profits.

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

In 2021, the Company did not provide any loans to others. For details of the Company and subsidiary endorsements or guarantees to others, please refer to page 161 of this annual report (Chapter VIII, "7.0 Consolidated Financial Statements and Independent Auditors' Report: Endorsements / Guarantees Provided," Overview Table). The Company is conservative and disciplined towards all derivative financial instruments, and forbids instruments with unlimited risk. The Company has established a decision-making authority hierarchy, key operating terms, and standard operating procedures, to serve as bases for financial instrument transactions.

6.4 Future Research & Development Plan and Projected Budget

In 2022, the Company expects to invest NT\$ 2.52 billion in research and development. The expense will be used to advance the development of forward-looking network communication technologies and diversified information and communication application services, including 5G standalone and B5G network, 5G network slicing, network function disaggregation and open architecture, 5G private network, all-photonic network, ESG

(Environmental, Social, Governance) sustainable development of smart energy saving, AI voice and image processing, blockchain, digital identity authentication, big data analytics and prediction, smart internet of things, AR/VR/MR and digital twin, among others.

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

(1) "The Organizational Act of the Ministry of Digital Development" Was Passed through the Three Readings

"The Organizational Act of the Ministry of Digital Development" and other acts regarding organizational reform were passed by the third reading of the Legislative Yuan on December 28, 2021. The "Ministry of Digital Development" (hereinafter, "the Ministry") will be established by the Executive Yuan accordingly to integrate five main areas: telecommunications, information, cyber security, Internet and communications, and in charge of coordinating the work of infrastructure, environment, and resource planning, and assisting the digital transformation of public and private entities. The "Cyber Security Administration", overseeing the protection of national cyber security, and the "Digital Industry Administration", overseeing the development of digital economic industry, will be established under the Ministry. The businesses including management of communications resources, which are now governed by the NCC, and the planning of integral communications resources and the policy of industry subsidies and incentives, which are now governed by the Ministry of Transportations, will be transferred to the Ministry. It is expected that the Ministry will be launched in July 2022, at the earliest.

Impact on the Company: as long as the Ministry is launched, some of the important businesses of the telecommunications industry such as the planning of frequency and numbers (which are now governed by the Ministry of Transportations), and the management of frequency and numbers, promulgation of the technical standards for communications engineering and cyber security, and the supervision (which are now governed by the NCC), will be governed by the Ministry.

The Company's countermeasures: we will keep up with the progress of the establishment of the Ministry and relevant strategies of the industry, and will operate the Company in line with the laws and regulations.

(2) Delimitation of Specific Telecommunications Service Markets by the NCC

NCC made a pre-announcement of the "Delimitation of Specific Telecommunications Service Markets" on December 20, 2021 for the delimitation of five specific

telecommunications service markets pursuant to Article 27 of the Telecommunications Management Act, which will be the fixed-line voice market, fixed-line broadband market, fixed-line wholesale market, fixed-line voice access market, and the mobile voice access market. These specific telecommunications service markets are subject to ex ante regulation for lack of effective competition. The "Enterprise with Significance" in each market will be further recognized by the NCC pursuant to Article 28 of the Telecommunications Management Act, and the NCC will then decide which special control measures shall be levied thereon.

Impact on the Company: according to the pre-announcement, it seems that the NCC intends to extend the control of the "Dominant Market Player" under the Telecommunications Act, instead of loosening it.

The Company's countermeasures: we have submitted our opinion stating that all service markets are fully competitive and thus the ex ante regulation or the delimitation of specific telecommunications service is not required. We will keep striving for the possibility for looser regulation.

(3) Announcement of the Adjustment Coefficient for Telecommunications Tariff (X Value) by the NCC

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

Impact on the Company: the consecutive decrease in some of the fixed line tariffs has caused an impact on the revenue of the Company.

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

(4) Promulgation of the Upper Limit on Access Charge for Mobile Broadband Operators by the NCC

On December 14, 2020, the NCC enacted the "Upper Limit on Access Charge for Mobile Broadband Operators", announcing that the upper limit on mobile access charge shall be decreased year by

year during the period between January 1, 2021 and June 30, 2023, from NT\$ 0.571 per minute in 2020 to NT\$ 0.525 per minute, NT\$ 0.482 per minute, and NT\$ 0.443 per minute respectively.

Impact on the Company: the decrease in mobile access charge from 2021 to 2023 will reduce not only the revenue but also the expenses of the Company, and is expected to intensify pricing competition within the mobile market.

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

(5) Amendment to the Regulations Governing the Use of Radio Frequencies

The NCC approved draft amendments to the Regulations Governing the Use of Radio Frequencies (hereinafter, "Regulations") on September 17, 2021. One such amendment stipulates that telecommunications enterprises may apply for the provision or sharing of a 2100MHz frequency band (limited to circuit-switched mobile voice services); the actual usable bandwidth for the telecommunications enterprise for each frequency band has also been amended. These changes facilitate greater flexibility when adapting to frequency allocation and allow enterprises to provide or share frequency in line with the framework of the Telecommunications Management Act; it also allows them to more effectively respond to the characteristics of various frequency bands and their conditions.

Impact on the Company: telecommunications enterprises can plan the shutdown of their 3G networks with flexibility through the cooperation and sharing of 2100MHz frequency band.

The Company's countermeasures: according to the amendment, Asia-Pacific Telecom and the Company filed an application for the sharing of 2100MHz frequency band and the transfer agreement on the 900MHz frequency band with the NCC and the Fair Trade Commission in November and December 2021 respectively, expecting to promote both parties' utilization of frequency resources and operational benefits.

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

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

(1) Cybersecurity Risk

A. 5G and AIoT Security

With commercial 5G transformation, the vertical 5G application has also been officially launched and is

expected to drive massive growth in 5G and IoT, bringing faster internet service access to users. At the same time, new development leads to more complex cybersecurity issues, such as the introduction of enterprise private network, the practice of MEC edge computing and software-based 5G architecture, among others. The potential risks include consumer privacy and personal information rights, as well as the security of business operations and government governance.

Measures:

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

B. Virtualization / Cloud Security

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

Measures:

- With the development of micro services, there is a higher demand for API applications. To reduce the improper design of API interfaces that may cause sensitive data breaches or abnormal manipulation, the Company has established API development security interface guidelines and security detection technology to ensure a "security-by-design" interface.
- In response to the trend of containment adoption

technology in the Company's cloud-based policy and information system, with reference to international standards such as NIST, CIS, OWASP, etc., the Company intends to form a containment security control protocol as well as technology for control and detection to ensure security and prevention in the containment environment.

- In response to the Company's introduction of its public cloud strategy to form key points of cybersecurity operations to use public cloud services for security and prevention.
- With the rise of emerging technologies, the traditional border protection security strategies may be outdated. To ensure a secure access environment, the Company has established a "zero-trust architecture" for cloud service security.

C. Application Programming Security

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

Measures:

- For information system management, developers and supervisors, the Company created a dedicated training course on security application based on the Security System Development Life Cycle (SSDLC) as the framework to enhance personnel security knowledge.
- To establish a new vulnerability detection and early warning mechanism for the Company's open source software (OSS) assets, to identify the Company's software risks for immediate response and shorten the "0-day" attack window period.
- To analyze hacker attack methods and relative evidence-seeking techniques to establish an application security exception detection and notification mechanism.

D. Cybersecurity Threat Detection and Early Warning

While hacking methods change constantly, Advanced Persistent Threats (APTs) can stay in place for months or even years, which can pose a threat to the traditional Security Information and Event Management (SIEMs) for APT attack detection. However, there is potential for greater loss of damage when the attack is discovered later on.

Enterprises must have an intelligent vulnerability analysis system to improve cybersecurity threat warning capabilities that encompass the three dimensions of depth, breadth and speed.

Measures:

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

E. Supply Chain Security

Recent APT attacks frequently spread through supply chain intrusions, as software, hardware, website applications and IT services, which often address externally-supplied information technology and service components. As such, it is difficult for companies to analyze the security of providers or third-party components. Therefore, the software supply chain and outsourced providers have become intrusive channels to infiltrate, creating new challenges in enterprise cybersecurity management.

Measures:

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

(2) Fiber Access and Transmission Network Technology

Due to market demand for video and smart home services, cable operator competition for 1Gbps broadband, and in compliance with the government's "Smart Country Plan (2021-2025)" with

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

(3) SDN / NFV Network Technology

Network technology is evolving towards open architecture, programmability and virtualization, of which Software-Defined Networking (SDN) and Network Function Virtualization (NFV) technology have become the developmental focus for telecommunications service providers around the world.

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

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

(4) Next Generation Wireless Technology

With the rapid advancement of wireless technology, the Company made long-term investments in advanced technological

research and development, participating in domestic and international 4G/5G organizations for standard formulation and R&D, including 3GPP and NGMN, to understand the development of next generation mobile communication technology. At the same time, the Company continues to lead in the promotion and evolution of 4G LTE and 5G NR technology, including the first global LTE-WLAN Aggregation (LWA) 4G+Wi-Fi surfing service, Voice over LTE (VoLTE) high-definition voice service, exclusive 5 Carrier Aggregation (5CA) technology, and a self-developed IoT platform to promote NB-IoT and Cat-M1 IoT services. The Company launched its 5G services on June 30, 2020. For 5G network construction, the Company exclusively imported advanced Centralized Radio Access Network (C-RAN) architecture. In 2021, the Company further established the Open Radio Access Network (O-RAN) end-to-end real network integration test environment. Furthermore, the Company began to invest in R&D focused on 6G-related technology, such as that of low-orbit satellites.

(5) IPTV / OTT Media Services Technology

As a result of the rise in OTT and connected TV, the MOD/OTT service platform provides consumers with more user-friendly UX/UI and new functions. The platform uses big data analysis to accurately recommend films to users and integrate multi-screen devices for smart home video and audio applications, providing ubiquitous viewing experiences and comprehensive, synergistic services. At the same time, the MOD and Hami Video service platform will provide high-quality digital content and ultra-high-definition (4K) on-demand video, live streaming and interactive video services. Together with domestic film and software companies, the Company will develop innovative services and develop new business opportunities.

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

(6) AR / VR Technology

Fixed-line 100Mbps and above as well as 4G/5G mobile

services have become increasingly popular, while internet access services have been able to provide sufficient bandwidth to deliver more immersive streaming content for the home, enterprises and at other places. In terms of VR applications, the Hami VR audio-visual entertainment system allows fans to easily experience virtual idol performances with their own eyes. In the future, the Company expects to develop immersive content services such as online VR movies and VR games.

In terms of AR application services, the Company has partnered with content providers to launch "AI Smart Coach" services. In terms of enterprise applications, the Company has introduced remote AR collaboration in factories and maintenance fieldwork to improve efficiency. In the field of educational and cultural exhibitions, the Company promotes AR learning environments and smart guide services, while providing applications such as telemedicine, care and emergency ambulance services in the medical field through AR smart glasses. Furthermore, the Company actively cultivates AR and VR talent to help develop the metaverse.

(7) Cloud Computing Technology

In regard to the cloud business, Chunghwa has obtained AWS MSP, Azure Expert MSP, and international certification as a Google Cloud Premier Partner. In addition, the Company is the first Cloud Service Provider (CSP) in Taiwan to integrate the world's three core public clouds AWS, Azure, GCP and localized hcloud, while possessing and providing four core public clouds services. At this time, the Company has more than 3,500 enterprises and individual users. Chunghwa will continue to explore business opportunities in emerging markets by packaging products and solutions.

In 2021, the Company continued to promote hcloud services and strategically cooperate with three major public cloud companies to help government, schools, information and communication industries and small- and medium-sized enterprises quickly access the cloud. In 2022, the Company will focus on combining carrier-class high-speed networks, CMCX multi-cloud migration, Software Defined Data Center (SDDC), IDC computer room and information security compliance advantages, to provide integrated solutions, such as direct network connection and stable transmission, cross-cloud deployment and multi-cloud management, off-site backup and disaster recovery, DevOps agile development and rapid deployment and migration architecture optimization. The Company will actively assist enterprises with their digital transformations and build its own private cloud through SDDC services to satisfy data requirements.

(8) Internet of Things (IoT) Technology

The Company has been focused on IoT development for over 10 years. In addition to the independent development of its AIoT platform with key technologies such as cloud, information security, big data, AI, AR, and other key technologies, the Company has also introduced cross-sector industry & academic partnerships and applications. The Company is actively involved in developing the respective ecosystems for smart homes/buildings, smart energy, smart transportation, smart cities, smart healthcare, in order to create a new digital era.

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

(9) Artificial Intelligence (AI) Technology

AI services and products are more intelligent and user-friendly. In response to technological and industry changes, the Company has invested in the deployment of artificial intelligence, focusing on smart technology in customer service, maintenance, security, semantic AI cloud, voice navigation and other application areas. The Company has launched smart home, security controls, transportation, information security, customer service and wind control, as well as a customer service chatbot and semantic AI cloud service, combined with telecom mobile signals, cloud image big data and IoT technology to provide estimates for travel time, traffic flow analysis, smart cities and other innovative applications and services. This will increase revenues from emerging businesses.

(10) Big Data

The Company has integrated internal data on telecoms, external data on public opinion and public government information to build a complete data lake; meanwhile, the Company provided accurate construction information for mobile base stations through the analysis of big data in network construction. In this regard, the quality and speed of Chunghwa Telecom's services are ahead of those of other competitors. With the power of big data analysis, the Company can assist customers to deal with different customer groups, engage in precision marketing of new products, direct services for customers on the fence to improve

retention rates and increase the value of loyal customers to drive business growth. In addition, through big data analysis, the Company can establish omni-channel recommendation systems for retail, networking and customer service, personalizing auto recommendation services to improve channel sales performance. During the pandemic period, the Company used big data technology to help the government analyze and predict the direction of pandemic prevention through hotspot warnings and the integration of public opinion on the pandemic, notifying users who have been in contact with confirmed cases, to help prevent the spread of the epidemic and reduce the impact on Taiwanese society.

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

- (1) The Company's maintained its well-respected corporate image in the most recent year.
- (2) The Company maintains its dedication to providing foundational infrastructure and industry services, complying with government regulations, strengthening corporate governance, and has established in stakeholder minds a reputation of high quality, reliability, and trust, and in 2021 received multiple domestic and international awards and recognition in areas including trust, service, innovation, and sustainable development.

<https://www.cht.com.tw/en/home/cht/about-cht/award-and-recognition/award>

6.8 Expected Benefits and Risks from Mergers, Mitigating Measures

(1) Expected Benefits

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

(2) Potential Risks

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

(3) Mitigating Measures

A. Prevent lack of information or inaccurate information for investment evaluation

- Establish detailed evaluation SOP, with necessary reviews and revisions depending on the actual outcome.
- For investment due diligence and valuation, the Company may engage professional legal counsel, certified public accountant, and investment bankers in

order to enhance the overall evaluation process.

B. Minimize investment related material under-performance

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

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

None.

6.10 Concentration Risks from Supplying and Sourcing, Mitigating Measures

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

- (1) The Company procures terminal devices according to the contracts and actual orders that are placed in batches depending on pricing, sales status, and inventory level. Any unpaid balance is considered a cancellation with automatic contract termination, thus effectively controlling Customer Premise Equipment (CPE) inventory.
- (2) Inventory management: consistently track product sales and inventory turnover, with periodic reporting of sourcing/sales/inventory status.
- (3) Pricing adjustment: effective pricing controls are established based on sales management policy, current market demand, supply status, as well as the competitive situation.
- (4) Form business alliances to increase effective sales channels and promotions: collaborate with vendors in other industries in order to increase revenue streams.

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

None.

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

None.

6.13 Significant Lawsuits and Material Non-Litigious Matters

None.

6.14 Other Major Risks and Mitigating Measures

In 2021, Taiwan experienced the Typhoon Choi-Wan, Typhoon In-Fa, Typhoon Lupit, and Typhoon Chanthu. During these disasters, the Company formed emergency response teams to direct manpower and resources towards proactively enacting disaster emergency repair and support, and to ensure the speedy recovery of normal telecommunications services for customers.

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

(1) Potential Risks

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

(2) Mitigating Measures

A. "Disaster Emergency Response and Management Plan"

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

B. Fixed Communication

In order to prevent disaster losses from spreading, the Company has enacted measures such as strengthening multi-routing repeater transmission for remote regions, wireless routing backups, increasing power backup capacity, and international submarine cable system backups, in order to promote the level of overall disaster prevention and defense capabilities. In addition, annual

drills are conducted on network and equipment dispatch and repairs in order to increase familiarity with disaster preparedness and relief, and lower losses caused by disasters.

C. Mobile Communication

If a natural disaster causes mobile communication disruptions, the Company has prepared microwave and satellite systems (that can be carried by individuals or transported by helicopters) to provide transmissions or be used with heavy-duty off-road vehicles as base stations, and are able to, depending on the severity of the disasters, serve as mobile base stations to establish communications with the outside world within a short period of time. In addition, there are targeted measures for important one-way traffic arteries, such as the Suhua, Nanhui, and Alishan highways, such as strengthening base station construction in those areas, duplicate radio wave coverage, and periodic disaster prevention drills, in order to ensure mobile communication network operation and increase natural disaster defense resilience.

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

D. Data Communication

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

7. Others

None.



7 Special Disclosures

1. Affiliated Companies in 2021
2. Private Placement Securities in the most recent year and up to the Publication Date of this Annual Report
3. The Company's Shares Held or Disposed by Subsidiaries in the most recent year and up to the Publication Date of this Annual Report
4. Material Impact, pursuant to Article 36-3-2 of the Securities and Exchange Act, on Shareholders' Equity or Share Price in the most recent year and up to the Publication Date of this Annual Report
5. Other Supplementary Information



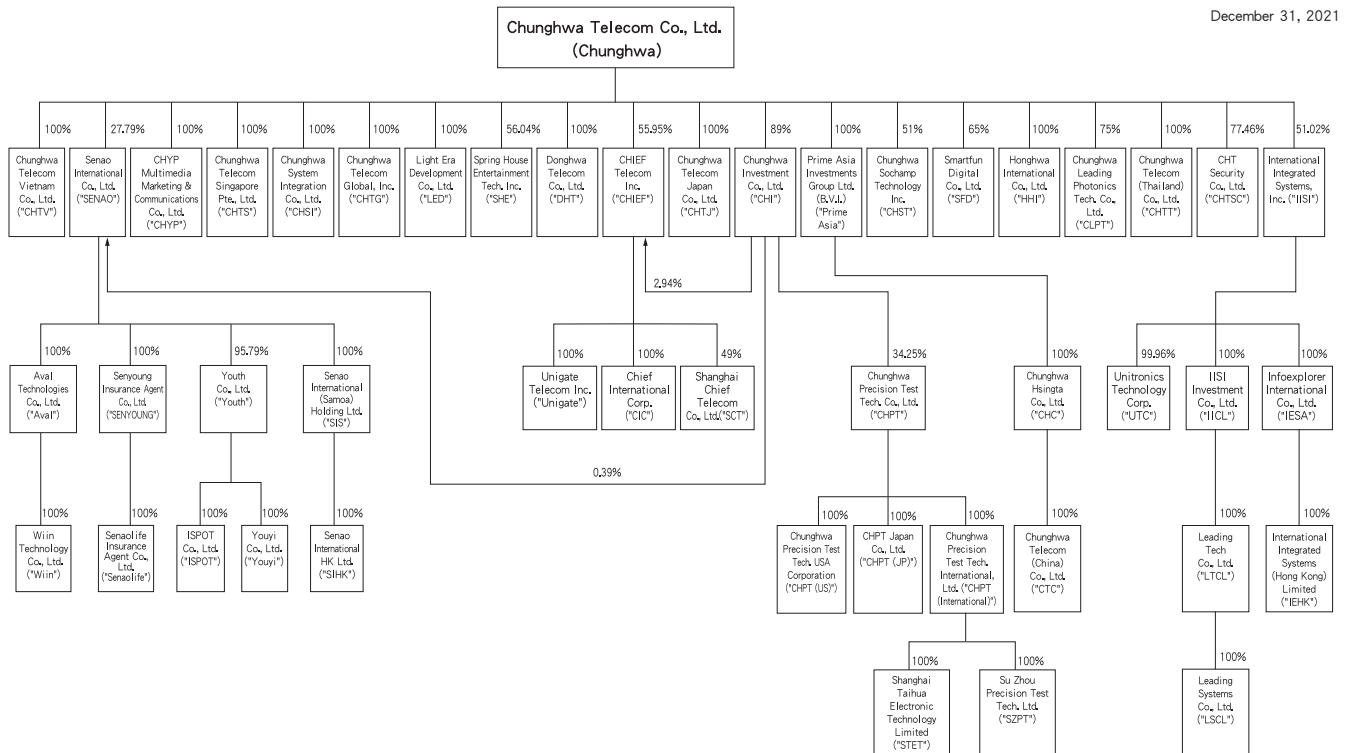
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and the Enabler of Digital Economy.

Special Disclosures

1. Affiliated Companies in 2021

1.1 Consolidated Operation Report of the Company and Affiliates

(1) Organization Structure



(2) Affiliates Profiles

As of December 31, 2021

Affiliate Name	Date of Incorporation	Address	Paid-in Capital	Primary Business Operation
Prime Asia Investments Group Ltd. (B.V.I.) ("Prime Asia")(Note 1)	2006.1.13	Tortola, British Virgin Islands	USD12,996,000	Investment
Chunghwa Hsingta Co., Ltd. ("CHC") (Note 1)	2010.12.8	Room 2702-03, CC WuBuilding, 302-8 Hennessy Road, Wanchai, Hong Kong	USD12,663,000	Investment
Chunghwa Telecom (China) Co., Ltd. ("CTC")(Note 1)	2011.3.28	Room 1009B, Longemont building, No. 1118, Yan'an West Road, Changning, Shanghai, China	RMB39,376,000	Integrated information and communication solution services for enterprise clients, and intelligent energy network service
CHYP Multimedia Marketing & Communications Co., Ltd. ("CHYP")	2007.1.18	9F., No. 89-1, Sec. 4, Xinyi Rd., Da'an Dist., Taipei 106, Taiwan (R.O.C.)	NT\$150,000,000	Digital information supply services and advertisement services
Dongghwa Telecom Co., Ltd. ("DHT")	2004.8.18	Unit A, 7/F., Tower A, Billion Centre, No. 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong	HKD 178,589,592	International private leased circuit, IP VPN service, and IP transit services
Chunghwa Telecom Global, Inc. ("CHTG")	2002.3.14	2107 N. 1st St. Ste. 580, San Jose, CA 95131, USA	USD6,000,000	International private leased circuit, internet services, and transit services

Affiliate Name	Date of Incorporation	Address	Paid-in Capital	Primary Business Operation
Chunghwa System Integration Co., Ltd. ("CHSI")	2002.5.15	No. 2-1, Aly. 8, Ln. 85, Sec.3, Muzha Rd., Wenshan Dist., Taipei City 116, Taiwan (R.O.C.)	NT\$600,000,000	Providing system integration services and telecommunications equipment
Light Era Development Co., Ltd. ("LED")	2008.2.12	1F., No. 89-1, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	NT\$3,000,000,000	Planning and development of real estate and intelligent buildings, and property management
Chunghwa Telecom Singapore Pte., Ltd. ("CHTS")	2008.7.9	331 North Bridge Road, #03-05 Odeon Towers, Singapore 188720	SGD26,383,000	International private leased circuit, IP VPN service, and IP transit services
Chunghwa Telecom Japan Co., Ltd. ("CHTJ")	2008.9.22	Level 5, Asagawa Building 2-1-17 Shiba Daimon, Minato-Ku, Tokyo 105-0012, Japan	JPY50,000,000	International private leased circuit, IP VPN service, and IP transit services
Chunghwa Telecom Vietnam Co., Ltd. ("CHTV")	2011.5.31	Room 703, 7th Floor, 3D VN, Duy Tan St., Dich Vong Hau Ward, Cau Giay Dist., Hanoi City, Vietnam	VND 104,137,000,000	Intelligent energy network saving solutions, international circuit, and ICT services
Honghwa International Co., Ltd. ("HHI")	2013.1.28	8F., No.88, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	NT\$180,000,000	Telecommunications engineering, sales agent of mobile phone plan, application and other business services
Chunghwa Telecom (Thailand) Co., Ltd. ("CHTT")	2017.3.3	33/4, The 9th Towers, Grand Rama 9, Tower B, 25th Fl., Unit No. TNBO 2503 Rama 9 Road Huaykwang District, Bangkok 10310, Thailand	THB 130,000,000	International private leased circuit, IP VPN service, ICT and cloud VAS services
Chunghwa Investment Co., Ltd. ("CHI")	2002.5.3	6F., No. 88, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	NT\$765,000,000	Investment
Chunghwa Precision Test Tech. Co., Ltd. ("CHPT")	2005.8.26	No. 15, Gongye 3rd Rd., Pingzhen Dist., Taoyuan City 324, Taiwan (R.O.C.)	NT\$327,890,220	Production and sale of semiconductor testing components and printed circuit board
Chunghwa Precision Test Tech. USA Corporation ("CHPT (US)")	2010.7.27	2047 Zanker Road, Suite 10, San Jose, 95131, USA	USD26,000	Design and after-sale services of semiconductor testing components and printed circuit board
CHPT Japan Co., Ltd. ("CHPT (JP)")	2013.1.15	Asakawa Building 5th Floor, 2-1-17 Shiba Daimon, Minato-Ku, Tokyo, Japan	JPY6,000,000	Related services of electronic parts, machinery processed products and printed circuit board
Chunghwa Precision Test Tech. International, Ltd. ("CHPT (International)")	2013.7.31	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD5,700,000	Wholesale and retail of electronic materials, and Investment
Shanghai Taihua Electronic Technology Ltd. ("STET")	2013.11.25	16th Building, Unit 802B No. 1000, JinHai Road., Pudong New District, Shanghai, China	USD1,600,000	Design of printed circuit board and related consultation service
Su Zhou Precision Test Tech. Ltd. ("SZPT")	2019.7.3	Building A12, No. 200, Xingpu Road, Shengpu Town, Yuanqu, Wuzhong District, Suzhou City, Jiangsu, China	USD4,000,000	Assembly, process and sale circuit board, design of printed circuit board and related consultation service
CHT Security Co., Ltd. ("CHTSC")	2017.12.14	8F., No. 88, Sec. 4, Xinyi Rd., Da'an Dist., Taipei 106, Taiwan (R.O.C.)	NT\$309,820,000	Computing equipment installation, wholesale of computing and business machinery equipment and software, management consulting services, data processing services, digital information supply services and internet identify services
Chunghwa Leading Photonics Tech. Co., Ltd. ("CLPT")	2016.7.28	No. 6, Ziqiang 7th Rd., Zhongyi Vil., Zhongli Dist., Taoyuan City 32063, Taiwan (R.O.C.)	NT\$94,000,000	Production and sale of electronic components and finished products
CHIEF Telecom Inc. ("CHIEF")	1991.1.19	No. 250, Yangguang St., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	NT\$704,701,310	IDC, Data, Voice and Cloud
Chief International Corp. ("CIC")	2008.5.27	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD200,000	Telecommunications and Internet service

Affiliate Name	Date of Incorporation	Address	Paid-in Capital	Primary Business Operation
Unigate Telecom Inc. ("Unigate")	1999.7.3	No. 250, Yangguang St., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	NT\$2,000,000	Telecommunications and Internet service
Shanghai Chief Telecom Co., Ltd. ("SCT")	2015.1.30	Room B09,6F., No. 55,Jilong Road, Free Trade Pilot Area, Shanghai, China	RMB2,000,000	Telecommunications and Internet service
Smartfun Digital Co., Ltd. ("SFD")	2011.8.31	8F., No. 88, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	NT\$100,000,000	Providing diversified family education digital services
Spring House Entertainment Tech. Inc. ("SHE")	2000.2.2	10F., No. 106, Zhouzi St., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	NT\$147,236,210	Software design services, internet contents production and play, and motion picture production and distribution
Chunghwa Sochamp Technology Inc. ("CHST")	2011.7.1	Room 3B-38, 3F., No. 5, Sec.5, Xinyi Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)	NT\$40,000,000	Design, development and production of Automatic License Plate Recognition software and hardware
Senao International Co., Ltd. ("SENAO")	1979.5.18	2F., No. 531, Zhongzheng Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	NT\$2,582,527,000	Handset and peripherals retailer; sales of CHT mobile phone plans as an agent
Senao International (Samoa) Holding Ltd. ("SIS")	2009.12.15	P.O. Box 217, Apia, Samoa	USD 31,875,000	International investment
Senao International HK Ltd. ("SIHK")	2009.12.28	Suite 2701-08, 27/F., Shui On Centre, Nos. 6-8 Harbour Road, Wanchai, Hong Kong	USD 32,340,000	International investment
Youth Co., Ltd. ("Youth")	1996.10.4	No.13, Sec. 1, Bade Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	NT\$154,000,000	Sale of information and communication technologies products
ISPOT Co., Ltd. ("ISPOT")	2012.9.5	No. 13, Sec. 1, Bade Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	NT\$10,727,000	Sale of information and communication technologies products
Youyi Co., Ltd. ("Youyi")	2012.6.12	2F., No. 13, Sec. 1, Bade Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	NT\$21,354,000	Maintenance of information and communication technologies products
Aval Technologies Co., Ltd. ("Aval")	2015.10.5	6F., No. 533, Zhongzheng Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	NT\$108,400,000	Sale of information and communication technologies products
Wiin Technologies Co.,Ltd. ("Wiin")	2019.9.12	6F., No. 533, Zhongzheng Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	NT\$33,050,000	Sale of information and communication technologies products
Senyoung Insurance Agent Co., Ltd. ("SENYOUNG")	2017.11.22	2F., No. 531, Zhongzheng Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	NT\$59,000,000	Property and liability insurance agency
Senaolife Insurance Agent Co., Ltd. ("Senaolife")	2019.11.29	2F., No. 531, Zhongzheng Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	NT\$29,500,000	Life insurance agency
International Integrated Systems, Inc. ("IISI")	2008.4.10	6F., No.7, Sec. 2, Xianmin Blvd., Banqiao Dist., New Taipei City 220, Taiwan(R.O.C.)	NT\$729,355,210	IT solution provider, IT application consultation, system integration and package solution
Infoexplorer International Co., Ltd. ("IESA") (Note2)	2010.1.25	Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa	USD795,000	Investment
IISI Investment Co., Ltd. ("IICL") (Note3)	2001.5.17	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	USD2,440,000	Investment
Unitronics Technology Corporation ("UTC")	1990.12.6	3F, No. 133, Sec. 4, Minsheng E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	NT\$50,670,440	Development and maintenance of information system

Affiliate Name	Date of Incorporation	Address	Paid-in Capital	Primary Business Operation
International Integrated Systems (Hong Kong) Limited ("IEHK") (Note3)	2010.2.10	Suites 2302-6, 23/F Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong	USD780,000	Investment and engaging in technical consulting service
Leading Tech Co., Ltd. ("LTCL") (Note3)	2001.6.5	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	USD3,160,000	Investment
Leading Systems Co., Ltd. ("LSCL") (Note3)	2001.7.18	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	USD3,000,000	Investment

Note 1: In August 2020, CTC, CHC and Prime Asia were given the approval to terminate and dissolve their businesses in sequence; the liquidation processes have been initiated.

Note 2: In February 2021, IISI's board of directors resolved that IESA should terminate and dissolve their businesses.

Note 3: In September 2020, IISI's board of directors resolved that IEHK, LSCL, LTCL, and IICL should terminate and dissolve their businesses in sequence; the respective liquidation processes have been initiated.

(3) Companies presumed to have a Relationship of Control and Subordination with Chunghwa Telecom

None.

(4) Industries covered by Affiliates' Business Operation

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

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

As of December 31, 2021

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

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

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

Affiliate Name	Title	Name or Representative	Shareholding #	Shareholding%
Chunghwa Precision Test Tech. USA Corporation ("CHPT (US)")	Chairman	Representative of Chunghwa Precision Test Tech. Co., Ltd.: Eric Chien	2,600,000	100%
	Director	Representative of Chunghwa Precision Test Tech. Co., Ltd.: Daphne Hsu	2,600,000	100%
	Director	Representative of Chunghwa Precision Test Tech. Co., Ltd.: Scott Huang	2,600,000	100%
	General Manager	Brian Chang	-	-
CHPT Japan Co., Ltd. ("CHPT (JP)")	Director	Representative of Chunghwa Precision Test Tech. Co., Ltd.: Haku Cheng	600	100%
	Director	Representative of Chunghwa Precision Test Tech. Co., Ltd.: Scott Huang	600	100%
Chunghwa Precision Test Tech. International, Ltd. ("CHPT (International)")	Director	Representative of Chunghwa Precision Test Tech. Co., Ltd.: Scott Huang	5,700,000	100%
Shanghai Taihua Electronic Technology Ltd. ("STET")	Director	Representative of Chunghwa Precision Test Tech. International, Ltd.: Scott Huang	-	100%
	Supervisor	Representative of Chunghwa Precision Test Tech. International, Ltd.: Daphne Hsu	-	100%
Su Zhou Precision Test Tech. Ltd. ("SZPT")	Chairman / General Manager	Representative of Chunghwa Precision Test Tech. International, Ltd.: Scott Huang	-	100%
	Director	Representative of Chunghwa Precision Test Tech. International, Ltd.: Eric Chien	-	100%
	Director	Representative of Chunghwa Precision Test Tech. International, Ltd.: Strong Hsueh	-	100%
	Supervisor	Representative of Chunghwa Precision Test Tech. International, Ltd.: Daphne Hsu	-	100%
CHT Security Co., Ltd. ("CHTSC")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Ming-Shih Chen	24,000,000	77%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Hong-Chan Ma	24,000,000	77%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Chau-Young Lin	24,000,000	77%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Li-Show Wu	24,000,000	77%
	Director / General Manager	Representative of Chunghwa Telecom Co., Ltd.: Chin-Fu Hung	24,000,000	77%
	Supervisor	Shu-Ling Chen	-	-
Chunghwa Leading Photonics Tech. Co., Ltd. ("CLPT")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Yuan-Kuang Tu	7,050,000	75%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Jung-Kuei Chen	7,050,000	75%
	Director / General Manager	Chia-Chien Lin	870,000	9%
	Supervisor	Wei-Ting Chen	-	-

Affiliate Name	Title	Name or Representative	Shareholding #	Shareholding%
CHIEF Telecom Inc. ("CHIEF")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Yen-Hung Wu	39,425,803	56%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Hong-Chan Ma	39,425,803	56%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Ming Jhong	39,425,803	56%
	Director	Representative of InveStar Co., Ltd.: Chung-Hou Tai	109,000	0%
	Independent Director	Ling-Tai Chou	-	-
	Independent Director	Dao-Hong Lyu	-	-
	Independent Director	Ai-Chun Pang	-	-
	General Manager	Yao-Yuan Liu	252,000	0%
Chief International Corp. ("CIC")	Chairman	Representative of CHIEF Telecom Inc.: Yao-Yuan Liu	200,000	100%
	Director	Representative of CHIEF Telecom Inc.: Wei-Dong Pan	200,000	100%
Unigate Telecom Inc. ("Unigate")	Chairman	Representative of CHIEF Telecom Inc.: Yen-Hung Wu	200,000	100%
	Director	Representative of CHIEF Telecom Inc.: Yao-Yuan Liu	200,000	100%
	Director	Representative of CHIEF Telecom Inc.: Wei-Dong Pan	200,000	100%
	Supervisor	Representative of CHIEF Telecom Inc.: Lin-Tung Chang	200,000	100%
Shanghai Chief Telecom Co., Ltd. ("SCT")	Chairman	Representative of CHIEF Telecom Inc.: Wen-Han Chiang	-	49%
	Director	Representative of CHIEF Telecom Inc.: Yao-Yuan Liu	-	49%
	Director / General Manager	Representative of Shenzhen Century Communication Co., Ltd.: Yuan-Wen Han	-	51%
	Supervisor	Representative of CHIEF Telecom Inc.: Wei-Dong Pan	-	49%
Smartfun Digital Co., Ltd. ("SFD")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Wen-Chih Lin	6,500,000	65%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Ying-Hsueh Wang	6,500,000	65%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Shih-Yuan Lin	6,500,000	65%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Quen-Zong Wu	6,500,000	65%
	Director	Representative of United Daily News: Ming-Jey Ho	2,500,000	25%
	Supervisor	Miaw-Ling Chen	-	-
	Supervisor	Representative of UDN Digital Co., Ltd.: Yu-Chih Lin	1,000,000	10%
	General Manager	Shu-Chuan Shan	-	-

Affiliate Name	Title	Name or Representative	Shareholding #	Shareholding%
Spring House Entertainment Tech. Inc. ("SHE")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Chih-Jen Hsu	8,250,731	56%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Wen-Chiyh Lin	8,250,731	56%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Ting-Ming Lin	8,250,731	56%
	Director / General Manager	Representative of Chunghwa Telecom Co., Ltd.: Hsueh-Hai Hu	8,250,731	56%
	Director	Representative of Ku Shen Investment Inc.: Yao-Tung Kao	1,526,086	10%
	Director	Representative of Ku Shen Investment Inc.: Meng-Wei Ku	1,526,086	10%
	Director	Jung-Kuei Chang	513,252	3%
	Supervisor	Wen-Chuan Chang	473,357	3%
	Supervisor	Wei-Ting Chen	-	-
Chunghwa Sochamp Technology Inc. ("CHST")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Hong-Chan Ma	2,040,000	51%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Ting-Ming Lin	2,040,000	51%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Jung-Kuei Chen	2,040,000	51%
	Director	Representative of Sochamp Technology Inc.: Shan-I Chen	1,960,000	49%
	Director / General Manager	Representative of Sochamp Technology Inc.: Shang-Chih Chen	1,960,000	49%
	Supervisor	Chih-Cheng Huang	-	-
	Supervisor	Ta-Chieh Lin	-	-
Senao International Co., Ltd. ("SENAO")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Jin-Lin Lai	71,773,155	28%
	Vice chairman and General Manager	Representative of Cheng Kang Investment Co., Ltd.: Pao-Yung Lin	14,820,975	6%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Chih-Cheng Chien	71,773,155	28%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Yi-Fong Chang	71,773,155	28%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Wen-Chiyh Lin	71,773,155	28%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Chien-Chieh Chen	71,773,155	28%
	Director	Representative of Cheng Kang Investment Co., Ltd.: Cheng-Kang Lin	14,820,975	6%
	Director	Representative of Cheng Kang Investment Co., Ltd.: Cheng-Feng Lin	14,820,975	6%
	Independent Director	Kung-Liang Yeh	-	-
	Independent Director	Yunag-Lin Su	12,209	0%
	Independent Director	Wen-Tsan Wu	-	-

Affiliate Name	Title	Name or Representative	Shareholding #	Shareholding%
Senao International (Samoa) Holding Ltd. ("SIS")	Director	Representative of Senao International Co., Ltd.: Pao-Yung Lin	-	100%
Senao International HK Ltd. ("SIHK")	Director	Representative of Senao International (Samoa) Holding Ltd.: Pao-Yung Lin	-	100%
Youth Co., Ltd. ("Youth")	Chairman / General Manager	Representative of Senao International Co., Ltd.: Yu-Chiang Wu	14,752,000	96%
	Director	Representative of Senao International Co., Ltd.: Chi-Hung Liao	14,752,000	96%
	Director	Representative of Senao International Co., Ltd.: Kuan-Heng Lai	14,752,000	96%
	Supervisor	Tsai-Hung Yu	-	-
ISPOT Co., Ltd. ("ISPOT")	Director	Representative of Youth Co., Ltd.: Yu-Chiang Wu	-	100%
Youyi Co., Ltd. ("Youyi")	Director	Representative of Youth Co., Ltd.: Yu-Chiang Wu	-	100%
Aval Technologies Co., Ltd. ("Aval")	Chairman	Representative of Senao International Co., Ltd.: Wen-He Tsai	10,840,000	100%
	General Manager	Yu-Chiang Wu	-	-
Wiin Technologies Co., Ltd. ("Wiin")	Chairman	Representative of Aval Technologies Co., Ltd. : Wen-He Tsai	3,305,000	100%
	General Manager	Yu-Chiang Wu	-	-
Senyoung Insurance Agent Co., Ltd. ("SENYOUNG")	Chairman/ General Manager	Representative of Senao International Co., Ltd.: Yan-Yan Jheng	5,900,000	100%
	Director	Representative of Senao International Co., Ltd.: Yan-Zhu Xu	5,900,000	100%
	Director	Representative of Senao International Co., Ltd.: Chi-Hung Liao	5,900,000	100%
	Supervisor	Representative of Senao International Co., Ltd.: Kuan-Heng Lai	5,900,000	100%
Seyoung Insurance Agent Co., Ltd. ("Seyoung")	Chairman/ General Manager	Representative of Senyoung Insurance Agent Co., Ltd. : Ho-I Wang	2,950,000	100%
	Director	Representative of Senyoung Insurance Agent Co., Ltd. : Yan-Yan Jheng	2,950,000	100%
	Director	Representative of Senyoung Insurance Agent Co., Ltd. : Kuan-Heng Lai	2,950,000	100%

Affiliate Name	Title	Name or Representative	Shareholding #	Shareholding%
International Integrated Systems, Inc. ("IISI")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Chau-Young Lin	37,210,575	51%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Li-Show Wu	37,210,575	51%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Ting-Ming Lin	37,210,575	51%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Yuan-Kai Chen	37,210,575	51%
	Director	Representatives of Advantech Corporate Investment : Tsu-Che Huang	14,299,205	20%
	Independent Director	Ming-luan Lee	-	-
	Independent Director	Chih-Chung Tsai	-	-
	Independent Director	George Wei Wang	20,000	0.03%
Infoexplorer International Co., Ltd. ("IESA") (Note2)	Director	Representative of International Integrated Systems, Inc.: Yu-Kuang Wu	795,000	100%
IISI Investment Co., Ltd. ("IICL") (Note3)	Director	Representative of International Integrated Systems, Inc.: Wei-Cheng Hsiao	244,000	100%
Unitronics Technology Corporation ("UTC")	Chairman	Representative of International Integrated Systems, Inc.: Sheng-Hsiung Kuo	5,065,015	99.96%
	Director / General Manager	Representative of International Integrated Systems, Inc.: Pei-Yu Pai	5,065,015	99.96%
	Director	Representative of International Integrated Systems, Inc.: Wei-Cheng Hsiao	5,065,015	99.96%
	Director	Representative of International Integrated Systems, Inc.: Wen-Pin Chang	5,065,015	99.96%
	Director	Representative of International Integrated Systems, Inc.: Chih-Ho Wang	5,065,015	99.96%
	Supervisor	Miaw-Ling Chen	-	-
International Integrated Systems (Hong Kong) Limited ("IEHK") (Note3)	Director	Representative of Infoexplorer International Co., Ltd.: Yu-Kuang Wu	780,000	100%
Leading Tech Co., Ltd. ("LTCL") (Note3)	Director	Representative of IISI Investment Co., Ltd.: Wei-Cheng Hsiao	316,000	100%
Leading Systems Co., Ltd. ("LSCL") (Note3)	Director	Representative of Leading Tech Co., Ltd.: Wei-Cheng Hsiao	300,000	100%

Note 1: In August 2020, CHC and Prime Asia were given the approval to terminate and dissolve their businesses in sequence.

Note 2: In February 2021, IISI's board of directors resolved that IESA should terminate and dissolve their businesses.

Note 3: In September 2020, IISI's board of directors resolved that IEHK, LSCL, LTCL, and IICL should terminate and dissolve their businesses in sequence; the respective liquidation processes have been initiated.

(6) Affiliates' Operating Highlights

As of December 31, 2021
Unit: NT\$'000

Affiliate Names	Paid-in Capital	Total Asset	Total Liability	Total Equity	Total Revenues	Operating Income	Net Income	Earnings per Share, NT\$
Prime Asia Investments Group Ltd. (B.V.I.) ("Prime Asia") (Note1)	385,274	153,582	0	153,582	0	0	(5,412)	N.A.
Chunghwa Hsingta Co., Ltd. ("CHC") (Note1)	375,274	153,582	0	153,582	0	0	(5,412)	N.A.
Chunghwa Telecom (China) Co., Ltd. ("CTC") (Note1)	177,176	31,421	2,109	29,312	12,310	(2,766)	(2,667)	0
CHYP Multimedia Marketing & Communications Co., Ltd. ("CHYP")	150,000	505,038	304,264	200,774	414,646	20,069	22,313	1
Donghua Telecom Co., Ltd. ("DHT")	698,800	2,389,572	1,776,036	613,536	1,117,366	(28,158)	(27,982)	0
Chunghwa Telecom Global, Inc. ("CHTG")	194,994	736,742	278,086	458,656	579,075	95,928	73,251	12
Chunghwa System Integration Co., Ltd. ("CHSI")	600,000	1,593,310	918,955	674,355	1,712,902	34,574	28,638	0
Light Era Development Co., Ltd. ("LED")	3,000,000	5,871,848	1,984,177	3,887,671	276,949	48,962	33,891	0
Chunghwa Telecom Singapore Pte., Ltd. ("CHTS")	574,111	1,884,994	827,162	1,057,832	1,589,470	10,398	188,941	7
Chunghwa Telecom Japan Co., Ltd. ("CHTJ")	17,291	141,539	42,687	98,852	188,296	27,434	21,693	21,693
Chunghwa Telecom Vietnam Co., Ltd. ("CHTV")	148,275	262,522	165,508	97,014	38,681	(1,557)	(1,201)	N.A.
Honghua International Co., Ltd. ("HHI")	180,000	2,658,328	1,981,546	676,782	6,295,654	453,287	358,766	20
Chunghwa Telecom (Thailand) Co., Ltd. ("CHTT")	119,624	112,227	12,374	99,853	120,460	1,157	3,835	3
Chunghwa Investment Co., Ltd. ("CHI")	765,000	3,699,593	16,704	3,682,889	331,445	305,524	296,371	4
Chunghwa Precision Test Tech. Co., Ltd. ("CHPT")	327,890	8,664,404	1,119,192	7,545,212	4,183,949	1,065,204	891,760	27
Chunghwa Precision Test Tech. USA Corporation ("CHPT (US)")	742	113,402	28,179	85,223	50,521	1,342	1,164	0
CHPT Japan Co., Ltd. ("CHPT (JP)")	2,008	3,850	1,587	2,263	3,300	202	118	196

Affiliate Names	Paid-in Capital	Total Asset	Total Liability	Total Equity	Total Revenues	Operating Income	Net Income	Earnings per Share, NT\$
Chunghwa Precision Test Tech. International, Ltd. ("CHPT (International)")	173,649	161,836	0	161,836	0	(84)	8,165	1
Shanghai Taihua Electronic Technology Ltd. ("STET")	51,233	14,623	5,695	8,928	22,175	(7,410)	(7,486)	N.A.
Su Zhou Precision Test Tech. Ltd. ("SZPT")	119,199	247,126	97,275	149,851	229,812	20,149	15,716	N.A.
CHT Security Co., Ltd. ("CHTSC")	309,820	891,603	367,697	523,906	1,139,211	208,139	167,194	5
Chunghwa Leading Photonics Tech. Co., Ltd. ("CLPT")	94,000	197,792	34,384	163,408	93,535	3,097	3,046	0
CHIEF Telecom Inc. ("CHIEF")	704,701	5,470,367	2,392,043	3,078,324	2,736,517	862,452	686,567	10
Chief International Corp. ("CIC")	6,068	91,397	7,615	83,782	17,982	6,975	7,380	37
Unigate Telecom Inc. ("Unigate")	2,000	2,720	1,641	1,079	229	105	99	0
Shanghai Chief Telecom Co., Ltd. ("SCT")	10,150	29,271	1,048	28,223	46,547	1,206	755	N.A.
Smartfun Digital Co., Ltd. ("SFD")	100,000	151,573	28,230	123,343	105,006	21,728	17,949	2
Spring House Entertainment Tech. Inc. ("SHE")	147,236	309,826	81,635	228,191	289,551	58,031	47,311	3
Chunghwa Sochamp Technology Inc. ("CHST")	40,000	154,219	147,978	6,241	108,827	(5,539)	(3,615)	(1)
Senao International Co., Ltd. ("SENAO")	2,582,527	10,761,511	4,631,280	6,130,231	28,912,848	466,857	596,948	2
Senao International (Samoa) Holding Ltd. ("SIS")	1,028,018	32,968	0	32,968	0	(95)	(3,829)	N.A.
Senao International HK Ltd. ("SIHK")	1,043,115	30,845	0	30,845	0	(1,322)	(3,834)	N.A.
Youth Co., Ltd. ("Youth")	154,000	175,123	29,176	145,947	192,771	(1,488)	1,860	0
ISPOT Co., Ltd. ("ISPOT")	10,727	39,805	30,962	8,843	114,409	1,533	1,533	N.A.

Affiliate Names	Paid-in Capital	Total Asset	Total Liability	Total Equity	Total Revenues	Operating Income	Net Income	Earnings per Share, NT\$
Youyi Co., Ltd. ("Youyi")	21,354	17,603	10,564	7,039	10,864	(695)	(331)	N.A.
Aval Technologies Co., Ltd. ("Aval")	108,400	303,383	183,771	119,612	1,694,774	3,927	9,112	1
Wiinl Technologies Co., Ltd. ("Wiin")	33,050	97,948	58,508	39,440	746,972	7,510	5,964	2
Senyoung Insurance Agent Co., Ltd. ("SENYOUNG")	59,000	234,743	134,920	99,823	409,028	47,921	36,097	6
Senaolife Insurance Agent Co., Ltd. ("Senaolife")	29,500	24,536	1,047	23,489	2,165	(3,419)	(2,697)	(1)
International Integrated Systems, Inc. ("IISI")	729,355	2,480,483	1,369,963	1,110,520	3,215,779	162,456	152,890	2
Infoexplorer International Co., Ltd. ("IESA") (Note2)	25,384	26,084	0	26,084	0	(1)	(177)	(0)
IISI Investment Co., Ltd. ("IICL") (Note3)	76,714	24,724	0	24,724	0	(1,068)	(975)	(0)
Unitronics Technology Corporation ("UTC")	50,670	123,332	46,511	76,821	140,373	12,707	9,991	2
International Integrated Systems (Hong Kong) Limited ("IEHK") (Note3)	24,905	26,880	0	26,880	0	(185)	(176)	(0)
Leading Tech Co., Ltd. ("LTCL") (Note3)	99,350	16,259	0	16,259	0	0	90	0
Leading Systems Co., Ltd. ("LSCL") (Note3)	94,320	15,666	4,176	11,490	0	(1)	90	0
International Integrated Systems (SH) Ltd. ("IISS") (Note3)	48,753	0	0	0	3,598	(1,514)	(2,747)	N.A.

Note 1: In August 2020, CTC, CHC and Prime Asia were given the approval to terminate and dissolve their businesses in sequence; the liquidation processes have been initiated.

Note 2: In February 2021, IISI's board of directors resolved that IESA should terminate and dissolve their businesses.

Note 3: In September 2020, IISI's board of directors resolved that IEHK, LSCL, LTCL, and IICL should terminate and dissolve their businesses in sequence; the respective liquidation processes have been initiated. Among these companies, IISS completed its liquidation in August 2021.

Note 4: Exchange rates for the Consolidated Balance Sheet are as follows:

RMB1 = NT\$4.344, HKD1 = NT\$3.549, USD1 = NT\$27.68, JPY1 = NT\$0.2405, VND1 = NT\$0.0012, SGD1 = NT\$20.46, THB1 = NT\$0.8347

Exchange rates for the Consolidated Income Statement are as follows:

RMB1 = NT\$4.341, HKD1 = NT\$3.603, USD1 = NT\$28.009, JPY1 = NT\$0.2554, VND1 = NT\$0.00116, SGD1 = NT\$20.85, THB1 = NT\$0.8823

1.2 Consolidated Financial Report of the Company and Affiliates

For more details, please refer to page 161, Chapter VIII, Section 7, "Consolidated Financial Statements and Independent Auditors' Report".

2. Private Placement Securities in the most recent year and up to the Publication Date of this Annual Report

None.

3. The Company's Shares Held or Disposed by Subsidiaries in the most recent year and up to the Publication Date of this Annual Report

None.

4. Material Impact, pursuant to Article 36-3-2 of the Securities and Exchange Act, on Shareholders' Equity or Share Price in the most recent year and up to the Publication Date of this Annual Report

None.

5. Other Supplementary Information

None.



8 Financial Information

1. Five-Year Financial Summary
2. Occurrence of Financial Distress on the Company and Affiliates for the most recent year and up to the Publication Date of this Annual Report
3. Asset Impairment assessment and Provision
4. Financial Instruments Assessment
5. The Differences between 2021 Financial Statements under Taiwan-IFRSs and IFRSs
6. 2021 Audit Committee's Review Report
7. Consolidated Financial Statements and Independent Auditors' Report
8. Parent-only Financial Statements and Independent Auditors' Report



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Financial Information

1. Five-Year Financial Summary

1.1 Condensed Balance Sheet and Statement of Comprehensive Income

(1) Condensed Balance Sheet

A. Consolidated Condensed Balance Sheet

Unit: NT\$'000

Item \ Year		Financial Summary for Most Recent 5 Years				
		2021	2020	2019	2018	2017
Current Assets		91,021,059	81,803,059	94,072,062	91,688,336	79,334,002
Property, Plant and Equipment		289,100,461	281,415,943	283,694,215	288,914,228	288,707,910
Intangible Assets		83,945,083	90,284,560	47,046,525	50,943,682	54,883,268
Other Assets		49,003,757	52,874,430	52,645,436	35,722,458	28,197,942
Total Assets		513,070,360	506,377,992	477,458,238	467,268,704	451,123,122
Current Liabilities	Before Distribution	64,292,298	71,435,111	64,351,545	61,387,021	59,990,359
	After Distribution	-	104,838,676	97,134,514	96,132,624	97,195,073
Noncurrent Liabilities		57,515,612	45,684,424	26,712,928	19,309,363	17,553,183
Total Liabilities	Before Distribution	121,807,910	117,119,535	91,064,473	80,696,384	77,543,542
	After Distribution	-	150,523,100	123,847,442	115,441,987	114,748,256
Equity Attributable to Stockholders of the Parent		379,334,846	377,931,016	376,110,243	376,562,372	364,881,985
Common Stocks		77,574,465	77,574,465	77,574,465	77,574,465	77,574,465
Additional Paid-in Capital		171,279,625	171,261,379	171,255,985	171,136,764	169,466,883
Retained Earnings	Before Distribution	130,888,906	128,168,050	126,591,245	127,391,229	117,457,971
	After Distribution	-	94,764,485	93,808,276	92,645,626	80,253,257
Other Equity		(408,150)	927,122	688,548	459,914	382,666
Noncontrolling Interests		11,927,604	11,327,441	10,283,522	10,009,948	8,697,595
Total Equity	Before Distribution	391,262,450	389,258,457	386,393,765	386,572,320	373,579,580
	After Distribution	-	355,854,892	353,610,796	351,826,717	336,374,866

B. Parent-only Condensed Balance Sheet

Unit: NT\$'000

Year Item		Financial Summary for Most Recent 5 Years				
		2021	2020	2019	2018	2017
Current Assets		63,880,337	54,926,878	69,965,003	67,338,984	60,762,443
Property, Plant and Equipment		279,910,890	272,623,164	274,744,872	281,056,057	281,413,852
Intangible Assets		83,435,418	89,723,406	46,519,457	50,404,295	54,283,253
Other Assets		63,318,046	67,065,574	66,085,949	50,017,325	37,470,635
Total Assets		490,544,691	484,339,022	457,315,281	448,816,661	433,930,183
Current Liabilities	Before Distribution	57,596,030	63,358,005	59,382,190	57,334,954	55,929,805
	After Distribution	-	96,761,570	92,165,159	92,080,557	93,134,519
Noncurrent Liabilities		53,613,815	43,050,001	21,822,848	14,919,335	13,118,393
Total Liabilities	Before Distribution	111,209,845	106,408,006	81,205,038	72,254,289	69,048,198
	After Distribution	-	139,811,571	113,988,007	106,999,892	106,252,912
Common Stocks		77,574,465	77,574,465	77,574,465	77,574,465	77,574,465
Additional Paid-in Capital		171,279,625	171,261,379	171,255,985	171,136,764	169,466,883
Retained Earnings	Before Distribution	130,888,906	128,168,050	126,591,245	127,391,229	117,457,971
	After Distribution	-	94,764,485	93,808,276	92,645,626	80,253,257
Other Equity		(408,150)	927,122	688,548	459,914	382,666
Total Equity	Before Distribution	379,334,846	377,931,016	376,110,243	376,562,372	364,881,985
	After Distribution	-	344,527,451	343,327,274	341,816,769	327,677,271

(2) Condensed Statement of Comprehensive Income

A. Consolidated Condensed Statement of Comprehensive Income

Unit: NT\$'000

Year Item		Financial Summary for Most Recent 5 Years				
		2021	2020	2019	2018	2017
Revenues		210,477,948	207,608,998	207,520,061	215,483,158	227,514,183
Gross Profit		75,367,197	70,580,146	71,567,521	75,937,701	80,676,700
Income from Operations		44,929,821	42,361,726	40,645,854	43,643,659	46,702,977
Non-operating Income and Expenses		1,136,803	469,245	1,103,938	1,335,045	1,294,085
Income Before Income Tax		46,066,624	42,830,971	41,749,792	44,978,704	47,997,062
Net Income (Loss)		37,194,879	34,705,543	33,763,943	36,456,171	40,042,601
Other Comprehensive Income (Loss), Net of Income Tax		(965,831)	1,174,916	1,442,506	(1,014,453)	(1,305,526)

Item \ Year	Financial Summary for Most Recent 5 Years				
	2021	2020	2019	2018	2017
Total Comprehensive Income	36,229,048	35,880,459	35,206,449	35,441,718	38,737,075
Net Income Attributable to Stockholders of the Parent	35,753,579	33,406,130	32,788,546	35,501,622	38,873,905
Net Income Attributable to Noncontrolling Interests	1,441,300	1,299,413	975,397	954,549	1,168,696
Comprehensive Income Attributable to Stockholders of the Parent	34,789,149	34,598,348	34,225,076	34,496,742	37,590,365
Comprehensive Income Attributable to Noncontrolling Interests	1,439,899	1,282,111	981,373	944,976	1,146,710
Earnings per Share	4.61	4.31	4.23	4.58	5.01

B. Parent-only Condensed Statement of Comprehensive Income

Unit: NT\$'000

Item \ Year	Financial Summary for Most Recent 5 Years				
	2021	2020	2019	2018	2017
Revenues	178,843,350	178,622,827	179,321,838	185,331,699	196,985,774
Gross Profit	64,914,561	61,416,583	63,265,562	66,501,764	75,473,632
Income from Operations	41,683,186	39,539,657	38,345,865	40,365,914	44,145,737
Non-operating Income and Expenses	2,204,270	1,343,772	1,916,727	3,151,064	2,158,739
Income before Income Tax	43,887,456	40,883,429	40,262,592	43,516,978	46,304,476
Net Income (Loss)	35,753,579	33,406,130	32,788,546	35,501,622	38,873,905
Other Comprehensive Income (Loss), Net of Income Tax	(964,430)	1,192,218	1,436,530	(1,004,880)	(1,283,540)
Total Comprehensive Income	34,789,149	34,598,348	34,225,076	34,496,742	37,590,365
Earnings per Share	4.61	4.31	4.23	4.58	5.01

1.2 Independent Auditor's Names and Opinions for Recent Five Years

Year	Name of CPA	Audit Opinion
2017	Deloitte & Touche Ching-Pin Shih and Hung-Peng Lin	Unmodified Opinion
2018	Deloitte & Touche Ching-Pin Shih and Hung-Peng Lin	Unmodified Opinion
2019	Deloitte & Touche Dien-Sheng Chang and Ching-Pin Shih	Unmodified Opinion
2020	Deloitte & Touche Dien-Sheng Chang and Cheng-Hung Kuo	Unmodified Opinion
2021	Deloitte & Touche Dien-Sheng Chang and Cheng-Hung Kuo	Unmodified Opinion

1.3 Five Years Financial Analysis & Discussion

(1) Consolidated Financial Analysis for Recent 5 Years

Item		Year	Financial Summary for Most Recent 5 Years				
			2021	2020	2019	2018	2017
Financial Structure	Debt to Asset Ratio (%)		23.47	23.13	19.07	17.27	17.19
	Ratio of Long-term Capital to Property, Plants and Equipment (%)		155.23	154.56	145.62	140.49	135.48
Liquidity Analysis	Current Ratio (%)		141.57	114.51	146.18	149.36	132.24
	Quick Ratio (%)		120.33	93.91	116.31	121.68	113.86
	Interest Earned Ratio		212.15	208.85	401.89	2,557.19	2,191.35
Operating Performance	Accounts Receivable Turnover (Times)		8.32	7.72	6.75	6.45	6.80
	Average Collection Days		43.87	47.27	54.07	56.58	53.67
	Inventory Turnover (Times)		4.31	3.62	3.03	4.06	6.93
	Accounts Payable Turnover (Times)		N/A	N/A	N/A	N/A	N/A
	Average Days in Sales		84.68	100.82	120.46	89.90	52.66
	Property, Plants and Equipment Turnover (Times)		0.74	0.73	0.72	0.75	0.78
	Total Assets Turnover (Times)		0.41	0.42	0.44	0.47	0.51
Profitability	Return on Assets (%)		7.33	7.09	7.17	7.94	8.92
	Return on Equity (%)		9.53	8.95	8.74	9.59	10.75
	Pre-tax Income to Paid-in Capital (%)		59.38	55.21	53.82	57.98	61.87
	Net Income Ratio (%)		17.67	16.72	16.27	16.92	17.60
	Earnings per Share (NT\$)		4.61	4.31	4.23	4.58	5.01
Cash Flow	Cash Flow Ratio (%)		116.43	104.23	112.55	108.11	118.24
	Cash Flow Adequacy Ratio (%)		110.18	108.03	105.88	109.03	111.59
	Cash Reinvestment Ratio (%)		3.70	3.78	3.52	2.71	3.28
Leverage	Operating Leverage		2.82	2.87	2.99	2.82	2.65
	Financial Leverage		1.00	1.00	1.00	1.00	1.00

Notes:

1. The formulas for the above table:

A. Financial Structure

Debts to Assets Ratio = Total Liabilities / Total Assets

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

B. Liquidity Analysis

Current Ratio = Current Assets / Current Liabilities

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

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

C. Operating Performance

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

Average Collection Days = 365 / Accounts Receivable Turnover

Inventory Turnover = Costs of Good Sold / Average Inventory

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

Average Days in Sales = 365 / Inventory Turnover

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

Total Assets Turnover = Net Sales / Average of Total Assets

D. Profitability

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

Return on Equity = Net Income / Average Equity

Net Income Ratio = Net Income / Net Sales

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

E. Cash Flow

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

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

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

F. Leverage

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

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

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

- (1) Current ratio increased by 23.63% and quick ratio increased by 28.13%, primarily due to increase of cash and cash equivalents and repayment of short-term bills resulting in a decrease of current liabilities in 2021.

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

Item		Year	Financial Summary for Most Recent 5 Years				
			2021	2020	2019	2018	2017
Financial Structure	Debt to Asset Ratio (%)		22.67	21.97	17.76	16.10	15.91
	Ratio of Long-term Capital to Property, Plants and Equipment (%)		154.67	154.42	144.84	139.29	134.32
Liquidity Analysis	Current Ratio (%)		110.91	86.69	117.82	117.45	108.64
	Quick Ratio (%)		98.89	72.90	94.37	96.67	98.62
	Interest Earned Ratio		231.87	239.17	651.73	162,985.94	9,260,896.20
Operating Performance	Accounts Receivable Turnover (Times)		7.6	7.21	6.21	5.80	6.14
	Average Collection Days		48.02	50.62	58.77	62.93	59.44
	Inventory Turnover (Times)		4.48	3.27	2.22	3.11	8.26
	Accounts Payable Turnover (Times)		N/A	N/A	N/A	N/A	N/A
	Average Days in Sales		81.47	111.62	164.41	117.36	44.21
	Property, Plant and Equipment Turnover (Times)		0.65	0.65	0.65	0.66	0.70
	Total Assets Turnover (Times)		0.37	0.38	0.40	0.42	0.45
Profitability	Return on Assets (%)		7.37	7.13	7.25	8.04	8.98
	Return on Equity (%)		9.44	8.86	8.71	9.58	10.66
	Pre-tax Income to Paid-in Capital (%)		56.57	52.70	51.90	56.10	59.69
	Net Income Ratio (%)		19.99	18.70	18.28	19.16	19.73
	Earnings per Share (NT\$)		4.61	4.31	4.23	4.58	5.01
Cash Flow	Cash Flow Ratio (%)		123.29	110.74	118.12	110.87	121.10
	Cash Flow Adequacy Ratio (%)		106.98	105.15	102.93	105.93	109.49
	Cash Reinvestment Ratio (%)		3.43	3.45	3.37	2.49	3.01
Leverage	Operating Leverage		2.80	2.85	2.98	2.92	2.54
	Financial Leverage		1.00	1.00	1.00	1.00	1.00

Notes:

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

- (1) Current ratio increased by 27.94% and quick ratio increased by 35.65%, primarily due to increase of cash and cash equivalents and repayment of short-term bills resulting in a decrease of current liabilities in 2021.

- (2) Inventory turnover increased by 37.00% and average days in sales decreased by 27.01%, primarily due to the decrease of inventories for the completion of large-scale project.

2. Occurrence of Financial Distress on the Company and Affiliates for the most recent year and up to the Publication Date of this Annual Report

None.

3. Asset Impairment assessment and Provision

The Company recognizes asset impairment in accordance to the relevant IFRSs, for details, please refer to page 161, Section 7, "Consolidated Financial Statements and Independent Auditors' Report".

4. Financial Instruments Assessment

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

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

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

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

(2) Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals to gross

carrying amount determined by the effective interest method less any impairment loss, except for short-term receivables as the effect of discounting is immaterial. Exchange differences are recognized in profit or loss. Interest income is calculated by applying the effective interest rate to the gross carrying amount of such financial assets.

(3) Investments in equity instruments at FVOCI

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

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

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

5. The Differences between 2021 Financial Statements under Taiwan-IFRSs and IFRSs

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

- (1) Under Taiwan IFRSs endorsed and issued into effect by FSC (or "T-IFRSs"), the Company reported consolidated net income of NT\$37,194,879 thousand, consolidated net income attributable to stockholders of the parent of NT\$35,753,579 thousand, and basic earnings per share of NT\$4.61 for the year ended December 31, 2021, respectively. The Company also reported total assets of NT\$513,070,360 thousand, total liabilities of NT\$121,807,910 thousand, and total equity of NT\$391,262,450 thousand as of December 31, 2021.

- (2) Under IFRSs issued by IASB (or "IFRSs"), the Company reported consolidated net income of NT\$37,047 million, consolidated net income attributable to stockholders of the parent of NT\$35,616 million, and basic earnings per share of NT\$4.59 for the year ended December 31, 2021, respectively. The Company also reported total assets of NT\$512,875 million, total liabilities of NT\$123,745 million, and total equity of NT\$389,130 million as of December 31, 2021.
- (3) The differences between consolidated net income under Taiwan-IFRSs and that under IFRSs followed by the Company mainly come from the timing of the recognition of income tax on unappropriated earnings. In addition, prior to incorporation, the Company was subject to the laws and regulations applicable to state-owned enterprises in Taiwan which differed from the generally accepted accounting principles as applicable to commercial companies. As such, revenue from providing fixed line connection service and selling prepaid phone cards was recognized at the time the service was performed or the card was sold by the Company. Upon incorporation, net assets greater than the capital stock was credited as additional paid-in-capital and part of the additional paid-in-capital was from the unearned revenues generated from connection fees and prepaid cards as of the date of incorporation. Under IFRSs, revenue from connection fees and prepaid phone cards was deferred at the time of the service performed or sale and recognized as revenue over time as the service is continuously performed or as consumed. This reclassification from additional paid-in capital to retained earnings did not affect total equity.

6. 2021 Audit Committee's Review Report

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 business report, financial statements, and earnings distribution proposal. The CPA firm of Deloitte & Touche was retained to audit the Company's financial statements and has issued an audit report relating to the financial statements. The business report, financial statements, and earnings distribution proposal have been reviewed and determined to be accurate by the Audit Committee members of the Company. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Chunghwa Telecom Co., Ltd.

Chairman of the Audit Committee

A handwritten signature in black ink, appearing to read "Chen L. Y. J.", is written in a cursive style.

February 23, 2022

7. Consolidated Financial Statements and Independent Auditors' Report

**Chunghwa Telecom Co., Ltd. and
Subsidiaries**
**Consolidated Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

REPRESENTATION LETTER

The entities that are required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2021 are all the same as those included in the consolidated financial statements of Chunghwa Telecom Co., Ltd. and its subsidiaries prepared in conformity with the International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates is included in the consolidated financial statements of Chunghwa Telecom Co., Ltd. and its subsidiaries. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

CHUNGHWA TELECOM CO., LTD.

By

Chi-Mau Sheih
Chairman

February 23, 2022

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Revenue Recognition on Mobile Service

Refer to Notes 3 and 30 to the consolidated financial statements.

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

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

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

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

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Dien Sheng Chang and Cheng Hung Kuo.




Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2022

Notice to Readers

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

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

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

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

ASSETS	2021 Amount	%	2020 Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 3 and 6)	\$ 39,778,624	8	\$ 30,419,655	6
Financial assets at fair value through profit or loss (Notes 3, 4 and 7)	2,566	-	9,897	-
Receivables (Notes 3 and 20)	1,532	-	1,532	-
Trade notes and accounts receivable, net (Notes 3, 4, 9, 13 and 30)	5,534,070	1	5,331,246	1
Receivables from related parties (Note 38)	23,947,107	5	22,621,902	5
Inventories (Notes 3, 4, 10 and 39)	41,528	-	230,696	-
Prepayments (Note 11)	11,327,409	2	12,408,903	3
Other current monetary assets (Notes 12, 28 and 35)	2,330,097	-	2,306,246	-
Other current assets (Notes 19, 32 and 39)	5,060,878	1	6,123,665	1
	<u>2,978,280</u>	<u>-</u>	<u>2,349,097</u>	<u>-</u>
Total current assets	91,021,059	18	81,803,059	16
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss (Notes 3, 4 and 7)	908,775	-	677,202	-
Financial assets at fair value through other comprehensive income (Notes 3, 4, 8 and 35)	3,615,888	1	7,193,174	2
Investments accounted for using equity method (Notes 3, 14 and 35)	7,532,714	2	6,993,001	1
Property, plant and equipment (Notes 3, 4, 13, 15, 35, 38 and 39)	289,100,461	56	281,415,943	56
Right-of-use assets (Notes 3, 4, 16 and 38)	11,050,916	2	11,009,206	2
Investment properties (Notes 3, 4, 17, 35 and 38)	9,662,638	2	9,621,322	2
Intangible assets (Notes 3, 4, 13, 18 and 35)	83,945,083	16	90,284,560	18
Deferred income tax assets (Notes 3, 13 and 32)	2,783,006	1	3,132,713	1
Incremental costs of obtaining contracts (Notes 3 and 30)	3,887,656	-	3,999,593	-
Other noncurrent assets (Notes 3, 4, 13 and 28)	1,207,520	1	2,215,521	1
Other noncurrent assets (Notes 19, 35, 39 and 40)	4,862,800	1	5,266,841	1
	<u>422,049,301</u>	<u>82</u>	<u>424,574,933</u>	<u>84</u>
Total noncurrent assets	513,070,360	100	506,377,992	100
TOTAL				
	\$ 65,000	-	\$ 67,000	-
	6,180	-	6,999,198	1
	8,286	-	145	-
	12,234,276	2	13,436,706	3
	18,063,288	4	15,590,814	3
	391,358	-	645,944	-
	4,593,458	1	4,369,241	1
	3,210,564	1	3,381,571	1
	2,448,616	5	2,448,616	5
	284,811	-	311,555	-
	998,367	-	1,600,000	-
	1,042,977	-	1,042,977	-
	64,292,298	13	71,435,111	14
	1,600,000	-	-	-
	26,976,675	6	19,980,272	4
	6,840,056	1	7,289,087	2
	2,189,411	-	1,966,538	-
	141,865	-	100,616	-
	7,061,689	2	6,215,096	1
	5,534,543	1	4,826,679	1
	5,081,910	1	5,081,910	1
	57,515,612	11	45,684,424	9
	121,807,910	24	117,119,535	23
	77,574,465	15	77,574,465	15
	171,279,625	33	171,261,379	34
	77,574,465	15	77,574,465	15
	2,675,419	1	2,675,419	1
	50,639,022	10	47,918,106	10
	130,639,022	26	128,161,639	26
	(108,150)	-	921,122	-
	379,334,846	74	377,931,016	75
	11,927,604	2	11,327,441	2
	391,262,450	76	389,258,457	77
TOTAL	\$ 513,070,360	100	\$ 506,377,992	100

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

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

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

	2021 Amount	%	2020 Amount	%
REVENUES (Notes 3, 30, 38 and 45)	\$ 210,477,948	100	\$ 207,608,998	100
OPERATING COSTS (Notes 3, 10, 28, 30, 31, 38 and 45)	<u>135,110,751</u>	<u>64</u>	<u>137,028,852</u>	<u>66</u>
GROSS PROFIT	<u>75,367,197</u>	<u>36</u>	<u>70,580,146</u>	<u>34</u>
OPERATING EXPENSES (Notes 3, 9, 28, 31, 38 and 45)				
Marketing	20,944,091	10	20,912,848	10
General and administrative	5,293,136	2	5,005,934	2
Research and development	3,687,747	2	3,849,999	2
Expected credit loss	<u>142,991</u>	<u>-</u>	<u>44,885</u>	<u>-</u>
Total operating expenses	<u>30,067,965</u>	<u>14</u>	<u>29,813,666</u>	<u>14</u>
OTHER INCOME AND EXPENSES (Notes 15, 16, 17, 18, 31 and 45)	<u>(369,411)</u>	<u>-</u>	<u>1,595,246</u>	<u>1</u>
INCOME FROM OPERATIONS	<u>44,929,821</u>	<u>22</u>	<u>42,361,726</u>	<u>21</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 45)	94,684	-	115,922	-
Other income (Notes 8, 31 and 38)	377,820	-	469,608	-
Other gains and losses (Notes 14, 31, 37 and 38)	460,830	-	(152,967)	-
Interest expense (Notes 16, 31, 38 and 45)	(218,171)	-	(206,063)	-
Share of profits of associates and joint ventures accounted for using equity method (Notes 14 and 45)	<u>421,640</u>	<u>-</u>	<u>242,745</u>	<u>-</u>
Total non-operating income and expenses	<u>1,136,803</u>	<u>-</u>	<u>469,245</u>	<u>-</u>
INCOME BEFORE INCOME TAX	<u>46,066,624</u>	<u>22</u>	<u>42,830,971</u>	<u>21</u>
INCOME TAX EXPENSE (Notes 3 and 32)	<u>8,871,745</u>	<u>4</u>	<u>8,125,428</u>	<u>4</u>
NET INCOME	<u>37,194,879</u>	<u>18</u>	<u>34,705,543</u>	<u>17</u>

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

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

	2021	2020
	Amount	Amount
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit pension plans (Note 28)	\$ 390,441	\$ 1,193,149
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income (Notes 3, 29 and 37)	(1,185,849)	404,955
Gain or loss on hedging instruments subject to basis adjustment (Notes 3 and 20)	(10,038)	1,425
Share of remeasurements of defined benefit pension plans of associates and joint ventures (Note 14)	(4,154)	(4,282)
Income tax relating to items that will not be reclassified to profit or loss (Note 32)	(78,088)	(238,630)
	<u>(887,688)</u>	<u>1,356,617</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising from the translation of the foreign operations	(76,620)	(177,149)
Share of exchange differences arising from the translation of the foreign operations of associates and joint ventures (Note 14)	(1,523)	(4,289)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 32)	<u>(78,143)</u>	<u>(263)</u>
	<u>(965,831)</u>	<u>(181,701)</u>
Total other comprehensive income (loss), net of income tax		
	<u>36,229,048</u>	<u>35,880,459</u>
TOTAL COMPREHENSIVE INCOME	18	18
NET INCOME ATTRIBUTABLE TO		
Stockholders of the parent	\$ 35,753,579	\$ 33,406,130
Noncontrolling interests	<u>1,441,300</u>	<u>1,299,413</u>
	<u>37,194,879</u>	<u>34,705,543</u>

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

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

	2021	2020
	Amount	Amount
COMPREHENSIVE INCOME ATTRIBUTABLE TO		
Stockholders of the parent	\$ 34,789,149	\$ 34,598,348
Noncontrolling interests	<u>1,439,899</u>	<u>1,282,111</u>
	<u>36,229,048</u>	<u>35,880,459</u>
EARNINGS PER SHARE (Note 33)		
Basic	<u>\$ 4.61</u>	<u>\$ 4.31</u>
Diluted	<u>\$ 4.60</u>	<u>\$ 4.30</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, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Stockholders of the Parent (Notes 13, 20 and 29)										Noncontrolling Interests (Notes 13 and 29)	Total Equity
	Common Stocks	Additional Paid-in Capital	Retained Earnings		Unappropriated Earnings	Exchange Differences Arising from the Translation of the Foreign Operations	Others			Gain or Loss on Hedging Instruments		
			Legal Reserve	Special Reserve			Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Gain or Loss on Hedging Instruments	Total			
BALANCE, JANUARY 1, 2020	\$ 77,574,465	\$ 171,255,985	\$ 77,574,465	\$ 2,675,419	\$ 46,341,361	\$ (148,377)	\$ 836,598	\$ 327	\$ 376,110,243	\$ 10,283,522	\$ 386,393,765	
Appropriation of 2019 earnings	-	-	-	-	(32,782,969)	-	-	-	(32,782,969)	-	(32,782,969)	
Cash dividends distributed by Chunghwa	-	-	-	-	-	-	-	-	-	(775,420)	(775,420)	
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	
Unclaimed dividend	-	1,605	-	-	-	-	-	-	1,605	-	1,605	
Change in additional paid-in capital from investments in associates and joint ventures accounted for using equity method	-	(21,918)	-	-	-	-	-	-	(21,918)	(1,817)	(23,735)	
Change in additional paid-in capital for not proportionately participating in the capital increase of subsidiaries	-	(103)	-	-	-	-	-	-	(103)	103	-	
Net income for the year ended December 31, 2020	-	-	-	-	33,406,130	-	-	-	33,406,130	1,299,413	34,705,543	
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	936,958	(166,154)	419,989	1,425	1,192,218	(17,302)	1,174,916	
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	34,343,088	(166,154)	419,989	1,425	34,598,348	1,282,111	35,880,459	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	16,686	-	(16,686)	-	-	-	-	
Share-based payment transactions of subsidiaries	-	25,810	-	-	-	-	-	-	25,810	63,063	88,873	
Net increase in noncontrolling interests	-	-	-	-	-	-	-	-	-	475,879	475,879	
BALANCE, DECEMBER 31, 2020	77,574,465	171,261,379	77,574,465	2,675,419	47,918,166	(314,531)	1,239,901	1,752	377,931,016	11,327,441	389,258,457	
Appropriation of 2020 earnings	-	-	-	-	(33,403,565)	-	-	-	(33,403,565)	-	(33,403,565)	
Cash dividends distributed by Chunghwa	-	-	-	-	-	-	-	-	-	(896,335)	(896,335)	
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	
Unclaimed dividend	-	1,968	-	-	-	-	-	-	1,968	-	1,968	
Change in additional paid-in capital from investments in associates and joint ventures accounted for using equity method	-	(437)	-	-	-	-	-	-	(437)	(136)	(573)	
Net income for the year ended December 31, 2021	-	-	-	-	35,753,579	-	-	-	35,753,579	1,441,300	37,194,879	
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	311,189	(77,745)	(1,187,836)	(10,038)	(964,430)	(1,401)	(965,831)	
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	36,064,768	(77,745)	(1,187,836)	(10,038)	34,789,149	1,439,899	36,229,048	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	59,653	-	(59,653)	-	-	-	-	
Share-based payment transactions of subsidiaries	-	16,715	-	-	-	-	-	-	16,715	56,735	73,450	
BALANCE, DECEMBER 31, 2021	\$ 77,574,465	\$ 171,279,625	\$ 77,574,465	\$ 2,675,419	\$ 50,639,022	\$ (392,276)	\$ (7,588)	\$ (8,286)	\$ 379,334,846	\$ 11,927,604	\$ 391,262,450	

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 46,066,624	\$ 42,830,971
Adjustments for:		
Depreciation	31,832,326	30,942,330
Amortization	6,568,547	5,424,367
Amortization of incremental costs of obtaining contracts	815,241	771,875
Expected credit loss	142,991	44,885
Interest expense	218,171	206,063
Interest income	(94,684)	(115,922)
Dividend income	(154,008)	(246,084)
Compensation cost of share-based payment transactions	19,371	7,578
Share of profits of associates and joint ventures accounted for using equity method	(421,640)	(242,745)
Loss (gain) on disposal of property, plant and equipment	3,349	(1,427,984)
Gain on disposal of investment properties	-	(151,357)
Loss on disposal of intangible assets	-	1,858
Loss (gain) on disposal of financial instruments	(353)	1,788
Gain on disposal of investments accounted for using equity method	(3,239)	(15,946)
Provision for impairment loss and obsolescence of inventory	206,824	1,161,281
Impairment loss on right-of-use assets	420,590	-
Reversal of impairment loss on investment properties	(83,429)	(27,066)
Impairment loss on intangible assets	28,901	9,303
Valuation loss (gain) on financial assets and liabilities at fair value through profit or loss, net	(243,381)	99,150
Others	(132,924)	3,139
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Contract assets	(335,554)	(202,628)
Trade notes and accounts receivable	(1,339,250)	4,071,260
Receivables from related parties	189,168	(213,862)
Inventories	874,670	3,915,328
Prepayments	391,207	173,243
Other current monetary assets	(385,757)	354,739
Other current assets	(629,683)	155,324
Incremental cost of obtaining contracts	(803,304)	(828,816)
Increase (decrease) in:		
Contract liabilities	(1,651,461)	(3,289,055)
Trade notes and accounts payable	2,468,093	21,015
Payables to related parties	(254,586)	(8,039)
Other payables	248,112	(924,186)

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

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

	2021	2020
	\$	\$
Provisions	12,507	94,589
Other current liabilities	(12,390)	46,303
Net defined benefit plans	(755,749)	(173,970)
Cash generated from operations	83,205,300	82,468,729
Interests paid	(192,064)	(161,251)
Income taxes paid	(8,155,036)	(7,851,522)
Net cash provided by operating activities	74,858,200	74,455,956
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(313,171)	(85,246)
Proceeds from disposal of financial assets at fair value through other comprehensive income	2,911,570	297,476
Acquisition of financial assets at fair value through profit or loss	(44,072)	(39,253)
Proceeds from disposal of financial assets at fair value through profit or loss	25,201	29,741
Acquisition of time deposits and negotiable certificates of deposit with maturities of more than three months	(17,369,138)	(5,215,859)
Proceeds from disposal of time deposits and negotiable certificates of deposit with maturities of more than three months	18,446,270	6,630,359
Proceeds from disposal of repurchase agreements collateralized by bonds with maturities of more than three months	-	15,335
Acquisition of investments accounted for using equity method	(329,520)	(10,200)
Proceeds from disposal of investments accounted for using equity method	8,519	-
Acquisition of property, plant and equipment	(35,333,028)	(23,510,820)
Proceeds from disposal of property, plant and equipment	27,038	319,089
Acquisition of intangible assets	(255,852)	(47,605,187)
Acquisition of investment properties	(146)	(54,435)
Proceeds from disposal of investment properties	-	188,300
Decrease (increase) in other noncurrent assets	336,878	(207,616)
Interests received	95,118	124,653
Dividends received	621,972	515,918
Net cash inflow on acquisition of subsidiaries	-	354,056
Net cash used in investing activities	(31,172,361)	(68,253,689)

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term loans	\$ 154,000	\$ 115,000
Repayments of short-term loans	(156,000)	(142,000)
Proceeds from short-term bills payable	5,000,000	41,000,000
Repayments of short-term bills payable	(12,000,000)	(34,000,000)
Proceeds from issuance of bonds	7,000,000	20,000,000
Payments for transaction costs attributable to the issuance of bonds	(7,675)	(21,038)
Increase in customers' deposits	477,444	61,757
Payments for the principal of lease liabilities	(3,728,949)	(3,683,204)
Increase in other noncurrent liabilities	3,191,105	343,275
Cash dividends paid	(33,403,565)	(32,782,969)
Cash dividends distributed to noncontrolling interests	(896,335)	(775,420)
Change in other noncontrolling interests	54,079	81,295
Unclaimed dividend	1,968	1,605
Net cash used in financing activities	<u>(34,313,928)</u>	<u>(9,801,699)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(12,942)</u>	<u>(30,556)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,358,969	(3,629,988)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>30,419,655</u>	<u>34,049,643</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 39,778,624</u>	<u>\$ 30,419,655</u>

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

(Concluded)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)****1. GENERAL**

Chungghwa Telecom Co., Ltd. ("Chungghwa") was incorporated on July 1, 1996 in the Republic of China ("ROC"). Chungghwa 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 Chungghwa 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 Chungghwa 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 Chungghwa by reducing the government ownership to below 50% in various stages. In July 2000, Chungghwa 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 Chungghwa'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 Chungghwa'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 Chungghwa 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 Chungghwa and completed the privatization plan.

Chungghwa together with its subsidiaries are hereinafter referred to collectively as the "Company".

The consolidated financial statements are presented in Chungghwa's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on February 23, 2022.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Statement of Compliance**

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (the "FSC") (collectively, the "Taiwan-IFRS").

Basis of Preparation

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

Current and Noncurrent Assets and Liabilities

Current assets include:

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

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within twelve months after the reporting period; and
- Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

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

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

Basis of Consolidation

- Principles for preparing consolidated financial statements

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

Income and expenses of subsidiaries acquired are included in the consolidated statement of comprehensive income from the acquisition date.

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

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

Attribution of total comprehensive income to noncontrolling interests

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

Changes in the Company's ownership interests in subsidiaries

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

- The subsidiaries in the consolidated financial statements

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

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership Interests		Note
			2021	2020	
Chunghwa Telecom Co., Ltd.	Senao International Co., Ltd. ("SENAO")	Handset and peripherals retailer, sales agent of CHT mobile phone plans as an agent	28	28	a)
	Light Era Development Co., Ltd. ("LED")	Planning and development of real estate and intelligent buildings, and property management	100	100	
	Donghua Telecom Co., Ltd. ("DHT")	International private leased circuit, IP VPN service, and IP transit services	100	100	b)
	Chunghwa Telecom Singapore Pte. Ltd. ("CHTS")	International private leased circuit, IP VPN service, and IP transit services	100	100	
	Chunghwa System Integration Co. Ltd. ("CHSI")	Providing system integration services and telecommunications equipment	100	100	
	Chunghwa Investment Co., Ltd. ("CHI")	Investment	89	89	
	CHIEF Telecom Inc. ("CHIEF")	Network integration, internet data center ("IDC"), communications integration and cloud application services	56	56	c)
	CHYP Multimedia Marketing & Communications Co., Ltd. ("CHYP")	Digital information supply services and advertisement services	100	100	
	Prime Asia Investments Group Ltd. (B.V.) ("Prime Asia")	Investment	100	100	
	Spring House Entertainment Tech. Inc. ("SHE")	Software design services, internet contents production and play, and motion picture production and distribution	56	56	
	Chunghwa Telecom Global, Inc. ("CHTG")	International private leased circuit, internet services, and transit services	100	100	
	Chunghwa Telecom Vietnam Co., Ltd. ("CHTV")	Intelligent energy saving solutions, international circuit, and information and communication technology ("ICT") services	100	100	
	Smartfun Digital Co., Ltd. ("SFD")	Providing diversified family education digital services	65	65	
	Chunghwa Telecom Japan Co. Ltd. ("CHJT")	International private leased circuit, IP VPN service, and IP transit services	100	100	
	Chunghwa Sochaip Technology Inc. ("CHST")	Design, development and production of Automatic License Plate Recognition software and hardware	51	51	
	Honghua International Co., Ltd. ("HHI")	Telecommunications engineering, sales agent of mobile phone plan application and other business services, etc.	100	100	
	Chunghwa Leading Photonics Tech Co., Ltd. ("CLPT")	Production and sale of electronic components and finished products	75	75	
	Chunghwa Telecom (Thailand) Co., Ltd. ("CHTT")	International private leased circuit, IP VPN service, ICT and cloud VAS services	100	100	

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership Interests		Note
			2021	2020	
Senao International Co., Ltd.	CHT Security Co., Ltd. ("CHTSC")	Computing equipment installation, wholesale of computing and business machinery equipment and software, management consulting services, data processing services, digital information supply services and internet identity services	77	80	d)
	International Integrated Systems, Inc. ("IISI")	IT solution provider, IT application consultation, system integration and package solution	51	51	e)
	Senao International (Samoa) Holding Ltd. ("SIS")	International investment	100	100	f)
Youth Co., Ltd.	YOUTH Co., Ltd. ("Youth")	Sale of information and communication technologies products	96	96	g)
	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	
Aval Technologies Co., Ltd.	ISPT Co., Ltd. ("ISPT")	Sale of information and communication technologies products	100	100	
	Yoyu Co., Ltd. ("Yoyu")	Maintenance of information and communication technologies products	100	100	
	Win Technology Co., Ltd. ("Win")	Sale of information and communication technologies products	100	100	
Senyoung Insurance Agent Co., Ltd.	SenaoLife Insurance Agent Co., Ltd. ("SenaoLife")	Life insurance services	100	100	
	Unigate Telecom Inc. ("Unigate")	Telecommunications and internet service	100	100	
	Chief International Corp. ("CIC")	Telecommunications and internet service	100	100	
CHIEF Telecom Inc.	Shanghai Chief Telecom Co., Ltd. ("SCT")	Telecommunications and internet service	49	49	h)
	Chunghwa Precision Test Tech. Co., Ltd. ("CHPT")	Production and sale of semiconductor testing components and printed circuit board	34	34	i)
	Chunghwa Precision Test Tech. Co., Ltd. ("CHPT")	Design and after-sale services of semiconductor testing components and printed circuit board	100	100	j)
Chunghwa Precision Test Tech. Co., Ltd.	CHPT USA Corporation ("CHPT (US)")	Related services of electronic parts, machinery processed products and printed circuit board	100	100	
	CHPT Japan Co., Ltd. ("CHPT (JP)")	Wholesale and retail of electronic materials, and investment	100	100	k)
	Chunghwa Precision Test Tech. International, Ltd. ("CHPT (International)")	International investment	100	100	l)
Senao International (Samoa) Holding Ltd.	Senao International HK Limited ("SIHK")	Sale of information and communication technologies products	-	100	m)
	Senao International Trading (Shanghai) Co., Ltd. ("SITS")	Investment	100	100	
	Prime Asia Investments Group Ltd. (B.V.I.)				

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership Interests		Note
			2021	2020	
Chunghwa Hsingta Co., Ltd.	Chunghwa Telecom (China) Co., Ltd. ("CTC")	Integrated information and communication solution services for enterprise clients, and intelligent energy network service	100	100	n)
	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	o)
International Integrated Systems, Inc.	Infoexplorer International Co., Ltd. ("IESA")	Investment	100	100	p)
	IISI Investment Co., Ltd. ("IICL")	Investment	100	100	p)
	Unitronics Technology Corp. ("UTC")	Development and maintenance of information system	99.96	99.96	p)
Infoexplorer International Co., Ltd.	International Integrated Systems (Hong Kong) Limited ("IEHK")	Investment and technical consulting service	100	100	p)
	Leading Tech Co., Ltd. ("LTCL")	Investment	100	100	p)
	Leading Systems Co., Ltd. ("LSC")	Investment	100	100	p)
Leading Tech Co., Ltd.	International Integrated Systems Inc. (Shanghai) ("IIS")	Development and maintenance of information system	-	100	p)
	Huiyu Shanghai Management Consultancy Co., Ltd. ("HSMC")	Development and maintenance of information system	-	-	p)
					(Concluded)

a) Chunghwa continues to control six out of eleven seats of the Board of Directors of SENAO through the support of large beneficial stockholders. As a result, the Company treated SENAO as a subsidiary.

b) DHT reduced and returned its capital to its stakeholders in March 2021. The Company's ownership interest in DHT remained the same.

c) CHIEF issued new shares in March 2020, December 2020, March 2021 and December 2021 as its employees exercised options. Therefore, the Company's ownership interest in CHIEF decreased to 59.08% and 58.89% as of December 31, 2020 and 2021, respectively.

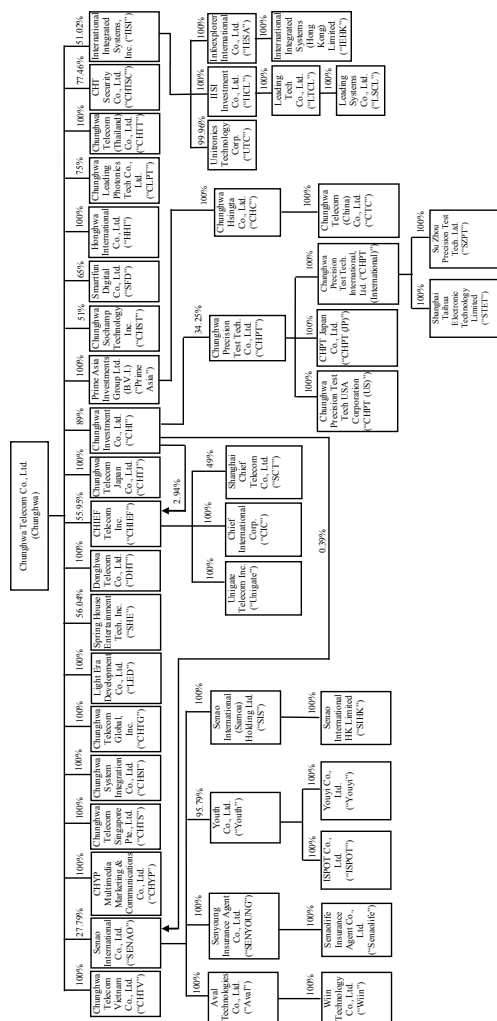
d) CHTSC issued new shares in February 2021 as its employees exercised options. Therefore, the Company's ownership interest in CHTSC decreased to 77.46% as of December 31, 2021.

e) Chunghwa obtained 20.38% ownership interest in IISI in July 2020 and Chunghwa's ownership interest in IISI increased to 51.54% by considering the previously held ownership interest in IISI. Chunghwa obtained over half of the seats of the Board of Directors of IISI; therefore, Chunghwa gained control over IISI and treated it as a subsidiary. IISI issued new shares in September 2020 and January 2021 as its employees exercised options; therefore, the Company's ownership interest in IISI decreased to 51.20% and 51.02% as of December 31, 2020 and 2021, respectively.

- f) SIS reduced and returned its capital to its stakeholders in November 2020 and July 2021. SIS reduced 8.14% and 48.15% of its capital to offset accumulated deficits in February and October 2021, respectively. The Company's ownership interest in SIS remained the same.
- g) SENAO subscribed for all the shares in the capital increase of Youth in April 2020. Therefore, the Company's ownership interest in Youth increased from 92.89% to 95.79%.
- h) CHIEF has two out of three 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.
- i) 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.
- j) CHPT increased its investment in CHPT (US) proportionally in August 2021 and the Company's ownership interest in CHPT (US) remained the same.
- k) CHPT increased its investment in CHPT (International) proportionally in April 2021 and the Company's ownership interest in CHPT (International) remained the same.
- l) SIHK reduced and returned its capital to its stakeholders in November 2020 and May 2021. SIHK reduced 8.15% and 47.79% of its capital to offset accumulated deficits in January and August 2021, respectively. The Company's ownership interest in SIHK remained the same.
- m) SITS completed its liquidation in April 2021.
- n) CTC was approved to end and dissolve its business in August 2020. The liquidation of CTC is still in process.
- o) CHPT (International) increased its investment in SZPT proportionally in July 2021. The Company's ownership interest in SZPT remained the same.
- p) It is a subsidiary of IISI.
- q) IIS completed its liquidation in August 2021.
- r) HSMC completed its liquidation in December 2020.

r) HSMC completed its liquidation in December 2020.

The following diagram presented information regarding the relationship and percentages of ownership interests between Chunghwa and its subsidiaries as of December 31, 2021.



Business Combinations

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

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

Noncontrolling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at the noncontrolling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

When a business combination is achieved in stages, the Company's previously held equity interest in an acquiree is remeasured to fair value at the acquisition date and the resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required had those interests been directly disposed of by the Company.

Foreign Currencies

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

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

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

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

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

Cash Equivalents

Cash equivalents include those maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value such as commercial papers, negotiable certificates of deposit, time deposits, repurchase agreements collateralized by bonds 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.

For a contract where a land owner provides land for the construction of buildings by a property developer in exchange for a certain percentage of the buildings, any exchange gain or loss is recognized when the exchange transaction occurs if the exchange transaction has commercial substance.

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

Goodwill

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

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

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

Intangible Assets Other Than Goodwill

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

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

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

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

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

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

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

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

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

Financial Instruments

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

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

a. Financial assets

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

1) Measurement category

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

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend earned on the financial asset. Fair value is determined in the manner described in Note 37.

b) Financial assets at amortized cost

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

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

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

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

c) Investments in equity instruments at FVOCI

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

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

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

2) Impairment of financial assets and contract assets

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

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

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

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

3) Derecognition of financial assets

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

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

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

b. Financial liabilities

1) Subsequent measurement

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

2) Derecognition of financial liabilities

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

c. Derivative financial instruments

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

Derivatives are initially measured at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss

depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Hedge Accounting

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

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

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

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

Provisions

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

Revenue Recognition

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

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

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

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

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

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

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

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

Incremental Costs of Obtaining Contracts

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

Leasing

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

a. The Company as lessor

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

b. The Company as lessee

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

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

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

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

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

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

Borrowing Costs

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

Government Grants

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

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

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

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and gains or losses on settlements) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising (a) actuarial gains and losses; and (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

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

c. Other long-term employee benefits

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

Share-based Payment Arrangements - Employee Stock Options

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

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

Income Tax

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

a. Current tax

Income tax payable or recoverable is based on taxable profit or loss for the period determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax of unappropriated earnings is provided for in the year the stockholders approve to retain the earnings.

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

b. Deferred tax

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

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

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

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

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

c. Current and deferred tax

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

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

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

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

The estimates and underlying assumptions are reviewed by the management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Critical accounting judgments

1) Revenue recognition

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

2) Control over subsidiaries

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

b. Key sources of estimation uncertainty and assumption

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

1) Impairment of trade notes and accounts receivable

The provision for impairment of trade notes and accounts receivable is based on assumptions on probability of default and expected credit loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's past experience, current market conditions as well as forward looking information at the end of each reporting period. For details of the key assumptions and inputs used, see Note 9. Where the actual future cash flows are less than expected, a material impairment loss may arise.

2) Fair value measurements and valuation processes

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

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities was disclosed in Note 37. If the actual changes of inputs in the future differ from expectation, the fair value may vary accordingly. The Company updates inputs periodically to monitor the appropriateness of the fair value measurement.

3) Provision for inventory valuation and obsolescence

Inventories are stated at the lower of cost or net realizable value. Net realizable value is calculated as the estimated selling price less the estimated costs necessary to make a sale. Comparison of net realizable value and cost is determined on an item by item basis, except for those similar items which could be categorized into the same groups. The Company uses the inventory holding period and turnover as the evaluation basis for inventory obsolescence losses.

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

When an indication of impairment is assessed with objective evidence, the Company considers whether the recoverable amount of an asset is less than its carrying amount and recognizes the impairment loss based on difference between the recoverable amount and its carrying amount. The estimate of recoverable amount would impact on the timing and the amount of impairment loss recognition.

5) Useful lives of property, plant and equipment

As discussed in Note 3, "Summary of Significant Accounting Policies - Property, Plant and Equipment", the Company reviews estimated useful lives of property, plant and equipment at the end of each year.

6) Recognition and measurement of defined benefit plans

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

7) Lessees' incremental borrowing rates

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

5. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC

The initial application of the amendments to the IFRS, IAS, IFRIC and SIC issued by the International Accounting Standards Board and endorsed and issued into effect by the FSC does not have material impacts on the Company's consolidated financial statements.

b. Amendments to IFRSs endorsed by the FSC for application starting from January 1, 2022

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRSs	Annual Improvements to IFRS Standards 2018-2020 January 1, 2022 (Note 1)
Amendments to IFRS 3	Reference to the Conceptual Framework January 1, 2022 (Note 2)
Amendments to IAS 16	Property, Plant and Equipment - Proceeds before Intended Use January 1, 2022 (Note 3)
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract January 1, 2022 (Note 4)
Note 1:	The amendments to IFRS 9 are applied prospectively to financial liabilities that are exchanged or modified on or after the annual reporting periods beginning on or after January 1, 2022.
Note 2:	The amendments are applicable to business combinations for which the acquisition date is on or after the annual reporting period beginning on or after January 1, 2022.
Note 3:	The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.
Note 4:	The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

The application of the above new, revised or amended standards and interpretations will not have a material impact on the Company's consolidated financial statements.

c. IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC

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

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

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

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

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

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash		
Cash on hand	\$ 439,989	\$ 486,989
Bank deposits	15,646,840	10,961,220
	<u>16,086,829</u>	<u>11,448,209</u>
Cash equivalents (with maturities of less than three months)		
Commercial papers	13,530,111	14,060,568
Negotiable certificates of deposit	7,500,000	2,600,000
Time deposits	2,656,545	2,307,892
Stimulus vouchers	<u>5,139</u>	<u>2,986</u>
	<u>23,691,795</u>	<u>18,971,446</u>
	<u>\$ 39,778,624</u>	<u>\$ 30,419,655</u>

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

	December 31	
	2021	2020
Bank deposits		
Commercial papers	0.00%-0.45%	0.00%-0.40%
Negotiable certificates of deposit	0.17%-0.30%	0.14%-0.26%
Time deposits	0.27%-0.30%	0.24%-0.30%
	<u>0.01%-3.60%</u>	<u>0.10%-3.60%</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
Financial assets-current		
Mandatorily measured at FVTPL		
Derivatives (not designated for hedge)		
Forward exchange contracts	\$ -	\$ 2,271
Non-derivatives		
Listed stocks - domestic	<u>2,566</u>	<u>7,626</u>
	<u>\$ 2,566</u>	<u>\$ 9,897</u>

(Continued)

December 31

	2021	2020
Financial assets-noncurrent		
Mandatorily measured at FVTPL		
Non-derivatives		
Non-listed stocks - domestic	\$ 647,998	\$ 441,095
Non-listed stocks - foreign	236,672	236,107
Limited partnership - domestic	<u>24,105</u>	<u>-</u>
	<u>\$ 908,775</u>	<u>\$ 677,202</u>
Financial liabilities-current		
Held for trading		
Derivatives (not designated for hedge)		
Forward exchange contracts	<u>\$ 6,180</u>	<u>\$ 143</u>

(Concluded)

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

	Currency	Maturity Period	Contract Amount (In Thousands)
December 31, 2021			
Forward exchange contracts - buy	NT\$/EUR	2022.03	NT\$257,081/EUR8,000
December 31, 2020			
Forward exchange contracts - buy	NT\$/EUR	2021.03	NT\$50,435/EUR1,500
Forward exchange contracts - sell	US\$/NT\$	2021.02-03	US\$13,500/NT\$379,472

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

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

	December 31	
	2021	2020
Domestic investments		
Listed stocks	\$ 458,582	\$ 2,754,175
Non-listed stocks	3,029,957	4,324,592
Foreign investments		
Non-listed stocks	<u>127,349</u>	<u>114,407</u>
	<u>\$ 3,615,888</u>	<u>\$ 7,193,174</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 holds Powtec Electro Chemical Corporation ("Powtec") as financial assets at FVOCI. The Board of Directors of Powtec resolved in February 2020 to file a petition with court for the declaration of its bankruptcy which was adjudged by the court in April 2020. The Company evaluated and determined the fair value of such investment was nil after its declaration of bankruptcy.

The Company disposed of its investment in China Airlines, Ltd. starting from December 2020 and sold all its shares by February 2021. The total fair value of the disposed investment were \$2,635,568 thousand and \$567,797 thousand in 2021 and 2020, respectively. The Company disposed of its investments in UUPON Inc. (UUPON) and Cotech Engineering Fuzhou Corp. in October and December 2021 and the fair value of the disposed investment were \$1,478 thousand and \$4,203 thousand, respectively.

CHI obtained significant influence over Inmedac Co., Ltd. ("IME") and AgriTalk Technology Inc. ("ATT") in August 2021 and July 2021, respectively. Therefore, the aforementioned investments were reclassified from financial asset at FVOCI to associates at fair value of \$44,850 thousand and \$18,509 thousand, respectively. (Please refer to Note 14 (a)).

The related unrealized gain on financial assets at FVOCI of \$59,653 thousand and \$16,686 thousand were transferred from other equity to retained earnings upon the aforementioned disposals in 2021 and 2020, respectively.

CHI participated in the private placement of PChome Online Inc. in the amount of \$200,000 thousand in October 2021.

The Company recognized dividend income of \$154,008 thousand and \$246,084 thousand for the years ended December 31, 2021 and 2020, respectively, from the investments still held on December 31, 2021 and 2020, of which \$153,984 thousand and \$246,084 thousand were from the outstanding investments on December 31, 2021 and 2020, respectively.

9. TRADE NOTES AND ACCOUNTS RECEIVABLE, NET

	December 31	
	2021	2020
Trade notes and accounts receivable	\$ 25,551,942	\$ 24,776,266
Less: Loss allowance	(1,604,835)	(2,154,364)
	<u>\$ 23,947,107</u>	<u>\$ 22,621,902</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 providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for receivables. The expected credit losses on receivables are estimated using a provision matrix by reference to past default experience of the customers and an analysis of the customers' current financial positions, as well as the forward-looking indicators such as macroeconomic business indicator.

When there is evidence indicating that the counterparty is in evasion, bankruptcy, deregistration of its company or the accounts receivable are over two years past due and the recoverable amount cannot be reasonably estimated, the Company writes off the trade notes and accounts receivable. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2021

Telecommunications business	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
Expected credit loss rate (Note a)	0%-1%	1%-22%	3%-62%	11%-80%	25%-90%	49%-97%	100%	
Gross carrying amount	\$ 16,410,725	\$ 282,440	\$ 82,062	\$ 44,539	\$ 31,065	\$ 31,060	\$ 602,833	\$ 17,484,264
Loss allowance (lifetime ECL)	(50,733)	(22,465)	(28,296)	(29,800)	(25,402)	(28,423)	(602,833)	(789,252)
Amortized cost	<u>\$ 16,359,992</u>	<u>\$ 259,975</u>	<u>\$ 53,766</u>	<u>\$ 14,739</u>	<u>\$ 5,663</u>	<u>\$ 2,577</u>	<u>\$</u>	<u>\$ 16,695,012</u>

Project business

Expected credit loss rate (Note b)	0%-5%	5%	10%	30%	50%	80%	100%	
Gross carrying amount	\$ 3,988,010	\$ 136	\$ 6,960	\$ 14,271	\$ 411	\$ 799	\$ 709,762	\$ 4,790,349
Loss allowance (lifetime ECL)	(2,835)	(68)	(890)	(4,293)	(210)	(639)	(769,762)	(783,692)
Amortized cost	<u>\$ 3,985,175</u>	<u>\$ 68</u>	<u>\$ 6,070</u>	<u>\$ 9,978</u>	<u>\$ 201</u>	<u>\$ 160</u>	<u>\$</u>	<u>\$ 3,996,662</u>

December 31, 2020

Telecommunications business	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
Expected credit loss rate (Note a)	0%-2%	2%-24%	3%-68%	11%-83%	28%-90%	52%-96%	100%	
Gross carrying amount	\$ 15,839,132	\$ 203,949	\$ 50,897	\$ 31,263	\$ 29,872	\$ 25,351	\$ 625,591	\$ 16,806,055
Loss allowance (lifetime ECL)	(56,249)	(20,880)	(23,483)	(24,859)	(24,319)	(21,665)	(625,591)	(797,046)
Amortized cost	<u>\$ 15,782,883</u>	<u>\$ 183,069</u>	<u>\$ 27,414</u>	<u>\$ 6,404</u>	<u>\$ 5,553</u>	<u>\$ 3,686</u>	<u>\$</u>	<u>\$ 16,009,092</u>

(Continued)

Project business

	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
Expected credit loss rate (Note b)	0%	5%	10%	30%	50%	80%	100%	
Gross carrying amount	\$ 3,472,738	\$ 64,372	\$ 26,310	\$ 8,963	\$ 2,163	\$ 2,691	\$ 1,287,567	\$ 4,865,504
Loss allowance (lifetime ECL)	(20,060)	(1,219)	(2,723)	(2,760)	(1,132)	(2,160)	(1,287,567)	(1,319,620)
Amortized cost	<u>\$ 3,452,678</u>	<u>\$ 63,153</u>	<u>\$ 23,587</u>	<u>\$ 6,203</u>	<u>\$ 1,031</u>	<u>\$ 531</u>	<u>\$ -</u>	<u>\$ 3,545,624</u>

(Concluded)

Note a: Please refer to Notes 30 and 45 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	
	2021	2020
Beginning balance	\$ 2,154,364	\$ 2,359,756
Add: Provision for credit loss	122,911	48,708
Add: Acquired by business combinations (Note 13)	-	1,639
Less: Amounts written off	(672,440)	(255,739)
Ending balance	<u>\$ 1,604,835</u>	<u>\$ 2,154,364</u>

10. INVENTORIES

	December 31	
	2021	2020
Merchandise	\$ 4,070,189	\$ 3,902,854
Project in process	4,805,196	6,166,583
Work in process	144,847	126,163
Raw materials	224,338	137,495
Land held under development	9,244,570	10,333,095
Construction in progress	1,998,733	1,998,733
	84,106	77,075
	<u>\$ 11,327,409</u>	<u>\$ 12,408,903</u>

The operating costs related to inventories were \$51,180,060 thousand (including the valuation loss on inventories of \$206,824 thousand) and \$53,847,123 thousand (including the valuation loss on inventories of \$1,161,281 thousand) for the years ended December 31, 2021 and 2020, respectively.

As of December 31, 2021 and 2020, inventories of \$2,082,839 thousand and \$2,075,808 thousand, respectively, were expected to be recovered after more than twelve months. The aforementioned amount of inventories is related to property development owned by LED.

Land held under development and construction in progress was mainly developed by LED for Qingshan Sec., Dayuan Dist., Taoyuan City project. The Board of Directors of LED resolved to sign a joint construction and separate sale contract with Farglory Land Development Co., Ltd. in June 2021.

11. PREPAYMENTS

	December 31	
	2021	2020
Prepaid rents	\$ 2,349,236	\$ 2,863,510
Others	<u>1,779,324</u>	<u>1,656,257</u>
	<u>\$ 4,128,560</u>	<u>\$ 4,519,767</u>
Current		
Prepaid rents	\$ 565,950	\$ 651,510
Others	<u>1,764,147</u>	<u>1,654,736</u>
	<u>\$ 2,330,097</u>	<u>\$ 2,306,246</u>
Noncurrent		
Prepaid rents	\$ 1,783,286	\$ 2,212,000
Others	<u>15,177</u>	<u>1,521</u>
	<u>\$ 1,798,463</u>	<u>\$ 2,213,521</u>

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

12. OTHER CURRENT MONETARY ASSETS

	December 31	
	2021	2020

Time deposits and negotiable certificates of deposit with maturities of more than three months

	\$ 3,498,534	\$ 4,595,951
Others	<u>1,562,344</u>	<u>1,527,714</u>
	<u>\$ 5,060,878</u>	<u>\$ 6,123,665</u>

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

	December 31	
	2021	2020

Time deposits and negotiable certificates of deposit with maturities of more than three months

	0.03%-2.70%	0.07%-2.25%
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13. SUBSIDIARIES

a. Information on subsidiaries with material noncontrolling interests

Subsidiaries	Principal Place of Business	Proportion of Ownership Interests and Voting Rights Held by Noncontrolling Interests	
		December 31	
		2021	2020
SENAO	Taiwan	72%	72%
CHPT	Taiwan	66%	66%

	Profit Allocated to Noncontrolling Interests		Accumulated Noncontrolling Interests	
	Year Ended December 31		December 31	
	2021	2020	2021	2020
SENAO	\$ 427,817	\$ 312,130	\$ 4,465,587	\$ 4,311,048
CHPT	\$ 586,332	\$ 613,907	4,960,977	4,635,240
Individually immaterial subsidiaries with noncontrolling interests			2,501,040	2,381,153
			<u>\$ 11,927,604</u>	<u>\$ 11,327,441</u>

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

	December 31	
	2021	2020
Current assets	\$ 7,962,726	\$ 6,834,221
Noncurrent assets	3,129,886	3,340,983
Current liabilities	(4,531,148)	(3,832,372)
Noncurrent liabilities	(418,431)	(415,712)
Equity	<u>\$ 6,143,033</u>	<u>\$ 5,927,120</u>
Equity attributable to the parent	\$ 1,677,446	\$ 1,616,072
Equity attributable to noncontrolling interests	<u>4,465,587</u>	<u>4,311,048</u>
	<u>\$ 6,143,033</u>	<u>\$ 5,927,120</u>

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	Year Ended December 31	
	2021	2020
Revenues and income	\$ 31,303,161	\$ 27,231,145
Costs and expenses	<u>30,707,150</u>	<u>26,795,397</u>
Profit for the year	<u>\$ 596,011</u>	<u>\$ 435,748</u>
Profit attributable to the parent	\$ 168,194	\$ 123,618
Profit attributable to noncontrolling interests	<u>427,817</u>	<u>312,130</u>
Profit for the year	<u>\$ 596,011</u>	<u>\$ 435,748</u>
Other comprehensive income attributable to the parent	\$ 2,340	\$ 715
Other comprehensive income attributable to noncontrolling interests	<u>4,941</u>	<u>1,863</u>
	<u>\$ 7,281</u>	<u>\$ 2,578</u>
Total comprehensive income attributable to the parent	\$ 170,534	\$ 124,333
Total comprehensive income attributable to noncontrolling interests	<u>432,758</u>	<u>313,993</u>
	<u>\$ 603,292</u>	<u>\$ 438,326</u>
Net cash flow from operating activities	\$ 654,179	\$ 862,323
Net cash flow from investing activities	215,473	54,387
Net cash flow from financing activities	(690,084)	(687,555)
Effect of exchange rate changes on cash and cash equivalents	<u>(209)</u>	<u>(426)</u>
Net cash inflow	<u>\$ 179,359</u>	<u>\$ 228,729</u>
Dividends paid to noncontrolling interests	<u>\$ 278,218</u>	<u>\$ 268,944</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.		
Current assets	\$ 4,656,928	\$ 4,122,134
Noncurrent assets	4,063,611	4,012,654
Current liabilities	(1,143,341)	(1,072,538)
Noncurrent liabilities	<u>(31,986)</u>	<u>(12,456)</u>
Equity	<u>\$ 7,545,212</u>	<u>\$ 7,049,794</u>
Equity attributable to CHI	\$ 2,584,235	\$ 2,414,554
Equity attributable to noncontrolling interests	<u>4,960,977</u>	<u>4,635,240</u>
	<u>\$ 7,545,212</u>	<u>\$ 7,049,794</u>

c. BUSINESS COMBINATIONS

1) Subsidiary acquired

In order to develop and cultivate the enterprise customer market, Chunghwa obtained 20.38% ownership interest in IISI by cash on July 1, 2020, the acquisition date. (Note) Chunghwa's ownership interest in IISI increased to 51.54% by considering the previously held ownership interest in IISI. Chunghwa obtained over half of the seats of the Board of Directors of IISI; therefore, Chunghwa gained control over IISI and included IISI and its subsidiaries in the consolidated financial statements starting from the acquisition date. IISI mainly engages in information system development and maintenance service business, etc.

Note: IISI issued new shares in April 2020 as its employees exercised options; therefore, the percentage of ownership interest in IISI obtained on the acquisition date is lower than that approved by Chunghwa's Board of Directors in January 2020.

2) Assets acquired and liabilities assumed at acquisition date

	IISI and Its Subsidiaries
Current assets	\$ 587,979
Cash and cash equivalents	582,745
Contract assets	165,452
Trade notes and accounts receivable	141,236
Inventories	113,858
Prepayments	113,724
Other current monetary assets	74,757
Other current assets	47,962
Noncurrent assets	70,007
Property, plant and equipment	11,861
Right-of-use assets	5,665
Intangible assets	102,519
Deferred income tax assets	(4,000)
Other noncurrent assets	(333,533)
Current liabilities	(256,902)
Short-term loans	(19,355)
Contract liabilities	(25,941)
Trade notes and accounts payable	(265,901)
Current tax liabilities	(15,258)
Lease liabilities	(30,163)
Other payables	(2,209)
Provisions	(44,964)
Other current liabilities	(32,613)
Noncurrent liabilities	(4,843)
Deferred income tax liabilities	\$ 982,083
Lease liabilities	
Net defined benefit liabilities	
Other noncurrent liabilities	

The trade notes and accounts receivable acquired in business combination transactions have a fair value of \$165,452 thousand and a gross contractual amount of \$167,091 thousand. The best estimate of the contractual cash flows not expected to be collected as of the acquisition date was \$1,639 thousand.

3) Goodwill arising from acquisition

	IISI and Its Subsidiaries
Consideration transferred	\$ 233,923
Add: Fair value of equity interest held before the acquisition date	327,287
Add: Noncontrolling interest (48.46% of the identifiable net assets of IISI and its subsidiaries)	475,879
Less: Fair value of identifiable net assets acquired	(982,083)
Goodwill arising from acquisition	\$ 55,006

The goodwill arising from the acquisition of IISI mainly represents the control premium. In addition, the consideration paid for the combination included amounts attributed to the benefits of expected synergies and the assembled workforces of IISI. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Goodwill arising from business combinations is not deductible for tax purposes.

4) Net cash inflow on acquisition of subsidiaries

	IISI and Its Subsidiaries
Cash and cash equivalents acquired	\$ 587,979
Less: Consideration paid in cash	(233,923)
	\$ 354,056

5) Impact of acquisition on the financial results of the Company

The financial results of the acquiree since the acquisition date to December 31 2020 included in the consolidated statements of comprehensive income are as follows:

	IISI and Its Subsidiaries
Revenue	\$ 1,348,167
Profit	\$ 68,021

Had the business combination been in effect at the beginning of the annual reporting period, the Company's revenue and profit would have been \$208,604,696 thousand and \$34,747,291 thousand for the year ended December 31, 2020, respectively. This pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Company that actually would have been achieved had the acquisition been completed on January 1, 2020, nor is it intended to be a projection of future results.

In determining the pro-forma revenue and profit of the Company had IISI been acquired at the beginning of the financial year, the management calculated amortization of intangible assets acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2021	2020
Investments in associates	\$ 7,322,842	\$ 6,882,801
Investment in joint venture	9,932	10,200
	<u>\$ 7,332,774</u>	<u>\$ 6,893,001</u>
a. Investments in associates		
Investments in associates were as follows:		
	Carrying Amount	
	December 31	
	2021	2020
<u>Material associate</u>		
Next Commercial Bank Co., Ltd. ("NCB")	\$ 3,592,054	\$ 3,776,876
<u>Associates that are not individually material</u>		
<u>Listed</u>		
Senao Networks, Inc. ("SNI")	1,077,604	991,610
KingwayTek Technology Co., Ltd. ("KWT")	258,943	249,044
<u>Non-listed</u>		
ST-2 Satellite Ventures Pte., Ltd. ("STS")	518,165	488,257
Viettel-CHT Co., Ltd. ("Viettel-CHT")	447,097	363,522
Taiwan International Standard Electronics Co., Ltd. ("TISE")	347,269	330,031
WiAdvance Technology Corporation ("WATC")	253,873	-
Chungghwa PChome Fund I Co., Ltd. ("CPFI")	222,491	192,856
So-net Entertainment Taiwan Limited ("So-net")	217,021	226,647
KKBOX Taiwan Co., Ltd. ("KKBOXTW")	157,524	163,809
Taiwan International Ports Logistics Corporation ("TIPL")	70,121	55,925
CHT Infinity Singapore Pte. Ltd. ("CISG")	54,952	-
Imedtac Co., Ltd. ("IME")	44,565	-
Click Force Co., Ltd. ("CF")	36,938	33,086
AgriTalk Technology Inc. ("ATT")	17,637	-
Cornerstone Ventures Co., Ltd. ("CVC")	6,588	6,058
Alliance Digital Tech Co., Ltd. ("ADT")	-	5,080
UUPON Inc. ("UUPON")	-	-
International Integrated Systems, Inc. ("IISI")	-	-
MeWorks LIMITED (HK) ("MeWorks")	-	-
	<u>3,730,788</u>	<u>3,105,925</u>
	<u>\$ 7,322,842</u>	<u>\$ 6,882,801</u>

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

	% of Ownership Interests and Voting Rights	
	December 31	
	2021	2020
<u>Material associate</u>		
Next Commercial Bank Co., Ltd. ("NCB")	42	42
<u>Associates that are not individually material</u>		
Senao Networks, Inc. ("SNI")	34	34
KingwayTek Technology Co., Ltd. ("KWT")	23	23
ST-2 Satellite Ventures Pte., Ltd. ("STS")	38	38
Viettel-CHT Co., Ltd. ("Viettel-CHT")	30	30
Taiwan International Standard Electronics Co., Ltd. ("TISE")	40	40
WiAdvance Technology Corporation ("WATC")	20	-
Chungghwa 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
CHT Infinity Singapore Pte. Ltd. ("CISG")	40	-
Imedtac Co., Ltd. ("IME")	7	-
Click Force Co., Ltd. ("CF")	49	49
AgriTalk Technology Inc. ("ATT")	17	-
Cornerstone Ventures Co., Ltd. ("CVC")	49	49
Alliance Digital Tech Co., Ltd. ("ADT")	-	14
UUPON Inc. ("UUPON")	-	-
International Integrated Systems, Inc. ("IISI")	-	-
MeWorks LIMITED (HK) ("MeWorks")	-	-

Summarized financial information of NCB was set out below:

	December 31	
	2021	2020
Assets	\$ 9,197,280	\$ 9,906,945
Liabilities	(524,813)	(788,813)
Equity	<u>\$ 8,672,467</u>	<u>\$ 9,118,132</u>
The percentage of ownership interest held by the Company	41.90%	41.90%
Equity attributable to the Company	\$ 3,633,764	\$ 3,820,497
Unrealized gain or loss from downstream transactions	(41,710)	(43,621)
The carrying amount of investment	<u>\$ 3,592,054</u>	<u>\$ 3,776,876</u>

on disposal of \$14,534 thousand under “other gains and losses” on the consolidated statements of comprehensive income.

The Company disposed of all shares of MeWorks in September 2020.

The Company’s ownership interest in NCB is 41.90%. Although Chunghwa is the single largest stockholder of NCB, it only obtained six out of fifteen seats of the Board of Directors of NCB. In addition, the management considered the size of ownership interest and the dispersion of shares owned by the other stockholders, other holdings are not extremely dispersed. Chunghwa is not able to direct its relevant activities. Therefore, Chunghwa does not have control over NCB and merely has significant influence over NCB and treated it as an associate.

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

The Company invested and obtained 49% ownership interest in CVC. However, as the Company has only two out of five seats of the Board of Directors of CVC and has no control but significant influence over CVC. Therefore, the Company recognized CVC as an investment in associate.

The Company invested and obtained 7.54% ownership interest in IME. The Company originally treated it as a financial asset at FVOCI. However, as the Company obtained one out of five seats of the Board of Directors of IME in August 2021 and has significant influence over IME, the Company reclassified it as an associate. IME issued new shares in December 2021 as its employees exercised options; therefore, the Company’s ownership interest in IME decreased to 6.74% as of December 31, 2021.

The Company invested and obtained 17.19% ownership interest in ATT. The Company originally treated it as a financial asset at FVOCI. However, as the Company obtained one out of three seats of the Board of Directors of ATT in July 2021 and has significant influence over ATT, the Company reclassified it as an associate.

The Company owns 14% ownership interest in ADT. Considering the seats that the Company controls in the Board of Directors of ADT and the relative size of ownership interest and the dispersion of shares owned by the other stockholders, the Company has significant influence over ADT. ADT completed its liquidation in August 2021. The Company received the liquidation distribution of \$8,519 thousand and recognized gain on disposal of \$3,239 thousand under “other gains and losses” on the consolidated statements of comprehensive income.

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

b. Investment in joint venture

Investment in joint venture was as follows:

Name of Joint Venture	Carrying Amount		% of Ownership Interests and Voting Rights	
	December 31, 2021	2020	December 31, 2021	2020
<u>Non-listed</u>				
Chunghwa SEA Holdings (“CHT SEA”)	\$ 9,932	\$ 10,200	51	51

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	Year Ended December 31, 2021	Year Ended December 31, 2020
Revenues	\$ -	\$ -
Net loss for the year	\$ (445,665)	\$ (605,419)
Other comprehensive income	-	-
Total comprehensive loss for the year	\$ (445,665)	\$ (605,419)

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, 2021	2020
The Company’s share of profits	\$ 606,730	\$ 540,037
The Company’s share of other comprehensive loss	(5,677)	(8,571)
The Company’s share of total comprehensive income	\$ 601,053	\$ 531,466

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

	December 31, 2021	2020
SNI	\$ 1,699,351	\$ 1,707,640
KWT	\$ 909,787	\$ 675,911

The Company invested \$55,720 thousand in June 2021. The ownership interest in CISG is 40.00%. CISG mainly engages in investment business.

The Company invested \$273,800 thousand and obtained 20.33% ownership interest by participating in the capital increase of WATC in March 2021. WATC mainly engages in software solution integration.

KWT repurchased its stock from January to February 2020. Therefore, the Company’s ownership interest in KWT increased to 22.72%.

Chunghwa’s Board of Directors approved the investment of 20.58% ownership interest in IISI in January 2020 and the equity transaction was completed on July 1, 2020 (“acquisition date”). As the business combination was achieved in stages, the Company remeasured the previously held equity interest of IISI and recognized gain on disposal of \$1,412 thousand under “other gains and losses” on the consolidated statements of comprehensive income. The Company treated IISI as a subsidiary starting from the acquisition date and included IISI and its subsidiaries in the consolidated financial statements. Please refer to Note 13(c).

UIUPON reduced 95.44% of its capital to offset accumulated deficits in September 2020 and the Company did not participate in the capital increase of UIUPON in October 2020. Therefore, the Company’s ownership interest in UIUPON decreased to 5.36% and lost its significant influence over UIUPON. Hence the Company discontinued to treat UIUPON as an associate. Instead, the Company treated it as a financial asset at fair value through other comprehensive income and recognized gain

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The Company invested \$10,200 thousand to establish a joint venture, CHT SEA, with Delta Electronics, Inc. and Kwang Hsing Industrial Co., Ltd. in December 2020 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	
	2021	2020
The Company's share of loss	\$ (268)	\$ -
The Company's share of other comprehensive income	-	-
The Company's share of total comprehensive loss	<u>\$ (268)</u>	<u>\$ -</u>

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

15. PROPERTY, PLANT AND EQUIPMENT

Assets used by the Company

Assets subject to operating leases

a. Assets used by the Company

	Land	Land Improvements	Buildings	Computer Equipment	Telecommunications Equipment	Transportation Equipment	Miscellaneous Equipment	Construction in Progress and Equipment to be Accepted	Total
Car									
Balance on January 1, 2020	\$ 99,102,251	\$ 1,018,481	\$ 71,090,793	\$ 13,084,827	\$ 706,032,448	\$ 3,912,298	\$ 10,990,170	\$ 13,252,197	\$ 918,513,455
Additions	66,712	-	18,113	54,402	117,441	1,309	150,385	24,786,365	25,194,727
Disposals	(276,288)	(19,386)	(48,448)	(1,243,344)	(20,618,652)	(4,259)	(520,411)	(29,535)	(22,595,374)
Effect of foreign exchange differences	-	-	-	(9)	(9)	(86)	267	(7,330)	(97,863)
Acquired by business combinations (Note 13)	-	-	-	69,814	25,333,061	-	72,400	-	142,214
Others	3,091,050	31,147	(60,320)	520,424	-	20,611	507,008	(29,977,453)	(541,107)
Balance on December 31, 2020	<u>\$ 101,590,665</u>	<u>\$ 1,030,342</u>	<u>\$ 70,890,728</u>	<u>\$ 12,465,580</u>	<u>\$ 710,775,709</u>	<u>\$ 3,894,243</u>	<u>\$ 10,299,819</u>	<u>\$ 8,529,416</u>	<u>\$ 926,415,352</u>
Accumulated depreciation and impairment									
Balance on January 1, 2020	\$ -	\$ (1,274,693)	\$ (7,796,752)	\$ (1,068,545)	\$ (5,033,379,891)	\$ (29,358)	\$ (7,652,299)	\$ (29,358)	\$ (642,146,625)
Additions	-	(1,274,693)	(13,628)	(1,262,510)	(20,599,303)	44,972	504,180	29,358	(22,488,684)
Disposals	-	19,215	48,748	1,262,510	20,599,303	44,972	504,180	29,358	22,488,684
Effect of foreign exchange differences	-	-	-	-	-	37	222	-	40,712
Acquired by business combinations (Note 13)	-	-	-	92	40,361	-	-	-	-
Others	-	13	47,027	(40,282)	27,586	(932)	(53,978)	-	(94,252)
Balance on December 31, 2020	<u>\$ -</u>	<u>\$ (1,274,693)</u>	<u>\$ (7,796,752)</u>	<u>\$ (1,068,545)</u>	<u>\$ (5,033,379,891)</u>	<u>\$ (29,358)</u>	<u>\$ (7,652,299)</u>	<u>\$ (29,358)</u>	<u>\$ (642,146,625)</u>
Balance on January 1, 2020, net	<u>\$ 99,102,251</u>	<u>\$ (1,274,693)</u>	<u>\$ (7,796,752)</u>	<u>\$ (1,068,545)</u>	<u>\$ (5,033,379,891)</u>	<u>\$ (29,358)</u>	<u>\$ (7,652,299)</u>	<u>\$ (29,358)</u>	<u>\$ (642,146,625)</u>
Balance on December 31, 2020, net	<u>\$ 101,590,665</u>	<u>\$ (1,274,693)</u>	<u>\$ (7,796,752)</u>	<u>\$ (1,068,545)</u>	<u>\$ (5,033,379,891)</u>	<u>\$ (29,358)</u>	<u>\$ (7,652,299)</u>	<u>\$ (29,358)</u>	<u>\$ (642,146,625)</u>

	Land	Land Improvements	Buildings	Computer Equipment	Telecommunications Equipment	Transportation Equipment	Miscellaneous Equipment	Construction in Progress and Equipment to be Accepted	Total
Accumulated depreciation and impairment									
Balance on January 1, 2021	\$ -	\$ (1,399,204)	\$ (29,247,331)	\$ (10,638,867)	\$ (5,914,622,323)	\$ (1,718,392)	\$ (7,925,938)	\$ -	\$ (644,927,764)
Additions	-	(43,433)	(1,401,187)	(715,517)	(2,840,815)	(63,024)	(700,648)	-	(27,272,924)
Disposals	-	1,025	29,418	1,241,140	2,790,033	63,046	463,821	-	30,246,483
Effect of foreign exchange differences	-	-	-	(134)	39,948	164	934	-	31,912
Others	-	-	41,520	(1,208)	427	(64)	(45,482)	-	(4,185)
Balance on December 31, 2021	<u>\$ -</u>	<u>\$ (1,441,612)</u>	<u>\$ (30,618,090)</u>	<u>\$ (9,413,226)</u>	<u>\$ (5,904,333,829)</u>	<u>\$ (1,654,978)</u>	<u>\$ (8,163,337)</u>	<u>\$ -</u>	<u>\$ (644,927,764)</u>
Balance on January 1, 2021, net	<u>\$ 101,590,665</u>	<u>\$ (1,441,612)</u>	<u>\$ (30,618,090)</u>	<u>\$ (9,413,226)</u>	<u>\$ (5,904,333,829)</u>	<u>\$ (1,654,978)</u>	<u>\$ (8,163,337)</u>	<u>\$ -</u>	<u>\$ (644,927,764)</u>
Balance on December 31, 2021, net	<u>\$ 101,590,665</u>	<u>\$ (1,441,612)</u>	<u>\$ (30,618,090)</u>	<u>\$ (9,413,226)</u>	<u>\$ (5,904,333,829)</u>	<u>\$ (1,654,978)</u>	<u>\$ (8,163,337)</u>	<u>\$ -</u>	<u>\$ (644,927,764)</u>

(Continued)

There was no indication that property, plant and equipment was impaired; therefore, the Company did not recognize any impairment loss for the years ended December 31, 2021 and 2020.

Chunghua signed a joint development agreement with the MOTC previously which stated that the MOTC would provide the national land and Chunghua would be in charge of the planning and construction for the MOTC's office building, Chunghua's Renai office building, etc. According to the agreement, the MOTC and Chunghua would each own a certain percentage of the buildings, and Chunghua is to pay or get the reimbursement for the difference between the assessed value of the land and the construction cost paid by Chunghua on behalf of the MOTC. The difference amounting to \$1,056,680 thousand due to the MOTC was reported to Chunghua's Board of Directors in May 2020. Chunghua paid the aforementioned amount in May 2021 and the property registration of the respective asset was completed in July 2021.

The Company participated in the government-led urban renewal project in Xingzheng Section, Xindian District, New Taipei City. The Company provided land as a building lot while Kindom Development Corp., chosen through public selection by the New Taipei City Government, acted as the urban renewal developer. The property registration was completed in 2020. With respect to the Company's trade-in share of land and buildings, only the trade-in buildings had commercial substance. Therefore, the gain on the asset exchange transaction of \$1,267,980 thousand (included in "gains and losses on disposal of property, plant and equipment") was recognized at the difference between the carrying amount of the trade-out land of \$37,087 thousand and the fair value of trade-in buildings of \$1,305,067 thousand (included in "investment properties"). The aforementioned gain on disposal was included under "other income and expenses" in the consolidated 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	20~60 years
Main buildings	3~15 years
Other building facilities	1~8 years
Computer equipment	2~30 years
Telecommunications equipment	2~30 years
Telecommunication machinery and antennas equipment	3~10 years
Transportation equipment	1~9 years
Miscellaneous equipment	3~16 years
Leasehold improvements	1~15 years
Mechanical and air conditioner equipment	
Others	

b. Assets subject to operating leases

	Land	Buildings	Total
<u>Cost</u>			
Balance on January 1, 2020	\$ 4,979,650	\$ 3,841,560	\$ 8,821,210
Others	(6,730)	394,596	387,866
Balance on December 31, 2020	<u>\$ 4,972,920</u>	<u>\$ 4,236,156</u>	<u>\$ 9,209,076</u>
<u>Accumulated depreciation and impairment</u>			
Balance on January 1, 2020	\$ -	\$ (1,496,998)	\$ (1,496,998)
Depreciation expenses	-	(82,474)	(82,474)
Others	-	(36,249)	(36,249)
Balance on December 31, 2020	<u>\$ -</u>	<u>\$ (1,615,721)</u>	<u>\$ (1,615,721)</u>
Balance on January 1, 2020, net	<u>\$ 4,979,650</u>	<u>\$ 2,344,562</u>	<u>\$ 7,324,212</u>
Balance on December 31, 2020, net	<u>\$ 4,972,920</u>	<u>\$ 2,620,435</u>	<u>\$ 7,593,355</u>
<u>Cost</u>			
Balance on January 1, 2021	\$ 4,972,920	\$ 4,236,156	\$ 9,209,076
Others	(163,994)	(102,167)	(266,161)
Balance on December 31, 2021	<u>\$ 4,808,926</u>	<u>\$ 4,133,989</u>	<u>\$ 8,942,915</u>
<u>Accumulated depreciation and impairment</u>			
Balance on January 1, 2021	\$ -	\$ (1,615,721)	\$ (1,615,721)
Depreciation expenses	-	(76,959)	(76,959)
Others	-	1,038	1,038
Balance on December 31, 2021	<u>\$ -</u>	<u>\$ (1,691,642)</u>	<u>\$ (1,691,642)</u>
Balance on January 1, 2021, net	<u>\$ 4,972,920</u>	<u>\$ 2,620,435</u>	<u>\$ 7,593,355</u>
Balance on December 31, 2021, net	<u>\$ 4,808,926</u>	<u>\$ 2,442,347</u>	<u>\$ 7,251,273</u>

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	2020
	2021	
Year 1	\$ 371,380	\$ 347,229
Year 2	300,591	288,184
Year 3	210,073	230,984
Year 4	158,541	164,141
Year 5	135,208	124,845
Onwards	1,177,460	1,179,493
	<u>\$ 2,353,253</u>	<u>\$ 2,334,876</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

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	2020
	2021	
Land and buildings		
Handsets base stations	\$ 6,987,731	\$ 7,095,883
Others	1,537,852	1,708,593
Equipment	2,525,353	2,204,730
	<u>\$ 11,050,936</u>	<u>\$ 11,009,206</u>
	<u>Year Ended December 31</u>	<u>2020</u>
	2021	
Additions to right-of-use assets	<u>\$ 4,669,219</u>	<u>\$ 3,796,370</u>
Depreciation charge for right-of-use assets		
Land and buildings		
Handsets base stations	\$ 2,788,774	\$ 2,729,441
Others	786,645	786,114
Equipment	409,765	415,943
	<u>\$ 3,985,184</u>	<u>\$ 3,931,498</u>

Chunghwa entered into a contract with ST-2 Satellite Ventures Pte., Ltd. to lease capacity on the ST-2 satellite. However, certain frequency that ST-2 satellite originally used was transferred for the use of 5G spectrum to the government, Chunghwa evaluated and determined that the recoverable amount of the related right-of-use assets was nil. Therefore, Chunghwa recognized an impairment loss of \$420,590 thousand for the year ended December 31, 2021. The impairment loss was included under "other income and expenses" in the consolidated statement of comprehensive income.

The Company did not have significant sublease of right-of-use assets for the year ended December 31, 2021. The Company did not have significant sublease or impairment of right-of-use assets for the year ended December 31, 2020.

b. Lease liabilities

	December 31	
	2021	2020
Lease liabilities		
Current	\$ 3,210,564	\$ 3,381,571
Noncurrent	7,061,689	6,215,096
	<u>\$ 10,272,253</u>	<u>\$ 9,596,667</u>

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2021	2020
Land and buildings		
Handsets base stations	0.37%-1.18%	0.46%-1.18%
Others	0.37%-9.00%	0.46%-9.00%
Equipment	0.37%-2.99%	0.46%-2.99%

c. Important lease-in activities and terms

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

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

The lease agreements for equipment include a contract between 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 38 to the consolidated financial statements for details.

d. Other lease information

	Year Ended December 31	
	2021	2020
Expenses relating to low-value asset leases	\$ 8,297	\$ 8,314
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 7,462	\$ 5,119
Total cash outflow for leases	<u>\$ 3,813,681</u>	<u>\$ 3,776,291</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 15 and 17 to the consolidated financial statements.

17. INVESTMENT PROPERTIES

Cost	
Balance on January 1, 2020	\$ 9,213,979
Additions (Note 15)	1,359,502
Disposal	(36,943)
Reclassification	125,912
Balance on December 31, 2020	<u>\$ 10,662,450</u>
Accumulated depreciation and impairment	
Balance on January 1, 2020	\$ (1,044,586)
Depreciation expense	(22,332)
Reclassification	(1,276)
Reversal of impairment loss	27,066
Balance on December 31, 2020	<u>\$ (1,041,128)</u>
Balance on January 1, 2020, net	<u>\$ 8,169,393</u>
Balance on December 31, 2020, net	<u>\$ 9,621,322</u>
Cost	
Balance on January 1, 2021	\$ 10,662,450
Additions	146
Balance on December 31, 2021	<u>\$ 10,662,596</u>
Accumulated depreciation and impairment	
Balance on January 1, 2021	\$ (1,041,128)
Depreciation expense	(42,259)
Reversal of impairment loss	83,429
Balance on December 31, 2021	<u>\$ (999,958)</u>
Balance on January 1, 2021, net	<u>\$ 9,621,322</u>
Balance on December 31, 2021, net	<u>\$ 9,662,638</u>

After the evaluation of land and buildings, the Company concluded the recoverable amount which represented the fair value less costs to sell of some land and buildings was higher than the carrying amount. Therefore, the Company recognized reversal of impairment losses of \$83,429 thousand and \$27,066 thousand for the years ended December 31, 2021 and 2020, respectively, and the amounts were recognized only to the extent of impairment losses that had been recognized in prior years. The reversal of impairment loss was included in other income and expenses in the consolidated statements of comprehensive income.

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

Land improvements	10-30 years
Buildings	
Main buildings	35-60 years
Other building facilities	4-10 years

The fair values of the Company's investment properties as of December 31, 2021 and 2020 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	
	2021	2020
Fair value		
Overall capital interest rate	\$ 25,547,766	\$ 22,644,318
Profit margin ratio	0.91%~3.05%	0.93%~3.03%
Discount rate	8%~20%	12%~20%
Capitalization rate	0.53%~2.11%	0.73%~2.20%

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	
	2021	2020
Year 1	\$ 107,183	\$ 115,305
Year 2	82,505	95,223
Year 3	61,629	75,285
Year 4	55,510	52,544
Year 5	38,605	37,588
Onwards	77,626	57,773
	<u>\$ 423,058</u>	<u>\$ 433,718</u>

18. INTANGIBLE ASSETS

Cost	Mobile Broadband Concession	Computer Software	Goodwill	Others	Total
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Balance on January 1, 2020	\$ 59,965,000	\$ 3,428,609	\$ 236,200	\$ 378,063	\$ 64,007,872
Additions-acquired separately	48,373,000	225,829	-	6,358	48,605,187
Disposal	-	(337,954)	-	(3,053)	(341,007)
Effect of foreign exchange differences	-	(106)	-	(40)	(146)
Acquired by business combinations (Note 13)	-	1,259	55,006	11,043	67,308
Others	-	1,586	-	(45)	1,541
Balance on December 31, 2020	<u>\$108,338,000</u>	<u>\$ 3,319,223</u>	<u>\$ 291,206</u>	<u>\$ 392,326</u>	<u>\$112,340,755</u>

(Continued)

The computer software is amortized using the straight-line method over the estimated useful lives of 1 to 10 years. Other intangible assets are amortized using the straight-line method over the estimated useful lives of 1 to 20 years. Goodwill is not amortized.

SENAO evaluated the goodwill, license agreement and the right of trademark that arose in the acquisition of Youth and its subsidiaries at the end of each year. SENAO determined the smallest identifiable group of assets that generates cash inflows as single cash generating units by business type and evaluated the recoverable amount of those cash generating units by their value in use. The management of SENAO estimated the cash flow projections based on the financial budgets for the following five years. Discount rates were 12.10% as of December 31, 2021 and 2020 and were used to calculate the recoverable amount of related cash generating units by discounting aforementioned cash flows.

SENAO concluded the recoverable amount of the goodwill was lower than the carrying value and recognized impairment loss of \$28,698 thousand and \$9,303 thousand for the years ended December 31, 2021 and 2020, respectively. In addition, SENAO concluded the recoverable amount of the license agreement and the right of trademark were lower than the carrying value and recognized impairment loss of \$203 thousand for the year ended December 31, 2021. The aforementioned impairment losses were included in other income and expenses of consolidated statements of comprehensive income.

19. OTHER ASSETS

	December 31	
	2021	2020
Spare parts	\$ 2,836,191	\$ 2,156,136
Refundable deposits	1,971,058	2,009,796
Other financial assets	1,000,000	1,000,000
Others	<u>2,034,331</u>	<u>2,450,006</u>
	<u>\$ 7,841,580</u>	<u>\$ 7,615,938</u>
Current		
Spare parts	\$ 2,836,191	\$ 2,156,136
Others	<u>1,42,589</u>	<u>192,961</u>
	<u>\$ 2,978,780</u>	<u>\$ 2,349,097</u>
Noncurrent		
Refundable deposits	\$ 1,971,058	\$ 2,009,796
Other financial assets	1,000,000	1,000,000
Others	<u>1,891,742</u>	<u>2,257,045</u>
	<u>\$ 4,862,800</u>	<u>\$ 5,266,841</u>

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

20. HEDGING FINANCIAL INSTRUMENTS

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

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

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

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

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

December 31, 2021

Change in Fair Values of Hedging Instruments Used for Calculating Hedge Ineffectiveness						
Hedging Instruments	Currency	Notional Amount (In Thousands)	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount
						Asset / Liability
Cash flow hedge Forecast purchases - forward exchange contracts	NT\$/EUR	NT\$ 227,780/ EUR 7,000	2022.03	\$ 32.54	Hedging financial assets (liabilities)	\$ - \$ 8,286 \$(10,038)
Change in Value of Hedged Item Used for Calculating Hedge Ineffectiveness				Accumulated Gain or Loss on Hedging Instruments in Other Equity		
Hedged Items				Continuing Hedges	Accounting no Longer Applied	Hedge
Cash flow hedge Forecast equipment purchases				\$ 10,038	\$ (8,286)	\$ -
December 31, 2020						
Change in Fair Values of Hedging Instruments Used for Calculating Hedge Ineffectiveness						
Hedging Instruments	Currency	Notional Amount (In Thousands)	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount
						Asset / Liability
Cash flow hedge Forecast purchases - forward exchange contracts	NT\$/EUR	NT\$ 200,867/ EUR 5,831	2021.03	\$ 34.45	Hedging financial assets (liabilities)	\$ 1,752 \$ - \$ 1,425

21. SHORT-TERM LOANS

	December 31	
	2021	2020
Unsecured bank loans	\$ 65,000	\$ 67,000
The annual interest rates of bank loans were as follows:		
	2021	2020
Unsecured bank loans	1.97%~2.43%	1.12%~2.33%

22. SHORT-TERM BILLS PAYABLE

	December 31	
	2021	2020
Commercial paper payable	\$ -	\$ 7,000,000
Less: Discounts on commercial paper payable	-	(802)
	\$ -	\$ 6,999,198
The annual interest rates of commercial paper payable were as follows:		
	2021	2020
Commercial paper payable	-	0.34%~0.36%

23. LONG-TERM LOANS

	December 31	
	2021	2020
Secured bank loans (Note 39)	\$ 1,600,000	\$ 1,600,000
Less: Current portion	-	(1,600,000)
	\$ 1,600,000	\$ -
The annual interest rates of bank loans were as follows:		
	2021	2020
Secured bank loans	0.89%	0.72%

LED obtained a secured loan from Chang Hwa Bank in September 2010. Interest is paid monthly. \$300,000 thousand and \$1,350,000 thousand were originally due in December 2014 and September 2015, respectively. In October 2014, the bank borrowing mentioned above was extended to September 2018 for one time repayment. LED made an early repayment of \$50,000 thousand in April 2015. LED entered into a contract with Chang Hwa Bank to renew the contract upon the maturity of the aforementioned contract in December 2017 and the due date of the renewed contract is September 2021.

	Change in Value of Hedged Item Used for Calculating Hedge Ineffectiveness	Accumulated Gain or Loss on Hedging Instruments in Other Equity	Continuing Hedges	Accounting no Longer Applied
Hedged Items				
Cash flow hedge	\$ (1,425)	\$ 1,752	\$ -	-
Forecast equipment purchases				
Year ended December 31, 2021				

	Comprehensive Income			
	Reclassification from Equity to Profit or Loss and the Adjusted Line Item			
	Amount of Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Which Hedge Ineffectiveness is Included	Amount Reclassified to P/L and the Adjusted Line Item	Due to Hedged Future Cash Flows No Longer Expected to Occur
Hedge Transaction				
Cash flow hedge	\$ -	-	\$ (42,574)	\$ -
Forecast equipment purchases	\$ (10,038)	-	Construction in progress and equipment to be accepted	Other gains and losses
Year ended December 31, 2020				

	Comprehensive Income			
	Reclassification from Equity to Profit or Loss and the Adjusted Line Item			
	Amount of Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Which Hedge Ineffectiveness is Included	Amount Reclassified to P/L and the Adjusted Line Item	Due to Hedged Future Cash Flows No Longer Expected to Occur
Hedge Transaction				
Cash flow hedge	\$ -	-	\$ 20,564	\$ -
Forecast equipment purchases	\$ 1,425	-	Construction in progress and equipment to be accepted	Other gains and losses
Year ended December 31, 2020				

Furthermore, LED entered into another contract with Chang Hwa Bank to renew the contract upon the maturity of the aforementioned contract in August 2021 and the due date of the renewed contract is September 2024.

24. BONDS PAYABLE

	December 31	
	2021	2020
Unsecured domestic bonds	\$ 27,000,000	\$ 20,000,000
Less: Discounts on bonds payable	(23,325)	(19,728)
	<u>\$ 26,976,675</u>	<u>\$ 19,980,272</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	\$ 8,800,000	0.50%	One-time repayment upon maturity; interest payable annually
2021-1	B	July 2020 to July 2027	7,500,000	0.54%	The same as above
	C	July 2020 to July 2030	3,700,000	0.59%	The same as above
	A	April 2021 to April 2026	1,900,000	0.42%	The same as above
	B	April 2021 to April 2028	4,100,000	0.46%	The same as above
	C	April 2021 to April 2031	1,000,000	0.50%	The same as above

25. TRADE NOTES AND ACCOUNTS PAYABLE

	December 31	
	2021	2020
Trade notes and accounts payable	<u>\$ 18,063,288</u>	<u>\$ 15,590,814</u>

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

26. OTHER PAYABLES

	December 31	
	2021	2020
Accrued salary and compensation	\$ 10,125,732	\$ 9,449,659
Payables to contractors	3,014,677	1,778,735
Accrued compensation to employees and remuneration to directors and supervisors	1,997,277	1,690,796
Amounts collected for others	1,426,443	1,307,728
Payables to equipment suppliers	1,153,550	1,049,008
Accrued maintenance costs	1,010,892	1,039,689
Payable on land (Note 15)	-	1,056,680
Others	<u>5,708,137</u>	<u>6,615,667</u>
	<u>\$ 24,436,708</u>	<u>\$ 23,987,962</u>

27. PROVISIONS

	December 31	
	2021	2020
Warranties	\$ 213,537	\$ 182,431
Onerous contracts	146,541	170,433
Employee benefits	62,833	57,210
Others	<u>3,767</u>	<u>4,097</u>
	<u>\$ 426,678</u>	<u>\$ 414,171</u>
Current	\$ 284,813	\$ 313,555
Noncurrent	<u>141,865</u>	<u>100,616</u>
	<u>\$ 426,678</u>	<u>\$ 414,171</u>

	Warranties	Onerous Contracts	Employee Benefits	Others	Total
Balance on January 1, 2020	\$ 173,275	\$ 66,907	\$ 59,745	\$ 4,397	\$ 304,324
Additional / (reversal of) provisions recognized	130,984	91,990	(1,841)	(200)	220,933
Used / forfeited during the year	(121,828)	(3,722)	(694)	(100)	(126,344)
Acquired by business combinations (Note 13)	-	15,258	-	-	15,258
Balance on December 31, 2020	<u>\$ 182,431</u>	<u>\$ 170,433</u>	<u>\$ 57,210</u>	<u>\$ 4,097</u>	<u>\$ 414,171</u>
Balance on January 1, 2021	\$ 182,431	\$ 170,433	\$ 57,210	\$ 4,097	\$ 414,171
Additional / (reversal of) provisions recognized	102,475	(23,892)	6,963	(330)	85,216
Used / forfeited during the year	(71,367)	-	(1,340)	-	(72,707)
Effect of foreign exchange differences	(2)	-	-	-	(2)
Balance on December 31, 2021	<u>\$ 213,537</u>	<u>\$ 146,541</u>	<u>\$ 62,833</u>	<u>\$ 3,767</u>	<u>\$ 426,678</u>

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.

28. 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

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

Chungghwa and its subsidiaries SENA, CHIEF, CHSI, SHE, IISI and UTC with the pension mechanism under the Labor Standards Law in the ROC are considered as defined benefit plans. These pension plans provide benefits based on an employee's length of service and average six-month salary prior to retirement. Chungghwa and its subsidiaries contribute an amount no more than 15% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the names of the Committees in the Bank of Taiwan. The plan assets are held in a commingled fund which is operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the funds. According to the Article 56 of the Labor Standards Law, 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	
	2021	2020
Present value of funded defined benefit obligations	\$ 35,501,968	\$ 39,536,563
Fair value of plan assets	<u>(36,605,382)</u>	<u>(39,493,787)</u>
Funded status – deficit (surplus)	<u>\$ (1,103,414)</u>	<u>\$ 42,776</u>
Net defined benefit liabilities	\$ 2,287,663	\$ 3,415,331
Net defined benefit assets	<u>(3,391,077)</u>	<u>(3,372,555)</u>
	<u>\$ (1,103,414)</u>	<u>\$ 42,776</u>

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

	Present Value of Funded Defined Benefit Obligations	Fair Value of Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance on January 1, 2020	\$ 41,197,226	\$ 39,819,944	\$ 1,377,282
Current service cost	2,052,402	-	2,052,402
Interest expense / interest income	<u>298,162</u>	<u>297,324</u>	<u>838</u>
Amounts recognized in profit or loss	<u>2,350,564</u>	<u>297,324</u>	<u>2,053,240</u>

(Continued)

	Present Value of Funded Defined Benefit Obligations	Fair Value of Plan Assets	Net Defined Benefit Liabilities (Assets)
Remeasurement on the net defined benefit liability			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ 1,307,772	\$ (1,307,772)
Actuarial losses recognized from changes in financial assumptions	589,818	-	589,818
Actuarial gains recognized from experience adjustments	<u>(475,195)</u>	-	<u>(475,195)</u>
Amounts recognized in other comprehensive income	114,623	1,307,772	(1,193,149)
Contributions from employer	-	1,964,480	(1,964,480)
Benefits paid	<u>(3,919,555)</u>	<u>(3,919,555)</u>	-
Benefits paid directly by the Company	<u>(262,730)</u>	-	<u>(262,730)</u>
Acquired by business combinations (Note 13)	56,435	23,822	32,613
Balance on December 31, 2020	39,536,563	39,493,787	42,776
Current service cost	1,253,241	-	1,253,241
Interest expense / interest income	<u>189,488</u>	<u>195,225</u>	<u>(5,737)</u>
Amounts recognized in profit or loss	<u>1,442,729</u>	<u>195,225</u>	<u>1,247,504</u>
Remeasurement on the net defined benefit liability			
Return on plan assets (excluding amounts included in net interest)	-	500,851	(500,851)
Actuarial gain recognized from changes in demographic assumptions	<u>(433,952)</u>	-	<u>(433,952)</u>
Actuarial loss recognized from experience adjustments	544,362	-	544,362
Amounts recognized in other comprehensive income	110,410	500,851	(390,441)
Contributions from employer	-	1,727,329	(1,727,329)
Benefits paid	<u>(5,311,810)</u>	<u>(5,311,810)</u>	-
Benefits paid directly by the Company	<u>(275,924)</u>	-	<u>(275,924)</u>
Balance on December 31, 2021	<u>\$ 35,501,968</u>	<u>\$ 36,605,382</u>	<u>\$ (1,103,414)</u>

(Concluded)

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

	Year Ended December 31	
	2021	2020
Operating costs	\$ 724,943	\$ 1,205,545
Marketing expenses	366,925	602,754
General and administrative expenses	80,248	121,050
Research and development expenses	<u>44,362</u>	<u>72,125</u>
	<u>\$ 1,216,478</u>	<u>\$ 2,001,474</u>

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

a. Investment risk

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

b. Interest rate risk

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

c. Salary risk

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

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

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

	Measurement Date	
	December 31, 2021	December 31, 2020
Discount rates	0.50%	0.50%
Expected rates of salary increase	1.00%–2.25%	1.00%–2.25%

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

	December 31	
	2021	2020
Discount rates		
0.5% increase	\$ (1,073,185)	\$ (1,208,082)
0.5% decrease	\$ 1,139,142	\$ 1,284,034
Expected rates of salary increase		
0.5% increase	\$ 1,217,115	\$ 1,372,403
0.5% decrease	\$ (1,157,095)	\$ (1,302,983)

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

	2021	2020
The expected contributions to the plan for the next year	\$ 1,681,091	\$ 1,931,842
The average duration of the defined benefit obligations	6.3–12 years	6.4–13 years

As of December 31, 2021, the Company's maturity analysis of the undiscounted benefit payments was as follows:

Year	Amount
2022	\$ 2,692,536
2023	6,329,989
2024	9,721,271
2025	10,864,102
2026 and thereafter	36,890,213
	<u>\$ 66,498,111</u>

29. EQUITY

a. Share capital

1) Common stocks

	December 31, 2021	December 31, 2020
Number of authorized shares (thousand)	12,000,000	12,000,000
Authorized shares	<u>\$ 120,000,000</u>	<u>\$ 120,000,000</u>
Number of issued and paid shares (thousand)	7,757,447	7,757,447
Issued shares	<u>\$ 77,574,465</u>	<u>\$ 77,574,465</u>

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, 2021, the outstanding ADSs were 201,601 thousand common stocks, which equaled 20,160 thousand units and represented 2.60% 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:

- Exercise their voting rights,
- 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, 2021 and 2020 were as follows:

	Movements of Additional Paid-in Capital for Associates and Joint Ventures Accounted for Using Equity Method	Movements of Additional Paid-in Capital Arising from Changes in Ownership of Subsidiaries	Difference between Carrying Amount Received and Carrying Amount of the Subsidiaries' Net Assets at Disposal	Donated Capital	Stockholders' Contributions to Privatization	Total
Balance on January 1, 2020	\$ 147,329,386	\$ 208,746	\$ 987,611	\$ 19,914	\$ 171,255,985	1,605
Change in additional paid-in capital from investments in associates and joint ventures accounted for using equity method	-	-	-	1,605	-	-
Change in additional paid-in capital from investments in associates and joint ventures accounted for using equity method	(21,918)	-	-	-	-	(21,918)
Share-based payment transactions of subsidiaries	-	(103)	-	-	-	(103)
Balance on December 31, 2020	147,329,386	186,828	987,611	21,519	20,648,078	171,261,379
Change in additional paid-in capital from investments in associates and joint ventures accounted for using equity method	-	-	-	1,968	-	1,968
Share-based payment transactions of subsidiaries	-	(437)	-	-	-	(437)
Balance on December 31, 2021	147,329,386	186,391	987,611	23,487	20,648,078	171,279,625

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

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

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

c. Retained earnings and dividends policy

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

The Company should appropriate a special reserve when the net amount of other equity items is negative at the end of reporting period upon the earnings distribution. Distributions can be made out of any subsequent reversal of the debit to other equity items.

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

The appropriations of the 2020 and 2019 earnings of Chunghwa approved by the stockholders in their meetings on August 20, 2021 and May 29, 2020, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For Fiscal Year 2020	For Fiscal Year 2019	For Fiscal Year 2020	For Fiscal Year 2019
Cash dividends	\$ 33,403,565	\$ 32,782,969	\$ 4.306	\$ 4.226

The appropriations of earnings for 2021 had been proposed by Chunghwa's Board of Directors on February 23, 2022. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Special reserve	\$ 408,150	
Cash dividends	35,746,314	\$ 4.608

The appropriations of earnings for 2021 are subject to the resolution of the stockholders' meeting planned to be held on May 27, 2022. Information of the appropriation of Chunghwa's earnings proposed by the Board of Directors and approved by the stockholders is available on the Market Observation Post System website.

d. Others

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

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

2) Unrealized gain or loss on financial assets at FVOCI

	Year Ended December 31 2021	2020
Beginning balance	\$1,239,901	\$ 836,598
Unrealized gain or loss for the year	(1,187,836)	419,989
Equity instruments		
Transferred accumulated gain or loss to unappropriated earnings resulting from the disposal of equity instruments (Note 8)	(59,653)	(16,686)
Ending balance	\$ (7,588)	\$1,239,901

e. Noncontrolling interests

	Year Ended December 31 2021	2020
Beginning balance	\$ 11,327,441	\$ 10,283,522
Shares attributed to noncontrolling interests		
Net income for the year	1,441,300	1,299,413
Exchange differences arising from the translation of the foreign operations	602	(13,866)
Unrealized gain or loss on financial assets at FVOCI	1,987	(15,034)
Remeasurements of defined benefit pension plans	(5,426)	17,395
Income tax relating to exchange differences arising from the translation of the foreign operations	-	(128)
Income tax relating to remeasurements of defined benefit pension plans	1,085	(3,479)
Share of other comprehensive loss of associates and joint ventures accounted for using equity method	351	(2,190)
Cash dividends distributed by subsidiaries	(896,335)	(775,420)
Changes in additional paid-in capital from investments in associates and joint ventures accounted for using equity method	(136)	(1,817)
Noncontrolling interests increased by business combination of IISI (Note 13)	-	475,879
Share-based payment transactions of subsidiaries	56,735	63,063
Change in additional paid-in capital for not proportionately participating in the capital increase of subsidiaries	-	103
Ending balance	<u>\$ 11,927,604</u>	<u>\$ 11,327,441</u>

30. REVENUES

Revenue from contracts with customers	\$ 208,412,156	\$ 206,395,581
Other revenues		
Government grants income	1,037,057	218,934
Rental income	863,719	842,941
Others	165,016	151,542
	<u>2,065,792</u>	<u>1,213,417</u>
	<u>\$ 210,477,948</u>	<u>\$ 207,608,998</u>

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

a. Disaggregation of revenue

	2021								
		Domestic Fixed Communications Business	Mobile Communications Business	Internet Business	International Fixed Communications Business	Others	Total		
Main Products and Service Revenues									
Mobile services revenue	\$	-	\$ 58,047,852	\$	-	\$	\$ 58,047,852		
Sales of products		2,172,907	35,414,256	128,156	12,018	5,179,779	42,907,116		
Local telephone and domestic long distance telephone services revenue		25,703,655	-	-	-	-	25,703,655		
Broadband access and domestic leased line services revenue		23,012,443	-	-	-	-	23,012,443		
Data communications internet services revenue		-	-	22,281,459	-	-	22,281,459		
International network and leased line services revenue		-	-	10,427,035	4,366,820	-	4,366,820		
Others		13,255,179	1,222,384	-	4,245,690	2,942,523	32,092,811		
		<u>\$ 64,144,184</u>	<u>\$ 94,684,492</u>	<u>\$ 32,856,650</u>	<u>\$ 8,624,528</u>	<u>\$ 8,122,302</u>	<u>\$ 208,412,156</u>		

2020

		Domestic Fixed Communications Business	Mobile Communications Business	Internet Business	International Fixed Communications Business	Others	Total		
Main Products and Service Revenues									
Mobile services revenue	\$	-	\$ 56,724,433	\$	-	\$	\$ 56,724,433		
Sales of products		2,214,161	32,111,502	106,672	313,214	4,645,167	39,390,716		
Local telephone and domestic long distance telephone services revenue		26,474,747	-	-	-	-	26,474,747		
Broadband access and domestic leased line services revenue		22,420,164	-	-	-	-	22,420,164		
Data communications internet services revenue		-	-	21,446,960	-	-	21,446,960		
International network and leased line services revenue		-	-	10,254,592	3,884,182	-	3,884,182		
Others		17,694,619	1,307,382	-	4,484,645	2,313,131	26,054,379		
		<u>\$ 68,803,691</u>	<u>\$ 90,143,317</u>	<u>\$ 31,808,231</u>	<u>\$ 8,682,044</u>	<u>\$ 6,958,298</u>	<u>\$ 206,395,581</u>		

b. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Trade notes and accounts receivable (Note 9)	<u>\$ 23,947,107</u>	<u>\$ 22,621,902</u>	<u>\$ 26,407,783</u>
Contract assets			
Products and service bundling	\$ 7,197,206	\$ 7,232,134	\$ 6,942,974
Others	982,688	612,206	115,993
Less: Loss allowance	(18,080)	(17,792)	(16,858)
	<u>\$ 8,161,814</u>	<u>\$ 7,826,548</u>	<u>\$ 7,042,109</u>
Current	\$ 5,554,070	\$ 5,331,246	\$ 4,441,196
Noncurrent	<u>2,607,744</u>	<u>2,495,302</u>	<u>2,600,913</u>
	<u>\$ 8,161,814</u>	<u>\$ 7,826,548</u>	<u>\$ 7,042,109</u>

(Continued)

c. Incremental costs of obtaining contracts

	December 31	2020
	2021	

Noncurrent		
Incremental costs of obtaining contracts	\$ 987,656	\$ 999,593

The Company considered the past experience and the default clauses in the telecommunications service contracts and believes the commissions and equipment subsidies paid for obtaining such contracts are expected to be recoverable; therefore, such costs were capitalized. Amortization expenses for the years ended December 31, 2021 and 2020 were \$815,241 thousand and \$771,875 thousand, respectively.

d. Remaining Performance Obligations

As of December 31, 2021, the aggregate amount of transaction price allocated to performance obligations for non-cancellable telecommunications service contracts that are unsatisfied is \$29,379,640 thousand. The Company recognizes revenue when service is provided over contract terms. The Company expects to recognize such revenue of \$18,349,662 thousand, \$8,603,486 thousand and \$2,426,492 thousand in 2022, 2023 and 2024, 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, 2021, the aggregate amount of transaction price allocated to performance obligations for non-cancellable project business contracts that are unsatisfied is \$19,030,013 thousand. The Company recognizes revenues when the project business contract is completed and accepted by customers. The Company expects to recognize such revenue of \$9,032,786 thousand, \$4,781,524 thousand and \$5,215,703 thousand in 2022, 2023 and 2024, respectively. Project business contracts whose expected duration are less than a year have been excluded from the aforementioned disclosure.

31. NET INCOME

a. Other income and expenses

	Year Ended December 31	2020
	2021	
Gain (loss) on disposal of property, plant and equipment, net	\$ (3,349)	\$1,427,984
Impairment loss on right-of-use assets	(420,590)	-
Gain on disposal of investment properties, net	-	151,357
Reversal of impairment loss on investment properties	83,429	27,066
Loss on disposal of intangible assets	-	(1,858)
Impairment loss on intangible assets	(28,901)	(9,303)
	<u>\$ (369,411)</u>	<u>\$1,595,246</u>

	December 31,	December 31,	January 1,
	2021	2020	2020

Contract liabilities			
Telecommunications business	\$ 13,143,598	\$ 13,601,662	\$ 12,771,621
Project business	5,435,268	6,686,561	10,360,428
Products and service bundling	4,168	16,404	38,570
Others	<u>491,298</u>	<u>421,166</u>	<u>510,696</u>
	<u>\$ 19,074,332</u>	<u>\$ 20,725,793</u>	<u>\$ 23,681,315</u>
Current	\$ 12,234,276	\$ 13,436,706	\$ 16,839,830
Noncurrent	<u>6,840,056</u>	<u>7,289,087</u>	<u>6,841,485</u>
	<u>\$ 19,074,332</u>	<u>\$ 20,725,793</u>	<u>\$ 23,681,315</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	2020
	2021	
Contract assets		
Net increase of customer contracts	\$ 6,034,998	\$ 5,972,451
Reclassified to trade receivables	<u>(6,039,413)</u>	<u>(5,681,532)</u>
	<u>\$ (4,415)</u>	<u>\$ 290,919</u>
Contract liabilities		
Net increase of customer contracts	\$ 162	\$ 7,370
Recognized as revenues	<u>(12,398)</u>	<u>(29,536)</u>
	<u>\$ (12,236)</u>	<u>\$ (22,166)</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 period that was included in the contract liability at the beginning of the year was as follows:

	Year Ended December 31	2020
	2021	
Telecommunications business	\$ 5,952,356	\$ 5,492,271
Project business	4,630,103	6,091,951
Others	<u>430,982</u>	<u>511,619</u>
	<u>\$ 11,013,441</u>	<u>\$ 12,095,841</u>

b. Other income

	Year Ended December 31 2021	2020
Dividend income	\$ 154,008	\$ 246,084
Rental income	69,669	70,123
Others	<u>154,143</u>	<u>153,401</u>
	<u>\$ 377,820</u>	<u>\$ 469,608</u>

c. Other gains and losses

	Year Ended December 31 2021	2020
Valuation gain (loss) on financial assets and liabilities at fair value through profit or loss, net	\$ 243,381	\$ (99,150)
Foreign currency exchange gain or loss, net	229,502	(46,535)
Gain on disposal of investments accounted for using equity method, net	3,239	15,946
Gain (loss) on disposal of financial instruments, net	353	(1,788)
Others	<u>(15,645)</u>	<u>(21,440)</u>
	<u>\$ 460,830</u>	<u>\$ (152,967)</u>

d. Interest expenses

	Year Ended December 31 2021	2020
Interest on bonds payable	\$ 131,635	\$ 45,614
Interest on lease liabilities	68,973	79,654
Interest paid to financial institutions	16,587	79,067
Others	<u>976</u>	<u>1,728</u>
	<u>\$ 218,171</u>	<u>\$ 206,063</u>

e. Impairment loss (reversal of impairment loss)

	Year Ended December 31 2021	2020
Contract assets	\$ 288	\$ 934
Trade notes and accounts receivable	<u>\$ 122,911</u>	<u>\$ 48,708</u>
Other receivables	\$ 19,792	\$ (4,757)
Inventories	<u>\$ 206,824</u>	<u>\$ 1,161,281</u>
Right-of-use assets	\$ 420,590	\$ -
Investment properties	<u>\$ (83,429)</u>	<u>\$ (27,066)</u>
Intangible assets	<u>\$ 28,901</u>	<u>\$ 9,303</u>

f. Depreciation and amortization expenses

	Year Ended December 31 2021	2020
Property, plant and equipment	\$ 27,804,883	\$ 26,988,500
Right-of-use assets	3,985,184	3,931,498
Investment properties	42,259	22,332
Intangible assets	6,568,547	5,424,367
Incremental costs of obtaining contracts	<u>815,241</u>	<u>771,875</u>
	<u>\$ 39,216,114</u>	<u>\$ 37,138,572</u>
Total depreciation and amortization expenses		
Depreciation expenses summarized by functions		
Operating costs	\$ 30,020,758	\$ 29,056,306
Operating expenses	<u>1,811,568</u>	<u>1,886,024</u>
	<u>\$ 31,832,326</u>	<u>\$ 30,942,330</u>
Amortization expenses summarized by functions		
Operating costs	\$ 7,171,851	\$ 5,971,033
Marketing expenses	92,823	99,881
General and administrative expenses	75,331	82,436
Research and development expenses	<u>43,783</u>	<u>42,892</u>
	<u>\$ 7,383,788</u>	<u>\$ 6,196,242</u>

g. Employee benefit expenses

	Year Ended December 31 2021	2020
Post-employment benefit	\$ 783,762	\$ 708,230
Defined contribution plans	<u>1,216,478</u>	<u>2,001,474</u>
Defined benefit plans	2,000,240	2,709,704
Share-based payment	19,371	7,578
Equity-settled share-based payment	<u>42,653,703</u>	<u>42,245,925</u>
Other employee benefit		
Total employee benefit expenses	<u>\$ 44,673,314</u>	<u>\$ 44,963,207</u>
Summary by functions		
Operating costs	\$ 22,734,259	\$ 23,005,380
Operating expenses	<u>21,939,055</u>	<u>21,957,827</u>
	<u>\$ 44,673,314</u>	<u>\$ 44,963,207</u>

Chunghwa distributes employees' compensation at the rates from 1.7% to 4.3% and remuneration to directors not higher than 0.17%, respectively, of pre-tax income. As of December 31, 2021, the payables of the employees' compensation and the remuneration to directors were \$1,429,000 thousand and \$38,552 thousand, respectively. Such amounts have been approved by the Chunghwa's Board of Directors on February 23, 2022 and will be reported to the stockholders in their meeting planned to be held on May 27, 2022.

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 2020 and 2019 approved by the Board of Directors on February 23, 2021 and February 26, 2020, respectively, were as follows:

	Cash	
	2020	2019
Compensation distributed to the employees	\$ 1,202,448	\$ 1,126,194
Remuneration paid to the directors	35,803	35,210

There was no difference between the initial accrued amounts recognized in 2020 and 2019 and the amounts approved by the Board of Directors in 2021 and 2020 of the aforementioned compensation to employees and the remuneration to directors.

Information of the appropriation of Chunghwa's employees compensation and remuneration to directors and those approved by the Board of Directors is available on the Market Observation Post System website.

32. INCOME TAX

- a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	Year Ended December 31	
	2021	2020
Current tax		
Current tax expenses recognized for the year	\$ 8,490,402	\$ 8,172,184
Income tax on unappropriated earnings	32,728	11,329
Income tax adjustments on prior years	(150,719)	(22,436)
Others	6,842	19,661
	<u>8,379,253</u>	<u>8,180,738</u>
Deferred tax		
Deferred tax expenses (benefits) recognized for the year	489,181	(81,618)
Income tax adjustments on prior years	3,311	26,308
	<u>492,492</u>	<u>(55,310)</u>
Income tax recognized in profit or loss	<u>\$ 8,871,745</u>	<u>\$ 8,125,428</u>

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

	Year Ended December 31	
	2021	2020
Income before income tax	<u>\$ 46,066,624</u>	<u>\$ 42,830,971</u>
Income tax expense calculated at the statutory rate	\$ 9,213,325	\$ 8,566,194
Nondeductible income and expenses in determining taxable income	7,809	14,975
		(Continued)

	Year Ended December 31	
	2021	2020
Unrecognized loss carryforwards	\$ (549)	\$ 3,515
Tax-exempt income	(30,181)	(367,817)
Income tax on unappropriated earnings	32,728	11,329
Investment credits	(217,318)	(130,888)
Effect of different tax rates of group entities operating in other jurisdictions	(10,374)	10,324
Income tax adjustments on prior years	(147,408)	3,872
Others	<u>23,713</u>	<u>13,924</u>
Income tax expense recognized in profit or loss	<u>\$ 8,871,745</u>	<u>\$ 8,125,428</u>
		(Concluded)

The applicable tax rate used by the entities subject to the Income Tax Act of the Republic of China is 20%, while the applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other entities of the Company operating in other jurisdictions are based on the tax laws in those jurisdictions.

In July 2019, the President of the ROC announced the amendments to the Statute of Industrial Innovation, which stipulate that the unappropriated earnings in 2018 and thereafter that are used to build or acquire certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. The Company has deducted the reinvested capital expenditure while calculating income tax on unappropriated earnings.

- b. Income tax recognized in other comprehensive income

	Year Ended December 31	
	2021	2020
Deferred tax		
Remeasurement on defined benefit pension plans	\$ 78,088	\$ 238,630
Exchange differences arising from the translation of the foreign operations	-	263
Total income tax expense recognized in other comprehensive income	<u>\$ 78,088</u>	<u>\$ 238,893</u>
c. Current tax assets and liabilities		

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable (included in other current assets - other)	\$ 4,532	\$ 774
Current tax liabilities		
Income tax payable	<u>\$4,593,458</u>	<u>\$4,369,241</u>

d. Deferred income tax assets and liabilities

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

For the year ended December 31, 2021

	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
<u>Deferred income tax assets</u>				
Temporary differences				
Defined benefit pension plans				
Share of profit or loss of associates and joint ventures accounted for using equity method	\$ 1,816,158	\$ 5,928	\$ (78,056)	\$ 1,744,030
Allowance for doubtful receivables over quota	400,776	175	-	400,951
Valuation loss on inventory	364,607	(99,810)	-	264,797
Deferred revenue	299,199	(102,128)	-	197,071
Estimated warranty liabilities	73,067	(24,389)	-	48,678
Valuation loss on financial instruments	36,165	6,576	-	42,741
Others	32,609	(32,609)	-	-
	89,261	(14,329)	-	74,932
	3,111,842	(260,586)	(78,056)	2,773,200
	20,871	(9,065)	-	11,806
	<u>\$ 3,132,713</u>	<u>\$ (269,651)</u>	<u>\$ (78,056)</u>	<u>\$ 2,785,006</u>
Loss carryforwards				

Deferred income tax liabilities

Temporary differences				
Defined benefit pension plans	\$ 1,812,193	\$ 156,648	\$ 32	\$ 1,968,873
Land value incremental tax	94,986	-	-	94,986
Deferred revenue for award credits	30,207	25,501	-	55,708
Unrealized foreign exchange gain, net	313	26,293	-	26,606
Intangible assets	26,999	(2,555)	-	24,444
Valuation gain on financial instruments	-	16,074	-	16,074
Others	1,840	880	-	2,720
	<u>\$ 1,966,538</u>	<u>\$ 222,841</u>	<u>\$ 32</u>	<u>\$ 2,189,411</u>

For the year ended December 31, 2020

	Beginning Balance	Acquired by business combinations (Note 15)	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
<u>Deferred income tax assets</u>					
Temporary differences					
Defined benefit pension plans	\$ 2,034,357	\$ 1,366	\$ 18,960	\$ (238,525)	\$ 1,816,158
Share of profit or loss of associates and joint ventures accounted for using equity method	402,059	-	(1,283)	-	400,776
Allowance for doubtful receivables over quota	403,712	-	(39,105)	-	364,607
Valuation loss on inventory	140,838	2,710	155,651	-	299,199
Deferred revenue	97,457	-	(24,390)	-	73,067
Estimated warranty liabilities	34,461	-	1,704	-	36,165
Valuation loss on financial instruments	12,929	-	19,680	-	32,609
Others	104,422	1,589	(16,487)	(263)	89,261
	3,230,235	5,665	114,730	(238,788)	3,111,842
	28,372	-	(7,501)	-	20,871
	<u>\$ 3,258,607</u>	<u>\$ 5,665</u>	<u>\$ 107,229</u>	<u>\$ (238,788)</u>	<u>\$ 3,132,713</u>
Loss carryforwards					
<u>Deferred income tax liabilities</u>					
Temporary differences					
Defined benefit pension plans	\$ 1,758,131	\$ -	\$ 53,957	\$ 105	\$ 1,812,193
Land value incremental tax	94,986	-	-	-	94,986
Deferred revenue for award credits	28,543	-	1,664	-	30,207
Unrealized foreign exchange gain, net	1,079	-	(766)	-	313
Intangible assets	29,513	-	(2,514)	-	26,999
Others	53	2,209	(422)	-	1,840
	<u>\$ 1,912,305</u>	<u>\$ 2,209</u>	<u>\$ 51,919</u>	<u>\$ 105</u>	<u>\$ 1,966,538</u>

e. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2021	2020
Loss carryforwards		
Expire in 2022	\$ -	\$ 21
Expire in 2023		25
Expire in 2024		1,255
Expire in 2025		15,223
Expire in 2026		8,423
Expire in 2027		2,585
Expire in 2028		930
Expire in 2029		697
Expire in 2030		198
Expire in 2031		-
	<u>\$ 29,357</u>	<u>\$ 58,551</u>

f. Information about unused loss carryforwards

As of December 31, 2021, information about loss carryforwards was as follows:

Remaining Creditable Amount	Expiry Year
\$ 873	2022
697	2023
1,438	2024
18,018	2025
10,172	2026
3,503	2027
930	2028
2,034	2029
1,615	2030
<u>1,883</u>	2031
<u>\$ 41,163</u>	

g. Income tax examinations

Income tax returns of Chunghwa, SENAOL, ISPO, Youth, Youyi, Aval, Wini, SENYOUNG, Senaolife, CHYP, CHSI, CHI, CHPT, SFD, CLPT, CHTSC, CHIEF, Unigate, SHE, CHST, HHI, IISI and UTC have been examined by the tax authorities through 2019. Income tax returns of LED has been examined by the tax authorities through 2020.

33. EARNINGS PER SHARE ("EPS")

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	
	2021	2020
Net income used to compute the basic earnings per share		
Net income attributable to the parent	\$ 35,753,579	\$ 33,406,130
Assumed conversion of all dilutive potential common stocks		
Employee stock options and employee compensation of subsidiaries	(6,258)	(7,241)
Net income used to compute the diluted earnings per share	\$ 35,747,321	\$ 33,398,889

Weighted Average Number of Common Stocks

(Thousand Shares)

Year Ended December 31	
2021	2020

Weighted average number of common stocks used to compute the basic earnings per share	7,757,447	7,757,447
Assumed conversion of all dilutive potential common stocks		
Employee compensation	<u>7,773</u>	<u>7,108</u>
Weighted average number of common stocks used to compute the diluted earnings per share	<u>7,765,220</u>	<u>7,764,555</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.

34. SHARE-BASED PAYMENT ARRANGEMENT

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

Effective Date for Plan Registration	Resolution Date by CHIEF's Board of Directors	Stock Options Units	Exercise Price (NT\$)
2020.09.16	2020.10.26	200.00	\$ 199.70 (Original price \$206.00)
2017.12.18	2018.10.31	50.00	\$ 134.50 (Original price \$147.00)
	2017.12.19	950.00	\$ 128.70 (Original price \$147.00)
2015.11.17	2015.10.22	2,000.00	\$ 34.40 (Original price \$ 43.00)

Each option is eligible to subscribe for one thousand common stocks when exercisable. The options are granted to specific employees that meet the vesting conditions. The CHIEF Plan has an exercise price adjustment formula upon the changes in common stocks or distribution of cash dividends. The options of the CHIEF Plan are valid for five years and the graded vesting schedule will vest two years after the grant date.

The Board of Directors of CHIEF resolved to issue stock options on October 26, 2020 and authorized the chairman to decide the grant date. Afterwards, the grant date was decided as November 13, 2020.

The compensation costs for stock options for the year ended December 31, 2021 and 2020 were as follows:

	Year Ended December 31	
	2021	2020
Granted on November 13, 2020	\$ 9,729	\$ 1,297
Granted on October 31, 2018	153	312
Granted on December 19, 2017	152	226
Granted on October 22, 2015	-	-
	<u>\$ 10,034</u>	<u>\$ 1,835</u>

CHIEF modified the plan terms of stock options granted on November 13, 2020 in September 2021; therefore, the exercise price changed from \$206.00 to \$199.70 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 2020 and September 2021; therefore, the exercise price changed from \$141.70 to \$138.70 and \$134.50 per share, respectively. The modification did not cause any incremental fair value granted.

CHIEF modified the plan terms of stock options granted on December 19, 2017 in July 2020 and September 2021; therefore, the exercise price changed from \$135.60 to \$132.70 and \$128.70 per share, respectively. The modification did not cause any incremental fair value granted.

Information about CHIEF's outstanding stock options for the years ended December 31, 2021 and 2020 was as follows:

	Year Ended December 31, 2021					
	Granted on November 13, 2020	Granted on October 31, 2018	Granted on December 19, 2017			
	Number of Options	Number of Options	Number of Options	Weighted Average Exercise Price (NTS)	Weighted Average Exercise Price (NTS)	Weighted Average Exercise Price (NTS)
Options outstanding at beginning of the year	200.00	21.00	21.00	\$ 206.00	\$ 138.70	\$ 132.70
Options exercised	-	(10.50)	(10.50)	-	134.50	132.70
Options forfeited	(6.00)	-	-	-	-	-
	<u>194.00</u>	<u>10.50</u>	<u>10.50</u>	<u>199.70</u>	<u>134.50</u>	<u>128.70</u>
Options outstanding at end of the year						
Options exercisable at end of the year						

Employee stock options

Options outstanding at beginning of the year

Options exercised

Options forfeited

Options outstanding at end of the year

Options exercisable at end of the year

	Year Ended December 31, 2020					
	Granted on November 13, 2020	Granted on October 31, 2018	Granted on December 19, 2017	Granted on October 22, 2015		
	Number of Options	Number of Options	Number of Options	Number of Options	Weighted Average Exercise Price (NTS)	Weighted Average Exercise Price (NTS)
Options outstanding at beginning of the year	-	46.00	897.00	314.25	\$ 135.60	\$ 34.40
Options granted	200.00	-	-	-	-	-
Options exercised	-	(21.00)	(448.50)	(314.25)	135.60	34.40
Options forfeited	-	-	(21.00)	-	-	-
	<u>200.00</u>	<u>21.00</u>	<u>427.50</u>	<u>21.00</u>	<u>138.70</u>	<u>132.70</u>
Options outstanding at end of the year						
Options exercisable at end of the year						

As of December 31, 2021, information about employee stock options outstanding was as follows:

	Granted on November 13, 2020					
	Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price (NTS)	Number of Options	Weighted Average Exercise Price (NTS)	Options Exercisable
Range of Exercise Price (NTS)						
\$199.70	194.00	3.87	\$199.70	-	-	\$ -
	Granted on October 31, 2018					
	Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price (NTS)	Number of Options	Weighted Average Exercise Price (NTS)	Options Exercisable
Range of Exercise Price (NTS)						
\$134.50	10.50	1.83	\$134.50	-	-	\$ -
	Granted on December 19, 2017					
	Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price (NTS)	Number of Options	Weighted Average Exercise Price (NTS)	Options Exercisable
Range of Exercise Price (NTS)						
\$128.70	213.25	0.96	\$128.70	213.25	\$128.70	\$128.70

As of December 31, 2021, all the stock options granted in 2015 were exercised or forfeited.

As of December 31, 2020, information about employee stock options outstanding was as follows:

Granted on November 13, 2020				
Range of Exercise Price (NT\$)	Options Outstanding		Options Exercisable	
	Number of Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price (NT\$)	Weighted Average Exercise Price (NT\$)
\$206.00	200.00	4.87	\$206.00	\$ -
Granted on October 31, 2018				
Range of Exercise Price (NT\$)	Options Outstanding		Options Exercisable	
	Number of Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price (NT\$)	Weighted Average Exercise Price (NT\$)
\$138.70	21.00	2.83	\$138.70	\$ -
Granted on December 19, 2017				
Range of Exercise Price (NT\$)	Options Outstanding		Options Exercisable	
	Number of Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price (NT\$)	Weighted Average Exercise Price (NT\$)
\$132.70	427.50	1.96	\$132.70	\$132.70

As of December 31, 2020, all the stock options granted in 2015 were exercised or forfeited.

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

	Stock Options Granted on November 13, 2020		Stock Options Granted on October 31, 2018		Stock Options Granted on December 19, 2017		Stock Options Granted on October 22, 2015	
	Grant-date share price (NT\$)	Exercise price (NT\$)	Grant-date share price (NT\$)	Exercise price (NT\$)	Grant-date share price (NT\$)	Exercise price (NT\$)	Grant-date share price (NT\$)	Exercise price (NT\$)
Dividend yield	\$356.00	\$206.00	\$166.00	\$147.00	\$95.92	\$147.00	\$39.55	\$43.00
Risk-free interest rate	0.18%	0.18%	0.72%	0.62%	0.62%	0.62%	0.86%	0.86%
Expected life	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years
Expected volatility	34.61%	34.61%	16.60%	17.35%	17.35%	17.35%	21.02%	21.02%
Weighted average fair value of grants (NT\$)	\$173,893	\$173,893	\$33,540	\$33,540	\$2,318	\$2,318	\$4,863	\$4,863

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 2015 to 2018 were based on the average annualized historical share price volatility of CHIEF's comparable companies before the grant date.

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

The Board of Directors of CHTSC resolved to issue 4,500 and 3,500 stock options on December 20, 2019 and February 20, 2021, respectively. Each option is eligible to subscribe for one thousand common stocks when exercisable and the exercise price are both \$19,085 per share. The options are granted to specific employees that meet the vesting conditions. The CHTSC Plan has an exercise price adjustment formula upon the changes in common stocks. The options of the CHTSC Plan are valid for five years and the graded vesting schedule will vest one year after the grant date.

The compensation costs for stock options for the years ended December 31, 2021 and 2020 were as follows:

	Year Ended December 31	
	2021	2020
Granted on February 20, 2021	\$ 5,511	\$ -
Granted on December 20, 2019	2,923	5,743
	\$ 8,434	\$ 5,743

Information about CHTSC's outstanding stock options for the years ended December 31, 2021 and 2020 was as follows:

	Year Ended December 31, 2021		Year Ended December 31, 2020	
	Granted on February 20, 2021	Granted on December 20, 2019	Granted on February 20, 2021	Granted on December 20, 2019
	Number of Options	Weighted Average Exercise Price (NT\$)	Number of Options	Weighted Average Exercise Price (NT\$)
Employee stock options				
Options outstanding at beginning of the year	-	\$ -	4,328	\$ 19,085
Options granted	3,500	19,085	-	-
Options exercised	-	-	(1,082)	19,085
Options forfeited	(176)	-	(72)	-
Options outstanding at end of the year	3,324	19,085	3,174	19,085
Options exercisable at end of the year	-	-	1,058	19,085

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

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

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

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

IISI issued 1,665 and 1,335 stock options in January 2014 and August 2013, respectively. Each option is eligible to subscribe for one thousand common stocks when exercisable. The options are granted to specific employees of IISI and its subsidiaries that meet the vesting conditions. The options of the IISI Plan are valid for seven years and the graded vesting schedule will vest at certain percentages starting from two years after the grant date. The exercise price of the original options is \$14 per share. After the options are issued, if the common stocks of IISI change, the exercise price of the options should be adjusted according to the prescribed formula.

No compensation cost of stock options granted was recognized for the year ended December 31, 2021 and the six months ended December 31, 2020.

Information about IISI's outstanding stock options for the years ended December 31, 2021 and 2020 was as follows:

	Year Ended December 31, 2021	
	Granted in January 2014	Weighted Average Exercise Price (NT\$)
	Number of Options	
Employee stock options		
Options outstanding at beginning of the year	530.00	\$ 14.00
Options exercised	(261.00)	14.00
Options forfeited	(269.00)	-
Options outstanding at end of the year	-	-
Options exercisable at end of the year	-	-

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

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

The Board of Directors of CLPT resolved to issue 690 stock options on February 26, 2021. Each option is eligible to subscribe for one thousand common stocks when exercisable and the exercise price is \$15.90 per share (original price is \$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 cost was \$903 thousand for the year ended December 31, 2021.

CLPT modified the plan terms of stock options granted on February 26, 2021 in September 2021; therefore, the exercise price changed from \$16.87 to \$15.90 per share. The modification did not cause any incremental fair value granted.

Information about CLPT's outstanding stock options for the year ended December 31, 2021 was as follows:

	Year Ended December 31, 2021	
	Granted on February 26, 2021	Weighted Average Exercise Price (NT\$)
<u>Employee stock options</u>		
Options outstanding at beginning of the year	-	\$ -
Options granted	690	16.87
Options forfeited	(140)	-
Options outstanding at end of the year	550	15.90
Options exercisable at end of the year	-	-

As of December 31, 2021, information about employee stock options outstanding was as follows:

	Options Outstanding			Options Exercisable		
	Range of Exercise Price (NT\$)	Number of Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price (NT\$)	Number of Options	Weighted Average Exercise Price (NT\$)
Employee stock options	\$ 15.90	550	3.16	\$ 15.90	-	\$ -

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	Year Ended December 31, 2020		
	Granted in January 2014	Granted in August 2013	Weighted Average Exercise Price (NT\$)
<u>Employee stock options</u>			
Options outstanding at beginning of the year	-	-	\$ -
Options outstanding upon the date of business combination	580.00 (50.00)	1,022.96 (432.50)	14.00
Options forfeited	-	(590.46)	-
Options outstanding at end of the year	530.00	-	-
Options exercisable at end of the year	530.00	-	-

As of December 31, 2021, all the stock options granted in 2014 and 2013 were exercised or forfeited.

As of December 31, 2020, information about employee stock options outstanding was as follows:

	Granted in January 2014		
	Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Options Exercisable
Range of Exercise Price (NT\$)	Number of Options	Weighted Average Exercise Price (NT\$)	Weighted Average Exercise Price (NT\$)
\$ 14.00	530.00	0.04	\$ 14.00

As of December 31, 2020, the options granted to employees in 2013 have been fully exercised or forfeited.

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

	Stock Options Granted in January 2014	Stock Options Granted in August 2013
Grant-date share price (NT\$)	\$14.51	\$12.51
Exercise price (NT\$)	\$14.00	\$14.00
Dividend yield	6%	6%
Risk-free interest rate	1.16%~1.32%	1.20%~1.39%
Expected life	4.5~5.5 years	4.5~5.5 years
Expected volatility	35.28%~35.97%	36.01%~36.62%
Weighted average fair value of grants (NT\$)	\$2,345	\$1,670

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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
Grant-date share price (NT\$)	\$17.63
Exercise price (NT\$)	\$16.87
Dividend yield	-
Risk-free interest rate	0.31%
Expected life	4 years
Expected volatility	35.22%
Weighted average fair value of grants (NT\$)	\$4,750

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

35. CASH FLOW INFORMATION

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

	Year Ended December 31 2021	2020
Investing activities		
Increase in property, plant and equipment	\$ 35,613,438	\$ 25,194,727
Changes in other payables	(280,410)	(1,683,907)
Acquisition of property, plant and equipment	<u>\$ 35,333,028</u>	<u>\$ 23,510,820</u>
Increase in investment properties	\$ 146	\$ 1,359,502
Trade-in investment properties from asset exchange transaction (Note 15)	-	(1,305,067)
Acquisition of investment properties	<u>\$ 146</u>	<u>\$ 54,435</u>
Increase in intangible assets	\$ 255,852	\$ 48,605,187
Changes in other assets	-	(1,000,000)
Acquisition of intangible assets	<u>\$ 255,852</u>	<u>\$ 47,605,187</u>
Disposal of property, plant and equipment	\$ 30,387	\$ 307,190
Gain (loss) on disposal of property, plant and equipment	(3,349)	1,427,984
Trade-in investment properties from asset exchange transaction (Note 15)	-	(1,305,067)
Changes in other payables	-	(79,986)
Changes in other current monetary assets	-	(31,032)
Proceeds from disposal of property, plant and equipment	<u>\$ 27,038</u>	<u>\$ 319,089</u>

(Continued)

	Year Ended December 31 2021	2020
Investing activities		
Disposal of financial assets at fair value through other comprehensive income	\$ 2,704,608	\$ 567,797
Changes in other current monetary assets	270,321	(270,321)
Reclassified to investment accounted for using equity method	(63,359)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	<u>\$ 2,911,570</u>	<u>\$ 297,476</u>

(Concluded)

Financing Activities

	Cash Flows from Financing Activities	Changes in Non-Cash Transactions	Cash Flows from Operation Activities - Interest Paid	Balance on December 31, 2021
		New Leases	Others	
Lease liabilities	<u>\$ (3,728,949)</u>	<u>\$ 4,669,219</u>	<u>\$ (195,711)</u>	<u>\$ (68,973)</u>
		Changes in Non-Cash Transactions Acquired by Business Combination (Note 13)	Others	
		<u>\$ 3,796,370</u>	<u>\$ (265,888)</u>	<u>\$ (79,654)</u>
				<u>\$ 9,596,667</u>

36. 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.

37. FINANCIAL INSTRUMENTS

Fair Value Information

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

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

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

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

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

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

	December 31		
	2021		2020
	Carrying Value	Fair Value	Carrying Value
Financial liabilities			Fair Value
Financial liabilities measured at amortized cost			
Bonds payable	\$26,976,675	\$27,082,090	\$19,980,272
			\$20,078,098

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

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

	December 31, 2021			Total
	Level 1	Level 2	Level 3	
Financial assets at FVTPL				
Listed stocks	\$ 2,566	\$ -	\$ -	\$ 2,566
Non-listed stocks	-	-	884,670	884,670
Limited partnership	-	-	24,105	24,105
	\$ 2,566	\$ -	\$ 908,775	\$ 911,341
				(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVOCI				
Listed stocks	\$ 458,582	\$ -	\$ -	\$ 458,582
Non-listed stocks	-	-	3,157,306	3,157,306
	\$ 458,582	\$ -	\$ 3,157,306	\$ 3,615,888
Financial liabilities at FVTPL				
Derivatives	\$ -	\$ 6,180	\$ -	\$ 6,180
Hedging financial liabilities	\$ -	\$ 8,286	\$ -	\$ 8,286
				(Concluded)

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	\$ -	\$ 2,271	\$ -	\$ 2,271
Listed stocks	7,626	-	-	7,626
Non-listed stocks	-	-	677,202	677,202
	\$ 7,626	\$ 2,271	\$ 677,202	\$ 687,099
Hedging financial assets	\$ -	\$ 1,752	\$ -	\$ 1,752
Financial assets at FVOCI				
Listed stocks	\$ 2,754,175	\$ -	\$ -	\$ 2,754,175
Non-listed stocks	-	-	4,438,999	4,438,999
	\$ 2,754,175	\$ -	\$ 4,438,999	\$ 7,193,174
Financial liabilities at FVTPL				
Derivatives	\$ -	\$ 143	\$ -	\$ 143

There were no transfers between Levels 1 and 2 for the years ended December 31, 2021 and 2020.

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

	2021	Measured at Fair Value through Profit or Loss	Measured at Fair Value through Other Comprehensive Income	Total
Financial Assets				
Balance on January 1, 2021		\$ 677,202	\$ 4,438,999	\$ 5,116,201
Acquisition		25,000	81,000	106,000
Disposal		-	(5,681)	(5,681)
				(Continued)

Financial Assets	Measured at Fair Value through Profit or Loss	Measured at Fair Value through Other Comprehensive Income	Total
Reclassified to investments accounted for using equity method	\$ -	\$ (63,359)	\$ (63,359)
Recognized in profit or loss under "Other gains and losses"	250,973	-	250,973
Recognized in other comprehensive income under "Unrealized gain or loss on financial assets at fair value through other comprehensive income"	-	(1,293,653)	(1,293,653)
Proceeds from return of capital due to capital reduction from investees	(44,400)	-	(44,400)
Balance on December 31, 2021	<u>\$ 908,775</u>	<u>\$ 3,157,306</u>	<u>\$ 4,066,081</u>
Unrealized gain in 2021	<u>\$ 232,377</u>		(Concluded)

2020

Financial Assets	Measured at Fair Value through Profit or Loss	Measured at Fair Value through Other Comprehensive Income	Total
Balance on January 1, 2020	\$ 778,105	\$ 4,815,301	\$ 5,593,406
Reclassified from investments accounted for using equity method	-	1,853	1,853
Recognized in profit or loss under "Other gains and losses"	(100,903)	-	(100,903)
Recognized in other comprehensive income under "Unrealized gain or loss on financial assets at fair value through other comprehensive income"	-	(378,155)	(378,155)
Balance on December 31, 2020	<u>\$ 677,202</u>	<u>\$ 4,438,999</u>	<u>\$ 5,116,201</u>
Unrealized loss in 2020	<u>\$ (100,903)</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 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 ownership of these investees, or using assets approach. The Company originally used the market approach to measure the fair value of its investment in Taipei Financial Center Corp.; however, as the stock market was impacted by COVID-19 pandemic, the multiples of the referenced companies were changed significantly. With continuing impact of COVID-19 pandemic, the Company evaluated that the income approach, instead of the former market approach, would better reflect the future cash flows of Taipei Financial Center Corp. Therefore, the Company changed its valuation technique to the income approach starting from the second quarter of 2021. The significant unobservable inputs used were listed in the below table. An increase in growth rate of long-term revenue, a decrease in discount for the lack of marketability or noncontrolling interests discount, or a decrease in the weighted average cost of capital ("WACC") would result in increases in the fair values.

	December 31	December 31
	2021	2020
Discount for lack of marketability	16.05%-20.00%	14.73%-20.00%
Noncontrolling interests discount	17.29%-25.00%	17.29%-25.00%
Growth rate of long-term revenue	0.19%	-
WACC	8.50%	-

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

	December 31	December 31
	2021	2020
Discount for lack of marketability	\$ (31,655)	\$ (319,758)
5% increase	\$ 31,655	\$ 319,758
5% decrease		
Noncontrolling interests discount	\$ (18,998)	\$ (47,018)
5% increase	\$ 18,998	\$ 47,018
5% decrease		
Long-term revenue growth rates	\$ 25,190	\$ -
0.1% increase	\$ (24,733)	\$ -
0.1% decrease		
WACC	\$ (287,845)	\$ -
1% increase	\$ 350,328	\$ -
1% decrease		

Categories of Financial Instruments

Financial assets

Measured at FVTPL		
Mandatorily measured at FVTPL	\$ 911,341	\$ 687,099
Hedging financial assets	-	1,752
Financial assets at amortized cost (Note a)	71,799,195	62,405,714
Financial assets at FVOCI	3,615,888	7,193,174
		(Continued)

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	
	2021	2020
Assets		
USD	\$ 2,009,607	\$ 2,710,705
EUR	48,962	14,957
SGD	259,571	169,747
JPY	37,123	22,289
RMB	88,654	29,742
HKD	69,776	69,321
Liabilities		
USD	889,578	767,553
EUR	861,481	957,257
SGD	1,964,490	1,049,225
JPY	12,662	9,683
RMB	38,521	201
HKD	15,792	7,665

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

	December 31	
	2021	2020
Assets		
USD	\$ -	\$ 121
EUR	-	3,902
Liabilities		
USD	-	143
EUR	14,466	-

Foreign currency sensitivity analysis

The Company is mainly exposed to the fluctuations of the currencies USD, EUR, SGD, JPY, RMB and HKD as listed above.

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

December 31

	2021	2020
Financial liabilities		
Measured at FVTPL	\$ 6,180	\$ 143
Held for trading	8,286	-
Hedging financial liabilities		
Measured at amortized cost (Note b)	64,746,363	62,557,414
		(Concluded)

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

Note b: The balances included short-term loans, short-term bills payable, trade notes and accounts payable, payables to related parties, partial other payables, customers' deposits, bonds payable and long-term loans (included current portion) which were financial liabilities carried at amortized cost.

Financial Risk Management Objectives

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

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

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.

	Year Ended December 31	
	2021	2020
Profit or loss		
Monetary assets and liabilities (a)		
USD	\$ 56,001	\$ 97,158
EUR	(40,626)	(47,115)
SGD	(85,246)	(43,974)
JPY	1,223	630
RMB	2,507	1,477
HKD	2,699	3,083
Derivatives (b)		
USD	-	(19,224)
EUR	12,528	2,627
Equity		
Derivatives (c)		
EUR	10,962	10,210

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

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

2) Interest rate risk

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

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	\$ 27,670,982	\$ 24,217,959
Financial liabilities	37,248,928	36,576,137
Cash flow interest rate risk		
Financial assets	14,171,472	9,306,397
Financial liabilities	1,665,000	1,667,000

Interest rate sensitivity analysis

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

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's pre-tax income would increase/decrease by \$31,266 thousand and \$19,098 thousand for the years ended December 31, 2021 and 2020, respectively. This is mainly

attributable to the Company's exposure to floating interest rates on its financial assets, short-term and long-term loans.

3) Other price risk

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

Equity price sensitivity analysis

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

If equity prices had been 5% higher/lower, pre-tax profit and pre-tax other comprehensive income would have increased/decreased by \$45,567 thousand and \$180,794 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL and financial assets at FVOCI for the year ended December 31, 2021. If equity prices had been 5% higher/lower, pre-tax profit and pre-tax other comprehensive income would have increased/decreased by \$34,241 thousand and \$359,659 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL and financial assets at FVOCI for the year ended December 31, 2020.

b. Credit risk

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

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

As the Company serves a large number of unrelated consumers, the concentration of credit risk was limited.

c. Liquidity risk

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

1) Liquidity and interest risk tables

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

December 31, 2021

	Weighted Average Effective Interest Rate (%)	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years	Total
Non-derivative financial liabilities							
Non-interest bearing	-	\$ 40,894,077	\$ -	\$ 1,997,277	\$ 5,336,343	\$ -	\$ 48,227,697
Floating interest rate instruments	0.95	-	15,000	50,000	1,600,000	-	1,665,000
Fixed interest rate instruments	0.51	-	-	-	(10,200,000)	16,300,000	27,000,000
		<u>\$ 40,894,077</u>	<u>\$ 15,000</u>	<u>\$ 2,047,277</u>	<u>\$ 17,636,343</u>	<u>\$ 16,300,000</u>	<u>\$ 76,892,697</u>

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

	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Total
Lease liabilities	<u>\$ 3,227,909</u>	<u>\$ 4,125,893</u>	<u>\$ 1,808,056</u>	<u>\$ 1,243,987</u>	<u>\$ 10,405,845</u>

December 31, 2020

	Weighted Average Effective Interest Rate (%)	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years	Total
Non-derivative financial liabilities							
Non-interest bearing	0.78	\$ 37,748,572	\$ -	\$ 2,476,148	\$ 4,826,679	\$ -	\$ 45,051,399
Floating interest rate instruments	-	7,000,000	7,000	1,660,000	-	-	1,667,000
Fixed interest rate instruments	0.50	-	-	-	8,800,000	11,200,000	27,000,000
		<u>\$ 44,748,572</u>	<u>\$ 7,000</u>	<u>\$ 4,136,148</u>	<u>\$ 13,626,679</u>	<u>\$ 11,200,000</u>	<u>\$ 73,718,399</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
Lease liabilities	<u>\$ 3,396,908</u>	<u>\$ 4,239,587</u>	<u>\$ 1,691,426</u>	<u>\$ 409,067</u>	<u>\$ 9,736,988</u>

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

December 31, 2021

Gross settled	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
Forward exchange contracts					
Inflow	\$ -	\$ 470,395	\$ -	\$ -	\$ 470,395
Outflow	-	484,861	-	-	484,861
	<u>\$ -</u>	<u>\$ (14,466)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,466)</u>

December 31, 2020

Gross settled	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Total
Forward exchange contracts					
Inflow	\$ -	\$ 634,676	\$ -	\$ -	\$ 634,676
Outflow	-	630,796	-	-	630,796
	<u>\$ -</u>	<u>\$ 3,880</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,880</u>

2) Financing facilities

	December 31	
	2021	2020
Facilities of unsecured bank loan and commercial paper payable	\$ 65,000	\$ 7,067,800
Amount used	<u>61,620,489</u>	<u>59,277,690</u>
Amount unused	<u>\$ 61,685,489</u>	<u>\$ 66,345,490</u>
Secured bank loan facility		
Amount used	\$ 1,600,000	\$ 1,600,000
Amount unused	<u>-</u>	<u>20,000</u>
	<u>\$ 1,600,000</u>	<u>\$ 1,620,000</u>

38. RELATED PARTIES TRANSACTIONS

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

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

Company	Relationship
Taiwan International Standard Electronics Co., Ltd.	Associate
So-net Entertainment Taiwan Limited	Associate
KKBOX Taiwan Co., Ltd.	Associate
KingwayTek Technology Co., Ltd.	Associate
UUPON Inc.	Associate (Note 1)
Taiwan International Ports Logistics Corporation	Associate
International Integrated Systems, Inc.	Subsidiary (Note 2)
Senao Networks, Inc.	Associate
EnRack Tech. Co., Ltd.	Subsidiary of the Company's associate, Senao Networks, Inc.
Emplus Technologies, Inc.	Subsidiary of the Company's associate, Senao Networks, Inc.
ST-2 Satellite Ventures Pte., Ltd.	Associate
CHT Infinity Singapore Pte. Ltd.	Associate
Viettel-CHT Co., Ltd.	Associate
Click Force Co., Ltd.	Associate
Alliance Digital Tech Co., Ltd.	Associate (Note 3)
Chunghwa PChome Fund I Co., Ltd.	Associate
Cornerstone Ventures Co., Ltd.	Associate

(Continued)

Company	Relationship
Next Commercial Bank Co., Ltd.	Associate
WiAdvance Technology Corporation	Associate
AgriTalk Technology Inc.	Associate (Note 4)
Imediac Co., Ltd.	Associate (Note 4)
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
E-Life Mall Co., Ltd.	One of the directors of E-Life Mall and a director of SENAO are members of an immediate family
Engenius Technologies Co., Ltd.	Chairman of Engenius Technologies Co., Ltd. is a member of SENAO's management
Cheng Keng Investment Co., Ltd.	Chairman of Cheng Keng Investment Co., Ltd. and SENAO's chief executive officer are members of an immediate family
Cheng Feng Investment Co., Ltd.	Chairman of Cheng Feng Investment Co., Ltd. and SENAO's chief executive officer are members of an immediate family
All Oriented Investment Co., Ltd.	Chairman of All Oriented Investment Co., Ltd. and SENAO's chief executive officer are members of an immediate family
Hwa Shun Investment Co., Ltd.	Chairman of Hwa Shun Investment Co., Ltd. and SENAO's chief executive officer are members of an immediate family
Yu Yu Investment Co., Ltd.	Chairman of Yu Yu Investment Co., Ltd. and SENAO's chief executive officer are members of an immediate family
Divine Fine Foods & Wine Inc.	Chairman of Divine Fine Foods & Wine Inc. and SENAO's chief executive officer are members of an immediate family (Note 5)
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
Chunghwa Post Co., Ltd.	Government-related entity as Chunghwa Telecom

(Concluded)

Note 1: UUPON was previously an associate. As the Company did not participate in the capital increase of UUPON in October 2020; therefore, the Company lost its significant influence over UUPON. Since then, UUPON was no longer a related party of the Company. Please refer to Note 14.

Note 2: IISI was an associate and has become a subsidiary starting from July 1, 2020 ("acquisition date"). Please refer to Note 13. All transactions within the Company were eliminated upon consolidation since the acquisition date.

Note 3: ADT completed its liquidation in August 2021. Please refer to Note 14.

Note 4: ATT and IME were previously treated as financial assets at FVOCI. As the Company acquired seats in the Board of Directors of each company and has significant influence over ATT and IME in July and August 2021, respectively, these investments are reclassified as associates. Please refer to Note 14.

Note 5: Divine Fine Foods & Wine Inc. replaced its responsible persons in October 2021. Since then, Divine Fine Foods & Wine Inc. is no longer a related party of the Company.

b. Balances and transactions between 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	2020
2021		
Associates	\$ 499,321	\$ 1,507,867
Others	54,453	66,612
	<u>\$ 553,774</u>	<u>\$ 1,574,479</u>
	Operating Costs and Expenses	
	Year Ended December 31	2020
2021		
Associates	\$ 852,909	\$ 715,405
Others	73,825	67,612
	<u>\$ 926,734</u>	<u>\$ 783,017</u>

2) Non-operating transactions

	Non-operating Income and Expenses	
	Year Ended December 31	2020
2021		
Associates	\$ 38,192	\$ 36,716
Others	2,936	3,590
	<u>\$ 41,128</u>	<u>\$ 40,306</u>

3) Receivables

	December 31	
	2021	2020
Associates	\$ 34,864	\$ 228,879
Others	<u>6,664</u>	<u>1,817</u>
	\$ <u>41,528</u>	\$ <u>230,696</u>

4) Contract liabilities-current

	December 31	
	2021	2020
Associates	\$ -	\$ <u>182,857</u>

5) Payables

	December 31	
	2021	2020
Associates	\$ 385,327	\$ 642,489
Others	<u>6,031</u>	<u>3,455</u>
	\$ <u>391,358</u>	\$ <u>645,944</u>

6) Customers' deposits

	December 31	
	2021	2020
Associates	\$ <u>16,120</u>	\$ <u>4,626</u>

7) Acquisition of property, plant and equipment

	Year Ended December 31	
	2021	2020
Associates	\$ <u>397,884</u>	\$ <u>375,469</u>

8) Disposal of property, plant and equipment and investment properties

	Proceeds		Gain on Disposal	
	Year Ended December 31	Year Ended December 31	Year Ended December 31	Year Ended December 31
	2021	2020	2021	2020
Associates	\$ 9,800	\$ -	\$ 1,628	\$ -
Others (Chunghwa Post Co., Ltd.)	-	<u>385,760</u>	-	<u>310,205</u>
	\$ <u>9,800</u>	\$ <u>385,760</u>	\$ <u>1,628</u>	\$ <u>310,205</u>

9) Lease-in agreements

Chunghwa entered into a contract with ST-2 Satellite Ventures Pte., Ltd. on March 12, 2010 to lease capacity on the ST-2 satellite. This lease term is for 15 years which should start from the official operation of ST-2 satellite and the total contract value is approximately \$6,000,000 thousand (SGD 260,723 thousand), including a prepayment of \$3,067,711 thousand at the inception of the lease, and the rest of amount should be paid annually when ST-2 satellite starts its official operation. ST-2 satellite was launched in May 2011 and began its official operation in August 2011. As ST-2 satellite is in good operating condition, the useful life is extended for another 3 years and 3 months after evaluation. The Board of Directors of Chunghwa approved to extend the lease period accordingly with the original contract terms in December 2021; therefore, Chunghwa acquired right-of-use asset of \$1,124,780 thousand from the aforementioned lease extension.

The lease liabilities of ST-2 Satellite Ventures Pte., Ltd. as of balance sheet dates were as follows:

	December 31	
	2021	2020
Lease liabilities - current	\$ 173,306	\$ 182,187
Lease liabilities - noncurrent	<u>1,740,557</u>	<u>816,610</u>
	\$ <u>1,913,863</u>	\$ <u>998,797</u>

The interest expense recognized for the aforementioned lease liabilities for the years ended December 31, 2021 and 2020 were \$7,420 thousand and \$8,895 thousand, respectively.

c. Compensation of key management personnel

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

	Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 320,619	\$ 290,106
Post-employment benefits	<u>7,568</u>	<u>10,392</u>
Share-based payment	<u>1,648</u>	<u>333</u>
	\$ <u>329,835</u>	\$ <u>300,831</u>

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

39. PLEDGED ASSETS

The following assets are pledged as collaterals for bank loans, custom duties of the imported materials, and warranties of contract performance as well as the bank deposits for the restricted purpose in accordance with The Management, Utilization, and Taxation of Repatriated Offshore Funds Act.

	December 31	
	2021	2020
Property, plant and equipment	\$ 2,432,296	\$ 2,461,810
Land held under development (included in inventories)	-	1,998,733
Restricted assets (included in other assets - others)	163,012	209,638
	<u>\$ 2,595,308</u>	<u>\$ 4,670,181</u>

40. 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, 2021 were as follows:

- Acquisitions of land and buildings of \$571,610 thousand.
- Acquisitions of telecommunications-related inventory and equipment of \$21,629,594 thousand.
- Unused letters of credit amounting to \$10,000 thousand.
- A commitment to contribute \$2,000,000 thousand to a Piping Fund administered by the Taipei City Government, of which \$1,000,000 thousand was contributed by Chungghwa on August 15, 1996 (classified as other financial assets - noncurrent). If the fund is not sufficient, Chungghwa will contribute the remaining \$1,000,000 thousand upon notification from the Taipei City Government.
- Chungghwa committed that when its ownership interest in NCB is greater than 25% and NCB encounters financial difficulty or the capital adequacy ratio of NCB cannot meet the related regulation requirements, Chungghwa will provide financial support to assist NCB in maintaining a healthy financial condition.
- Chungghwa's Board of Directors approved the acquisition of the 900MHz frequency band and equipment from Asia Pacific Telecom Co., Ltd. in November 2021. The transaction amount is expected to be in the range from \$1,626,000 thousand to \$2,081,000 thousand; however, the actual amount will be determined according to the approval date of the related authority and mutual negotiations.

41. SIGNIFICANT SUBSEQUENT EVENTS

- Chungghwa's Board of Directors approved the issuance of unsecured domestic bonds in January 2022. The total amount of the bonds will not exceed \$10,000,000 thousand and the issuance period will not exceed 10 years. The bonds could be issued at a one-time basis or separately.
- Chungghwa's Board of Directors approved an investment in Taiwan Capital Buffalo Fund VI, L.P. at the amount of \$600,000 thousand in January 2022.
- Chungghwa launched its organizational transformation based on customer-centric structure effective from January 2022.

42. OTHER MATTERS

The Company has assessed the economic impact of COVID-19 pandemic and determined that there were no significant impacts on the Company's consolidated financial statements as of the date the consolidated financial statements were authorized for issue. The Company will continue to monitor developments of the pandemic and assess the related impacts.

43. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information summarizes the disclosure of foreign currencies other than the functional currency of Chungghwa and its subsidiaries. The following exchange rates are the exchange rates used to translate to the presentation currency of the consolidated financial statements, which is the NTD:

	December 31, 2021		
	Foreign Currencies (Thousands)	Exchange Rate	New Taiwan Dollars (Thousands)
<u>Assets denominated in foreign currencies</u>			
Monetary items			
USD	\$ 72,601	27.68	\$ 2,009,607
EUR	1,563	31.32	48,962
SGD	12,687	20.46	259,571
JPY	154,358	0.241	37,123
RMB	20,408	4.344	88,654
HKD	19,661	3.549	69,776
Non-monetary items			
Investments accounted for using equity method			
SGD	25,326	20.46	518,165
VND	374,139,749	0.0012	447,097
<u>Liabilities denominated in foreign currencies</u>			
Monetary items			
USD	32,138	27.68	889,578
EUR	27,506	31.32	861,481
SGD	96,016	20.46	1,964,490
JPY	52,648	0.241	12,662
RMB	8,868	4.344	38,521
HKD	4,450	3.549	15,792

	December 31, 2020		
	Foreign Currencies (Thousands)	Exchange Rate	New Taiwan Dollars (Thousands)
<u>Assets denominated in foreign currencies</u>			
Monetary items			
USD	\$ 95,179	28.48	\$ 2,710,705
EUR	427	35.02	14,957
SGD	7,873	21.56	169,747
			(Continued)

- h. Receivables from related parties amounting to \$100 million or 20% of the paid-in capital: Please see Table 6.
- i. Names, locations, and other information of investees on which the Company exercises significant influence (excluding investments in Mainland China): Please see Table 7.
- j. Derivative instruments transactions: Please see Notes 7, 20 and 37.
- k. Investments in Mainland China: Please see Table 8.
- l. Intercompany relationships and significant intercompany transactions: Please see Table 9.
- m. Information of main stakeholders: Please see Table 10.

45. SEGMENT INFORMATION

The Company has the following reportable segments that provide different products or services. The reportable segments are managed separately because each segment represents a strategic business unit that serves different markets. Segment information is provided to the CEO who allocates resources and assesses segment performance. The Company's measure of segment performance is mainly based on revenues and income before income tax. The Company's reportable segments are as follows:

- Domestic fixed communications business - the provision of local telephone services, domestic long distance telephone services, broadband access, and related services;
- Mobile communications business - the provision of mobile services, sales of mobile handsets and data cards, and related services;
- Internet business - the provision of HiNet services and related services;
- International fixed communications business - the provision of international long distance telephone services and related services;
- Others - the provision of non-telecom services and the corporate related items not allocated to reportable segments.

Some operating segments have been aggregated into a single operating segment taking into account the following factors: (a) similar economic characteristics such as long-term gross profit margins; (b) the nature of the telecommunications products and services are similar; (c) the nature of production processes of the telecommunications products and services are similar; (d) the type or class of customer for the telecommunications products and services are similar; and (e) 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.

December 31, 2020		New Taiwan Dollars (Thousands)
Foreign Currencies (Thousands)	Exchange Rate	
JPY	\$ 80,671	\$ 22,289
RMB	6,795	29,742
HKD	18,873	69,321
Non-monetary items		
Investments accounted for using equity method		
SGD	22,646	488,257
VND	327,497,036	363,522
<u>Liabilities denominated in foreign currencies</u>		
Monetary items		
USD	26,951	767,553
EUR	27,335	957,257
SGD	48,665	1,049,225
JPY	35,044	9,683
RMB	46	201
HKD	2,087	7,665
		(Concluded)

The unrealized foreign currency exchange gains and losses were gain of \$113,174 thousand and loss of \$17,036 thousand for the years ended December 31, 2021 and 2020, respectively. Due to the various foreign currency transactions and the functional currency of each individual entity of the Company, foreign exchange gains and losses cannot be disclosed by the respective significant foreign currency.

44. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the FSC for the Company:

- Financing provided: None.
- Endorsement/guarantee provided: Please see Table 1.
- Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Please see Table 2.
- Marketable securities acquired or disposed of at costs or prices at least \$300 million or 20% of the paid-in capital: Please see Table 3.
- Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital: Please see Table 4.
- Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital: None
- Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital: Please see Table 5.

Segment Revenues and Operating Results

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

	Domestic Fixed Communi- cations Business	Mobile Communi- cations Business	Internet Business	International Fixed Communi- cations Business	Others	Total
Year ended December 31, 2021						
Revenues						
From external customers	\$ 64,780,559	\$ 95,248,723	\$ 33,081,758	\$ 9,096,109	\$ 8,270,799	\$ 210,477,948
Intersegment revenues	17,429,630	1,588,401	3,868,755	2,009,110	6,260,448	31,156,344
Segment revenues	\$ 82,210,189	\$ 96,837,124	\$ 36,950,513	\$ 11,105,219	\$ 14,531,247	\$ 241,634,292
Intersegment elimination					(31,156,344)	
Consolidated revenues						\$ 210,477,948
Year ended December 31, 2020						
Segment operating costs and expenses	\$ 51,013,128	\$ 74,973,470	\$ 14,150,213	\$ 8,408,772	\$ 16,633,133	\$ 165,178,716
Segment income (loss) before income tax	\$ 26,141,879	\$ 6,361,824	\$ 14,512,065	\$ 1,164,807	\$ (2,113,931)	\$ 46,066,624
Year ended December 31, 2020						
Revenues						
From external customers	\$ 69,469,212	\$ 90,229,818	\$ 32,115,110	\$ 8,695,238	\$ 7,099,620	\$ 207,608,998
Intersegment revenues	15,929,871	1,536,383	3,853,772	2,009,110	5,466,315	28,797,312
Segment revenues	\$ 85,399,083	\$ 91,766,101	\$ 36,081,457	\$ 10,520,010	\$ 12,466,945	\$ 246,236,311
Intersegment elimination					(28,797,312)	
Consolidated revenues						\$ 207,608,998
Year ended December 31, 2020						
Segment operating costs and expenses	\$ 59,371,277	\$ 69,211,073	\$ 15,240,814	\$ 8,572,822	\$ 14,446,532	\$ 166,842,518
Segment income (loss) before income tax	\$ 22,504,443	\$ 8,777,385	\$ 13,119,611	\$ 829,271	\$ (2,399,739)	\$ 42,830,971

Other Segment Information

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

	Domestic Fixed Communi- cations Business	Mobile Communi- cations Business	Internet Business	International Fixed Communi- cations Business	Others	Total
Year ended December 31, 2021						
Share of profits of associates and joint ventures accounted for using equity method	\$ 6,792	\$ 3,648	\$ 13,135	\$ 5,251	\$ 421,640	\$ 421,640
Interest income	\$ 3,547	\$ 47,506	995	7,998	\$ 65,858	\$ 94,684
Interest expenses	\$ 13,977,214	\$ 20,313,116	\$ 2,471,495	\$ 1,417,242	\$ 158,125	\$ 218,171
Depreciation and amortization	\$ 13,299,389	\$ 16,808,936	\$ 2,942,730	\$ 444,754	\$ 1,036,547	\$ 39,216,114
Capital expenditure						\$ 35,333,028
Impairment loss on right-of-use assets						\$ 420,590
Reversal of impairment loss on investment properties	\$ 83,429					\$ 83,429
Impairment loss on intangible assets		\$ 28,901				\$ 28,901
Year ended December 31, 2020						
Share of profits of associates and joint ventures accounted for using equity method	\$ 13,151	\$ 5,328	\$ 16,930	\$ 21,385	\$ 242,745	\$ 242,745
Interest income	\$ 6,060	\$ 57,701	\$ 2,856	9,335	\$ 38,728	\$ 95,922
Interest expenses	\$ 14,282,720	\$ 17,299,701	\$ 2,468,400	\$ 1,450,943	\$ 13,881	\$ 306,063
Depreciation and amortization						\$ 37,137,864
Capital expenditure						\$ 23,510,820
Gain (loss) on disposal of property, plant and equipment	\$ 1,442,401	\$ (3,527)	\$ 140	\$ (620)	\$ (11,000)	\$ 1,427,984
Gain on disposal of investment properties	\$ 151,257					\$ 151,257
Reversal of impairment loss on investment properties						\$ 27,066
Impairment loss on intangible assets		\$ 9,303				\$ 9,303

Main Products and Service Revenues

	Year Ended December 31 2021	2020
Mobile services revenue	\$ 58,047,852	\$ 56,724,433
Sales of products	42,907,116	39,390,716
Local telephone and domestic long distance telephone services revenue	25,703,655	26,474,747
Broadband access and domestic leased line services revenue	23,012,443	22,420,164
Data communications internet services revenue	22,281,459	21,446,960
International network and leased line services revenue	4,366,820	3,884,182
Others	34,158,603	37,267,796
	\$ 210,477,948	\$ 207,608,998

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 2021	2020
Taiwan, ROC	\$ 204,472,965	\$ 200,881,289
Overseas	6,004,983	6,727,709
	\$ 210,477,948	\$ 207,608,998

The Company has long-lived assets in U.S., Singapore, Hong Kong, China, Vietnam, Japan and Thailand for \$3,234,183 thousand and \$3,745,552 thousand at December 31, 2021 and 2020, respectively, in the aforementioned areas, the other long-lived assets are located in Taiwan, ROC.

Major Customers

As of December 31, 2021, and 2020, the Company did not have any single customer whose revenue exceeded 10% of the total revenues.

TABLE 1

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsee/ Guarantee Provider	Guaranteed Party		Limits on Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Amount of Guarantee Collateralized by Properties	Ratio of Accumulated Guarantee to Net Equity Per Latest Financial Statements	Maximum Guarantee Amount Allowable	Endorsement/ Guarantee Given by Parent or Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Nature of Relationship (Note 2)											
1	Senao International Co., Ltd.	Aval Technologies Co., Ltd. Wiin Technology Co., Ltd.	b b	\$ 613,023 613,023	\$ 300,000 200,000	\$ 300,000 200,000	\$ 300,000 200,000	\$ - -	4.89 3.26	\$ 3,065,115 3,065,115	Yes Yes	No No	No No	Notes 3 and 4 Notes 3 and 4

Note 1: Significant transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

- "0" for the Company.
- Subsidiaries are numbered from "1".

Note 2: Relationships between the endorsement/guarantee provider and the guaranteed party:

- A company with which it does business.
- A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
- Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
- The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- Companies in the same industry provide among themselves jointly and severally guarantee for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The limits on endorsement or guarantee amount provided to each guaranteed party is up to 10% of the net assets value of the latest financial statements of Senao International Co., Ltd.

Note 4: The total amount of endorsement or guarantee that the Company is allowed to provide is up to 50% of the net assets value of the latest financial statements of Senao International Co., Ltd.

TABLE 2

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2021				Note
				Shares (Thousands/Thousand Units)	Carrying Value (Note 1)	Percentage of Ownership	Fair Value	
Chunghua Telecom Co., Ltd.	Stocks Taipei Financial Center Corp.	-	Financial assets at FVOCI	172,927	\$ 2,911,585	12	\$ 2,911,585	-
	Innovation Works Development Fund, L.P.	-	Financial assets at FVTPL - noncurrent	-	236,672	4	236,672	-
	Industrial Bank of Taiwan II Venture Capital Co., Ltd. (IBT II)	-	Financial assets at FVOCI	5,252	15,475	17	15,475	-
	Global Mobile Corp.	-	Financial assets at FVOCI	7,617	-	3	-	-
	Innovation Works Limited	-	Financial assets at FVOCI	1,000	3,917	2	3,917	-
	RPTI Intergroup International Ltd.	-	Financial assets at FVOCI	4,765	-	10	-	-
	Taiwan mobile payment Co., Ltd.	-	Financial assets at FVOCI	1,200	4,197	2	4,197	-
	Taiwania Capital Buffalo Fund Co., Ltd.	-	Financial assets at FVTPL - noncurrent	555,600	647,998	13	647,998	-
Senao International Co., Ltd.	4 Gamers Entertainment Inc.	-	Financial assets at FVOCI	136	123,432	19.9	123,432	-
	Stocks N.T.U. Innovation Incubation Corporation	-	Financial assets at FVOCI	1,200	9,456	9	9,456	-
CHIEF Telecom Inc.	UUPON Inc.	-	Financial assets at FVOCI	109	349	2	349	-
	Stocks 3 Link Information Service Co., Ltd.	-	Financial assets at FVOCI	374	284	10	284	-
	WPG Holdings Limited	-	Financial assets at FVTPL - current	9	444	-	444	Note 2
	WPG Holdings Limited	-	Financial assets at FVOCI	2,102	104,154	-	104,154	Note 2
	Taichung Commercial Bank Co., Ltd.	-	Financial assets at FVTPL - current	175	2,122	-	2,122	Note 2
	WT Microelectronics Co., Ltd.	-	Financial assets at FVOCI	294	14,391	-	14,391	Note 2
Chunghua Investment Co., Ltd.	Stocks Tatung Technology Inc.	-	Financial assets at FVOCI	4,571	88,611	11	88,611	-
	iSing99 Inc.	-	Financial assets at FVOCI	10,000	-	7	-	-
	Powtec ElectroChemical Corporation	-	Financial assets at FVOCI	20,000	-	2	-	-
	Bosssdom Digiinnovation Co., Ltd.	-	Financial assets at FVOCI	2,000	100,000	7	100,000	Note 2
	Limited partnership Taiwania Capital Buffalo Fund V, L.P.	-	Financial assets at FVTPL - noncurrent	-	24,105	3	24,105	-
	Stocks PChome Online Inc.	-	Financial assets at FVOCI	1,875	240,037	1	240,037	Note 2

Note 1: Showed at carrying amounts with fair value adjustments.

Note 2: Fair value was based on the closing price on December 30, 2021.

TABLE 3

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
 YEAR ENDED DECEMBER 31, 2021
 (Amounts in Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Shares (Thousands/ Thousand Units)	Amount	Shares (Thousands/ Thousand Units)	Amount	Shares (Thousands/ Thousand Units)	Amount	Carrying Value	Gain on Disposal	Shares (Thousands/ Thousand Units)	Amount
Chungghwa Telecom Co., Ltd.	Stocks China Airlines, Ltd.	Financial assets at FVOCI	-	-	216,639	\$ 2,541,176 (Note)	-	\$ -	216,639	\$ 2,635,568	\$ 2,541,176 (Note)	\$ 94,392	-	\$ -
Chungghwa Investment Co., Ltd.	Stocks PChome Online Inc.	Financial assets at FVOCI	-	-	-	-	1,875	200,000	-	-	-	-	1,875	200,000 (Note)

Note: Showing at their original investment amounts without adjustments for fair values.

TABLE 4

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
 YEAR ENDED DECEMBER 31, 2021
 (Amounts in Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty is a Related Party			Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date			
Chungghwa Telecom Co., Ltd.	Land	2021.08.05	\$ 564,988	Fully paid	Taipei City Government	-	Not applicable	Not applicable	Not applicable	According to appraisal report	Operating purpose	-
Chungghwa Precision Test Tech. Co., Ltd.	Land	2021.01.18	534,030	The first installment \$80,104 thousand was paid.	Taiwan Powder Technologies Co., Ltd.	-	Not applicable	Not applicable	Not applicable	According to appraisal report	Space requirements for future business expansion and operational considerations	-

TABLE 5

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details			Abnormal Transaction			Notes / Accounts Payable or Receivable		
			Purchases/Sales (Note 1)	Amount (Notes 2 and 5)	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Notes 3 and 5)	% to Total	
Chungghwa Telecom Co., Ltd.	Senao International Co., Ltd.	Subsidiary	Sales	\$ 5,671,851	3	30 days	\$ -	-	\$ 1,145,964	5	
	Aval Technologies Co., Ltd. CHIEF Telecom Inc.	Purchase	728,889	1	30-90 days	-	-	(831,921)	(5)		
		Subsidiary	Purchase	437,450	-	30 days	-	-	(70,101)	-	
		Subsidiary	Sales	496,173	-	30 days	-	-	53,590	-	
	Chungghwa System Integration Co., Ltd. CHYP Multimedia Marketing & Communications Co., Ltd. Hongghwa International Co., Ltd.	Purchase	101,698	-	60 days	-	-	(11,678)	-		
		Subsidiary	Purchase	1,420,111	1	30 days	-	-	(406,770)	(2)	
		Subsidiary	Purchase	105,356	-	30 days	-	-	(37,752)	-	
	Dongghwa Telecom Co., Ltd.	Subsidiary	Sales	175,966	-	30-60 days	-	-	58,384	-	
		Subsidiary	Purchase	6,123,929	5	30-60 days	-	-	(901,629)	(5)	
		Subsidiary	Sales	180,361	-	30 days	-	-	51,551	-	
	Chungghwa Telecom Global, Inc. CHT Security Co., Ltd. Chungghwa Telecom Singapore Pte., Ltd. International Integrated Systems, Inc. Senyoung Insurance Agent Co., Ltd. Taiwan International Standard Electronics Co., Ltd. Next Commercial Bank Co., Ltd.	Purchase	465,949	-	90 days	-	-	(194,142)	(1)		
		Subsidiary	Purchase	303,822	-	90 days	-	-	(33,605)	-	
		Subsidiary	Purchase	364,049	-	30 days	-	-	(114,134)	(1)	
		Subsidiary	Purchase	155,444	-	30 days	-	-	(39,984)	-	
		Subsidiary	Purchase	385,266	-	30 days	-	-	(111,594)	(1)	
		Subsidiary	Sales	126,146	-	90 days	-	-	57,783	-	
		Associate	Purchase	571,076	1	30-90 days	-	-	(232,041)	(1)	
Associate		Sales	259,822	-	30-60 days	-	-	2,845	-		
Parent company		Sales	5,969,353	19	30-90 days	-	-	831,709	44		
Subsidiary		Purchase	5,515,088	20	30 days	-	-	(1,109,885)	(38)		
CHIEF Telecom Inc.	Aval Technologies Co., Ltd.	Sales	351,228	1	60 days	-	-	64,646	3		
		Purchase	275,666	1	30 days	-	-	(2,212)	-		
		Sales	259,125	9	60 days	-	-	7,647	4		
	Purchase	480,123	32	30 days	-	-	(53,590)	(46)			
	Chungghwa System Integration Co., Ltd. WiAdvance Technology Corporation	Sales	1,808,904	80	30 days	-	-	403,712	69		
		Associate of parent company	Purchase	125,825	9	60 days	-	-	(125)	-	
		Parent company	Sales	105,356	25	30 days	-	-	33,790	54	
	Chungghwa Telecom Co., Ltd.	Parent company	Sales	6,250,502	99	30-60 days	-	-	901,146	98	
		Parent company	Sales	465,949	42	90 days	-	-	194,142	51	
	Chungghwa Telecom Global, Inc.	Chungghwa Telecom Co., Ltd.	Purchase	180,361	16	30 days	-	-	(51,551)	(41)	
Sales			303,822	52	90 days	-	-	33,605	47		
Chungghwa Telecom Singapore Pte., Ltd.		Sales	155,444	10	30 days	-	-	39,984	11		
		Sales	393,546	35	30 days	-	-	114,142	43		
CHT Security Co., Ltd.		Sales	385,266	12	30 days	-	-	80,593	19		
		Parent company	Sales	437,450	1	30 days	-	-	70,101	4	
Aval Technologies Co., Ltd.		Fellow subsidiary	Sales	144,579	-	30 days	-	-	9,996	1	
		ISPOT Co., Ltd.	Sales	104,713	-	30 days	-	-	12,813	1	
Light Era Development Co., Ltd.		Chungghwa Telecom Co., Ltd.	Parent company	Sales	172,166	62	30-90 days	-	-	59,023	100
Chungghwa Precision Test Tech. Co., Ltd.		Su Zhou Precision Test Tech. Ltd.	Subsidiary	Sales	143,029	3	90 days	-	-	68,603	7

Note 1: Purchases include costs to acquire services.

Note 2: The differences were because Chungghwa Telecom Co., Ltd. and subsidiaries classified the amount as incremental costs of obtaining contracts, property, plant and equipment, intangible assets, and operating expenses.

Note 3: Notes and accounts receivable did not include the amounts collected for others and other receivables.

Note 4: Transaction terms with related parties were determined in accordance with mutual agreements when there were no similar transactions with third parties. Other transactions with related parties were not significantly different from those with third parties.

Note 5: All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

TABLE 6

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate (Note 1)	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amounts	Action Taken		
Chunghua Telecom Co., Ltd.	Senao International Co., Ltd.	Subsidiary	\$ 1,305,396 (Note 2)	11.25	\$ -	-	\$ 1,291,542	\$ -
Senao International Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	983,033 (Note 2)	7.53	-	-	10,438	-
Chunghwa System Integration Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	403,712 (Note 2)	4.85	-	-	278,110	-
Honghua International Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	901,146 (Note 2)	7.89	-	-	220,914	-
Donghua Telecom Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	194,142 (Note 2)	2.80	-	-	123,839	-
CHT Security Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	114,142 (Note 2)	3.51	-	-	87,716	-
Chunghwa Precision Test Tech. Co., Ltd.	Su Zhou Precision Test Tech. Ltd.	Subsidiary	68,603 (Note 2)	2.92	-	-	7,970	-

Note 1: Payments and receipts collected in trust for others are excluded from the accounts receivable in calculating the turnover rate.

Note 2: The amount was eliminated upon consolidation.

TABLE 7

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES IN WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)
 YEAR ENDED DECEMBER 31, 2021
 (Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021		Net Income (Loss) of the Investee	Recognized Gain (Loss) (Notes 1, 2 and 3)	Note
				December 31, 2021	December 31, 2020	Shares (Thousands)	Percentage of Ownership (%)			
Chungghwa Telecom Co., Ltd.	Senao International Co., Ltd.	Taiwan	Handset and peripherals retailer; sales of CHT mobile phone plans as an agent	\$ 1,065,813	\$ 1,065,813	71,773	28	\$ 596,948	\$ 158,643	Subsidiary (Note 5)
	Light Era Development Co., Ltd.	Taiwan	Planning and development of real estate and intelligent buildings, and property management	3,000,000	3,000,000	300,000	100	33,891	17,331	Subsidiary (Note 5)
	Dongghwa Telecom Co., Ltd.	Hong Kong	International private leased circuit, IP VPN service, and IP transit services	691,163	1,567,453	178,590	100	(27,982)	(27,982)	Subsidiary (Note 5)
	Chungghwa Telecom Singapore Pte., Ltd.	Singapore	International private leased circuit, IP VPN service, and IP transit services	574,112	574,112	26,383	100	188,941	188,800	Subsidiary (Note 5)
	Chungghwa System Integration Co., Ltd.	Taiwan	Providing system integration services and telecommunications equipment	838,506	838,506	60,000	100	28,638	3,585	Subsidiary (Note 5)
	CHIEF Telecom Inc.	Taiwan	Network integration, internet data center ("IDC"), communications integration and cloud application services	459,652	459,652	39,426	56	686,567	397,403	Subsidiary (Note 5)
	Chungghwa Investment Co., Ltd.	Taiwan	Investment	639,559	639,559	68,085	89	296,371	263,916	Subsidiary (Note 5)
	Prime Asia Investments Group Ltd. (B.V.I.)	British Virgin Islands	Investment	385,274	385,274	1	100	(5,412)	(5,412)	Subsidiary (Note 5)
	Hongghwa International Co., Ltd.	Taiwan	Telecommunication engineering, sales agent of mobile phone plan application and other business services, etc.	180,000	180,000	18,000	100	358,766	338,750	Subsidiary (Note 5)
	CHYP Multimedia Marketing & Communications Co., Ltd.	Taiwan	Digital information supply services and advertisement services	150,000	150,000	15,000	100	22,313	22,647	Subsidiary (Note 5)
	Chungghwa Telecom Vietnam Co., Ltd.	Vietnam	Intelligent energy saving solutions, international circuit, and information and communication technology ("ICT") services	148,275	148,275	-	100	(1,201)	(1,201)	Subsidiary (Note 5)
	Chungghwa Telecom Global, Inc.	United States	International private leased circuit, internet services, and transit services	70,429	70,429	6,000	100	73,251	73,638	Subsidiary (Note 5)
	CHT Security Co., Ltd.	Taiwan	Computing equipment installation, wholesale of computing and business machinery equipment and software, management consulting services, data processing services, digital information supply services and internet identity services	240,000	240,000	24,000	77	167,194	130,861	Subsidiary (Note 5)
	Chungghwa Telecom (Thailand) Co., Ltd.	Thailand	International private leased circuit, IP VPN service, ICT and cloud VAS services	119,624	119,624	1,300	100	3,835	3,835	Subsidiary (Note 5)
	Spring House Entertainment Tech. Inc.	Taiwan	Software design services, internet contents production and play, and motion picture production and distribution	62,209	62,209	8,251	56	47,311	26,513	Subsidiary (Note 5)
	Chungghwa leading Photonics Tech Co., Ltd.	Taiwan	Production and sale of electronic components and finished products	70,500	70,500	7,050	75	3,046	4,962	Subsidiary (Note 5)
	Smartfun Digital Co., Ltd.	Taiwan	Providing diversified family education digital services	65,000	65,000	6,500	65	17,949	11,557	Subsidiary (Note 5)
	Chungghwa Telecom Japan Co., Ltd.	Japan	International private leased circuit, IP VPN service, and IP transit services	17,291	17,291	1	100	21,693	21,693	Subsidiary (Note 5)
	Chungghwa Sochamp Technology Inc.	Taiwan	Design, development and production of Automatic License Plate Recognition software and hardware	20,400	20,400	2,040	51	(3,615)	131	Subsidiary (Note 5)
	International Integrated Systems, Inc.	Taiwan	IT solution provider, IT application consultation, system integration and package solution	517,423	517,423	37,211	51	152,890	48,312	Subsidiary (Note 5)

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES
NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES IN WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)
YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021		Net Income (Loss) of the Investee	Recognized Gain (Loss) (Notes 1, 2 and 3)	Note
				December 31, 2021	December 31, 2020	Shares (Thousands)	Percentage of Ownership (%)			
Senao International Co., Ltd.	Viettel-CHT Co., Ltd.	Vietnam	IDC services	\$ 288,327	\$ 288,327	\$ -	30	\$ 447,097	\$ 80,881	Associate
	Taiwan International Standard Electronics Co., Ltd.	Taiwan	Manufacturing, selling, designing, and maintaining of telecommunications systems and equipment	164,000	164,000	1,760	40	347,269	158,100	Associate
	KKBOX Taiwan Co., Ltd.	Taiwan	Providing of music on-line, software, electronic information, and advertisement services	67,025	67,025	4,438	30	157,524	(5,365)	Associate
	So-net Entertainment Taiwan Limited	Taiwan	Online service and sale of computer hardware	120,008	120,008	9,429	30	217,021	(10,325)	Associate
	Kingway Tek Technology Co., Ltd.	Taiwan	Design and sale of digital map, technical support for computer peripherals device, design and development of system	66,684	66,684	9,557	23	258,943	11,028	Associate
	Taiwan International Ports Logistics Corporation	Taiwan	programming projects	80,000	80,000	8,000	27	70,121	14,196	Associate
	Alliance Digital Tech Co., Ltd.	Taiwan	Import and export storage, logistic warehouse, and ocean shipping service	-	60,000	-	-	-	-	Associate (Note 6)
	Chungghwa PChome Fund I Co., Ltd.	Taiwan	Development of mobile payments and information processing service	200,000	200,000	20,000	50	222,491	29,635	Associate
	Comerstone Ventures Co., Ltd.	Taiwan	Investment, venture capital, investment advisor, management consultant and other consultancy service	4,900	4,900	490	49	6,588	530	Associate
	Next Commercial Bank Co., Ltd.	Taiwan	Investment, venture capital, investment advisor, management consultant and other consultancy service	4,190,000	4,190,000	419,000	42	3,592,054	(184,822)	Associate
CHIEF Telecom Inc.	Chungghwa SEA Holdings	Taiwan	Online banking business	10,200	10,200	1,020	51	9,932	(268)	Joint venture
	WiAdvance Technology Corporation	Taiwan	Software solution integration	273,800	-	3,700	20	253,873	(20,414)	Associate
	Senao Networks, Inc.	Taiwan	Telecommunication facilities manufactures and sales	202,758	202,758	16,579	34	1,077,604	151,821	Associate
	Senao International (Samoa) Holding Ltd.	Samoa Islands	International investment	2,046,143	2,253,828	31,875	100	32,968	(3,829)	Subsidiary (Note 5)
	Youth Co., Ltd.	Taiwan	Sale of information and communication technologies products	427,850	427,850	14,752	96	196,426	1,860	Subsidiary (Note 5)
	Aval Technologies Co., Ltd.	Taiwan	Sale of information and communication technologies products	89,550	89,550	10,840	100	119,614	9,112	Subsidiary (Note 5)
	Senyoung Insurance Agent Co., Ltd.	Taiwan	Property and liability insurance agency	59,000	59,000	5,900	100	99,817	36,097	Subsidiary (Note 5)
	Unigate Telecom Inc.	Taiwan	Telecommunications and internet service	2,000	2,000	200	100	1,079	99	Subsidiary (Note 5)
	Chief International Corp.	Samoa Islands	Telecommunications and internet service	6,068	6,068	200	100	83,782	7,380	Subsidiary (Note 5)
	ST-2 Satellite Ventures Pte., Ltd.	Singapore	Operation of ST-2 telecommunications satellite	409,061	409,061	18,102	38	518,165	191,342	Associate
Chungghwa Telecom Singapore Pte., Ltd.	CHT Infinity Singapore Pte. Ltd.	Singapore	Investment business	55,720	-	2,000	40	54,952	(413)	Associate
Chungghwa Investment Co., Ltd.	Chungghwa Precision Test Tech Co., Ltd.	Taiwan	Production and sale of semiconductor testing components and printed circuit board	178,608	178,608	11,230	34	2,584,235	305,428	Subsidiary (Note 5)
	CHIEF Telecom Inc.	Taiwan	Network integration, internet data center ("IDC"), communications integration and cloud application services	19,064	19,064	2,078	3	91,047	20,254	Associate (Note 5)
	Senao International Co., Ltd.	Taiwan	Selling and maintaining mobile phones and its peripheral products	49,731	49,731	1,001	-	44,505	2,314	Associate (Note 5)
	AgriTalk Technology Inc.	Taiwan	Providing smart agricultural solutions, scientific agricultural product, biological inhibitor, and biochips	33,000	-	1,650	17	17,637	(872)	Associate (Note 7)
	Imediac Co., Ltd.	Taiwan	Providing medical AIoT solution, biomedical engineering services, and sales of medical device as an agent	48,000	-	960	7	44,565	955	Associate (Note 8)

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES**NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEs IN WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)****YEAR ENDED DECEMBER 31, 2021****(Amounts in Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021		Net Income (Loss) of the Investee	Recognized Gain (Loss) (Notes 1, 2 and 3)	Note
				December 31, 2021	December 31, 2020	Shares (Thousands)	Percentage of Ownership (%)			
Chunghua Precision Test Tech Co., Ltd.	Chunghua Precision Test Tech USA Corporation	United States	Design and after-sale services of semiconductor testing components and printed circuit board	\$ 74,192	\$ 12,636	2,600	100	\$ 1,164	\$ 1,164	Subsidiary (Note 5)
	CHPT Japan Co., Ltd.	Japan	Related services of electronic parts, machinery processed products and printed circuit board	2,008	2,008	1	100	118	118	Subsidiary (Note 5)
	Chunghua Precision Test Tech. International, Ltd.	Samoa Islands	Wholesale and retail of electronic materials, and investment	173,649	116,790	5,700	100	8,165	8,882	Subsidiary (Note 5)
Prime Asia Investments Group, Ltd. (B.V.I.)	Chunghua Hsingta Co., Ltd.	Hong Kong	Investment	375,274	375,274	1	100	(5,412)	(5,412)	Subsidiary (Note 5)
Senao International (Samoa) Holding Ltd.	Senao International HK Limited	Hong Kong	International investment	2,060,467	2,248,963	80,440	100	(3,834)	(3,834)	Subsidiary (Note 5)
Youth Co., Ltd.	ISPO Co., Ltd.	Taiwan	Sale of information and communication technologies products	53,021	53,021	-	100	1,533	1,341	Subsidiary (Note 5)
	Youyi Co., Ltd.	Taiwan	Maintenance of information and communication technologies products	21,354	21,354	-	100	(331)	(521)	Subsidiary (Note 5)
Aval Technologies Co., Ltd.	Wriin Technology Co., Ltd.	Taiwan	Sale of information and communication technologies products	29,550	29,550	3,305	100	5,964	5,964	Subsidiary (Note 5)
Senyoung Insurance Agent Co., Ltd.	SenaoLife Insurance Agent Co., Ltd.	Taiwan	Life insurance services	29,500	29,500	2,950	100	(2,697)	(2,697)	Subsidiary (Note 5)
CHYP Multimedia Marketing & Communications Co., Ltd	Click Force Marketing Company	Taiwan	Advertisement services	44,607	44,607	1,154	49	12,527	5,631	Associate
International Integrated Systems, Inc.	Infoexplorer International Co., Ltd.	Samoa	Investment	24,806	24,806	795	100	(177)	(177)	Subsidiary (Note 5)
	IISI Investment Co., Ltd. Unitronics Technology Corp.	Mauritius Taiwan	Investment Development and maintenance of information system	81,302 55,569	81,302 55,569	244 5,065	100 99.96	(975) 9,991	(975) 9,988	Subsidiary (Note 5) Subsidiary (Note 5)
Infoexplorer International Co., Ltd.	International Integrated Systems (Hong Kong) Limited	Hong Kong	Investment and engaging in technical consulting service	24,336	24,336	780	100	(176)	(176)	Subsidiary (Note 5)
IISI Investment Co., Ltd.	Leading Tech Co., Ltd.	Mauritius	Investment	65,374	65,374	316	100	90	90	Subsidiary (Note 5)
Leading Tech Co., Ltd.	Leading Systems Co., Ltd.	Mauritius	Investment	100,693	100,693	300	100	90	90	Subsidiary (Note 5)

Note 1: The amounts were based on audited financial statements.

Note 2: Recognized gain (loss) of investees includes amortization of differences between the investment cost and net value and elimination of unrealized transactions.

Note 3: Recognized gain (loss) and carrying value of the investees did not include the adjustment of the difference between the accounting treatment on standalone basis and consolidated basis as a result of the application of IFRS 15.

Note 4: Investments in mainland China are included in Table 8.

Note 5: The amount was eliminated upon consolidation.

Note 6: Alliance Digital Tech Co., Ltd. completed its liquidation in August 2021.

Note 7: AgriTalk Technology Inc. was reclassified from financial asset at FVOCI to associate in July 2021.

Note 8: Inmedac Co., Ltd. was reclassified from financial asset at FVOCI to associate in August 2021.

(Concluded)

TABLE 8

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA

YEAR ENDED DECEMBER 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Investee	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021	Note
					Outflow	Inflow							
Senao Trading (Fujian) Co., Ltd.	Sale of information and communication technologies products	\$ 1,073,170	2	\$ 1,073,170	\$ -	\$ 191,147	\$ 882,023	\$ -	100	\$ -	\$ -	\$ -	Notes 8 and 13
Senao International Trading (Shanghai) Co., Ltd.	Sale of information and communication technologies products	955,838	2	955,838	-	-	955,838	1,283	100	1,283	-	-	Notes 9 and 13
Chunghua Telecom (China) Co., Ltd.	Integrated information and communication solution services for enterprise clients, and intelligent energy network service	177,176	2	177,176	-	-	177,176	(2,667)	100	(2,667)	29,312	-	Notes 11 and 13
Jiangsu Zhenghua Information Technology Company, LLC	Providing intelligent energy saving solution and intelligent buildings services	189,410	2	142,057	-	-	142,057	-	75	-	-	-	Notes 10 and 13
Shanghai Taihua Electronic Technology Limited	Design of printed circuit board and related consultation service	51,233	2	51,233	-	-	51,233	(7,486)	100	(7,486)	8,928	-	Note 13
Su Zhou Precision Test Tech. Ltd.	Assembly processed of circuit board, design of printed circuit board and related consultation service	119,199	2	62,340	56,859	-	119,199	15,716	100	15,716	149,851	-	Note 13
Shanghai Chief Telecom Co., Ltd.	Telecommunications and internet service	10,150	1	4,973	-	-	4,973	755	49	370	13,829	-	Note 13
International Integrated Systems Inc. (Shanghai)	Development and maintenance of information system	48,753	2	39,923	-	-	39,923	(2,747)	100	(2,747)	-	-	Notes 12 and 13

(Continued)

Investee	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Stipulated by Investment Commission, MOEA
SENAO and its subsidiaries (Note 3)	\$ 1,837,861	\$ 2,047,858	\$ 3,685,819
Chunghwa Telecom (China) Co., Ltd. (Note 4)	177,176	177,176	234,757,470
Jiangsu Zhenghua Information Technology Company, LLC (Note 4)	142,057	142,057	234,757,470
Chunghwa Precision Test Tech Co., Ltd and its subsidiaries (Note 5)	170,432	216,185	4,527,127
Shanghai Chief Telecom Co., Ltd. (Note 6)	4,973	4,973	1,855,630
IISI and its subsidiaries (Note 7)	39,923	39,923	666,330

Note 1: Investments are divided into three categories as follows:

- a. Direct investment.
- b. Investments through a holding company registered in a third region.
- c. Others.

Note 2: The amounts were calculated based on the investee's audited financial statements.

Note 3: Senao International Co., Ltd. and its subsidiaries were calculated based on the consolidated net assets value of Senao International Co., Ltd.

Note 4: Chunghwa Telecom (China) Co., Ltd. and Jiangsu Zhenghua Information Technology Company, LLC were calculated based on the consolidated net assets value of Chunghwa Telecom Co., Ltd.

Note 5: Chunghwa Precision Test Tech. Co., Ltd. and its subsidiaries were calculated based on the consolidated net assets value of Chunghwa Precision Test Tech. Co., Ltd.

Note 6: Shanghai Chief Telecom Co., Ltd. was calculated based on the consolidated net assets value of CHIEF Telecom Inc.

Note 7: IISI and its subsidiaries were calculated based on the consolidated net assets value of IISI.

Note 8: Senao Trading (Fujian) Co., Ltd. completed its liquidation in May 2019.

Note 9: Senao International Trading (Shanghai) Co., Ltd. completed its liquidation in April 2021.

Note 10: Jiangsu Zhenghua Information Technology Company, LLC. completed its liquidation in December 2018.

Note 11: Chunghwa Telecom (China) Co., Ltd. was approved to end and dissolve its business in August 2020. The liquidation of Chunghwa Telecom (China) Co., Ltd. is still in process.

Note 12: International Integrated Systems Inc. (Shanghai) completed its liquidation in August 2021.

Note 13: The amount was eliminated upon consolidation.

(Concluded)

TABLE 9

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS

YEAR ENDED DECEMBER 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Year	No. (Note 1)	Company Name	Related Party	Nature of Relationship (Note 2)	Transaction Details			% to Total Sales or Assets (Note 4)
					Financial Statement Account	Amount (Note 5)	Payment Terms (Note 3)	
2021	0	Chunghua Telecom Co., Ltd.	Senao International Co., Ltd.	a	Accounts receivable	\$ 1,145,964	-	-
					Accrued custodial receipts	159,432	-	-
					Accounts payable	831,921	-	-
					Amounts collected for others	151,324	-	-
					Revenues	5,671,851	-	3
					Operating costs and expenses	592,883	-	-
					Inventories	136,006	-	-
					Accounts receivable	53,590	-	-
					Accounts payable	11,678	-	-
					Revenues	496,173	-	-
					Operating costs and expenses	101,698	-	-
					Accounts payable	406,770	-	-
					Operating costs and expenses	1,273,162	-	1
					Inventories	146,949	-	-
					Property, plant and equipment	270,412	-	-
					Accounts payable	33,605	-	-
					Operating costs and expenses	303,822	-	-
					Accounts receivable	51,551	-	-
					Accounts payable	194,142	-	-
					Revenues	180,361	-	-
					Operating costs and expenses	465,949	-	-
					Property, plant and equipment	124,978	-	-
					Accounts receivable	58,384	-	-
					Accounts payable	901,629	-	-
					Revenues	175,966	-	-
					Operating costs and expenses	6,036,734	-	3
					Inventories	87,195	-	-
					Property, plant and equipment	138,223	-	-
					Accounts payable	114,134	-	-
					Operating costs and expenses	325,487	-	-
					Inventories	38,562	-	-
					Accounts payable	111,594	-	-
					Operating costs and expenses	360,537	-	-
					Inventories	24,729	-	-

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS YEAR ENDED DECEMBER 31, 2021 (Amounts in Thousands of New Taiwan Dollars)

Year	No. (Note 1)	Company Name	Related Party	Nature of Relationship (Note 2)	Transaction Details			% to Total Sales or Assets (Note 4)
					Financial Statement Account	Amount (Note 5)	Payment Terms (Note 3)	
			Aval Technologies Co., Ltd.	a	Accounts payable	\$ 70,101	-	-
					Operating costs and expenses	388,141	-	-
					Inventories	49,309	-	-
			Chunghua Telecom Singapore Pte., Ltd.	a	Accounts payable	39,984	-	-
					Operating costs and expenses	155,444	-	-
			CHYP Multimedia Marketing & Communications Co., Ltd.	a	Accounts payable	37,752	-	-
					Operating costs and expenses	105,356	-	-
			Senyoung Insurance Agent Co., Ltd.	a	Accounts receivable	57,783	-	-
					Revenues	126,146	-	-

Note 1: Significant transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

- "0" for the Company.
- Subsidiaries are numbered from "1".

Note 2: Related party transactions are divided into three categories as follows:

- The Company to subsidiaries.
- Subsidiaries to the Company.
- Subsidiaries to subsidiaries.

Note 3: Transaction terms with the related parties were determined in accordance with mutual agreements when there were no similar transactions with third parties. Other transactions with related parties were not significantly different from those with third parties.

Note 4: For assets and liabilities, amount is shown as a percentage to consolidated total assets as of December 31, 2021, while revenues, costs and expenses are shown as a percentage to consolidated revenues for year ended December 31, 2021.

Note 5: The amount was eliminated upon consolidation.

(Concluded)

TABLE 10

CHUNGHWA TELECOM CO., LTD.

INFORMATION OF MAJOR STOCKHOLDERS
DECEMBER 31, 2021

Name of Major Stockholders	Shares	
	Number of Shares	Percentage of Ownership (%)
Ministry of Transportation and Communications	2,737,718,976	35.29
Shin Kong Life Insurance Co., Ltd.	438,973,184	5.65

Note: This table presents information provided by the Taiwan Depository & Clearing Corporation on stockholders holding greater than 5% of Chungwa's dematerialized securities that have completed the process of registration and delivery by book-entry transfer as of the last business day for the current quarter.

8. Parent-only Financial Statements and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Chunghwa Telecom Co., Ltd. (The "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

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

Revenue Recognition on Mobile Service

Refer to Notes 3 and 27 to the financial statements.

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

Given the Company's systems to process and record revenue are highly automated, auditing revenue was complex and challenging due to the extent of audit effort required and involvement of professionals with

Chunghwa Telecom Co., Ltd.

Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report

expertise in information technology (IT) necessary for us to identify, test, and evaluate the Company's IT systems.

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Dien Sheng Chang and Cheng Hung Kuo.

Dien-sheng Chang Cheng-Hung Kuo

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2022

Notice to Readers

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

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

CHUNGHWA TELECOM CO., LTD.

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

ASSETS	2021	%	2020	%
Amount	Amount		Amount	
CURRENT ASSETS				
Cash and cash equivalents (Notes 3 and 6)	\$ 28,289,556	6	\$ 20,090,053	4
Financial assets at fair value through profit or loss (Notes 3, 4 and 7)	-	-	2,271	-
Hedging financial assets (Notes 3 and 19)	-	-	1,752	-
Contract assets (Notes 3 and 27)	1,982,596	1	1,734,081	1
Trade notes and accounts receivable, net (Notes 3, 4, 9 and 27)	20,691,664	4	19,354,643	4
Receivables from related parties (Note 34)	1,786,959	-	1,340,550	-
Prepayments (Notes 3, 4 and 16)	5,263,444	1	7,646,668	1
Other noncurrent assets (Notes 12, 25 and 31)	1,433,713	-	1,490,978	-
Other current assets (Note 18)	1,359,711	-	1,281,398	-
	2,844,972	1	2,183,471	1
Total current assets	63,880,337	13	54,926,878	11
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss (Notes 3, 4 and 7)	884,670	-	677,202	-
Investments accounted for using equity method (Notes 3, 4, 8 and 31)	3,058,606	1	6,903,679	1
Contract assets (Notes 3 and 27)	20,120,401	4	20,338,212	4
Property, plant and equipment (Notes 3, 4, 14, 31 and 34)	1,105,747	-	1,007,608	-
Right-of-use assets (Notes 3, 4, 15 and 34)	279,910,890	57	272,623,164	56
Investment properties (Notes 3, 4, 16, 31 and 34)	10,737,544	2	10,028,227	2
Intangible assets (Notes 3, 4, 17 and 31)	9,832,904	2	9,546,547	2
Deferred income tax assets (Notes 3 and 29)	83,435,418	17	89,723,406	19
Incremental costs of obtaining contracts (Notes 3 and 27)	2,271,292	1	2,623,633	1
Net defined benefit assets (Notes 3, 4 and 25)	6,899,240	1	7,015,079	1
Prepayments (Note 11)	3,369,703	1	3,351,546	1
Other noncurrent assets (Notes 18, 31 and 35)	937,318	-	1,152,722	-
	4,100,621	1	4,421,119	1
Total noncurrent assets	426,664,354	87	429,412,144	89
TOTAL	\$ 490,544,691	100	\$ 484,339,022	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bills payable (Note 20)	\$ -	-	\$ 6,999,198	1
Financial liabilities at fair value through profit or loss (Notes 3, 4 and 7)	6,180	-	-	-
Hedging financial liabilities (Notes 3 and 19)	8,286	-	-	-
Contract liabilities (Notes 3, 27 and 34)	11,537,157	2	12,661,964	3
Trade notes and accounts payable (Note 22)	14,119,843	3	12,226,935	3
Payables to related parties (Note 34)	3,448,259	1	3,380,488	1
Current tax liabilities (Notes 3 and 29)	4,079,823	1	3,914,134	1
Lease liabilities (Notes 3, 4, 15, 31 and 34)	2,918,782	1	2,938,305	1
Other payables (Notes 23 and 31)	20,362,594	4	20,046,085	4
Provisions (Notes 3 and 24)	175,454	-	214,266	-
Other current liabilities	939,652	-	976,630	-
Total current liabilities	57,896,030	12	63,358,005	14
NONCURRENT LIABILITIES				
Bonds payable (Note 21)	26,976,675	5	19,980,272	4
Contract liabilities (Notes 3 and 27)	5,059,165	1	5,344,144	1
Deferred tax liabilities (Notes 3 and 29)	2,160,049	-	1,952,233	-
Provisions (Notes 3 and 24)	2,141,865	-	1,001,616	-
Lease liabilities (Notes 3, 4, 15, 31 and 34)	7,037,599	2	5,682,342	1
Customers' deposits (Note 34)	4,881,790	1	4,722,280	1
Net defined benefit liabilities (Notes 3, 4 and 25)	2,188,572	-	3,316,932	1
Other noncurrent liabilities	5,164,100	1	1,971,212	-
Total noncurrent liabilities	53,613,815	10	43,050,001	8
Total liabilities	111,509,845	22	106,408,006	22
EQUITY (Note 26)				
Common stocks	77,574,465	16	77,574,465	16
Additional paid-in capital	171,279,625	35	171,261,379	35
Retained earnings	-	-	-	-
Legal reserve	77,574,465	16	77,574,465	16
Special reserve	2,675,419	1	2,675,419	1
Unappropriated earnings	50,639,022	10	47,918,166	10
Total retained earnings	130,888,906	27	128,168,050	27
Others	(408,150)	-	927,122	-
Total equity	379,334,846	78	377,931,016	78
TOTAL	\$ 490,544,691	100	\$ 484,339,022	100

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

CHUNGHWA TELECOM CO., LTD.

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

	2021	%	2020	%
Amount	Amount		Amount	
REVENUES (Notes 3, 27, 34 and 40)	\$ 178,843,350	100	\$ 178,622,827	100
OPERATING COSTS (Notes 3, 10, 25, 27, 28, 34 and 40)	113,928,789	64	117,206,244	66
GROSS PROFIT	64,914,561	36	61,416,583	34
OPERATING EXPENSES (Notes 3, 9, 25, 28, 34 and 40)				
Marketing	16,024,280	9	16,596,096	9
General and administrative	3,885,112	2	3,720,192	2
Research and development	2,837,425	2	3,129,236	2
Expected credit loss	141,794	-	45,689	-
Total operating expenses	22,888,611	13	23,491,213	13
OTHER INCOME AND EXPENSES (Notes 14, 15, 16, 28 and 40)	(342,764)	-	1,614,287	1
INCOME FROM OPERATIONS	41,683,186	23	39,539,657	22
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 40)	56,471	-	52,889	-
Other income (Notes 8, 28 and 34)	255,445	-	346,745	-
Other gains and losses (Notes 13, 28, 33 and 34)	471,086	-	(100,341)	-
Interest expense (Notes 15, 28, 34 and 40)	(190,093)	-	(171,658)	-
Share of profits of subsidiaries, associates and joint ventures accounted for using equity method (Notes 13 and 40)	1,611,361	1	1,216,137	1
Total non-operating income and expenses	2,204,270	1	1,343,772	1
INCOME BEFORE INCOME TAX	43,887,456	24	40,883,429	23
INCOME TAX EXPENSE (Notes 3 and 29)	8,133,877	5	7,477,299	4
NET INCOME	35,753,579	19	33,406,130	19

(Continued)

CHUNGHWA TELECOM CO., LTD.**STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2021		2020	
	Amount	%	Amount	%
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss:				
Remeasurements of defined benefit pension plans (Note 25)	\$ 398,352	-	\$ 1,170,312	1
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income (Notes 3, 26 and 33)	(1,208,027)	(1)	546,879	-
Gain or loss on hedging instruments subject to basis adjustment (Notes 3 and 19)	(10,038)	-	1,425	-
Share of unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income of subsidiaries, associates and joint ventures (Notes 3, 13 and 26)	20,191	-	(126,890)	-
Share of remeasurements of defined benefit pension plans of subsidiaries, associates and joint ventures (Note 13)	(7,493)	-	708	-
Income tax relating to items that will not be reclassified to profit or loss (Note 29)	(79,670)	-	(234,062)	-
	<u>(886,685)</u>	<u>(1)</u>	<u>1,358,372</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising from the translation of the foreign operations	(76,359)	-	(156,990)	-
Share of exchange differences arising from the translation of the foreign operations of subsidiaries, associates and joint ventures (Note 13)	(1,386)	-	(9,164)	-
	<u>(77,745)</u>	<u>-</u>	<u>(166,154)</u>	<u>-</u>
Total other comprehensive income (loss), net of income tax	<u>(964,430)</u>	<u>(1)</u>	<u>1,192,218</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME	\$ 34,789,149	18	\$ 34,598,348	20
EARNINGS PER SHARE (Note 30)				
Basic	\$ 4.61		\$ 4.31	
Diluted	<u>\$ 4.60</u>		<u>\$ 4.30</u>	

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

(Concluded)

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

CHUNGWA TELECOM CO., LTD.**STATEMENTS OF CASH FLOWS**
YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 43,887,456	\$ 40,883,429
Adjustments for:		
Depreciation	30,748,863	29,852,639
Amortization	6,475,933	5,335,650
Amortization of incremental costs of obtaining contracts	5,684,693	5,395,125
Expected credit loss	141,794	45,689
Interest expense	190,093	171,658
Interest income	(56,471)	(52,889)
Dividend income	(149,918)	(240,821)
Share of profits of subsidiaries, associates and joint ventures accounted for using equity method	(1,611,361)	(1,216,137)
Loss (gain) on disposal of property, plant and equipment	5,603	(1,435,864)
Gain on disposal of investment properties	-	(151,357)
Gain on disposal of investments accounted for using equity method	(3,239)	(13,398)
Provision for impairment loss and obsolescence of inventory	163,193	1,124,350
Impairment loss on right-of-use assets	420,590	-
Reversal of impairment loss on investment properties	(83,429)	(27,066)
Valuation loss (gain) on financial assets and liabilities at fair value through profit or loss, net	(243,417)	98,404
Others	(139,079)	8,473
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Contract assets	(347,693)	(467,335)
Trade notes and accounts receivable	(1,149,116)	4,042,945
Receivables from related parties	(449,409)	(554,980)
Inventories	1,605,349	4,320,692
Prepayments	263,649	(10,178)
Other current monetary assets	(304,927)	145,786
Other current assets	(661,501)	170,744
Incremental cost of obtaining contracts	(5,568,854)	(5,433,783)
Increase (decrease) in:		
Contract liabilities	(1,402,756)	(3,096,840)
Trade notes and accounts payable	1,888,527	173,789
Payables to related parties	67,771	(283,225)
Other payables	(77,677)	(1,118,468)
Provisions	2,437	109,598
Other current liabilities	(12,186)	69,232
Net defined benefit plans	(748,165)	(168,867)
Cash generated from operations	78,536,753	77,676,995
Interests paid	(57,637)	(126,846)
Income taxes paid	(7,470,701)	(7,386,952)
Net cash provided by operating activities	<u>71,008,415</u>	<u>70,163,197</u>

(Continued)

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CHUNGWA TELECOM CO., LTD.**STATEMENTS OF CASH FLOWS**
YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ 2,907,367	\$ 297,476
Acquisition of time deposits and negotiable certificates of deposit with maturities of more than three months	(13,133,853)	(11,803)
Proceeds from disposal of time deposits and negotiable certificates of deposit with maturities of more than three months	13,111,803	1,600,000
Acquisition of investments accounted for using equity method	(273,800)	(244,123)
Proceeds from disposal of investments accounted for using equity method	8,519	-
Proceeds from capital reduction of investments accounted for using equity method	813,793	-
Acquisition of property, plant and equipment	(34,302,157)	(22,740,612)
Proceeds from disposal of property, plant and equipment	15,454	316,940
Acquisition of intangible assets	(187,945)	(47,539,599)
Acquisition of investment properties	(146)	(54,435)
Proceeds from disposal of investment properties	-	188,300
Decrease in other noncurrent assets	213,694	96,334
Interests received	57,190	59,538
Cash dividends received from others	149,918	240,821
Cash dividends received from subsidiaries, associates and joint ventures accounted for using equity method	<u>1,235,130</u>	<u>1,309,769</u>
Net cash used in investing activities	<u>(29,385,033)</u>	<u>(66,481,394)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term bills payable	5,000,000	41,000,000
Repayments of short-term bills payable	(12,000,000)	(34,000,000)
Proceeds from issuance of bonds	7,000,000	20,000,000
Payments for transaction costs attributable to the issuance of bonds	(7,675)	(21,038)
Increase in customers' deposits	134,718	52,704
Payments for the principal of lease liabilities	(3,342,213)	(3,287,475)
Increase in other noncurrent liabilities	3,192,888	363,711
Cash dividends paid	(33,403,565)	(32,782,969)
Unclaimed dividend	<u>1,968</u>	<u>1,605</u>
Net cash used in financing activities	<u>(33,423,879)</u>	<u>(8,673,462)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>8,199,503</u>	<u>(4,991,659)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>20,090,053</u>	<u>25,081,712</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 28,289,556</u>	<u>\$ 20,090,053</u>

(Concluded)

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

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CHUNGHWA TELECOM CO., LTD.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL

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

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

The financial statements are presented in the Company's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board of Directors on February 23, 2022.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The accompanying financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of Preparation

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

When preparing the accompanying financial statements, the Company used equity method to account for its investment in subsidiaries, associates and joint ventures. In order for the amounts of the net profit, other comprehensive income and total equity in the parent company only financial statements to be the same with those amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between parent company only basis and consolidated basis were made to the captions of "investments accounted for using equity method", "share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method", "share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method" and related equity items, as appropriate, in the parent company only financial statements.

Current and Noncurrent Assets and Liabilities

Current assets include:

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

Current liabilities include:

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

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

Foreign Currencies

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

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

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

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

For the purpose of presenting financial statements, the assets and liabilities of the Company's foreign operations (including those subsidiaries, associates and joint ventures in other countries or currencies used different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income.

Cash Equivalents

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

Inventories

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

Investments Accounted for Using Equity Method

Investments in subsidiaries, associates and joint ventures are accounted for using equity method.

a. Investment in subsidiaries

Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment in subsidiaries is initially recognized at cost and the increase or decrease of carrying amount reflects the recognition of the Company's share of profit or loss and other comprehensive income of the subsidiaries after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company's loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the investment of the subsidiaries and the fair value of the consideration paid or received is recognized directly in equity.

The acquisition cost in excess of the acquisition-date fair value of the identifiable net assets acquired is recognized as goodwill, which is included within the carrying amount of the investment and shall not be amortized. The acquisition-date fair value of the net identifiable assets acquired in excess of the acquisition cost is recognized immediately in profit or loss.

Unrealized profits and losses from downstream transactions with a subsidiary are eliminated in full. Profits and losses from upstream transactions with a subsidiary and sidestream transactions between subsidiaries are recognized in the Company's financial statements only to the extent of interests in the subsidiary that are not related to the Company.

b. Investments in associates and joint ventures

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

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

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

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

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

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

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

Property, Plant and Equipment

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

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

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

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

Investment Properties

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

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

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

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

For a contract where a land owner provides land for the construction of buildings by a property developer in exchange for a certain percentage of the buildings, any exchange gain or loss is recognized when the exchange transaction occurs if the exchange transaction has commercial substance.

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

Intangible Assets

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

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

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

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

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

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

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

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

Financial Instruments

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

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

a. Financial assets

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

1) Measurement category

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

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend earned on the financial asset. Fair value is determined in the manner described in Note 33.

b) Financial assets at amortized cost

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

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

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

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

c) Investments in equity instruments at FVOCI

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

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

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

2) Impairment of financial assets and contract assets

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

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

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

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

3) Derecognition of financial assets

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

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

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

b. Financial liabilities

1) Subsequent measurement

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

2) Derecognition of financial liabilities

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

c. Derivative financial instruments

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

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

Hedge Accounting

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

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

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

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

Provisions

Provisions are measured at the best estimate of the expenditure required to settle the Company's obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. The provisions for warranties claims are made by management according to the sales agreements which represent the management's best estimate of the future outflow of economic benefits. The provisions of warranties claims are recognized as operating cost in the period in which the goods

are sold. The provision for onerous contracts represents the present obligation resulting from the measurement for the unavoidable costs of meeting the Company's contractual obligations exceed the economic benefits expected to be received from the contracts.

Revenue Recognition

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

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

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

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

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

For project business contracts, if a substantial part of the Company's promise to customers is to manage and coordinate the various tasks and assume the risks of those tasks to ensure the individual goods or services are incorporated into the combined output, they are treated as a single performance obligation since the Company provides a significant integration service. The Company recognizes revenues and corresponding accounts receivable when the project business contract is completed and accepted by customers.

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

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

Incremental Costs of Obtaining Contracts

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

Leasing

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

- a. The Company as lessor

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

- b. The Company as lessee

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

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

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

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

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

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

Borrowing Costs

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

Government Grants

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

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

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

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and gains or losses on settlements) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising (a) actuarial gains and losses; and (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

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

c. Other long-term employee benefits

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

Income Tax

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

a. Current tax

According to the Income Tax Act in the ROC, an additional tax of unappropriated earnings is provided for in the year the stockholders approve to retain the earnings.

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

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in the computation of taxable profit.

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

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

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

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

c. Current and deferred tax

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

Where current tax or deferred tax arises from the initial accounting for the acquisition of a subsidiary, the tax effect is included in the accounting for the investments in a subsidiary.

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

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

The estimates and underlying assumptions are reviewed by the management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a. Critical accounting judgments

Revenue recognition

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.

Control over subsidiaries

As discussed in Note 13, some entities are subsidiaries of the Company although the Company only owns less than 50% ownership interests in these entities. After considering the Company's absolute size of holding in the entity and the relative size of and the dispersion of shares owned by the other stockholders, and the contractual arrangements between the Company and other investors, potential voting interests and the written agreement between stockholders, the management concluded that the Company has a sufficiently dominant voting interest to direct the relevant activities of the entity and therefore the Company has control over these entities.

b. Key sources of estimation uncertainty and assumption

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

1) Impairment of trade notes and accounts receivable

The provision for impairment of trade notes and accounts receivable is based on assumptions on probability of default and expected credit loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's past experience, current market conditions as well as forward looking information at the end of each reporting period. For details of the key assumptions and inputs used, see Note 9. Where the actual future cash flows are less than expected, a material impairment loss may arise.

2) Fair value measurements and valuation processes

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

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities was disclosed in Note 33. If the actual changes of inputs in the future differ from expectation, the fair value may vary accordingly. The Company updates inputs periodically to monitor the appropriateness of the fair value measurement.

3) Provision for inventory valuation and obsolescence

Inventories are stated at the lower of cost or net realizable value. Net realizable value is calculated as the estimated selling price less the estimated costs necessary to make a sale. Comparison of net realizable value and cost is determined on an item by item basis, except for

those similar items which could be categorized into the same groups. The Company uses the inventory holding period and turnover as the evaluation basis for inventory obsolescence losses.

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

When an indication of impairment is assessed with objective evidence, the Company considers whether the recoverable amount of an asset is less than its carrying amount and recognizes the impairment loss based on difference between the recoverable amount and its carrying amount. The estimate of recoverable amount would impact on the timing and the amount of impairment loss recognition.

5) Useful lives of property, plant and equipment

As discussed in Note 3, "Summary of Significant Accounting Policies - Property, Plant and Equipment", the Company reviews estimated useful lives of property, plant and equipment at the end of each year.

6) Recognition and measurement of defined benefit plans

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

7) Lessees' incremental borrowing rates

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

5. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee Interpretations (IFRIC) and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the amendments to the IFRS, IAS, IFRIC and SIC issued by the International Accounting Standards Board and endorsed and issued into effect by the FSC (collectively, the "Taiwan-IFRSs") does not have material impacts on the Company's financial statements.

- b. Amendments to IFRSs endorsed by the FSC for application starting from January 1, 2022

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRSs	Annual Improvements to IFRS Standards January 1, 2022 (Note 1)
Amendments to IFRS 3	2018-2020 Reference to the Conceptual Framework January 1, 2022 (Note 2)
Amendments to IAS 16	Property, Plant and Equipment - Proceeds before Intended Use January 1, 2022 (Note 3)

(Continued)

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash		
Cash on hand	\$ 138,312	\$ 125,611
Bank deposits	8,310,540	4,463,396
	<u>8,448,852</u>	<u>4,589,007</u>
Cash equivalents (with maturities of less than three months)		
Commercial papers	12,338,368	12,899,702
Negotiable certificates of deposit	7,500,000	2,600,000
Stimulus vouchers	2,336	1,344
	<u>19,840,704</u>	<u>15,501,046</u>
	<u>\$ 28,289,556</u>	<u>\$ 20,090,053</u>

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

	December 31	
	2021	2020
Bank deposits	0.00%-0.10%	0.00%-0.05%
Commercial papers	0.20%-0.30%	0.14%-0.26%
Negotiable certificates of deposit	0.27%-0.30%	0.24%-0.30%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
Financial assets - current		
Mandatorily measured at FVTPL		
Derivatives (not designated for hedge)	\$ -	\$ 2,271
Forward exchange contracts		
Financial assets - noncurrent		
Mandatorily measured at FVTPL		
Non-derivatives	\$ 647,998	\$ 441,095
Non-listed stocks - domestic	<u>236,672</u>	<u>236,107</u>
Non-listed stocks - foreign	<u>\$ 884,670</u>	<u>\$ 677,202</u>
		(Continued)

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 37 Onerous Contracts - Cost of Fulfilling a Contract	January 1, 2022 (Note 4)
	(Concluded)
Note 1: The amendments to IFRS 9 are applied prospectively to financial liabilities that are exchanged or modified on or after the annual reporting periods beginning on or after January 1, 2022.	
Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the annual reporting period beginning on or after January 1, 2022.	
Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.	
Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.	
The application of the above new, revised or amended standards and interpretations will not have a material impact on the Company's financial statements.	
c. IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC	
New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture	To be determined by IASB
Amendments to IAS 1 Classification of liabilities as current or noncurrent	January 1, 2023
Amendments to IAS 1 Disclosure of Accounting Policies	January 1, 2023 (Note 2)
Amendments to IAS 8 Definition of Accounting Estimates	January 1, 2023 (Note 3)
Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023 (Note 4)
Note 1: Unless stated otherwise, the above new IFRSs are effective for annual periods beginning on or after their respective effective dates.	
Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.	
Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.	
Note 4: Except that deferred taxes will be recognized for temporary differences associated with leases and decommissioning obligations on January 1, 2022, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.	

\$16,686 thousand were transferred from other equity to retained earnings upon the aforementioned disposals in 2021 and 2020, respectively.

The Company recognized dividend income of \$149,918 thousand and \$240,821 thousand for the years ended December 31, 2021 and 2020, respectively, from the investments still held on December 31, 2021 and 2020.

9. TRADE NOTES AND ACCOUNTS RECEIVABLE, NET

	December 31	
	2021	2020
Trade notes and accounts receivable	\$ 22,264,613	\$ 21,671,359
Less: Loss allowance	<u>(1,572,949)</u>	<u>(2,116,716)</u>
	<u>\$ 20,691,664</u>	<u>\$ 19,554,643</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 providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for receivables. The expected credit losses on receivables are estimated using a provision matrix by reference to past default experience of the customers and an analysis of the customers' current financial positions, as well as the forward-looking indicators such as macroeconomic business indicator.

When there is evidence indicating that the counterparty is in evasion, bankruptcy, deregistration of its company 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.

	December 31	
	2021	2020
Financial liabilities - current		
Held for trading		
Derivatives (not designated for hedge)	\$ 6,180	\$ (Concluded)
Forward exchange contracts		

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

	Currency	Maturity Period	Contract Amount (In Thousands)
December 31, 2021			
Forward exchange contracts - buy	NT\$/EUR	2022.03	NT\$257,081 / EUR8,000
December 31, 2020			
Forward exchange contracts - buy	NT\$/EUR	2021.03	NT\$50,435 / EUR1,500
Forward exchange contracts - sell	US\$/NT\$	2021.02	US\$13,000 / NT\$365,375

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

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

	December 31	
	2021	2020
Domestic investments		
Listed stocks	\$ -	\$ 2,610,501
Non-listed stocks	2,931,257	4,185,924
Foreign investments		
Non-listed stocks	127,349	107,254
	<u>\$ 3,058,606</u>	<u>\$ 6,903,679</u>

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

The Company disposed of its investment in China Airlines, Ltd. starting from December 2020 and sold all its shares by February 2021. The total fair value of the disposed investment were \$2,635,568 thousand and \$567,797 thousand in 2021 and 2020, respectively. The Company disposed of its investment in UIUPON Inc. (UIUPON) in October 2021 and the fair value of the disposed investment was \$1,478 thousand. The related unrealized gain on financial assets at FVOCI of \$94,588 thousand and

The Company's provision matrix arising from telecommunications business and project business is disclosed below.

December 31, 2021

Telecommunications business	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
Expected credit loss rate (Note a)	0%-1%	1%-22%	3%-62%	11%-80%	25%-90%	40%-97%	100%	
Gross carrying amount	\$ 16,410,725	\$ 282,040	\$ 82,062	\$ 44,539	\$ 31,065	\$ 31,000	\$ 602,833	\$ 17,484,264
Loss allowance (lifetime ECL)	(50,733)	(23,465)	(28,596)	(29,800)	(25,402)	(28,423)	(602,833)	(789,252)
Amortized cost	\$ 16,359,992	\$ 258,575	\$ 53,466	\$ 14,739	\$ 5,663	\$ 2,577	\$ —	\$ 16,695,012

Project business

Expected credit loss rate (Note b)	0%-5%	5%	10%	30%	50%	80%	100%	
Gross carrying amount	\$ 3,985,010	\$ 136	\$ 6,960	\$ 14,271	\$ 411	\$ 799	\$ 769,762	\$ 4,780,349
Loss allowance (lifetime ECL)	(7,835)	(68)	(889)	(4,293)	(210)	(639)	(769,762)	(783,692)
Amortized cost	\$ 3,980,175	\$ 68	\$ 6,070	\$ 9,978	\$ 201	\$ 160	\$ —	\$ 3,996,652

December 31, 2020

Telecommunications business	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
Expected credit loss rate (Note a)	0%-2%	2%-24%	3%-68%	11%-43%	28%-90%	52%-96%	100%	
Gross carrying amount	\$ 15,855,132	\$ 203,349	\$ 50,897	\$ 31,263	\$ 29,872	\$ 25,351	\$ 625,591	\$ 16,806,055
Loss allowance (lifetime ECL)	(56,249)	(20,880)	(23,483)	(24,859)	(24,319)	(21,665)	(625,591)	(797,046)
Amortized cost	\$ 15,782,883	\$ 183,069	\$ 27,414	\$ 6,404	\$ 5,553	\$ 3,686	\$ —	\$ 16,009,009

Project business

Expected credit loss rate (Note b)	0%-5%	5%	10%	30%	50%	80%	100%	
Gross carrying amount	\$ 3,472,738	\$ 64,372	\$ 26,810	\$ 8,963	\$ 2,163	\$ 2,691	\$ 1,287,567	\$ 4,865,304
Loss allowance (lifetime ECL)	(20,060)	(3,219)	(2,772)	(2,760)	(1,132)	(2,160)	(1,287,567)	(1,319,670)
Amortized cost	\$ 3,452,678	\$ 61,153	\$ 24,038	\$ 6,203	\$ 1,031	\$ 531	\$ —	\$ 3,545,634

Note a: Please refer to Notes 27 and 40 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	
	2021	2020
Beginning balance	\$ 2,116,716	\$ 2,300,651
Add: Provision for credit loss	120,961	49,108
Less: Amounts written off	(664,728)	(233,043)
Ending balance	\$ 1,572,949	\$ 2,116,716

10. INVENTORIES

	December 31	
	2021	2020
Merchandise	\$ 1,190,607	\$ 1,696,390
Project in process	4,087,537	5,350,296
	\$ 5,278,144	\$ 7,046,686

The operating costs related to inventories were \$27,634,049 thousand (including the valuation loss on inventories of \$163,193 thousand) and \$31,946,042 thousand (including the valuation loss on inventories of \$1,124,350 thousand) for the years ended December 31, 2021 and 2020, respectively.

11. PREPAYMENTS

	December 31	
	2021	2020
Prepaid rents	\$ 1,388,566	\$ 1,655,679
Others	1,192,485	1,189,021
	\$ 2,581,051	\$ 2,844,700
Current		
Prepaid rents	\$ 451,248	\$ 502,957
Others	1,192,485	1,189,021
	\$ 1,643,733	\$ 1,691,978
Noncurrent		
Prepaid rents	\$ 937,318	\$ 1,152,722

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

12. OTHER CURRENT MONETARY ASSETS

	December 31	
	2021	2020
Receivable of receipts under custody	\$ 765,169	\$ 684,841
Time deposits and negotiable certificates of deposit with maturities of more than three months	33,853	11,803
Others	<u>560,691</u>	<u>584,749</u>
	<u>\$ 1,359,713</u>	<u>\$ 1,281,393</u>

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

	December 31	
	2021	2020
Time deposits and negotiable certificates of deposit with maturities of more than three months	0.14%-0.82%	0.37%-1.07%

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2021	2020
Investments in subsidiaries	\$ 14,537,488	\$ 14,958,164
Investments in associates	5,572,981	5,369,848
Investments in joint venture	<u>9,932</u>	<u>10,200</u>
	<u>\$ 20,120,401</u>	<u>\$ 20,338,212</u>

a. Investments in subsidiaries

Investments in subsidiaries were as follows:

	December 31	
	2021	2020
<u>Listed</u>		
Senao International Co., Ltd. ("SENAO")	\$ 211,023	\$ 294,281
CHIEF Telecom Inc. ("CHIEF")	1,845,072	1,785,968
<u>Non-listed</u>		
Light Era Development Co., Ltd. ("LED")	3,856,921	3,853,234
Chunghwa Investment Co., Ltd. ("CHI")	3,202,188	3,017,569
Chunghwa Telecom Singapore Pte., Ltd. ("CHTS")	1,057,720	1,013,529
Chunghwa System Integration Co., Ltd. ("CHSI")	716,992	725,213
Honghua International Co., Ltd. ("HHI")	616,610	487,904
Donghua Telecom Co., Ltd. ("DHT")	613,536	1,486,252
International Integrated Systems, Inc. ("IISI")	586,133	593,049
		(Continued)

	December 31	
	2021	2020
Chunghwa Telecom Global, Inc. ("CHTG")	\$ 464,281	\$ 402,623
CHT Security Co., Ltd. ("CHTSC")	375,827	329,943
CHYP Multimedia Marketing & Communications Co., Ltd. ("CHYP")	201,424	194,399
Prime Asia Investments Group Ltd. (B.V.I.) ("Prime Asia")	153,582	163,121
Spring House Entertainment Tech. Inc. ("SHE")	143,613	126,947
Chunghwa Leading Photonics Tech. Co., Ltd. ("CLPT")	121,879	123,967
Chunghwa Telecom (Thailand) Co., Ltd. ("CHTT")	99,853	110,163
Chunghwa Telecom Japan Co., Ltd. ("CHJT")	98,852	90,099
Chunghwa Telecom Vietnam Co., Ltd. ("CHTV")	97,014	90,887
Smartfun Digital Co., Ltd. ("SFD")	79,876	74,055
Chunghwa Sochamp Technology Inc. ("CHST")	<u>(4,908)</u>	<u>(5,039)</u>
	<u>\$ 14,537,488</u>	<u>\$ 14,958,164</u>
		(Concluded)

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

	December 31	
	2021	2020
Senao International Co., Ltd. ("SENAO")	28	28
CHIEF Telecom Inc. ("CHIEF")	56	56
Light Era Development Co., Ltd. ("LED")	100	100
Chunghwa Investment Co., Ltd. ("CHI")	89	89
Chunghwa Telecom Singapore Pte., Ltd. ("CHTS")	100	100
Chunghwa System Integration Co., Ltd. ("CHSI")	100	100
Honghua International Co., Ltd. ("HHI")	100	100
Donghua Telecom Co., Ltd. ("DHT")	100	100
International Integrated Systems, Inc. ("IISI")	51	51
Chunghwa Telecom Global, Inc. ("CHTG")	100	100
CHT Security Co., Ltd. ("CHTSC")	77	80
CHYP Multimedia Marketing & Communications Co., Ltd. ("CHYP")	100	100
Prime Asia Investments Group Ltd. (B.V.I.) ("Prime Asia")	100	100
Spring House Entertainment Tech. Inc. ("SHE")	56	56
Chunghwa Leading Photonics Tech. Co., Ltd. ("CLPT")	75	75
Chunghwa Telecom (Thailand) Co., Ltd. ("CHTT")	100	100
Chunghwa Telecom Japan Co., Ltd. ("CHJT")	100	100
Chunghwa Telecom Vietnam Co., Ltd. ("CHTV")	100	100
Smartfun Digital Co., Ltd. ("SFD")	65	65
Chunghwa Sochamp Technology Inc. ("CHST")	51	51

The Company continues to control six out of eleven 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.

DHT reduced and returned its capital to its stakeholders in March 2021. The Company's ownership interest in DHT remained the same.

CHIEF issued new shares in March 2020, December 2020, March 2021 and December 2021 as its employees exercised options. Therefore, the Company's ownership interest in CHIEF decreased to 56.13% and 55.95% as of December 31, 2020 and 2021, respectively.

CHTSC issued new shares in February 2021 as its employees exercised options. Therefore, the Company's ownership interest in CHTSC decreased to 77.46% as of December 31, 2021.

The Company obtained 20.38% ownership interest in IISI in July 2020 and its ownership interest in IISI increased to 51.54% by considering the previously held ownership interest in IISI. The Company obtained over half of the seats of the Board of Directors of IISI; therefore, the Company gained control over IISI and treated it as a subsidiary. IISI issued new shares in September 2020 and January 2021 as its employees exercised options; therefore, the Company's ownership interest in IISI decreased to 51.20% and 51.02% as of December 31, 2020 and 2021, respectively.

For the details of the subsidiaries indirectly held by the Company, please refer to Note 39.

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

b. Investments in associates

Investments in associates were as follows:

	Carrying Amount	
	2021	2020
<u>Material associate</u>		
Next Commercial Bank Co., Ltd. ("NCB")	\$ 3,592,054	\$ 3,776,876
<u>Associates that are not individually material</u>		
<u>Listed</u>		
KingwayTek Technology Co., Ltd. ("KWT")	258,943	249,044
<u>Non-listed</u>		
Viettel-CHT Co., Ltd. ("Viettel-CHT")	447,097	363,522
Taiwan International Standard Electronics Co., Ltd. ("TISE")	347,269	330,031
WiAdvance Technology Corporation ("WATC")	253,873	-
Chungghwa PChome Fund I Co., Ltd. ("CPFI")	222,491	192,856
So-net Entertainment Taiwan Limited ("So-net")	217,021	226,647
KKBOX Taiwan Co., Ltd. ("KKBOXTW")	157,524	163,809
Taiwan International Ports Logistics Corporation ("TIPL")	70,121	55,925
Cornerstone Ventures Co., Ltd. ("CVC")	6,588	6,058
Alliance Digital Tech Co., Ltd. ("ADT")	-	5,080
International Integrated System, Inc. ("IISI")	-	-
UUPON Inc. ("UUPON")	-	-
	<u>1,980,927</u>	<u>1,592,972</u>
	\$ 5,572,981	\$ 5,369,848

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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	
	2021	2020
<u>Material associate</u>		
Next Commercial Bank Co., Ltd. ("NCB")	42	42
<u>Associates that are not individually material</u>		
<u>Listed</u>		
KingwayTek Technology Co., Ltd. ("KWT")	23	23
<u>Non-listed</u>		
Viettel-CHT Co., Ltd. ("Viettel-CHT")	30	30
Taiwan International Standard Electronics Co., Ltd. ("TISE")	40	40
WiAdvance Technology Corporation ("WATC")	20	-
So-net Entertainment Taiwan Limited ("So-net")	30	30
Chungghwa PChome Fund I Co., Ltd. ("CPFI")	50	50
KKBOX Taiwan Co., Ltd. ("KKBOXTW")	30	30
Taiwan International Ports Logistics Corporation ("TIPL")	27	27
Cornerstone Ventures Co., Ltd. ("CVC")	49	49
Alliance Digital Tech Co., Ltd. ("ADT")	-	14
International Integrated System, Inc. ("IISI")	-	-
UUPON Inc. ("UUPON")	-	-

Summarized financial information of NCB was set out below:

	December 31	
	2021	2020
Assets	\$ 9,197,280	\$ 9,906,945
Liabilities	(524,813)	(788,813)
Equity	\$ 8,672,467	\$ 9,118,132
The percentage of ownership interest held by the Company	41.90%	41.90%
Equity attributable to the Company	\$ 3,633,764	\$ 3,820,497
Unrealized gain or loss from downstream transactions	(41,710)	(43,621)
The carrying amount of investment	\$ 3,592,054	\$ 3,776,876

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	Year Ended December 31, 2021	Year Ended December 31, 2020
Revenues	\$ -	\$ -
Net loss for the year	\$ (445,665)	\$ (605,419)
Other comprehensive income	-	-
Total comprehensive loss for the year	<u>\$ (445,665)</u>	<u>\$ (605,419)</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 2021	Year Ended December 31 2020
The Company's share of profits	\$ 258,266	\$ 309,305
The Company's share of other comprehensive loss	<u>(6,167)</u>	<u>(5,524)</u>
The Company's share of total comprehensive income	<u>\$ 252,099</u>	<u>\$ 303,781</u>

The Level 1 fair values of associate based on the closing market prices as of the balance sheet date was as follows:

	December 31 2021	December 31 2020
KWT	<u>\$ 909,787</u>	<u>\$ 675,911</u>

The Company invested \$273,800 thousand and obtained 20.33% ownership interest by participating in the capital increase of WATC in March 2021. WATC mainly engages in software solution integration.

KWT repurchased its stock from January to February 2020. Therefore, the Company's ownership interest in KWT increased to 22.72%.

The Company's Board of Directors approved the investment of 20.58% ownership interest in IISI in January 2020 and the equity transaction was completed on July 1, 2020 ("acquisition date"). As the business combination was achieved in stages, the Company remeasured the previously held equity interest of IISI and recognized gain on disposal of \$1,412 thousand under "other gains and losses" on the statements of comprehensive income. The Company treated IISI as a subsidiary starting from the acquisition date. For the related disclosures for the acquisition transaction, please refer to Note 13(c) of the Company's consolidated financial statements for the year ended December 31, 2021.

UIPON reduced 95.44% of its capital to offset accumulated deficits in September 2020 and the Company did not participate in the capital increase of UIPON in October 2020. Therefore, the Company's ownership interest in UIPON decreased to 3.71% and lost its significant influence over UIPON. Hence the Company discontinued to treat UIPON as an associate. Instead, the Company treated it as a financial asset at fair value through other comprehensive income and recognized gain on disposal of \$11,986 thousand under "other gains and losses" on the statements of comprehensive income.

The Company's ownership interest in NCB is 41.90%. Although the Company is the single largest stockholder of NCB, it only obtained six out of fifteen seats of the Board of Directors of NCB. In addition, the management considered the size of ownership interest and the dispersion of shares owned by the other stockholders, other holdings are not extremely dispersed. The Company is not able to direct its relevant activities. Therefore, the Company does not have control over NCB and merely has significant influence over NCB and treated it as an associate.

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

The Company invested and obtained 49% ownership interest in CVC. However, as the Company has only two out of five seats of the Board of Directors of CVC and has no control but significant influence over CVC. Therefore, the Company recognized CVC as an investment in associate.

The Company owns 14% ownership interest in ADT. Considering the seats that the Company controls in the Board of Directors of ADT and the relative size of ownership interest and the dispersion of shares owned by the other stockholders, the Company has significant influence over ADT. ADT completed its liquidation in August 2021. The Company received the liquidation distribution of \$8,519 thousand and recognized gain on disposal of \$3,239 thousand under "other gains and losses" on the statements of comprehensive income.

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

c. Investment in joint venture

Investment in joint venture was as follows:

Name of Joint Venture	Carrying Amount December 31		% of Ownership Interests and Voting Rights	
	2021	2020	2021	2020
Non-listed				
Chunghwa SEA Holdings("CHT SEA")	<u>\$ 9,932</u>	<u>\$ 10,200</u>	51	51

The Company invested \$10,200 thousand to establish a joint venture, CHT SEA, with Delta Electronics, Inc. and Kwang Hsing Industrial Co., Ltd. in December 2020 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	
	2021	2020
The Company's share of loss	\$ (268)	\$ -
The Company's share of other comprehensive income	-	-
The Company's share of total comprehensive loss	<u>\$ (268)</u>	<u>\$ -</u>

Year Ended December 31

	2021	2020
Additions to right-of-use assets	<u>\$ 4,918,877</u>	<u>\$ 3,468,664</u>
Depreciation charge for right-of-use assets		
Land and buildings		
Handsets base stations	\$ 2,789,938	\$ 2,730,579
Others	402,224	388,528
Equipment	398,496	403,138
	<u>\$ 3,590,658</u>	<u>\$ 3,522,245</u>

The Company entered into a contract with ST-2 Satellite Ventures Pte., Ltd. to lease capacity on the ST-2 satellite. However, certain frequency that ST-2 satellite originally used was transferred for the use of 5G spectrum to the government, the Company evaluated and determined that the recoverable amount of the related right-of-use assets was nil. Therefore, the Company recognized an impairment loss of \$420,590 thousand for the year ended December 31, 2021. The impairment loss was included under "other income and expenses" in the statement of comprehensive income.

The Company did not have significant sublease of right-of-use assets for the year ended December 31, 2021. The Company did not have significant sublease or impairment of right-of-use assets for the year ended December 31, 2020.

b. Lease liabilities

	December 31	2020
Lease liabilities		
Current	\$ 2,918,782	\$ 2,938,305
Noncurrent	<u>7,037,599</u>	<u>5,682,342</u>
	<u>\$ 9,956,381</u>	<u>\$ 8,620,647</u>

Ranges of discount rates for lease liabilities were as follows:

	December 31	2020
Land and buildings		
Handsets base stations	0.37%~1.18%	0.46%~1.18%
Others	0.37%~1.12%	0.46%~1.12%
Equipment	0.37%~0.82%	0.46%~0.82%

c. Important lease-in activities and terms

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

Accumulated depreciation and impairment

	Land	Buildings	Total
Balance on January 1, 2021	\$ -	\$ (1,532,098)	\$ (1,532,098)
Depreciation expenses	-	(80,985)	(80,985)
Others	-	(243,064)	(243,064)
Balance on December 31, 2021	<u>\$ -</u>	<u>\$ (1,856,147)</u>	<u>\$ (1,856,147)</u>
Balance on January 1, 2021, net	<u>\$ 4,800,876</u>	<u>\$ 2,551,528</u>	<u>\$ 7,352,404</u>
Balance on December 31, 2021, net	<u>\$ 4,636,882</u>	<u>\$ 2,637,753</u>	<u>\$ 7,274,635</u>
			(Concluded)

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

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

	December 31	2020
Year 1	\$ 566,368	\$ 371,331
Year 2	379,279	254,953
Year 3	233,045	192,741
Year 4	163,610	152,532
Year 5	136,755	125,366
Onwards	<u>1,177,459</u>	<u>1,179,493</u>
	<u>\$ 2,656,516</u>	<u>\$ 2,276,416</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	4~10 years

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	2020
Land and buildings		
Handsets base stations	\$ 6,989,498	\$ 7,098,815
Others	1,236,987	738,850
Equipment	<u>2,511,059</u>	<u>2,190,562</u>
	<u>\$ 10,737,544</u>	<u>\$ 10,028,227</u>

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

The lease agreements for equipment include a contract between the Company and ST-2 Satellite Ventures Pte., Ltd. to lease capacity on the ST-2 satellite. For the information of lease agreements with related parties, please refer to Note 34 to the financial statements for details.

d. Other lease information

	Year Ended December 31	
	2021	2020
Expenses relating to low-value asset leases	\$ 1,039	\$ 1,130
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 951	\$ 18,508
Total cash outflow for leases	\$ 3,399,194	\$ 3,366,977

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

Lease-out arrangements under operating leases for freehold property, plant, and equipment and investment properties were set out in Notes 14 and 16 to the financial statements.

16. INVESTMENT PROPERTIES

	Investment Properties
<u>Cost</u>	
Balance on January 1, 2020	\$ 9,139,204
Additions (Note 14)	1,359,502
Disposal	(36,943)
Reclassification	125,912
Balance on December 31, 2020	<u>\$ 10,587,675</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2020	\$ (1,044,586)
Depreciation expense	(22,332)
Reclassification	(1,276)
Reversal of impairment loss	27,066
Balance on December 31, 2020	<u>\$ (1,041,128)</u>
Balance on January 1, 2020, net	\$ 8,094,618
Balance on December 31, 2020, net	<u>\$ 9,546,547</u>

(Continued)

Investment Properties

<u>Cost</u>	
Balance on January 1, 2021	\$ 10,587,675
Additions	146
Reclassification	245,041
Balance on December 31, 2021	<u>\$ 10,832,862</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2021	\$ (1,041,128)
Depreciation expense	(42,259)
Reversal of impairment loss	83,429
Balance on December 31, 2021	<u>\$ (999,958)</u>
Balance on January 1, 2021, net	<u>\$ 9,546,547</u>
Balance on December 31, 2021, net	<u>\$ 9,832,904</u>

(Concluded)

After the evaluation of land and buildings, the Company concluded the recoverable amount which represented the fair value less costs to sell of some land and buildings was higher than the carrying amount. Therefore, the Company recognized reversal of impairment losses of \$83,429 thousand and \$27,066 thousand for the years ended December 31, 2021 and 2020, respectively, and the amounts were recognized only to the extent of impairment losses that had been recognized in prior years. The reversal of impairment loss was included in other income and expenses in the statements of comprehensive income.

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

Land improvements	10–30 years
Buildings	
Main buildings	35–60 years
Other building facilities	4–10 years

The fair values of the Company's investment properties as of December 31, 2021 and 2020 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	
	2021	2020
Fair value	\$ 25,309,026	\$ 22,411,314
Overall capital interest rate	0.91%–3.05%	0.93%–3.03%
Profit margin ratio	8%–20%	12%–20%
Discount rate	-	-
Capitalization rate	0.53%–2.11%	0.73%–2.20%

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	
	2021	2020
Year 1	\$ 120,483	\$ 115,305
Year 2	95,805	95,223
Year 3	78,031	75,285
Year 4	73,225	52,544
Year 5	56,320	37,588
Onwards	508,673	57,773
	<u>\$ 932,537</u>	<u>\$ 433,718</u>

17. INTANGIBLE ASSETS

	Mobile Broadband Concession	Computer Software	Others	Total
<u>Cost</u>				
Balance on January 1, 2020	\$ 59,965,000	\$ 3,055,032	\$ 20,011	\$ 63,040,043
Additions - acquired separately	48,373,000	165,024	1,575	48,539,599
Disposal	-	(333,110)	(9)	(333,119)
Balance on December 31, 2020	<u>\$108,338,000</u>	<u>\$ 2,886,946</u>	<u>\$ 21,577</u>	<u>\$ 111,246,523</u>
<u>Accumulated amortization and impairment</u>				
Balance on January 1, 2020	\$ (14,293,046)	\$ (2,218,738)	\$ (8,802)	\$ (16,520,586)
Amortization expenses	(5,025,796)	(306,904)	(2,950)	(5,335,650)
Disposal	-	333,110	9	333,119
Balance on December 31, 2020	<u>\$ (19,318,842)</u>	<u>\$ (2,192,532)</u>	<u>\$ (11,743)</u>	<u>\$ (21,523,117)</u>
Balance on January 1, 2020, net	<u>\$ 45,671,954</u>	<u>\$ 836,294</u>	<u>\$ 11,209</u>	<u>\$ 46,519,457</u>
Balance on December 31, 2020, net	<u>\$ 89,019,158</u>	<u>\$ 694,414</u>	<u>\$ 9,834</u>	<u>\$ 89,723,406</u>
<u>Cost</u>				
Balance on January 1, 2021	\$ 108,338,000	\$ 2,886,946	\$ 21,577	\$ 111,246,523
Additions - acquired separately	-	162,712	25,233	187,945
Disposal	-	(306,356)	(9)	(306,365)
Balance on December 31, 2021	<u>\$108,338,000</u>	<u>\$ 2,743,302</u>	<u>\$ 46,801</u>	<u>\$ 111,128,103</u>

(Continued)

	Mobile Broadband Concession	Computer Software	Others	Total
<u>Accumulated amortization and impairment</u>				
Balance on January 1, 2021	\$ (19,318,842)	\$ (2,192,532)	\$ (11,743)	\$ (21,523,117)
Amortization expenses	(6,198,911)	(273,953)	(3,069)	(6,475,933)
Disposal	-	306,356	9	306,365
Balance on December 31, 2021	<u>\$ (25,517,753)</u>	<u>\$ (2,160,129)</u>	<u>\$ (14,803)</u>	<u>\$ (27,692,685)</u>
Balance on January 1, 2021, net	<u>\$ 89,019,158</u>	<u>\$ 694,414</u>	<u>\$ 9,834</u>	<u>\$ 89,723,406</u>
Balance on December 31, 2021, net	<u>\$ 82,820,247</u>	<u>\$ 583,173</u>	<u>\$ 31,998</u>	<u>\$ 83,435,418</u>

(Concluded)

For long-term business development, the Company participated in the 5G mobile broadband license bidding hosted by the NCC and paid the deposit for 5G spectrum bidding amounting to \$1,000,000 thousand (included in other assets) in October 2019. The Company paid \$48,373,000 thousand, including the aforementioned deposit, in February 2020 for the aforementioned license to obtain 90MHz in the 3.5GHz spectrum and 600MHz in the 28GHz spectrum.

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

The computer software is amortized using the straight-line method over the estimated useful lives of 1 to 10 years. Other intangible assets are amortized using the straight-line method over the estimated useful lives of 1 to 11 years.

18. OTHER ASSETS

	December 31	
	2021	2020
Spare parts	\$ 2,831,990	\$ 2,158,511
Refundable deposits	1,398,930	1,539,594
Other financial assets	1,000,000	1,000,000
Others	1,714,673	1,906,485
	<u>\$ 6,945,593</u>	<u>\$ 6,604,590</u>
Current		
Spare parts	\$ 2,831,990	\$ 2,158,511
Others	12,982	24,960
	<u>\$ 2,844,972</u>	<u>\$ 2,183,471</u>

(Continued)

	December 31	
	2021	2020
Noncurrent		
Refundable deposits	\$ 1,398,930	\$ 1,539,594
Other financial assets	1,000,000	1,000,000
Others	1,701,691	1,881,525
	<u>\$ 4,100,621</u>	<u>\$ 4,421,119</u>
		(Concluded)

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

As of December 31, 2021 and 2020, the segregated deposits which included in other noncurrent assets-others were \$91,388 thousand and \$94,320 thousand, respectively, in accordance with The Management, Utilization, and Taxation of Repatriated Offshore Funds Act.

19. HEDGING FINANCIAL INSTRUMENTS

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

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

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

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

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

December 31, 2021

Hedging Instruments	Currency	Notional Amount (In Thousands)	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount		Change in Fair Values of Hedging Instruments Used for Calculating Hedge Ineffectiveness
						Asset	Liability	
Cash flow hedge Forecast purchases - forward exchange contracts	NT\$/EUR	NT\$227,780/ EUR7,000	2022.03	\$ 32.54	Hedging financial assets (liabilities)	\$ -	\$ 8,286	\$(10,038)
Hedged Items								
				Change in Value of Hedged Item Used for Calculating Hedge Ineffectiveness	Accumulated Gain or Loss on Hedging Instruments in Other Equity			Hedge Accounting No Longer Applied
					Continuing Hedges	Accounting No Longer Applied		
Cash flow hedge				\$ 10,038		\$ (8,286)	\$	-
Forecast equipment purchases								

December 31, 2020

Hedging Instruments	Currency	Notional Amount (In Thousands)	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount		Change in Fair Values of Hedging Instruments Used for Calculating Hedge Ineffectiveness
						Asset	Liability	
Cash flow hedge Forecast purchases - forward exchange contracts	NT\$/EUR	NT\$200,867/ EUR5,831	2021.03	\$ 34.45	Hedging financial assets (liabilities)	\$1,752	\$ -	\$ 1,425
Hedged Items								
				Change in Value of Hedged Item Used for Calculating Hedge Ineffectiveness	Accumulated Gain or Loss on Hedging Instruments in Other Equity			Hedge Accounting No Longer Applied
						Continuing Hedges	Accounting No Longer Applied	
Cash flow hedge				\$ (1,425)		\$ 1,752	\$	-
Forecast equipment purchases								

Year ended December 31, 2021

Comprehensive Income				Reclassification from Equity to Profit or Loss and the Adjusted Line Item	
Hedge Transaction	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 P/L and the Adjusted Line Item	Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedge Forecast equipment purchases	\$ (10,038)	\$ -	-	\$ (42,574) Construction in progress and equipment to be accepted	\$ - Other gains and losses

Year ended December 31, 2020

Comprehensive Income				Reclassification from Equity to Profit or Loss and the Adjusted Line Item	
Hedge Transaction	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 P/L and the Adjusted Line Item	Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedge Forecast equipment purchases	\$ 1,425	\$ -	-	\$ 20,564 Construction in progress and equipment to be accepted	\$ - Other gains and losses

20. SHORT-TERM BILLS PAYABLE

		December 31	
		2021	2020
Commercial paper payable		\$ -	\$ 7,000,000
Less: Discounts on commercial paper payable		-	(802)
		<u>\$ -</u>	<u>\$ 6,999,198</u>

The annual interest rates of commercial paper payable were as follows:

		December 31	
		2021	2020
Commercial paper payable		-	0.34%~0.36%

21. BONDS PAYABLE

		December 31	
		2021	2020
Unsecured domestic bonds		\$ 27,000,000	\$ 20,000,000
Less: Discounts on bonds payable		(23,325)	(19,728)
		<u>\$ 26,976,675</u>	<u>\$ 19,980,272</u>

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

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

22. TRADE NOTES AND ACCOUNTS PAYABLE

		December 31	
		2021	2020
Trade notes and accounts payable		<u>\$ 14,119,843</u>	<u>\$ 12,226,935</u>

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

23. OTHER PAYABLES

		December 31	
		2021	2020
Accrued salary and compensation		\$ 8,371,908	\$ 7,811,452
Payables to contractors		2,951,841	1,667,666
Accrued compensation to employees and remuneration to directors		1,467,552	1,238,251
Amounts collected for others		1,332,933	1,222,144
Payables to equipment suppliers		1,120,500	992,114
Accrued maintenance costs		996,665	1,024,468
Payable on land (Note 14)		-	1,056,680
Others		<u>4,121,195</u>	<u>5,033,310</u>
		<u>\$ 20,362,594</u>	<u>\$ 20,046,085</u>

24. PROVISIONS

	December 31			
	2021	2020		
Onerous contracts	\$ 132,593	\$ 169,986		
Warranties	118,126	83,589		
Employee benefits	62,833	57,210		
Others	<u>3,767</u>	<u>4,097</u>		
	<u>\$ 317,319</u>	<u>\$ 314,882</u>		
Current	\$ 175,454	\$ 214,266		
Noncurrent	<u>141,865</u>	<u>100,616</u>		
	<u>\$ 317,319</u>	<u>\$ 314,882</u>		
		Employee Benefits	Others	Total
Balance on January 1, 2020	\$ 66,907	\$ 59,745	\$ 4,397	\$ 205,284
Additional / (reversal of) provisions recognized	106,801	(1,841)	(200)	136,061
Used / forfeited during the year	<u>(3,722)</u>	<u>(694)</u>	<u>(100)</u>	<u>(26,463)</u>
Balance on December 31, 2020	<u>\$ 169,986</u>	<u>\$ 83,589</u>	<u>\$ 4,097</u>	<u>\$ 314,882</u>
Balance on January 1, 2021	\$ 169,986	\$ 83,589	\$ 4,097	\$ 314,882
Additional / (reversal of) provisions recognized	(37,393)	53,500	6,963	22,740
Used / forfeited during the year	<u>-</u>	<u>(18,963)</u>	<u>(1,340)</u>	<u>(20,303)</u>
Balance on December 31, 2021	<u>\$ 132,593</u>	<u>\$ 118,126</u>	<u>\$ 62,833</u>	<u>\$ 317,319</u>

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.

25. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The pension plan under the Labor Pension Act of ROC (the "LPA") is considered as a defined contribution plan. Based on the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

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

The Company with the pension mechanism under the Labor Standards Law in the ROC is considered as defined benefit plans. These pension plans provide benefits based on an employee's length of service and average six-month salary prior to retirement. The Company contributes an amount no more than 15% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the names of the Committees in the Bank of Taiwan. The plan assets are held in a commingled fund which is operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the funds. According to the Article 56 of the Labor Standards Law, entities are required to contribute the difference in one appropriation to their pension funds before the end of next March when the balance of the Funds is insufficient to pay the eligible employees who meet the retirement criteria in the following year.

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

	December 31	
	2021	2020
Present value of funded defined benefit obligation	\$ 35,176,705	\$ 39,220,357
Fair value of plan assets	<u>(36,357,836)</u>	<u>(39,254,971)</u>
Funded status - surplus	<u>\$ (1,181,131)</u>	<u>\$ (34,614)</u>
Net defined benefit liabilities	\$ 2,188,572	\$ 3,316,932
Net defined benefit assets	<u>(3,369,703)</u>	<u>(3,351,546)</u>
	<u>\$ (1,181,131)</u>	<u>\$ (34,614)</u>

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

	Present Value of Funded Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance on January 1, 2020	\$ 40,917,777	\$ 39,613,213	\$ 1,304,564
Current service cost	2,051,349	-	2,051,349
Interest expense / interest income	<u>295,819</u>	<u>295,626</u>	<u>193</u>
Amounts recognized in profit or loss	<u>2,347,168</u>	<u>295,626</u>	<u>2,051,542</u>
			(Continued)

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

a. Investment risk

Under the Labor Standards Law, 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 obligation is referred to the plan participants' future salary. Hence, the increase in plan participants' salary will increase the present value of the defined benefit obligation.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out by the independent actuary. The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Measurement Date	
	2021	2020
Discount rates	0.50%	0.50%
Expected rates of salary increase	1.20%	1.20%

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

	December 31	
	2021	2020
Discount rates		
0.5% increase	\$ (1,057,539)	\$ (1,191,982)
0.5% decrease	\$ 1,122,272	\$ 1,266,625
Expected rates of salary increase		
0.5% increase	\$ 1,200,983	\$ 1,355,750
0.5% decrease	\$ (1,141,971)	\$ (1,287,413)

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

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, 2021 and 2020 were as follows:

	Share Premium	Movements of Additional Capital for Associates and Joint Ventures Accounted for Using Equity Method	Movements of Additional Capital Paid-in Capital Arising from Changes in Valuation of Subsidiaries	Difference Between Carrying Amount of the Subsidiaries' Net Assets and Disposal	Donated Capital	Stockholders' Contributions to Privatization	Total
Balance on January 1, 2020	\$ 147,329,386	\$ 208,746	\$ 2,062,250	\$ 987,611	\$ 19,914	\$ 20,648,078	\$ 171,255,985
Unclaimed dividend	-	-	-	-	1,605	-	1,605
Change in additional paid-in capital from investments in subsidiaries, associates and joint ventures accounted for using equity method	-	(21,918)	-	-	-	-	(21,918)
Change in additional paid-in capital from investments in subsidiaries	-	-	-	-	-	-	-
Share-based payment in the capital increase of subsidiaries	-	-	(103)	-	-	-	(103)
Share-based payment to subsidiaries	-	-	-	-	-	-	-
Balance on December 31, 2020	147,329,386	186,828	2,087,957	987,611	21,519	20,648,078	171,261,379
Change in additional paid-in capital from investments in subsidiaries, associates and joint ventures accounted for using equity method	-	(437)	-	-	1,968	-	1,968
Share-based payment transactions of subsidiaries	-	-	-	-	-	-	-
Balance on December 31, 2021	147,329,386	186,391	2,104,672	987,611	23,487	20,648,078	171,279,625

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

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

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

c. Retained earnings and dividends policy

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

	December 31	2020
2021		
\$ 1,674,299	\$ 1,924,715	
6.3 years	6.4 years	

The expected contributions to the plan for the next year
The average duration of the defined benefit obligation

As of December 31, 2021, the Company's maturity analysis of the undiscounted benefit payments was as follows:

Year	Amount
2022	\$ 2,681,315
2023	6,319,924
2024	9,662,548
2025	10,852,444
2026 and thereafter	36,800,784
	<u>\$ 66,317,015</u>

26. EQUITY

a. Share capital

1) Common stocks

December 31	2020
2021	
Number of authorized shares (thousand)	12,000,000
Authorized shares	<u>\$ 120,000,000</u>
Number of issued and paid shares (thousand)	7,757,447
Issued shares	<u>\$ 77,574,465</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 the Company 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, 2021, the outstanding ADSs were 201,601 thousand common stocks, which equaled 20,160 thousand units and represented 2.60% of the Company's total outstanding common stocks.

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

- Exercise their voting rights,
- Sell their ADSs, and

The Company should appropriate a special reserve when the net amount of other equity items is negative at the end of reporting period upon the earnings distribution. Distributions can be made out of any subsequent reversal of the debit to other equity items.

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

The appropriations of the 2020 and 2019 earnings of the Company approved by the stockholders in their meetings on August 20, 2021 and May 29, 2020, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share	
	For Fiscal Year 2020	For Fiscal Year 2019	For Fiscal Year 2020	For Fiscal Year 2019
Cash dividends	\$ 33,403,565	\$ 32,782,969	\$ 4.306	\$ 4.226
The appropriations of earnings for 2021 had been proposed by the Company's Board of Directors on February 23, 2022. The appropriations and dividends per share were as follows:				
	Appropriation of Earnings	Dividends Per Share (NT\$)		
Special reserve	\$ 408,150			
Cash dividends	35,746,314	\$ 4.608		

The appropriations of earnings for 2021 are subject to the resolution of the stockholders' meeting planned to be held on May 27, 2022. Information of the appropriation of the Company's earnings proposed by the Board of Directors and approved by the stockholders is available on the Market Observation Post System website.

d. Others

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

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

- 2) Unrealized gain or loss on financial assets at FVOCI

	Year Ended December 31	
	2021	2020
Beginning balance	\$1,239,901	\$ 836,598
Recognized for the year		
Unrealized gain or loss		
Equity instruments	(1,208,027)	546,879
Share from subsidiaries, associates and joint ventures accounted for using the equity method	20,191	(126,890)
Transferred accumulated gain or loss to unappropriated earnings resulting from the disposal of equity instruments (Note 8)	(94,588)	(16,686)
		(Continued)

Year Ended December 31

Transferred accumulated gain or loss to unappropriated earnings resulting from the disposal of equity instruments by subsidiaries

	2021	2020
	\$ 34,935	\$ -
Ending balance	\$ (7,588)	\$1,239,901 (Concluded)

27. REVENUES

	Year Ended December 31	
	2021	2020
Revenue from contracts with customers	\$176,776,902	\$177,451,021
Other revenues		
Government grants income	1,037,057	218,684
Rental income	864,375	801,580
Others	165,016	151,542
	2,066,448	1,171,806
	\$178,843,350	\$178,622,827

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

- a. Disaggregation of revenue

2021

	Domestic Fixed Communications Business	Mobile Communications Business	Internet Business	International Fixed Communications Business	Others	Total
Main Products and Service Revenues						
Mobile services revenue	\$ -	\$ 61,893,404	\$ -	\$ -	\$ -	\$ 61,893,404
Sales of products	2,175,203	12,999,399	42,466	12,018	-	15,229,086
Local telephone and domestic long distance telephone services revenue	-	-	-	-	-	-
Broadband access and domestic leased line services revenue	25,725,644	-	-	-	-	25,725,644
Data communications internet services revenue	23,105,857	-	-	-	-	23,105,857
International network and leased line services revenue	-	-	20,754,161	-	-	20,754,161
Others	13,352,869	671,651	9,463,583	2,726,105	89,295	2,726,105
	\$ 64,359,573	\$ 75,564,454	\$ 30,240,210	\$ 6,503,370	\$ 89,295	\$176,776,902

2020

	Year Ended December 31			
	2021	2020		
Main Products and Service Revenues				
Mobile services revenue				
Sales of products	\$ 60,596,292	\$ -	\$ -	\$ 60,596,292
Local telephone and domestic long distance telephone services	11,026,699	59,395	9,814	13,310,782
Revenue	-	-	-	26,495,555
Business revenue	-	-	-	22,500,492
Local line services revenue	-	-	-	20,017,339
Data communications internet services revenue	-	20,017,339	-	3,367,177
International network and leased line services revenue	-	-	3,367,177	31,363,384
Others	620,070	9,406,670	104,915	6,817,046
	<u>\$ 72,043,061</u>	<u>\$ 29,483,404</u>	<u>\$ 104,915</u>	<u>\$ 177,451,021</u>

b. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Trade notes and accounts receivable (Note 9)			
Contract assets	\$ 20,691,664	\$ 19,554,643	\$ 23,478,061
Products and service bundling	\$ 2,869,419	\$ 2,649,230	\$ 2,190,217
Others	226,979	99,475	91,152
Less: Loss allowance	(8,055)	(7,016)	(5,686)
	<u>\$ 3,088,343</u>	<u>\$ 2,741,689</u>	<u>\$ 2,275,683</u>
Current			
Noncurrent	\$ 1,982,596	\$ 1,734,081	\$ 1,470,985
	<u>1,105,747</u>	<u>1,007,608</u>	<u>804,698</u>
	<u>\$ 3,088,343</u>	<u>\$ 2,741,689</u>	<u>\$ 2,275,683</u>
Contract liabilities			
Telecommunications business	\$ 11,477,270	\$ 11,677,075	\$ 10,559,858
Project business	4,779,100	6,012,181	10,265,409
Products and service bundling	2,936	12,455	23,319
Others	341,016	301,367	251,332
	<u>\$ 16,600,322</u>	<u>\$ 18,003,078</u>	<u>\$ 21,099,918</u>
Current			
Noncurrent	\$ 11,537,157	\$ 12,661,964	\$ 16,684,939
	<u>5,063,165</u>	<u>5,341,114</u>	<u>4,414,979</u>
	<u>\$ 16,600,322</u>	<u>\$ 18,003,078</u>	<u>\$ 21,099,918</u>

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

	Year Ended December 31	2020
Contract assets		
Net increase of customer contracts	\$ 2,398,179	\$ 2,340,655
Reclassified to trade receivables	(2,154,799)	(1,851,682)
	<u>\$ 243,380</u>	<u>\$ 488,973</u>
Contract liabilities		
Net increase of customer contracts	\$ 220	\$ 7,179
Recognized as revenues	(9,739)	(18,043)
	<u>\$ (9,519)</u>	<u>\$ (10,864)</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 period that was included in the contract liability at the beginning of the year was as follows:

	Year Ended December 31	2020
Telecommunications business		
Project business	\$ 5,935,769	\$ 5,479,115
Others	4,021,159	6,078,181
	<u>151,470</u>	<u>222,364</u>
	<u>\$ 10,108,398</u>	<u>\$ 11,779,660</u>
Incremental costs of obtaining contracts		
Noncurrent		
Incremental costs of obtaining contracts	\$ 6,899,240	\$ 7,015,079

The Company considered the past experience and the default clauses in the telecommunications service contracts and believes the commissions and equipment subsidies paid for obtaining such contracts are expected to be recoverable; therefore, such costs were capitalized. Amortization expenses for the years ended December 31, 2021 and 2020 were \$5,684,693 thousand and \$5,395,125 thousand, respectively.

d. Remaining Performance Obligations

As of December 31, 2021, the aggregate amount of transaction price allocated to performance obligations for non-cancellable telecommunications service contracts that are unsatisfied is \$33,835,034 thousand. The Company recognizes revenue when service is provided over contract terms. The Company expects to recognize such revenue of \$21,237,084 thousand, \$9,900,901 thousand and \$2,697,049 thousand in 2022, 2023 and 2024, 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, 2021, the aggregate amount of transaction price allocated to performance obligations for non-cancellable project business contracts that are unsatisfied is \$16,929,552 thousand. The Company recognizes revenues when the project business contract is completed and accepted by customers. The Company expects to recognize such revenue of \$7,757,225 thousand, \$4,460,653 thousand and \$4,711,674 thousand in 2022, 2023 and 2024, respectively. Project business contracts whose expected duration are less than a year have been excluded from the aforementioned disclosure.

28. NET INCOME

a. Other income and expenses

	Year Ended December 31	
	2021	2020
Gain (loss) on disposal of property, plant and equipment	\$ (5,603)	\$1,435,864
Impairment loss on right-of-use assets	(420,590)	-
Gain on disposal of investment properties	-	151,357
Reversal of impairment loss on investment properties	83,429	27,066
	<u>\$ (342,764)</u>	<u>\$1,614,287</u>

b. Other income

	Year Ended December 31	
	2021	2020
Dividend income	\$ 149,918	\$ 240,821
Others	<u>105,527</u>	<u>105,924</u>
	<u>\$ 255,445</u>	<u>\$ 346,745</u>

c. Other gains and losses

	Year Ended December 31	
	2021	2020
Valuation gain (loss) on financial assets and liabilities at fair value through profit or loss, net	\$ 243,417	\$ (98,404)
Foreign currency exchange gain or loss, net	<u>181,417</u>	<u>2,608</u>
		(Continued)

	Year Ended December 31	
	2021	2020
Gain on disposal of investments accounted for using equity method, net	\$ 3,239	\$ 13,398
Others	<u>43,013</u>	<u>(17,943)</u>
	<u>\$ 471,086</u>	<u>\$ (100,341)</u>
		(Concluded)

d. Interest expenses

	Year Ended December 31	
	2021	2020
Interest on bonds payable	\$ 131,635	\$ 45,614
Interest on lease liabilities	54,991	59,864
Interest paid to financial institutions	2,509	64,470
Others	<u>958</u>	<u>1,710</u>
	<u>\$ 190,093</u>	<u>\$ 171,658</u>

e. Impairment loss (reversal of impairment loss)

	Year Ended December 31	
	2021	2020
Contract assets	\$ 1,029	\$ 1,330
Trade notes and accounts receivable	<u>\$ 120,961</u>	<u>\$ 49,108</u>
Other receivables	\$ 19,794	\$ (4,749)
Inventories	<u>\$ 163,193</u>	<u>\$1,124,350</u>
Right-of-use assets	<u>\$ 420,590</u>	<u>\$ -</u>
Investment properties	<u>\$ (83,429)</u>	<u>\$ (27,066)</u>

f. Depreciation and amortization expenses

	Year Ended December 31	
	2021	2020
Property, plant and equipment	\$ 27,115,946	\$ 26,308,062
Right-of-use assets	3,590,658	3,522,245
Investment properties	42,259	22,332
Intangible assets	6,475,933	5,335,650
Incremental costs of obtaining contracts	<u>5,684,693</u>	<u>5,395,125</u>
Total depreciation and amortization expenses	<u>\$ 42,909,489</u>	<u>\$ 40,583,414</u>
Depreciation expenses summarized by functions		
Operating costs	\$ 29,654,574	\$ 28,694,921
Operating expenses	<u>1,094,289</u>	<u>1,157,718</u>
	<u>\$ 30,748,863</u>	<u>\$ 29,852,639</u>
		(Continued)

There was no difference between the initial accrued amounts recognized in 2020 and 2019 and the amounts approved by the Board of Directors in 2021 and 2020 of the aforementioned compensation to employees and the remuneration to directors.

Information of the appropriation of the Company's employees compensation and remuneration to directors and those approved by the Board of Directors is available on the Market Observation Post System website.

29. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	Year Ended December 31	
	2021	2020
Current tax		
Current tax expenses recognized for the year	\$ 7,743,777	\$ 7,542,030
Income tax adjustments on prior years	(114,270)	-
Others	6,883	19,621
	<u>7,636,390</u>	<u>7,561,651</u>
Deferred tax		
Deferred tax benefits recognized for the year	497,487	(99,847)
Income tax adjustments on prior years	-	15,495
	<u>497,487</u>	<u>(84,352)</u>
Income tax recognized in profit or loss	<u>\$ 8,133,877</u>	<u>\$ 7,477,299</u>
Reconciliation of accounting profit and income tax expense was as follows:		
	Year Ended December 31	
	2021	2020
Income before income tax	<u>\$ 43,887,456</u>	<u>\$ 40,883,429</u>
Income tax expense calculated at the statutory rate	\$ 8,777,491	\$ 8,176,686
Nondeductible income and expenses in determining taxable income	(8,067)	(466)
Tax-exempt income	(349,900)	(613,694)
Investment credits	(187,018)	(117,488)
Income tax adjustments on prior years	(114,270)	15,495
Others	<u>15,641</u>	<u>16,766</u>
Income tax expense recognized in profit or loss	<u>\$ 8,133,877</u>	<u>\$ 7,477,299</u>

The applicable tax rate used by the Company is 20%.

In July 2019, the President of the ROC announced the amendments to the Statute of Industrial Innovation, which stipulate that the unappropriated earnings in 2018 and thereafter that are used to build or acquire certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. The Company has deducted the reinvested capital expenditure while calculating income tax on unappropriated earnings.

	Year Ended December 31	
	2021	2020
Amortization expenses summarized by functions		
Operating costs	\$ 12,026,219	\$ 10,578,714
Marketing expenses	72,850	81,035
General and administrative expenses	40,179	47,724
Research and development expenses	<u>21,378</u>	<u>23,302</u>
	<u>\$ 12,160,626</u>	<u>\$ 10,730,775</u>
		(Concluded)

g. Employee benefit expenses

	Year Ended December 31	
	2021	2020
Post-employment benefit		
Defined contribution plans	\$ 378,090	\$ 336,674
Defined benefit plans	<u>1,215,051</u>	<u>1,999,776</u>
	<u>1,593,141</u>	<u>2,336,450</u>
Other employee benefit		
Salaries	18,321,506	19,366,322
Insurance	2,057,596	1,959,488
Others	<u>12,469,312</u>	<u>11,970,883</u>
	<u>32,848,414</u>	<u>33,296,693</u>
Total employee benefit expenses	<u>\$ 34,441,555</u>	<u>\$ 35,633,143</u>
Summary by functions		
Operating costs	\$ 19,534,148	\$ 20,197,935
Operating expenses	<u>14,907,407</u>	<u>15,435,208</u>
	<u>\$ 34,441,555</u>	<u>\$ 35,633,143</u>

The Company distributes employees' compensation at the rates from 1.7% to 4.3% and remuneration to directors not higher than 0.17%, respectively, of pre-tax income. As of December 31, 2021, the payables of the employees' compensation and the remuneration to directors were \$1,429,000 thousand and \$38,552 thousand, respectively. Such amounts have been approved by the Company's Board of Directors on February 23, 2022 and will be reported to the stockholders in their meeting planned to be held on May 27, 2022.

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

The compensation to the employees and remuneration to the directors of 2020 and 2019 approved by the Board of Directors on February 23, 2021 and February 26, 2020, respectively, were as follows:

	2020		2019	
	Cash		Cash	
Compensation distributed to the employees	\$ 1,202,448	\$ 1,126,194		
Remuneration paid to the directors	35,803	35,210		

b. Income tax recognized in other comprehensive income

	Year Ended December 31	
	2021	2020
Deferred tax		
Remeasurement on defined benefit pension plan	\$ 79,670	\$ 234,062

c. Current tax liabilities

	December 31	
	2021	2020
Current tax liabilities		
Income tax payable	\$4,079,823	\$3,914,134

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, 2021

	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
<u>Deferred income tax assets</u>				
Temporary differences				
Defined benefit pension plan	\$ 1,803,117	\$ 7,002	\$ (79,670)	\$ 1,730,449
Allowance for doubtful receivables over quota	362,609	(99,175)	-	263,434
Valuation loss on inventory	275,587	(110,914)	-	164,673
Deferred revenue	73,067	(24,389)	-	48,678
Estimated warranty liabilities	16,718	6,907	-	23,625
Accrued award credits liabilities	18,409	(9,474)	-	8,935
Others	74,126	(42,628)	-	31,498
	<u>\$ 2,623,633</u>	<u>\$ (272,671)</u>	<u>\$ (79,670)</u>	<u>\$ 2,271,292</u>

Deferred income tax liabilities

Temporary differences				
Defined benefit pension plan	\$ 1,810,040	\$ 156,635	\$ -	\$ 1,966,675
Land value incremental tax	94,986	-	-	94,986
Deferred revenue for award credits	30,207	25,501	-	55,708
Unrealized foreign exchange gain, net	-	26,606	-	26,606
Valuation gain on financial assets	-	16,074	-	16,074
	<u>\$ 1,935,233</u>	<u>\$ 224,816</u>	<u>\$ -</u>	<u>\$ 2,160,049</u>

For the year ended December 31, 2020

	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
<u>Deferred income tax assets</u>				
Temporary differences				
Defined benefit pension plan	\$ 2,017,230	\$ 19,949	\$ (234,062)	\$ 1,803,117
Allowance for doubtful receivables over quota	400,067	(37,458)	-	362,609
Valuation loss on inventory	127,279	148,308	-	275,587
Deferred revenue	97,457	(24,390)	-	73,067
Estimated warranty liabilities	14,847	1,871	-	16,718
Accrued award credits liabilities	17,318	1,091	-	18,409
Others	44,837	29,289	-	74,126
	<u>\$ 2,719,035</u>	<u>\$ 138,660</u>	<u>\$ (234,062)</u>	<u>\$ 2,623,633</u>

Deferred income tax liabilities

Temporary differences				
Defined benefit pension plan	\$ 1,756,317	\$ 53,723	\$ -	\$ 1,810,040
Land value incremental tax	94,986	-	-	94,986
Deferred revenue for award credits	28,543	1,664	-	30,207
Unrealized foreign exchange gain, net	1,079	(1,079)	-	-
	<u>\$ 1,880,925</u>	<u>\$ 54,308</u>	<u>\$ -</u>	<u>\$ 1,935,233</u>

e. All deductible temporary differences were recognized as deferred tax assets in the balance sheets.

f. Income tax examinations

Income tax returns of the Company have been examined by the tax authorities through 2019.

30. EARNINGS PER SHARE

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

	Year Ended December 31	
	2021	2020
Net Income		
Net income used to compute the basic earnings per share	\$ 35,753,579	\$ 33,406,130
Assumed conversion of all dilutive potential common stocks		
Employee stock options and employee compensation of subsidiaries	(6,258)	(7,241)
Net income used to compute the diluted earnings per share	<u>\$ 35,747,321</u>	<u>\$ 33,398,889</u>

Weighted average number of common stocks used to compute the basic earnings per share	7,757,447	7,757,447
Assumed conversion of all dilutive potential common stocks		
Employee compensation	7,773	7,108
Weighted average number of common stocks used to compute the diluted earnings per share	7,765,220	7,764,555

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

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

	2021	2020
Investing activities		
Increase in property, plant and equipment	\$ 34,669,770	\$ 24,624,730
Changes in other payables	(367,613)	(1,884,118)
Acquisition of property, plant and equipment	<u>\$ 34,302,157</u>	<u>\$ 22,740,612</u>
Increase in investment properties	\$ 146	\$ 1,359,502
Trade-in investment properties from asset exchange transaction (Note 14)	-	(1,305,067)
Acquisition of investment properties	<u>\$ 146</u>	<u>\$ 54,435</u>
Increase in intangible assets	\$ 187,945	\$ 48,539,599
Changes in other assets	-	(1,000,000)
Acquisition of intangible assets	<u>\$ 187,945</u>	<u>\$ 47,539,599</u>
Disposal of property, plant and equipment	\$ 21,057	\$ 297,161
Gain (loss) on disposal of property, plant and equipment	(5,603)	1,435,864
Trade-in investment properties from asset exchange transaction (Note 14)	-	(1,305,067)
Changes in other payables	-	(79,986)
Changes in other current monetary assets	-	(31,032)
Proceeds from disposal of property, plant and equipment	<u>\$ 15,454</u>	<u>\$ 316,940</u>

(Continued)

Year Ended December 31	
2021	2020

Disposal of financial assets at fair value through other comprehensive income	\$ 2,637,046	\$ 567,797
Changes in other current monetary assets	<u>270,321</u>	<u>(270,321)</u>
Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ <u>2,907,367</u>	\$ <u>297,476</u>
		(Concluded)

Financing Activities

[illegible]

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

The capital structure of the Company consists of debt and the equity of the Company.

The Company is required to maintain minimum paid-in capital amount as prescribed by the applicable laws.

The management reviews the capital structure of the Company as needed. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

According to the management's suggestion, the Company maintains a balanced capital structure through paying cash dividends, increasing its share capital, purchasing outstanding shares, and issuing new debt or repaving debt.

33. FINANCIAL INSTRUMENTS

Fair Value Information

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

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

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

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

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

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

	December 31		
	2021	2020	
	Carrying Value	Fair Value	Fair Value
Financial liabilities			
Financial liabilities measured at amortized cost			
Bonds payable	\$26,976,675	\$27,082,090	\$19,980,272
			\$20,078,098

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

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

	December 31, 2021			Total
	Level 1	Level 2	Level 3	
Financial assets at FVTPL				
Non-listed stocks	\$ -	\$ -	\$ 884,670	\$ 884,670
Financial assets at FVOCI				
Non-listed stocks	\$ -	\$ -	\$ 3,058,606	\$ 3,058,606
Financial liabilities at FVTPL				
Derivatives	\$ -	\$ 6,180	\$ -	\$ 6,180
Hedging financial liabilities	\$ -	\$ 8,286	\$ -	\$ 8,286

December 31, 2020

	Level 1	Level 2	Level 3	Total
Hedging financial assets	\$ -	\$ 1,752	\$ -	\$ 1,752
Financial assets at FVTPL				
Derivatives	\$ -	\$ 2,271	\$ -	\$ 2,271
Non-listed stocks	\$ -	\$ -	\$ 677,202	\$ 677,202
	\$ -	\$ 2,271	\$ 677,202	\$ 679,473
Financial assets at FVOCI				
Listed stocks	\$ 2,610,501	\$ -	\$ -	\$ 2,610,501
Non-listed stocks	\$ -	\$ -	\$ 4,293,178	\$ 4,293,178
	\$ 2,610,501	\$ -	\$ 4,293,178	\$ 6,903,679

There were no transfers between Levels 1 and 2 for the years ended December 31, 2021 and 2020.

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

2021

	Measured at Fair Value through Profit or Loss	Measured at Fair Value through Other Comprehensive Income	Total
Financial Assets			
Balance on January 1, 2021	\$ 677,202	\$ 4,293,178	\$ 4,970,380
Disposal	-	(1,478)	(1,478)
Recognized in profit or loss under "Other gains and losses"	251,868	-	251,868
Recognized in other comprehensive income under "Unrealized gain or loss on financial assets at fair value through other comprehensive income"	-	(1,233,094)	(1,233,094)
Proceeds from capital reduction of the investee	(44,400)	-	(44,400)
Balance on December 31, 2021	\$ 884,670	\$ 3,058,606	\$ 3,943,276
Unrealized gain in 2021	\$ 233,272		

2020

Financial Assets	Measured at Fair Value through Profit or Loss	Measured at Fair Value through Other Comprehensive Income	Total
Balance on January 1, 2020	\$ 778,105	\$ 4,534,899	\$ 5,313,004
Reclassified from investments accounted for using equity method	-	1,282	1,282
Recognized in profit or loss under "Other gains and losses"	(100,903)	-	(100,903)
Recognized in other comprehensive income under "Unrealized gain or loss on financial assets at fair value through other comprehensive income"	-	(243,003)	(243,003)
Balance on December 31, 2020	\$ 677,202	\$ 4,293,178	\$ 4,970,380
Unrealized loss in 2020	\$ (100,903)		

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 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 ownership of these investees, or using assets approach. The Company originally used the market approach to measure the fair value of its investment in Taipei Financial Center Corp.; however, as the stock market was impacted by COVID-19 pandemic, the multiples of the referenced companies were changed significantly. With continuing impact of COVID-19 pandemic, the Company evaluated that the income approach, instead of the former market approach, would better reflect the future cash flows of Taipei Financial Center Corp. Therefore, the Company changed its valuation technique to the income approach starting from the second quarter of 2021. The significant unobservable inputs used were listed in the below table. An increase in growth rate of long-term revenue, a decrease in discount for the lack of marketability or noncontrolling interests discount, or a decrease in the weighted average cost of capital ("WACC") would result in increases in the fair values.

Discount for lack of marketability
Noncontrolling interests discount
Growth rate of long-term revenue
WACC

	December 31	2020
	2021	
	20%	20%
	25%	25%
	0.19%	-
	8.50%	-

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

	December 31	2020
	2021	
Discount for lack of marketability		
5% increase	\$ (23,981)	\$ (310,649)
5% decrease	\$ 23,981	\$ 310,649
Noncontrolling interests discount		
5% increase	\$ (17,351)	\$ (46,906)
5% decrease	\$ 17,351	\$ 46,906
Long-term revenue growth rates		
0.1% increase	\$ 25,190	\$ -
0.1% decrease	\$ (24,733)	\$ -
WACC		
1% increase	\$ (287,845)	\$ -
1% decrease	\$ 350,328	\$ -

Categories of Financial Instruments

	December 31	2020
	2021	
Financial assets		
Measured at FVTPL		
Mandatorily measured at FVTPL	\$ 884,670	\$ 679,473
Hedging financial assets	-	1,752
Financial assets at amortized cost (Note a)	54,529,822	44,806,233
Financial assets at FVOCI	3,058,606	6,903,679
Financial liabilities		
Measured at FVTPL		
Held for trading	6,180	-
Hedging financial liabilities	8,286	-
Measured at amortized cost (Note b)	59,949,701	58,305,555

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

Note b: The balances included short-term bills payable, trade notes and accounts payable, payables to related parties, partial other payables, customers' deposits and bonds payable which were financial liabilities carried at amortized cost.

Financial Risk Management Objectives

The main financial instruments of the Company include equity investments, trade notes and accounts receivable, trade notes and accounts payable, lease liabilities, short-term bills payable and bonds payable. The Company's Finance Department provides services to its business units, co-ordinates access to domestic and international capital markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and

magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

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

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

a. Market risk

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

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

1) Foreign currency risk

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

	December 31	
	2021	2020
Assets		
USD	\$ 749,945	\$ 697,597
EUR	40,282	11,883
SGD	57	62
JPY	624	482
HKD	67,992	68,707
Liabilities		
USD	649,400	503,192
EUR	858,843	954,040
SGD	1,959,171	1,046,395
JPY	6,040	7,483
HKD	15,520	7,559

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

	December 31	
	2021	2020
Assets		
EUR	\$ -	\$ 3,902
USD	-	121
Liabilities		
EUR	14,466	-

Foreign currency sensitivity analysis

The Company is mainly exposed to the fluctuations of the currencies USD, EUR, SGD, JPY and HKD as listed above.

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

	Year Ended December 31	
	2021	2020
Profit or loss		
Monetary assets and liabilities (a)		
USD	\$ 5,027	\$ 9,720
EUR	(40,928)	(47,108)
SGD	(97,956)	(52,317)
JPY	(271)	(350)
HKD	2,624	3,057
Derivatives (b)		
USD	-	(18,512)
EUR	12,528	2,627
Equity		
Derivatives (c)		
EUR	10,962	10,210

a) This is mainly attributable to the exposure to foreign currency denominated receivables and payables of the Company outstanding at the balance sheet dates.

b) This is mainly attributable to forward exchange contracts.

c) This is mainly attributable to the changes in the fair value of derivatives that are designated as cash flow hedges.

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

2) Interest rate risk

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

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	\$ 20,221,868	\$ 16,006,853
Financial liabilities	36,933,056	35,600,117
Cash flow interest rate risk		
Financial assets	6,883,640	2,855,144

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 \$17,209 thousand and \$7,138 thousand for the years ended December 31, 2021 and 2020, respectively. This is mainly attributable to the Company's exposure to floating interest rates on its financial assets.

3) Other price risk

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

Equity price sensitivity analysis

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

If equity prices had been 5% higher/lower, pre-tax profit and pre-tax other comprehensive income for the year ended December 31, 2021 would have increased/decreased by \$44,234 thousand and \$152,930 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL and financial assets at FVOCI, respectively. If equity prices had been 5% higher/lower, pre-tax profit and pre-tax other comprehensive income for the year ended December 31, 2020 would have increased/decreased by \$33,860 thousand and \$345,184 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL and financial assets at FVOCI, respectively.

b. Credit risk

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

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

As the Company serves a large number of unrelated consumers, the concentration of credit risk was limited.

c. Liquidity risk

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

1) Liquidity and interest risk tables

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

	Weighted Average Effective Interest Rate (%)	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years	Total
<u>December 31, 2021</u>							
Non-derivative financial liabilities							
Non-interest bearing	-	\$ 36,463,144	\$ -	\$ 1,467,552	\$ 4,081,790	\$ -	\$ 42,012,486
Fixed interest rate instruments	0.51	\$ -	\$ -	\$ -	(10,200,000)	\$ 16,300,000	\$ 27,000,000
		<u>\$ 36,463,144</u>	<u>\$ -</u>	<u>\$ 1,467,552</u>	<u>\$ 15,881,790</u>	<u>\$ 16,300,000</u>	<u>\$ 69,912,486</u>

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

	Less than 1 Year	1-3 Years	3-5 Years	5 Years	Total
<u>December 31, 2021</u>					
Lease liabilities	\$ 2,926,909	\$ 3,899,914	\$ 1,848,965	\$ 1,409,093	\$ 10,084,881

	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
<u>December 31, 2020</u>							
Non-derivative financial liabilities							
Non-interest bearing	-	\$ 33,632,660	\$ -	\$ 2,020,848	\$ 4,722,280	\$ -	\$ 40,375,788
Fixed interest rate instruments	0.50	\$ 7,000,000	\$ -	\$ -	(8,800,000)	\$ 11,200,000	\$ 27,000,000
		<u>\$ 40,632,660</u>	<u>\$ -</u>	<u>\$ 2,020,848</u>	<u>\$ 13,922,280</u>	<u>\$ 11,200,000</u>	<u>\$ 67,775,788</u>

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

	Less than 1 Year	1-3 Years	3-5 Years	5 Years	Total
<u>December 31, 2020</u>					
Lease liabilities	\$ 2,946,519	\$ 3,799,518	\$ 1,603,147	\$ 391,240	\$ 8,740,424

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
<u>December 31, 2021</u>					
Gross settled					
Forward exchange contracts	\$ -	\$ 470,395	\$ -	\$ -	\$ 470,395
Inflow	-	484,861	-	-	484,861
Outflow	\$ -	\$ (14,466)	\$ -	\$ -	\$ (14,466)

(Continued)

	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
December 31, 2020					
Gross settled					
Forward exchange contracts					
Inflow	\$ -	\$620,579	\$ -	\$ -	\$620,579
Outflow	-	<u>616,556</u>	-	-	<u>616,556</u>
	\$ -	\$ <u>4,023</u>	\$ -	\$ -	\$ <u>4,023</u>
					(Concluded)

2) Financing facilities

	December 31	2020
	2021	
Facilities of unsecured bank loan and commercial paper payable		
Amount used	\$ -	\$ 7,000,000
Amount unused	<u>\$ 54,994,370</u>	<u>\$ 53,000,000</u>
	<u>\$ 54,994,370</u>	<u>\$ 60,000,000</u>

34. RELATED PARTIES TRANSACTIONS

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

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

Company	Relationship
Senao International Co., Ltd. ("SENAO")	Subsidiary
Light Era Development Co., Ltd. ("LED")	Subsidiary
Donghua Telecom Co., Ltd.	Subsidiary
Chunghua Telecom Singapore Pte., Ltd. ("CHTS")	Subsidiary
Chunghua System Integration Co., Ltd. ("CHSI")	Subsidiary
Chunghua Investment Co., Ltd. ("CHI")	Subsidiary
CHIEF Telecom, Inc. ("CHIEF")	Subsidiary
CHYP Multimedia Marketing & Communications Co., Ltd. ("CHYP")	Subsidiary
Prime Asia Investments Group Ltd. (B.V.I.) ("Prime Asia")	Subsidiary
Spring House Entertainment Tech. Inc. ("SHE")	Subsidiary
Chunghua Telecom Global, Inc.	Subsidiary
Chunghua Telecom Vietnam Co., Ltd.	Subsidiary

(Continued)

Company	Relationship
Smartfun Digital Co., Ltd.	Subsidiary
Chunghua Telecom Japan Co., Ltd.	Subsidiary
Chunghua Sochamp Technology Inc.	Subsidiary
Honghua International Co., Ltd.	Subsidiary
Chunghua Leading Photonics Tech. Co., Ltd. ("CLPT")	Subsidiary
Chunghua Telecom (Thailand) Co., Ltd. ("CHTT")	Subsidiary
CHT Security Co., Ltd. ("CHTSC")	Subsidiary
International Integrated Systems, Inc. ("IISI")	Subsidiary (Note 1)
Senao International (Samoa) Holding Ltd. ("SIS")	Subsidiary of SENAO
Youth Co., Ltd.	Subsidiary of SENAO
Aval Technologies Co., Ltd.	Subsidiary of SENAO
ISPOOT Co., Ltd.	Subsidiary of SENAO
Youyi Co., Ltd.	Subsidiary of SENAO
Senyoung Insurance Agent Co., Ltd.	Subsidiary of SENAO
SenaoLife Insurance Agent Co., Ltd.	Subsidiary of SENAO
Winn Technologies Co., Ltd. ("Winn")	Subsidiary of SENAO
Unigate Telecom Inc.	Subsidiary of CHIEF
Chief International Corp.	Subsidiary of CHIEF
Shanghai Chief Telecom Co., Ltd.	Subsidiary of CHIEF
Chunghua Precision Test Tech. Co., Ltd. ("CHPT")	Subsidiary of CHI
Chunghua Precision Test Tech. USA Corporation	Subsidiary of CHPT
CHPT Japan Co., Ltd.	Subsidiary of CHPT
Chunghua Precision Test Tech. International, Ltd. ("CHPT International")	Subsidiary of CHPT
Senao International HK Limited ("SIHK")	Subsidiary of SIS
Senao International Trading (Shanghai) Co., Ltd. ("SITS")	Subsidiary of SIHK (Note 2)
Chunghua Hsingta Co., Ltd. ("CHC")	Subsidiary of Prime Asia
Chunghua Telecom (China) Co., Ltd.	Subsidiary of CHC
Shanghai Taihua Electronic Technology Limited ("STET")	Subsidiary of CHPT (International)
Su Zhou Precision Test Tech. Ltd.	Subsidiary of CHPT (International)
Infoexplorer International Co., Ltd. ("IESA")	Subsidiary of IISI
IISI Investment Co., Ltd. ("IICL")	Subsidiary of IISI
Unitronics Technology Corp.	Subsidiary of IISI
International Integrated Systems (Hong Kong) Limited	Subsidiary of IESA
Leading Tech Co., Ltd. ("LTCL")	Subsidiary of IICL
Leading Systems Co., Ltd. ("LSCL")	Subsidiary of LTCL
International Integrated Systems Inc. (Shanghai) ("IIS")	Subsidiary of LSCL (Note 3)
Huiyu Shanghai Management Consultancy Co., Ltd. ("HSMC")	Subsidiary of IIS (Note 4)
Taiwan International Standard Electronics Co., Ltd.	Associate
So-net Entertainment Taiwan Limited	Associate
KKBOX Taiwan Co., Ltd.	Associate
KingwayTek Technology Co., Ltd.	Associate
UUPOIN Inc.	Associate (Note 5)
Taiwan International Ports Logistics Corporation	Associate
Senao Networks, Inc.	Associate of SENAO

(Continued)

Note 1: IISI was an associate and has become a subsidiary starting from July 1, 2020 ("acquisition date"). Please refer to Note 13.

Note 2: SITIS completed its liquidation in April 2021.

Note 3: IISS completed its liquidation in August 2021.

Note 4: HSMC completed its liquidation in December 2020.

Note 5: UUPON was previously an associate. As the Company did not participate in the capital increase of UUPON in October 2020; therefore, the Company lost its significant influence over UUPON. Since then, UUPON was no longer a related party of the Company. Please refer to Note 13.

Note 6: ADT completed its liquidation in August 2021. Please refer to Note 13.

Note 7: CHI originally treated ATT as a financial asset at FVOCI. However, as CHI obtained one out of three seats of the Board of Directors of ATT in July 2021 and has significant influence over ATT, CHI reclassified it as an associate.

Note 8: CHI originally treated IME as a financial asset at FVOCI. However, as CHI obtained one out of five seats of the Board of Directors of IME in August 2021 and has significant influence over IME, CHI reclassified it as an associate.

Note 9: Divine Fine Foods & Wine Inc. replaced its responsible persons in October 2021. Since then, Divine Fine Foods & Wine Inc. is no longer a related party of the Company.

b. Terms of the foregoing transactions with related parties were not significantly different from transactions with non-related parties. When no similar transactions with non-related parties can be referenced, terms were determined in accordance with mutual agreements. Details of transactions between the Company and other related parties are disclosed below:

1) Operating transactions

	Revenues	
	Year Ended December 31 2021	2020
Subsidiaries	\$ 7,072,797	\$ 4,460,961
Associates	357,694	1,385,767
Others	3,308	3,480
	<u>\$ 7,433,799</u>	<u>\$ 5,850,208</u>
Operating Costs and Expenses		
	Year Ended December 31	
	2021	2020
Subsidiaries	\$ 10,311,564	\$ 9,164,958
Associates	712,641	708,563
Others	51,733	51,700
	<u>\$ 11,075,938</u>	<u>\$ 9,925,221</u>

Company	Relationship
EnRack Tech. Co., Ltd.	Subsidiary of Senao Networks, Inc.
Emplus Technologies, Inc.	Subsidiary of Senao Networks, Inc.
ST-2 Satellite Ventures Pte., Ltd.	Associate of CHTS
CHT Infinity Singapore Pte. Ltd.	Associate of CHTS
Vietel-CHT Co., Ltd.	Associate
Click Force Co., Ltd.	Associate of CHYP
Alliance Digital Tech Co., Ltd.	Associate (Note 6)
Chunghwa PChome Fund I Co., Ltd.	Associate
Cornerstone Ventures Co., Ltd.	Associate
Next Commercial Bank Co., Ltd. ("NCB")	Associate
WiAdvance Technology Corporation	Associate
AgriTalk Technology Inc. ("ATT")	Associate of CHI (Note 7)
Imediac Co., Ltd. ("IME")	Associate of CHI (Note 8)
Chunghwa SEA Holdings	Joint venture
Other related parties	
Chunghwa Telecom Foundation	A nonprofit organization of which the funds donated by the Company exceeds one third of its total funds
Senao Technical and Cultural Foundation	A nonprofit organization of which the funds donated by SENAO exceeds one third of its total funds
Socham Technology Co., Ltd.	Investor of significant influence over CHST
E-Life Mall Co., Ltd.	One of the directors of E-Life Mall and a director of SENAO are members of an immediate family
Engenius Technologies Co., Ltd.	Chairman of Engenius Technologies Co., Ltd. is a member of SENAO's management
Cheng Keng Investment Co., Ltd.	Chairman of Cheng Keng Investment Co., Ltd. and SENAO's chief executive officer are members of an immediate family
Cheng Feng Investment Co., Ltd.	Chairman of Cheng Feng Investment Co., Ltd. and SENAO's chief executive officer are members of an immediate family
All Oriented Investment Co., Ltd.	Chairman of All Oriented Investment Co., Ltd. and SENAO's chief executive officer are members of an immediate family
Hwa Shun Investment Co., Ltd.	Chairman of Hwa Shun Investment Co., Ltd. and SENAO's chief executive officer are members of an immediate family
Yu Yu Investment Co., Ltd.	Chairman of Yu Yu Investment Co., Ltd. and SENAO's chief executive officer are members of an immediate family
Divine Fine Foods & Wine Inc.	Chairman of Divine Fine Foods & Wine Inc. and SENAO's chief executive officer are members of an immediate family
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
Chunghwa Post Co., Ltd.	Government-related entity as Chunghwa Telecom
	(Concluded)

2) Non-operating transactions

	Non-operating Income and (Expenses)	
	Year Ended December 31 2021	2020
Subsidiaries	\$ (25)	\$ 825
Associates	(7,420)	(8,895)
	<u>\$ (7,445)</u>	<u>\$ (8,070)</u>

3) Receivables

	December 31	
	2021	2020
Subsidiaries	\$ 1,780,838	\$ 1,135,699
Associates	9,121	204,845
Others	-	6
	<u>\$ 1,789,959</u>	<u>\$ 1,340,550</u>

4) Contract liabilities-current

	December 31	
	2021	2020
Associates	\$ -	\$ 182,857
	<u>\$ -</u>	<u>\$ 182,857</u>

5) Payables

	December 31	
	2021	2020
Subsidiaries	\$ 3,070,035	\$ 2,743,831
Associates	378,224	636,657
	<u>\$ 3,448,259</u>	<u>\$ 3,380,488</u>

6) Customers' deposits

	December 31	
	2021	2020
Subsidiaries	\$ 34,982	\$ 30,729
Associates	15,970	2,066
	<u>\$ 50,952</u>	<u>\$ 32,795</u>

7) Acquisition of property, plant and equipment

	Year Ended December 31	
	2021	2020
Subsidiaries	\$ 604,431	\$ 515,718
Associates	397,884	375,469
	<u>\$ 1,002,315</u>	<u>\$ 891,187</u>

8) Disposal of property, plant and equipment and investment properties to Chunghwa Post Co., Ltd.

	Proceeds		Gain on Disposal	
	Year Ended December 31 2021	2020	Year Ended December 31 2021	2020
Others	\$ -	\$ 385,760	\$ -	\$ 310,205

9) Lease-in agreements

The Company entered into a contract with ST-2 Satellite Ventures Pte., Ltd. on March 12, 2010 to lease capacity on the ST-2 satellite. This lease term is for 15 years which should start from the official operation of ST-2 satellite and the total contract value is approximately \$6,000,000 thousand (SGD\$260,723 thousand), including a prepayment of \$3,067,711 thousand at the inception of the lease, and the rest of amount should be paid annually when ST-2 satellite starts its official operation. ST-2 satellite was launched in May 2011, and began its official operation in August 2011. As ST-2 satellite is in good operating condition, the useful life is extended for another 3 years and 3 months after evaluation. The Board of Directors of the Company approved to extend the lease period accordingly with the original contract terms in December 2021; therefore, the Company acquired right-of-use asset of \$1,124,780 thousand from the aforementioned lease extension.

The lease liabilities of ST-2 Satellite Ventures Pte., Ltd. as of balance sheet dates were as follows:

	December 31	
	2021	2020
Lease liabilities - current	\$ 173,306	\$ 182,187
Lease liabilities - noncurrent	<u>1,740,557</u>	<u>816,610</u>
	<u>\$ 1,913,863</u>	<u>\$ 998,797</u>

The interest expense recognized for the aforementioned lease liabilities were \$7,420 thousand and \$8,895 thousand for the years ended December 31, 2021 and 2020, respectively.

c. Compensation of key management personnel

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

	Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 69,204	\$ 67,048
Post-employment benefits	2,880	4,613
	<u>\$ 72,084</u>	<u>\$ 71,661</u>

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

35. 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, 2021 were as follows:

- Acquisitions of telecommunications-related inventory and equipment of \$20,357,523 thousand.
- A commitment to contribute \$2,000,000 thousand to a Piping Fund administered by the Taipei City Government, of which \$1,000,000 thousand was contributed by the Company on August 15, 1996 (classified as other financial assets - noncurrent). If the fund is not sufficient, the Company will contribute the remaining \$1,000,000 thousand upon notification from the Taipei City Government.
- The Company committed that when its ownership interest in NCB is greater than 25% and NCB encounters financial difficulty or the capital adequacy ratio of NCB cannot meet the related regulation requirements, the Company will provide financial support to assist NCB in maintaining a healthy financial condition.
- The Company's Board of Directors approved the acquisition of the 900MHz frequency band and equipment from Asia Pacific Telecom Co., Ltd. in November 2021. The transaction amount is expected to be in the range from \$1,626,000 thousand to \$2,081,000 thousand; however, the actual amount will be determined according to the approval date of the related authority and mutual negotiations.

36. SIGNIFICANT SUBSEQUENT EVENTS

- The Company's Board of Directors approved the issuance of unsecured domestic bonds in January 2022. The total amount of the aforementioned bonds will not exceed \$10,000,000 thousand and the issuance period will not exceed 10 years. The bonds could be issued at a one-time basis or separately.
- The Company's Board of Directors approved an investment in Taiwan Capital Buffalo Fund VI, L.P. at the amount of \$600,000 thousand in January 2022.
- The Company launched its organizational transformation based on customer-centric structure effective from January 2022.

37. OTHER MATTERS

The Company has assessed the economic impact of COVID-19 pandemic and determined that there were no significant impacts on the Company's financial statements as of the date the financial statements were authorized for issue. The Company will continue to monitor developments of the pandemic and assess the related impacts.

38. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The information of significant assets and liabilities denominated in foreign currencies was as follows:

	December 31, 2021		
	Foreign Currencies (Thousands)	Exchange Rate	New Taiwan Dollars (Thousands)
<u>Assets denominated in foreign currencies</u>			
Monetary items			
USD	\$ 27,093	27.68	\$ 749,945
EUR	1,286	31.32	40,282
SGD	3	20.46	57
JPY	2,596	0.241	624
HKD	19,158	3.549	67,992
Non-monetary items			
Investments accounted for using equity method			
USD	54,986	27.68	1,522,001
HKD	172,876	3.549	613,536
JPY	411,029	0.241	98,852
VND	455,322,761	0.0012	544,111
RMB	35,355	4.344	153,582
THB	119,628	0.8347	99,853
<u>Liabilities denominated in foreign currencies</u>			
Monetary items			
USD	23,461	27.68	649,400
EUR	27,422	31.32	858,843
SGD	95,756	20.46	1,959,171
JPY	25,114	0.241	6,040
HKD	4,373	3.549	15,520

	December 31, 2020	
	Foreign Currencies (Thousands)	New Taiwan Dollars (Thousands)
<u>Assets denominated in foreign currencies</u>		
Monetary items		
USD	\$ 24,494	\$ 697,597
EUR	339	11,883
SGD	3	62
JPY	1,744	482
HKD	18,706	68,707
Non-monetary items		
Investments accounted for using equity method		
USD	49,724	1,416,152
HKD	404,643	1,486,252
JPY	326,093	90,099
VND	409,377,361	454,409
RMB	37,268	163,121
THB	115,281	110,163
<u>Liabilities denominated in foreign currencies</u>		
Monetary items		
USD	17,668	503,192
EUR	27,243	954,040
SGD	48,534	1,046,395
JPY	27,083	7,483
HKD	2,058	7,559

The unrealized foreign currency exchange gains and losses were gain of \$124,824 thousand and loss of \$15,703 thousand for the years ended December 31, 2021 and 2020, respectively. Due to the various foreign currency transactions of the Company, foreign exchange gains and losses cannot be disclosed by the respective significant foreign currency.

39. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the FSC for the Company:

- Financing provided: None.
- Endorsement/guarantee provided: Please see Table 1.
- Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Please see Table 2.
- Marketable securities acquired or disposed of at costs or prices at least \$300 million or 20% of the paid-in capital: Please see Table 3.
- Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital: Please see Table 4.

- Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital: None.
- Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital: Please see Table 5.
- Receivables from related parties amounting to \$100 million or 20% of the paid-in capital: Please see Table 6.
- Names, locations, and other information of investees on which the Company exercises significant influence (excluding investment in Mainland China): Please see Table 7.
- Derivative instruments transactions: Please see Notes 7, 19 and 33.
- Investment in Mainland China: Please see Table 8.
- Information of main stakeholders: Please see Table 9.

40. SEGMENT INFORMATION

The Company has the following reportable segments that provide different products or services. The reportable segments are managed separately because each segment represents a strategic business unit that serves different markets. Segment information is provided to the CEO who allocates resources and assesses segment performance. The Company's measure of segment performance is mainly based on revenues and income before income tax. The Company's reportable segments are as follows:

- Domestic fixed communications business - the provision of local telephone services, domestic long distance telephone services, broadband access, and related services;
- Mobile communications business - the provision of mobile services, sales of mobile handsets and data cards, and related services;
- Internet business - the provision of HiNet services and related services;
- International fixed communications business - the provision of international long distance telephone services and related services;
- Others - the provision of non-telecom services and the corporate related items not allocated to reportable segments.

Some operating segments have been aggregated into a single operating segment taking into account the following factors: (a) similar economic characteristics such as long-term gross profit margins; (b) the nature of the telecommunications products and services are similar; (c) the nature of production processes of the telecommunications products and services are similar; (d) the type or class of customer for the telecommunications products and services are similar; and (e) the methods used to provide the services to the customers are similar.

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

Segment Revenues and Operating Results

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

Year ended December 31, 2021	Domestic Fixed Communications Business	Mobile Communications Business	Internet Business	International Fixed Communications Business	Others	Total
Revenues						
From external customers	\$ 65,167,702	\$ 76,131,099	\$ 30,341,487	\$ 6,980,233	\$ 213,829	\$ 178,843,350
Intersegment revenues	17,039,917	91,675	3,395,238	1,834,013	35,907	23,216,780
Segment revenues	<u>\$ 82,207,619</u>	<u>\$ 77,042,774</u>	<u>\$ 33,736,725</u>	<u>\$ 8,814,246</u>	<u>\$ 249,736</u>	<u>\$ 202,060,130</u>
Intersegment elimination					<u>(23,216,780)</u>	
Revenues						<u>\$ 178,843,350</u>
Segment operating costs and expenses	<u>\$ 55,201,259</u>	<u>\$ 57,426,320</u>	<u>\$ 13,309,140</u>	<u>\$ 6,468,240</u>	<u>\$ 4,412,441</u>	<u>\$ 136,817,400</u>
Segment income (loss) before income tax	<u>\$ 26,141,879</u>	<u>\$ 5,942,173</u>	<u>\$ 13,438,838</u>	<u>\$ 1,054,516</u>	<u>\$ (2,689,950)</u>	<u>\$ 43,887,456</u>
Year ended December 31, 2020						
Revenues						
From external customers	\$ 69,767,891	\$ 72,132,979	\$ 29,623,899	\$ 6,841,292	\$ 236,856	\$ 178,622,827
Intersegment revenues	15,610,387	1,009,495	3,489,556	1,675,274	19,371	21,804,083
Segment revenues	<u>\$ 85,388,278</u>	<u>\$ 73,142,474</u>	<u>\$ 33,113,455</u>	<u>\$ 8,516,566</u>	<u>\$ 256,227</u>	<u>\$ 200,426,910</u>
Intersegment elimination					<u>(21,804,083)</u>	
Revenues						<u>\$ 178,622,827</u>
Segment operating costs and expenses	<u>\$ 63,462,258</u>	<u>\$ 52,242,328</u>	<u>\$ 14,043,381</u>	<u>\$ 6,843,254</u>	<u>\$ 4,116,236</u>	<u>\$ 140,697,457</u>
Segment income (loss) before income tax	<u>\$ 22,504,443</u>	<u>\$ 8,568,040</u>	<u>\$ 12,204,370</u>	<u>\$ 674,697</u>	<u>\$ (3,068,121)</u>	<u>\$ 40,883,429</u>

Other Segment Information

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

Year ended December 31, 2021	Domestic Fixed Communications Business	Mobile Communications Business	Internet Business	International Fixed Communications Business	Others	Total
Share of profits of subsidiaries, associates and joint ventures accounted for using equity method	\$ 6,793	\$ 202	\$ 1,163	\$ 449	\$ 1,611,361	\$ 1,611,361
Interest income	\$ 3,547	\$ 39,785	\$ 4,085	\$ 7,474	\$ 47,864	\$ 56,471
Interest expenses	\$ 13,977,714	\$ 24,841,894	\$ 2,506,270	\$ 1,270,850	\$ 135,202	\$ 190,093
Depreciation and amortization	\$ 13,299,388	\$ 16,782,900	\$ 2,561,190	\$ 395,024	\$ 312,761	\$ 42,051,263
Capital expenditure	\$ 420,590	\$ 420,590	\$ 420,590	\$ 420,590	\$ 1,263,655	\$ 3,302,157
Impairment loss on right-of-use assets						\$ 420,590
Reversal of impairment loss on investment properties	\$ 83,429					\$ 83,429
Year ended December 31, 2020						
Share of profits of subsidiaries, associates and joint ventures accounted for using equity method	\$ 13,151	\$ 792	\$ 1,935	\$ 1,308	\$ 1,216,137	\$ 1,216,137
Interest income	\$ 6,006	\$ 65,358	\$ 6,009	\$ 6,102	\$ 36,535	\$ 59,800
Interest expenses	\$ 14,240,608	\$ 22,482,350	\$ 3,600,300	\$ 1,209,300	\$ 10,296	\$ 39,532,854
Depreciation and amortization	\$ 11,482,729	\$ 8,313,385	\$ 1,319,687	\$ 685,921	\$ 30,000	\$ 20,821,722
Capital expenditure						\$ 27,260,617
Impairment loss on disposal of property, plant and equipment	\$ 1,433,864					\$ 1,433,864
Gain on disposal of investment properties	\$ 151,357					\$ 151,357
Reversal of impairment loss on investment properties	\$ 27,066					\$ 27,066

Main Products and Service Revenues

	Year Ended December 31, 2021	Year Ended December 31, 2020
Mobile services revenue	\$ 61,893,404	\$ 60,396,292
Local telephone and domestic long distance telephone services revenue	25,725,644	26,495,555
Broadband access and domestic leased line services revenue	23,105,857	22,500,492
Data Communications internet services revenue	20,754,161	20,017,339
Sale of products	15,229,086	13,310,782
International network and leased line services revenue	2,726,105	3,367,177
Others	29,409,093	32,535,190
	<u>\$ 178,843,350</u>	<u>\$ 178,622,827</u>

Geographic Information

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

	Year Ended December 31, 2021	Year Ended December 31, 2020
Taiwan, ROC	\$ 176,712,913	\$ 175,571,237
Overseas	2,130,437	3,051,590
	<u>\$ 178,843,350</u>	<u>\$ 178,622,827</u>

The Company does not have material noncurrent assets in foreign operations.

Major Customers

As of December 31, 2021 and 2020, the Company did not have any single customer whose revenue exceeded 10% of the total revenues.

TABLE 1

CHUNGWA TELECOM CO., LTD. AND INVESTEES

ENDORSEMENTS/GUARANTEES PROVIDED
YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsee/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Nature of Relationship (Note 2)								Endorsement/ Guarantee Given by Subsidiaries	Endorsement/ Guarantee Given by Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	
1	Senao International Co., Ltd.	Aval Technologies Co., Ltd. Win Technology Co., Ltd.	b	\$ 613,023	\$ 300,000	\$ 300,000	\$ 300,000	\$ -	4.89	\$ 3,065,115	Yes	No	No	Notes 3 and 4
			b	613,023	200,000	200,000	200,000	-	3.26	3,065,115	Yes	No	No	Notes 3 and 4

Note 1: Significant transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

- "0" for the Company.
- Subsidiaries are numbered from "1".

Note 2: Relationships between the endorsement/guarantee provider and the guaranteed party:

- A company with which it does business.
- A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
- Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
- The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- Companies in the same industry provide among themselves jointly and severally guarantee for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The limits on endorsement or guarantee amount provided to each guaranteed party is up to 10% of the net assets value of the latest financial statements of Senao International Co., Ltd.

Note 4: The total amount of endorsement or guarantee that the Company is allowed to provide is up to 50% of the net assets value of the latest financial statements of Senao International Co., Ltd.

TABLE 2

CHUNGHWA TELECOM CO., LTD. AND INVESTEEES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2021			Note
				Shares (Thousands/ Thousand Units)	Carrying Value (Note 1)	Percentage of Ownership	Fair Value
Chungghwa Telecom Co., Ltd.	Stocks	-	Financial assets at FVOCI	172,927	\$ 2,911,585	12	\$ 2,911,585
	Taipei Financial Center Corp.	-	Financial assets at FVTPL - noncurrent	-	236,672	4	236,672
	Innovation Works Development Fund, L.P.	-	Financial assets at FVOCI	5,252	15,475	17	15,475
	Industrial Bank of Taiwan II Venture Capital Co., Ltd. (IBT II)	-	Financial assets at FVOCI	7,617	-	3	-
	Global Mobile Corp.	-	Financial assets at FVOCI	1,000	3,917	2	3,917
Senao International Co., Ltd.	Innovation Works Limited	-	Financial assets at FVOCI	4,765	-	10	-
	RPTI Intergruop International Ltd.	-	Financial assets at FVOCI	1,200	4,197	2	4,197
	Taiwan mobile payment Co., Ltd.	-	Financial assets at FVTPL - noncurrent	555,600	647,998	13	647,998
	Taiwania Capital Buffalo Fund Co., Ltd.	-	Financial assets at FVOCI	136	123,432	19.9	123,432
	4 Gamers Entertainment Inc.	-	Financial assets at FVOCI	-	-	-	-
CHIEF Telecom Inc.	Stocks	-	Financial assets at FVOCI	1,200	9,456	9	9,456
	N.T.U. Innovation Incubation Corporation	-	Financial assets at FVOCI	109	349	2	349
Chungghwa Investment Co., Ltd.	Stocks	-	Financial assets at FVOCI	374	284	10	284
	3 Link Information Service Co., Ltd.	-	Financial assets at FVTPL - current	9	444	-	444
	WPG Holdings Limited	-	Financial assets at FVOCI	2,102	104,154	-	104,154
	WPG Holdings Limited	-	Financial assets at FVOCI	175	2,122	-	2,122
	Taichung Commercial Bank Co., Ltd.	-	Financial assets at FVOCI	294	14,391	-	14,391
Chungghwa Investment Co., Ltd.	Stocks	-	Financial assets at FVOCI	4,571	88,611	11	88,611
	Tatung Technology Inc.	-	Financial assets at FVOCI	10,000	-	7	-
	iSing99 Inc.	-	Financial assets at FVOCI	20,000	-	2	-
	Powtec ElectroChemical Corporation	-	Financial assets at FVOCI	2,000	100,000	7	100,000
	Bosddom Digiinnovation Co., Ltd.	-	Financial assets at FVOCI	-	-	-	-
Chungghwa Investment Co., Ltd.	Limited partnership	-	Financial assets at FVTPL - noncurrent	-	24,105	3	24,105
	Taiwania Capital Buffalo Fund V, L.P.	-	Financial assets at FVOCI	1,875	240,037	1	240,037
Chungghwa Investment Co., Ltd.	Stocks	-	Financial assets at FVOCI	-	-	-	-
	PChome Online Inc.	-	Financial assets at FVOCI	-	-	-	-

Note 1: Showed at carrying amounts with fair value adjustments.

Note 2: Fair value was based on the closing price on December 30, 2021.

TABLE 3

CHUNGHWA TELECOM CO., LTD. AND INVESTEEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL YEAR ENDED DECEMBER 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Shares (Thousands/Thousand Units)	Amount	Shares (Thousands/Thousand Units)	Amount	Shares (Thousands/Thousand Units)	Amount	Carrying Value	Gain on Disposal	Shares (Thousands/Thousand Units)	Amount
Chungghwa Telecom Co., Ltd.	Stocks China Airlines, Ltd.	Financial assets at FVOCI	-	-	216,639	\$ 2,541,176 (Note)	-	\$ -	216,639	\$ 2,635,568	\$ 2,541,176 (Note)	\$ 94,392	-	\$ -
Chungghwa Investment Co., Ltd.	Stocks PChome Online Inc.	Financial assets at FVOCI	-	-	-	-	1,875	200,000	-	-	-	-	1,875	200,000 (Note)

Note: Showing at their original investment amounts without adjustments for fair values.

TABLE 4

CHUNGHWA TELECOM CO., LTD. AND INVESTEEES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
 YEAR ENDED DECEMBER 31, 2021
 (Amounts in Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Property Owner	Relationship	Transaction Date	Amount	Pricing Reference	Purpose of Acquisition	Other Terms
Chunghwa Telecom Co., Ltd.	Land	2021.08.05	\$ 564,988	Fully paid	Taipei City Government	-	Not applicable	Not applicable	Not applicable	Not applicable	According to appraisal report	Operating purpose	-
Chunghwa Precision Test Tech. Co., Ltd.	Land	2021.01.18	534,030	The first installment \$80,104 thousand was paid.	Taiwan Powder Technologies Co., Ltd.	-	Not applicable	Not applicable	Not applicable	Not applicable	According to appraisal report	Space requirements for future business expansion and operational considerations	-

TABLE 5

CHUNGHWA TELECOM CO., LTD. AND INVESTEEES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes / Accounts Payable or Receivable	
			Purchases/Sales (Note 1)	Amount (Notes 2)	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Notes 3)	% to Total
Chungghwa Telecom Co., Ltd.	Senao International Co., Ltd.	Subsidiary	Sales	\$ 5,671,851	3	30 days	\$	-	\$ 1,145,964	5
	Aval Technologies Co., Ltd.	Subsidiary	Purchase	728,889	1	30-90 days	-	-	(831,921)	(5)
	CHIEF Telecom Inc.	Subsidiary	Purchase	437,450	-	30 days	-	-	(70,101)	-
		Subsidiary	Sales	496,173	-	30 days	-	-	53,590	-
	Chungghwa System Integration Co., Ltd.	Subsidiary	Purchase	101,698	1	60 days	-	-	(11,678)	-
	CHYP Multimedia Marketing & Communications Co., Ltd.	Subsidiary	Purchase	1,420,111	-	30 days	-	-	(406,770)	(2)
	Hongghwa International Co., Ltd.	Subsidiary	Purchase	105,356	-	30 days	-	-	(37,752)	-
		Subsidiary	Sales	175,966	-	30-60 days	-	-	58,384	-
	Dongghwa Telecom Co., Ltd.	Subsidiary	Purchase	6,123,929	5	30-60 days	-	-	(901,629)	(5)
		Subsidiary	Sales	180,361	-	30 days	-	-	51,551	-
	Chungghwa Telecom Global, Inc.	Subsidiary	Purchase	465,949	-	90 days	-	-	(194,142)	(1)
	CHT Security Co., Ltd.	Subsidiary	Purchase	303,822	-	90 days	-	-	(33,605)	-
	Chungghwa Telecom Singapore Pte., Ltd.	Subsidiary	Purchase	364,049	-	30 days	-	-	(114,134)	(1)
	International Integrated Systems, Inc.	Subsidiary	Purchase	155,444	-	30 days	-	-	(39,984)	-
Senao International Co., Ltd.	Senyoung Insurance Agent Co., Ltd.	Subsidiary	Purchase	385,266	-	30 days	-	-	(111,594)	(1)
	Taiwan International Standard Electronics Co., Ltd.	Associate	Sales	126,146	-	90 days	-	-	57,783	-
	Next Commercial Bank Co., Ltd.	Associate	Purchase	571,076	1	30-90 days	-	-	(232,041)	(1)
		Associate	Sales	259,822	-	30-60 days	-	-	2,845	-
	Chungghwa Telecom Co., Ltd.	Parent company	Sales	5,969,353	19	30-90 days	-	-	831,709	44
		Parent company	Purchase	5,515,088	20	30 days	-	-	(1,109,885)	(38)
	Aval Technologies Co., Ltd.	Subsidiary	Sales	351,228	1	60 days	-	-	64,646	3
		Subsidiary	Purchase	275,666	1	30 days	-	-	(2,212)	-
	Chungghwa Telecom Co., Ltd.	Parent company	Sales	259,125	9	60 days	-	-	7,647	4
		Parent company	Purchase	480,123	32	30 days	-	-	(53,590)	(46)
	Chungghwa System Integration Co., Ltd.	Parent company	Sales	1,808,904	80	30 days	-	-	403,712	69
	WiAdvance Technology Corporation	Associate of parent company	Purchase	125,825	9	60 days	-	-	(125)	-
	CHYP Multimedia Marketing & Communications Co., Ltd.	Parent company	Sales	105,356	25	30 days	-	-	33,790	54
	Chungghwa Telecom Co., Ltd.	Chungghwa Telecom Co., Ltd.	Parent company	Sales	6,250,502	99	30-60 days	-	-	901,146
Dongghwa Telecom Co., Ltd.		Parent company	Sales	465,949	42	90 days	-	-	194,142	51
		Parent company	Purchase	180,361	16	30 days	-	-	(51,551)	(41)
Chungghwa Telecom Co., Ltd.		Parent company	Sales	303,822	52	90 days	-	-	33,605	47
Chungghwa Telecom Singapore Pte., Ltd.		Parent company	Sales	155,444	10	30 days	-	-	39,984	11
CHT Security Co., Ltd.		Parent company	Sales	393,546	35	30 days	-	-	114,142	43
International Integrated Systems, Inc.		Parent company	Sales	385,266	12	30 days	-	-	80,593	19
Aval Technologies Co., Ltd.		Parent company	Sales	437,450	1	30 days	-	-	70,101	4
Youth Co., Ltd.		Fellow subsidiary	Sales	144,579	-	30 days	-	-	9,996	1
ISPOI Co., Ltd.		Fellow subsidiary	Sales	104,713	-	30 days	-	-	12,813	1
Light Era Development Co., Ltd.		Parent company	Sales	172,166	62	30-90 days	-	-	59,023	100
Chungghwa Precision Test Tech. Co., Ltd.		Subsidiary	Sales	143,029	3	90 days	-	-	68,603	7

Note 1: Purchases include costs to acquire services.

Note 2: The differences were because Chungghwa Telecom Co., Ltd. and subsidiaries classified the amount as incremental costs of obtaining contracts, property, plant and equipment, intangible assets, and operating expenses.

Note 3: Notes and accounts receivable did not include the amounts collected for others and other receivables.

Note 4: Transaction terms with related parties were determined in accordance with mutual agreements when there were no similar transactions with third parties. Other transactions with related parties were not significantly different from those with third parties.

TABLE 6

CHUNGHWA TELECOM CO., LTD. AND INVESTEEES**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****DECEMBER 31, 2021****(Amounts in Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate (Note)	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amounts	Action Taken		
Chunghwa Telecom Co., Ltd.	Senao International Co., Ltd.	Subsidiary	\$ 1,305,396 (Note)	11.25	-	-	\$ 1,291,542	\$ -
Senao International Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	983,033 (Note)	7.53	-	-	10,438	-
Chunghwa System Integration Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	403,712 (Note)	4.85	-	-	278,110	-
Honghua International Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	901,146 (Note)	7.89	-	-	220,914	-
Donghua Telecom Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	194,142 (Note)	2.80	-	-	123,839	-
CHT Security Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	114,142 (Note)	3.51	-	-	87,716	-
Chunghwa Precision Test Tech. Co., Ltd.	Su Zhou Precision Test Tech. Ltd.	Subsidiary	68,603 (Note)	2.92	-	-	7,970	-

Note: Payments and receipts collected in trust for others are excluded from the accounts receivable in calculating the turnover rate.

TABLE 7

CHUNGHWA TELECOM CO., LTD. AND INVESTEEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES IN WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)
 YEAR ENDED DECEMBER 31, 2021
 (Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021		Carrying Value (Note 3)	Net Income (Loss) of the Investee	Recognized Gain (Loss) (Notes 1, 2 and 3)	Note
				December 31, 2021	December 31, 2020	Shares (Thousands)	Percentage of Ownership (%)				
Chunghua Telecom Co., Ltd.	Senao International Co., Ltd.	Taiwan	Handset and peripherals retailer; sales of CHT mobile phone plans as an agent	\$ 1,065,813	\$ 1,065,813	71,773	28	\$ 1,683,237	\$ 596,948	\$ 158,643	Subsidiary
	Light Era Development Co., Ltd.	Taiwan	Planning and development of real estate and intelligent buildings, and property management	3,000,000	3,000,000	300,000	100	3,856,921	33,891	17,331	Subsidiary
	Donghua Telecom Co., Ltd.	Hong Kong	International private leased circuit, IP VPN service, and IP transit services	691,163	1,567,453	178,590	100	613,536	(27,982)	(27,982)	Subsidiary
	Chunghua Telecom Singapore Pte., Ltd.	Singapore	International private leased circuit, IP VPN service, and IP transit services	574,112	574,112	26,383	100	1,057,720	188,941	188,800	Subsidiary
	Chunghua System Integration Co., Ltd.	Taiwan	Providing system integration services and telecommunications equipment	838,506	838,506	60,000	100	716,992	28,638	3,585	Subsidiary
	CHIEF Telecom Inc.	Taiwan	Network integration, internet data center ("IDC"), communications integration and cloud application services	459,652	459,652	39,426	56	1,845,072	686,567	397,403	Subsidiary
	Chunghua Investment Co., Ltd.	Taiwan	Investment	639,559	639,559	68,085	89	3,202,188	296,371	263,916	Subsidiary
	Prime Asia Investments Group Ltd. (B.V.I.)	British Virgin Islands	Investment	385,274	385,274	1	100	153,582	(5,412)	(5,412)	Subsidiary
	Honghua International Co., Ltd.	Taiwan	Telecommunication engineering, sales agent of mobile phone plan application and other business services, etc.	180,000	180,000	18,000	100	624,218	358,766	338,750	Subsidiary
	CHYP Multimedia Marketing & Communications Co., Ltd.	Taiwan	Digital information supply services and advertisement services	150,000	150,000	15,000	100	201,424	22,313	22,647	Subsidiary
	Chunghua Telecom Vietnam Co., Ltd.	Vietnam	Intelligent energy saving solutions, international circuit, and information and communication technology ("ICT") services	148,275	148,275	-	100	97,014	(1,201)	(1,201)	Subsidiary
	Chunghua Telecom Global, Inc.	United States	International private leased circuit, internet services, and transit services	70,429	70,429	6,000	100	464,281	73,251	73,638	Subsidiary
	CHT Security Co., Ltd.	Taiwan	Computing equipment installation, wholesale of computing and business machinery equipment and software, management consulting services, data processing services, digital information supply services and internet identity services	240,000	240,000	24,000	77	375,827	167,194	130,861	Subsidiary
	Chunghua Telecom (Thailand) Co., Ltd.	Thailand	International private leased circuit, IP VPN service, ICT and cloud VAS services	119,624	119,624	1,300	100	99,853	3,835	3,835	Subsidiary
	Spring House Entertainment Tech. Inc.	Taiwan	Software design services, internet contents production and play, and motion picture production and distribution	62,209	62,209	8,251	56	143,613	47,311	26,513	Subsidiary
	Chunghua Leading Photonics Tech Co., Ltd.	Taiwan	Production and sale of electronic components and finished products	70,500	70,500	7,050	75	121,879	3,046	4,962	Subsidiary
	Smartfun Digital Co., Ltd.	Taiwan	Providing diversified family education digital services	65,000	65,000	6,500	65	79,876	17,949	11,557	Subsidiary
	Chunghua Telecom Japan Co., Ltd.	Japan	International private leased circuit, IP VPN service, and IP transit services	17,291	17,291	1	100	98,852	21,693	21,693	Subsidiary
	Chunghua Sochamp Technology Inc.	Taiwan	Design, development and production of Automatic License Plate Recognition software and hardware	20,400	20,400	2,040	51	(4,908)	(3,615)	131	Subsidiary
	International Integrated Systems, Inc.	Taiwan	IT solution provider, IT application consultation, system integration and package solution	517,423	517,423	37,211	51	586,133	152,890	48,312	Subsidiary

(Continued)

CHUNGHWA TELECOM CO., LTD. AND INVESTEEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES IN WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)

YEAR ENDED DECEMBER 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021		Net Income (Loss) of the Investee	Recognized Gain (Loss) (Notes 1, 2 and 3)	Note
				December 31, 2021	December 31, 2020	Shares (Thousands)	Percentage of Ownership (%)			
Senao International Co., Ltd.	Viettel-CHT Co., Ltd. Taiwan International Standard Electronics Co., Ltd.	Vietnam Taiwan	IDC services Manufacturing, selling, designing, and maintaining of telecommunications systems and equipment	\$ 288,327 164,000	\$ 288,327 164,000	\$ - 1,760	30 40	\$ 271,072 368,779	\$ 80,881 158,100	Associate Associate
	KKBOX Taiwan Co., Ltd.	Taiwan	Providing of music on-line, software, electronic information, and advertisement services	67,025	67,025	4,438	30	(17,884)	(5,365)	Associate
	So-net Entertainment Taiwan Limited Kingway Tek Technology Co., Ltd.	Taiwan Taiwan	Online service and sale of computer hardware Design and sale of digital map, technical support for computer peripherals device, design and development of system programming projects	120,008 66,684	120,008 66,684	9,429 9,557	30 23	(34,418) 45,965	(10,325) 11,028	Associate Associate
	Taiwan International Ports Logistics Corporation Alliance Digital Tech Co., Ltd.	Taiwan Taiwan	Import and export storage, logistic warehouse, and ocean shipping service Development of mobile payments and information processing service	80,000 -	80,000 60,000	8,000 -	27 -	53,228 -	14,196 -	Associate Associate (Note 5)
	Chungghwa PPhone Fund I Co., Ltd.	Taiwan	Investment, venture capital, investment advisor, management consultant and other consultancy service	200,000	200,000	20,000	50	59,270	29,635	Associate
	Cornerstone Ventures Co., Ltd.	Taiwan	Investment, venture capital, investment advisor, management consultant and other consultancy service	4,900	4,900	490	49	1,081	530	Associate
	Next Commercial Bank Co., Ltd. Chungghwa SEA Holdings WiAdvance Technology Corporation	Taiwan Taiwan Taiwan	Online banking business Investment business Software solution integration	4,190,000 10,200 273,800	4,190,000 10,200 -	419,000 1,020 3,700	42 51 20	(445,665) (525) (75,184)	(184,822) (268) (20,414)	Associate Joint venture Associate
	Senao Networks, Inc.	Taiwan	Telecommunication facilities manufactures and sales	202,758	202,758	16,579	34	449,270	151,821	Associate
	Senao International (Samoa) Holding Ltd. Youth Co., Ltd.	Samoa Islands Taiwan	International investment Sale of information and communication technologies products	2,046,143 427,850	2,253,828 427,850	31,875 14,752	100 96	(3,829) 1,860	(3,829) (35,550)	Subsidiary Subsidiary
	Aval Technologies Co., Ltd.	Taiwan	Sale of information and communication technologies products	89,550	89,550	10,840	100	9,112	9,106	Subsidiary
CHIEF Telecom Inc.	Senyoung Insurance Agent Co., Ltd.	Taiwan	Property and liability insurance agency	59,000	59,000	5,900	100	36,097	36,085	Subsidiary
	Unigate Telecom Inc. Chief International Corp.	Taiwan Samoa Islands	Telecommunications and internet service Telecommunications and internet service	2,000 6,068	2,000 6,068	200 200	100 100	99 7,380	99 7,380	Subsidiary Subsidiary
	ST-2 Satellite Ventures Pte., Ltd.	Singapore	Operation of ST-2 telecommunications satellite	409,061	409,061	18,102	38	503,532	191,342	Associate
Chungghwa Telecom Singapore Pte., Ltd.	CHT Infinity Singapore Pte. Ltd.	Singapore	Investment business	55,720	-	2,000	40	(1,034)	(413)	Associate
	Chungghwa Precision Test Tech. Co., Ltd. CHIEF Telecom Inc.	Taiwan Taiwan	Production and sale of semiconductor testing components and printed circuit board Network integration, internet data center ("IDC"), communications integration and cloud application services	178,608 19,064	178,608 19,064	11,230 2,078	34 3	891,760 686,567	305,428 20,254	Subsidiary Associate
	Senao International Co., Ltd. AgriTalk Technology Inc.	Taiwan Taiwan	Selling and maintaining mobile phones and its peripheral products Providing smart agricultural solutions, scientific agricultural product, biological inhibitor, and biochips	49,731 33,000	49,731 -	1,001 1,650	- 17	596,948 (5,791)	2,314 (872)	Associate Associate (Note 6)
Imedtac Co., Ltd.		Taiwan	Providing medical AIoT solution, biomedical engineering services, and sales of medical device as an agent	48,000	-	960	7	(3,110)	955	Associate (Note 7)

(Continued)

CHUNGHWA TELECOM CO., LTD. AND INVESTEEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES IN WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)
 YEAR ENDED DECEMBER 31, 2021
 (Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021		Net Income (Loss) of the Investee	Recognized Gain (Loss) (Notes 1, 2 and 3)	Note
				December 31, 2021	December 31, 2020	Shares (Thousands)	Percentage of Ownership (%)			
Chungghwa Precision Test Tech. Co., Ltd.	Chungghwa Precision Test Tech Corporation	United States	Design and after-sale services of semiconductor testing components and printed circuit board	\$ 74,192	\$ 12,636	2,600	100	\$ 1,164	\$ 1,164	Subsidiary
	CHPT Japan Co., Ltd.	Japan	Related services of electronic parts, machinery processed products and printed circuit board	2,008	2,008	1	100	118	118	Subsidiary
	Chungghwa Precision Test Tech. International, Ltd.	Samoa Islands	Wholesale and retail of electronic materials, and investment	173,649	116,790	5,700	100	8,165	8,882	Subsidiary
Prime Asia Investments Group, Ltd. (B.V.I.)	Chungghwa Hsingta Co., Ltd.	Hong Kong	Investment	375,274	375,274	1	100	(5,412)	(5,412)	Subsidiary
Senao International (Samoa) Holding Ltd.	Senao International HK Limited	Hong Kong	International investment	2,060,467	2,248,963	80,440	100	(3,834)	(3,834)	Subsidiary
Youth Co., Ltd.	ISPOT Co., Ltd.	Taiwan	Sale of information and communication technologies products	53,021	53,021	-	100	1,533	1,341	Subsidiary
	Youyi Co., Ltd.	Taiwan	Maintenance of information and communication technologies products	21,354	21,354	-	100	(331)	(521)	Subsidiary
Aval Technologies Co., Ltd.	Win Technology Co., Ltd.	Taiwan	Sale of information and communication technologies products	29,550	29,550	3,305	100	5,964	5,964	Subsidiary
Senyoung Insurance Agent Co., Ltd.	SenaoLife Insurance Agent Co., Ltd.	Taiwan	Life insurance services	29,500	29,500	2,950	100	(2,697)	(2,697)	Subsidiary
CHYP Multimedia Marketing & Communications Co., Ltd	Click Force Marketing Company	Taiwan	Advertisement services	44,607	44,607	1,154	49	12,527	5,631	Associate
International Integrated Systems, Inc.	Infoexplorer International Co., Ltd.	Samoa	Investment	24,806	24,806	795	100	(177)	(177)	Subsidiary
	IISI Investment Co., Ltd.	Mauritius	Investment	81,302	81,302	244	100	(975)	(975)	Subsidiary
	Unitronics Technology Corp.	Taiwan	Development and maintenance of information system	55,569	55,569	5,065	99.96	9,991	9,988	Subsidiary
Infoexplorer International Co., Ltd.	International Integrated Systems (Hong Kong) Limited	Hong Kong	Investment and engaging in technical consulting service	24,336	24,336	780	100	(176)	(176)	Subsidiary
IISI Investment Co., Ltd.	Leading Tech Co., Ltd.	Mauritius	Investment	65,374	65,374	316	100	90	90	Subsidiary
Leading Tech Co., Ltd.	Leading Systems Co., Ltd.	Mauritius	Investment	100,693	100,693	300	100	90	90	Subsidiary

Note 1: The amounts were based on audited financial statements.

Note 2: Recognized gain (loss) of investees includes amortization of differences between the investment cost and net value and elimination of unrealized transactions.

Note 3: Recognized gain (loss) and carrying value of the investees did not include the adjustment of the difference between the accounting treatment on standalone basis and consolidated basis as a result of the application of IFRS 15.

Note 4: Investments in mainland China are included in Table 8.

Note 5: Alliance Digital Tech Co., Ltd. completed its liquidation in August 2021.

Note 6: AgriTalk Technology Inc. was reclassified from financial asset at FVOCI to associate in July 2021.

Note 7: Inmedac Co., Ltd. was reclassified from financial asset at FVOCI to associate in August 2021.

(Concluded)

TABLE 8

CHUNGHWA TELECOM CO., LTD. AND INVESTEEES

INVESTMENTS IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Investee	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021	Note
					Outflow	Inflow							
Senao Trading (Fujian) Co., Ltd.	Sale of information and communication technologies products	\$ 1,073,170	2	\$ 1,073,170	\$ -	\$ 191,147	\$ 882,023	\$ -	100	\$ -	\$ -	\$ -	Notes 8
Senao International Trading (Shanghai) Co., Ltd.	Sale of information and communication technologies products	955,838	2	955,838	-	-	955,838	1,283	100	1,283	-	-	Notes 9
Chungghwa Telecom (China) Co., Ltd.	Integrated information and communication solution services for enterprise clients, and intelligent energy network service	177,176	2	177,176	-	-	177,176	(2,667)	100	(2,667)	29,312	-	Notes 11
Jiangsu Zhenghua Information Technology Company, LLC	Providing intelligent energy saving solution and intelligent buildings services	189,410	2	142,057	-	-	142,057	-	75	-	-	-	Notes 10
Shanghai Taihua Electronic Technology Limited	Design of printed circuit board and related consultation service	51,233	2	51,233	-	-	51,233	(7,486)	100	(7,486)	8,928	-	-
Su Zhou Precision Test Tech. Ltd.	Assembly processed of circuit board, design of printed circuit board and related consultation service	119,199	2	62,340	56,859	-	119,199	15,716	100	15,716	149,851	-	-
Shanghai Chief Telecom Co., Ltd.	Telecommunications and internet service	10,150	1	4,973	-	-	4,973	755	49	370	13,829	-	-
International Integrated Systems Inc. (Shanghai)	Development and maintenance of information system	48,753	2	39,923	-	-	39,923	(2,747)	100	(2,747)	-	-	Notes 12

(Continued)

Investee	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Stipulated by Investment Commission, MOEA
SENAO and its subsidiaries (Note 3)	\$ 1,837,861	\$ 2,047,858	\$ 3,685,819
Chunghwa Telecom (China) Co., Ltd. (Note 4)	177,176	177,176	234,757,470
Jiangsu Zhenghua Information Technology Company, LLC (Note 4)	142,057	142,057	234,757,470
Chunghwa Precision Test Tech Co., Ltd and its subsidiaries (Note 5)	170,432	216,185	4,527,127
Shanghai Chief Telecom Co., Ltd. (Note 6)	4,973	4,973	1,855,630
IISI and its subsidiaries (Note 7)	39,923	39,923	666,330

Note 1: Investments are divided into three categories as follows:

- a. Direct investment.
- b. Investments through a holding company registered in a third region.
- c. Others.

Note 2: The amounts were calculated based on the investee's audited financial statements.

Note 3: Senao International Co., Ltd. and its subsidiaries were calculated based on the consolidated net assets value of Senao International Co., Ltd.

Note 4: Chunghwa Telecom (China) Co., Ltd. and Jiangsu Zhenghua Information Technology Company, LLC were calculated based on the consolidated net assets value of Chunghwa Telecom Co., Ltd.

Note 5: Chunghwa Precision Test Tech. Co., Ltd. and its subsidiaries were calculated based on the consolidated net assets value of Chunghwa Precision Test Tech. Co., Ltd

Note 6: Shanghai Chief Telecom Co., Ltd. was calculated based on the consolidated net assets value of CHIEF Telecom Inc.

Note 7: IISI and its subsidiaries were calculated based on the consolidated net assets value of IISI.

Note 8: Senao Trading (Fujian) Co., Ltd. completed its liquidation in May 2019.

Note 9: Senao International Trading (Shanghai) Co., Ltd. completed its liquidation in April 2021.

Note 10: Jiangsu Zhenhua Information Technology Company, LLC. completed its liquidation in December 2018.

Note 11: Chunghwa Telecom (China) Co., Ltd. was approved to end and dissolve its business in August 2020. The liquidation of Chunghwa Telecom (China) Co., Ltd. is still in process.

Note 12: International Integrated Systems Inc. (Shanghai) completed its liquidation in August 2021.

(Concluded)

TABLE 9

CHUNGHWA TELECOM CO., LTD.

INFORMATION OF MAJOR STOCKHOLDERS
DECEMBER 31, 2021

Name of Major Stockholders	Shares	
	Number of Shares	Percentage of Ownership (%)
Ministry of Transportation and Communications	2,737,718,976	35.29
Shin Kong Life Insurance Co., Ltd.	438,973,184	5.65

Note: This table presents information provided by the Taiwan Depository & Clearing Corporation on stockholders holding greater than 5% of Chungghwa's dematerialized securities that have completed the process of registration and delivery by book-entry transfer as of the last business day for the current quarter.

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CHUNGHWA TELECOM CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Period	Annual Interest Rate / Earnings Rate	Amount
Cash			\$ 138,312
Cash on hand			
Bank deposits			1,426,900
Checking deposits			6,883,640
Demand deposits			8,310,540
Cash equivalents			
Commercial paper			
Dah Chung Bills Finance Corporation	2021.11.22~2022.01.24	0.28%-0.29%	2,148,138
Taiwan Cooperative Bills Finance Corporation	2021.11.22~2022.01.17	0.28%-0.30%	1,796,622
International Bills Finance Corporation	2021.11.26~2022.01.24	0.26%-0.30%	1,618,373
Taishin International Bank Co., Ltd.	2021.12.06~2022.01.25	0.23%-0.29%	1,598,586
CTBC Bank Co., Ltd.	2021.12.29~2022.01.07	0.20%	1,579,775
Taiwan Finance Corporation	2021.12.06~2022.01.24	0.29%-0.30%	1,248,737
China Bills Finance Corporation	2021.11.22~2022.01.17	0.29%	1,049,214
Ta Ching Bills Finance Corporation	2021.12.06~2022.01.18	0.29%	899,174
Mega Bills Finance Co., Ltd	2021.12.29~2022.01.10	0.25%	199,975
Grand Bills Finance	2021.11.24~2022.01.04	0.28%	199,774
			12,338,368
			7,500,000
Negotiable certificates of deposit	2021.10.13~2022.01.27	0.27%-0.30%	
Stimulus vouchers			2,336
			19,840,704
			\$ 28,289,556

Note: Including USD11,632 thousand @27.68, EUR1,286 thousand @31.32, JPY2,596 thousand @0.241, SGD3 thousand @20.46 and HKD19,158 thousand @3.549.

STATEMENT 2

CHUNGHWA TELECOM CO., LTD.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS-NONCURRENT
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

	Balance, January 1, 2021		Additions in Investment		Decrease in Investment		Balance, December 31, 2021		Note
	Shares (In Thousand)	Amount	Shares (In Thousand)	Amount	Shares (In Thousand)	Amount	Shares (In Thousand)	Percentage of Ownership (%)	Amount
Investee Company									
Financial assets at fair value through profit or loss									
Taiwania Capital Buffalo Fund Co., Ltd.	600,000	\$ 441,095	-	\$ 251,303	44,400	\$ 44,400	555,600	12.90	\$ 647,998
Innovation Works Development Fund, L.P.	-	236,107	-	565	-	-	-	3.55	236,672
		<u>\$ 677,202</u>		<u>\$ 251,868</u>		<u>\$ 44,400</u>			<u>\$ 884,670</u>

Note 1: Addition in investment was fair value adjustments.

Note 2: Decrease in investment was cash refund from capital reduction.

STATEMENT 3

CHUNGHWA TELECOM CO., LTD.

STATEMENT OF TRADE NOTES AND ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Mobile broadband services revenue	\$ 6,598,823
Project services revenue	4,780,349
Leased line services revenue	3,080,959
Internet and value-added services revenue	2,525,297
Local telephone services revenue	1,924,171
Others (Note)	3,355,014
	22,264,613
Less: Loss allowance	(1,572,949)
	<u>\$20,691,664</u>

Note: The amount of individual item included in others does not exceed 5% of the account balance.

STATEMENT 4

CHUNGHWA TELECOM CO., LTD.

STATEMENT OF INVENTORIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Cost	Amount	Market Price (Note)
Merchandise	\$ 1,190,607		\$ 1,629,586
Project in process	4,087,537		6,023,415
	<u>\$ 5,278,144</u>		<u>\$ 7,653,001</u>

Note: Amount of net realizable value.

STATEMENT 5

CHUNGHWA TELECOM CO., LTD.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME-NONCURRENT
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Investee Company	Balance, January 1, 2021		Additions in Investment		Decrease in Investment		Balance, December 31, 2021		
	Shares (In Thousand)	Amount	Shares (In Thousand)	Amount	Shares (In Thousand)	Amount	Shares (In Thousand)	Percentage of Ownership (%)	Amount
Financial assets at fair value through other comprehensive income									
Listed stocks									
China Airlines, Ltd.	216,639	\$ 2,610,501	-	\$ 25,067	216,639	\$ 2,635,568	-	-	\$ -
Non-listed stocks									
Taipei Financial Center Corp.	172,927	4,163,227	-	-	-	1,251,642	172,927	11.76	2,911,585
Industrial Bank of Taiwan II Venture Capital Co., Ltd. (IBT II)	5,252	17,084	-	-	-	1,609	5,252	16.67	15,475
Global Mobile Corp.	7,617	-	-	-	-	-	7,617	2.76	-
Innovation Works Limited	1,000	3,698	-	219	-	-	1,000	1.93	3,917
RPTI Intergruop International Ltd.	4,765	-	-	-	-	-	4,765	10.19	-
Taiwan mobile payment Co., Ltd.	1,200	4,324	-	-	-	127	1,200	2.00	4,197
4 Gamers Entertainment Inc.	136	103,556	-	19,876	-	-	136	19.93	123,432
UUUPON Inc.	246	1,289	-	189	246	1,478	-	-	-
		<u>\$ 6,903,679</u>		<u>\$ 45,351</u>		<u>\$ 3,890,424</u>			<u>\$ 3,058,606</u>

Note 1: Change in investment was fair value adjustments.

Note 2: Addition in investment was fair value adjustments. Decrease in investment was due to the disposal the equity interests.

CHUNGHWA TELECOM CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Investee Company	Balance, January 1, 2021		Additions in Investment		Decrease in Investment		Increase (Decrease) in Using the Equity Method	Balance, December 31, 2021		Market Value / Net Asset Value	Note	
	Shares (In Thousand)	Amount	Shares (In Thousand)	Amount	Shares (In Thousand)	Amount		Shares (In Thousand)	Percentage of Ownership (%)			Amount
Investments accounted for using equity method												
Subsidiaries												
Listed stocks												
Senao International Co., Ltd.	71,773	\$ 294,281	-	\$ -	-	\$ 107,661	\$ 24,403	71,773	28	\$ 211,023	\$ 2,397,218	Notes 2 and 3
CHIEF Telecom Inc.	39,426	1,785,968	-	-	-	346,947	406,051	39,426	56	1,845,072	11,019,567	Notes 2 and 3
Non-listed stocks												
Light Era Development Co., Ltd.	300,000	3,853,234	-	-	-	13,644	17,331	300,000	100	3,856,921	3,887,671	Notes 1 and 3
Donghua Telecom Co., Ltd.	402,590	1,486,252	-	-	224,000	-	(58,923)	178,590	100	613,536	613,536	Notes 1 and 6
Chungghwa Telecom Singapore Pte., Ltd.	26,383	1,013,529	-	-	-	102,240	923,313	26,383	100	1,057,720	1,057,832	Notes 1 and 3
Chungghwa System Integration Co., Ltd.	60,000	725,213	-	-	-	11,934	3,713	60,000	100	716,992	674,355	Notes 1 and 3
Chungghwa Investment Co., Ltd.	68,085	3,017,569	-	-	-	102,128	286,747	68,085	89	3,202,188	3,277,772	Notes 1 and 3
Prime Asia Investments Group Ltd. (B.V.I.)	1	163,121	-	-	-	-	(9,539)	1	100	153,582	153,582	Note 1
Hongghwa International Co., Ltd.	18,000	487,904	-	-	-	206,517	335,223	18,000	100	616,610	676,782	Notes 1 and 3
CHYP Multimedia Marketing & Communications Co., Ltd.	15,000	194,399	-	-	-	15,622	22,647	15,000	100	201,424	200,774	Notes 1 and 3
Spring House Entertainment Tech. Inc.	8,251	126,947	-	-	-	9,901	26,567	8,251	56	143,613	127,878	Notes 1 and 3
Chungghwa Telecom Global, Inc.	6,000	402,623	-	-	-	-	61,658	6,000	100	464,281	458,656	Note 1
Chungghwa Telecom Vietnam Co., Ltd.	-	90,887	-	-	-	-	6,127	-	100	97,014	97,014	Note 1
Smartfun Digital Co., Ltd.	6,500	74,055	-	-	-	5,736	11,557	6,500	65	79,876	80,173	Notes 1 and 3
Chungghwa Telecom Japan Co., Ltd.	1	90,099	-	-	-	-	8,753	1	100	98,852	98,852	Note 1
Chungghwa Socham Technology Inc.	2,040	(5,039)	-	-	-	-	131	2,040	51	(4,908)	3,183	Note 1
Chungghwa Leaping Photonics Tech. Co., Ltd.	7,050	123,967	-	-	-	7,050	4,962	7,050	75	121,879	122,556	Notes 1 and 3
Chungghwa Telecom (Thailand) Co., Ltd.	1,300	110,163	-	-	-	-	(10,310)	1,300	100	99,853	99,853	Note 1
CHT Security Co., Ltd.	24,000	329,943	-	-	-	86,561	132,445	24,000	77	375,827	405,817	Notes 1 and 3
International Integrated Systems, Inc.	37,211	593,049	-	-	-	55,816	48,900	37,211	51	586,133	566,587	Notes 1 and 3
		14,958,164				1,885,550	1,464,874			14,537,488		
Associates												
Listed stocks												
KingwayTek Technology Co., Ltd.	8,688	249,044	869	-	-	1,129	11,028	9,557	23	258,943	909,787	Notes 2, 3 and 4
Non-listed stocks												
Vietel-CHT Co., Ltd.	-	363,522	-	-	-	27,350	110,925	-	30	447,097	447,097	Notes 1 and 3
Taiwan International Standard Electronics Co., Ltd.	1,760	330,031	-	-	-	134,894	152,132	1,760	40	347,269	410,243	Notes 1 and 3
KKBOX Taiwan Co., Ltd.	4,438	163,809	-	-	-	-	(6,285)	4,438	30	157,524	118,284	Note 1
So-net Entertainment Taiwan Limited	9,429	226,647	-	-	-	-	(9,626)	9,429	30	217,021	199,167	Note 1
Alliance Digital Tech Co., Ltd.	6,000	5,080	-	-	6,000	5,080	-	-	-	-	-	Note 7
Taiwan International Ports Logistics Corporation	8,000	55,925	-	-	-	-	14,196	8,000	27	70,121	70,121	Note 1
Chungghwa PChome Fund I Co., Ltd.	20,000	192,856	-	-	-	-	29,635	20,000	50	222,491	222,491	Note 1
Cornestone Ventures Co., Ltd.	490	6,058	-	-	-	-	530	490	49	6,588	6,588	Note 1
Next Commercial Bank Co., Ltd.	419,000	3,776,876	-	-	-	-	(184,822)	419,000	42	3,592,054	3,633,764	Note 1
WIAAdvance Technology Corporation	-	-	3,700	273,800	-	-	(19,927)	3,700	20	253,873	65,068	Notes 1 and 5
		5,369,848		273,800		168,453	97,786			5,572,981		
Joint Ventures												
Non-listed stocks												
Chungghwa SEA Holdings	1,020	10,200	-	-	-	-	(268)	1,020	51	9,932	9,932	Notes 1
		\$ 20,338,212		\$ 273,800		\$ 2,054,003	\$ 1,562,392			\$ 20,120,401		

Note 1: The amounts of net asset value were based on audited financial statements.

Note 2: Fair value was based on the closing price on December 30, 2021.

Note 3: Decrease in investment was cash dividends received.

Note 4: Additions in shares of investment was stock dividends received.

Note 5: Additions in investment was the investment in a new company.

Note 6: Decrease in investment was cash refund from capital reduction.

Note 7: Decrease in investment was the investee completed its liquidation.

STATEMENT 7**CHUNGHWA TELECOM CO., LTD.****STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

	Land and Buildings (Handsets Base Stations)	Land and Buildings (Others)	Equipment	Total
<u>Cost</u>				
Balance on January 1, 2021	\$ 12,392,485	\$ 1,491,399	\$ 2,993,225	\$ 16,877,109
Additions	2,846,193	911,670	1,161,014	4,918,877
Decreases	<u>(358,248)</u>	<u>(299,429)</u>	<u>(29,678)</u>	<u>(687,355)</u>
Balance on December 31, 2021	\$ 14,880,430	\$ 2,103,640	\$ 4,124,561	\$ 21,108,631
<u>Accumulated depreciation and impairment</u>				
Balance on January 1, 2021	\$ 5,293,670	\$ 752,549	\$ 802,663	\$ 6,848,882
Depreciation expenses	2,789,938	402,224	398,496	3,590,658
Impairment loss	-	-	420,590	420,590
Decreases	<u>(192,676)</u>	<u>(288,120)</u>	<u>(8,247)</u>	<u>(489,043)</u>
Balance on December 31, 2021	\$ 7,890,932	\$ 866,653	\$ 1,613,502	\$ 10,371,087
Balance on January 1, 2021, net	\$ 7,098,815	\$ 738,850	\$ 2,190,562	\$ 10,028,227
Balance on December 31, 2021, net	\$ 6,989,498	\$ 1,236,987	\$ 2,511,059	\$ 10,737,544

STATEMENT 8**CHUNGHWA TELECOM CO., LTD.****STATEMENT OF TRADE NOTES AND ACCOUNTS PAYABLE
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Amount
Payable of spare parts for equipment	\$ 3,338,497
Payable of products	1,041,662
Other (Note)	<u>9,739,684</u>
	<u>\$ 14,119,843</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

CHUNGHWA TELECOM CO., LTD.

STATEMENT OF BONDS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Bond Name	Trustee	Issuance Period	Repayment of the Principal and Interest Payment Date	Coupon Rate (%)	Total Amount	Repayments Made	Balance at December 31, 2021	Balance of unamortized discount	Carrying Value	Guarantee
Unsecured domestic bonds	Bank of Taiwan	2020.07~2025.07	Interest payable in July annually and one-time repayment upon maturity	0.50	\$ 8,800,000	\$ -	\$ 8,800,000	\$ (6,685)	\$ 8,793,315	None
	Bank of Taiwan	2020.07~2027.07	Interest payable in July annually and one-time repayment upon maturity	0.54	7,500,000	-	7,500,000	(6,344)	7,493,656	None
	Bank of Taiwan	2020.07~2030.07	Interest payable in July annually and one-time repayment upon maturity	0.59	3,700,000	-	3,700,000	(3,373)	3,696,627	None
	Bank of Taiwan	2021.04~2026.04	Interest payable in April annually and one-time repayment upon maturity	0.42	1,900,000	-	1,900,000	(1,813)	1,898,187	None
	Bank of Taiwan	2021.04~2028.04	Interest payable in April annually and one-time repayment upon maturity	0.46	4,100,000	-	4,100,000	(4,080)	4,095,920	None
	Bank of Taiwan	2021.04~2031.04	Interest payable in April annually and one-time repayment upon maturity	0.50	1,000,000	-	1,000,000	(1,030)	998,970	None
					<u>\$ 27,000,000</u>	<u>\$ -</u>	<u>\$ 27,000,000</u>	<u>\$ (23,325)</u>	<u>\$ 26,976,675</u>	

STATEMENT 10**CHUNGHWA TELECOM CO., LTD.****STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Period	Discount Rate (%)	Amount
Land and buildings			
Handsets base stations	1~20 years	0.37~1.18	\$ 6,709,998
Others	1~30 years	0.37~1.12	1,274,707
Equipment	1~8 years	0.37~0.82	<u>1,971,676</u>
			9,956,381
Less: Lease Liabilities-current			<u>(2,918,782)</u>
Lease Liabilities-noncurrent			<u>\$ 7,037,599</u>

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STATEMENT 11**CHUNGHWA TELECOM CO., LTD.****STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Amount
Depreciation	\$ 29,654,574
Cost of products	16,229,804
Amortization	12,026,219
Salaries	10,406,347
Compensation	6,185,202
Repair, maintenance and warranty expenses	5,761,119
Other (Note)	<u>33,665,524</u>
	<u>\$ 113,928,789</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

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STATEMENT 12

CHUNGHWA TELECOM CO., LTD.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Marketing	General and Administrative	Research and Development	Expected Credit Loss	Total
Salaries	\$ 5,331,498	\$ 1,360,730	\$ 1,222,931	\$ -	\$ 7,915,159
Compensation	3,215,329	806,623	737,836	-	4,759,788
Professional service fee	1,974,926	230,630	210,275	-	2,415,831
Welfare fee	976,314	256,544	205,249	-	1,438,107
Depreciation	631,030	307,010	156,249	-	1,094,289
Marketing and promotion expenses	760,294	-	-	-	760,294
Expected credit loss	-	-	-	141,794	141,794
Other (Note)	3,134,889	923,575	304,885	-	4,363,349
	<u>\$ 16,024,280</u>	<u>\$ 3,885,112</u>	<u>\$ 2,837,425</u>	<u>\$ 141,794</u>	<u>\$ 22,888,611</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

STATEMENT 13

CHUNGHWA TELECOM CO., LTD.

STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2021 and 2020
(In Thousands of New Taiwan Dollars)

	Year Ended December 31, 2021		Year Ended December 31, 2020	
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Operating Costs	Classified as Operating Expenses
Employee benefit expenses				
Salaries	\$ 10,406,347	\$ 7,915,159	\$ 18,321,506	\$ 8,404,332
Insurance	1,160,738	896,858	2,057,596	875,369
Pension	913,816	679,325	1,362,646	973,804
Remuneration to directors	-	44,017	44,017	41,045
Others	7,053,247	5,372,048	12,425,295	5,140,658
	<u>\$ 19,534,148</u>	<u>\$ 14,907,407</u>	<u>\$ 34,441,555</u>	<u>\$ 15,435,208</u>
Depreciation	<u>\$ 29,654,574</u>	<u>\$ 1,094,289</u>	<u>\$ 30,748,863</u>	<u>\$ 1,157,718</u>
Amortization	<u>\$ 12,026,219</u>	<u>\$ 134,407</u>	<u>\$ 12,160,626</u>	<u>\$ 152,061</u>
			<u>\$ 10,578,714</u>	<u>\$ 10,730,775</u>

Note 1: The average numbers of the Company's employees were 20,351 and 21,050, including 10 non-employee directors in 2021 and 2020, respectively.

Note 2: The average employee benefits expense were \$1,691 thousand and \$1,692 thousand for the years ended December 31, 2021 and 2020, respectively. (Which refers to [total employee benefits-total directors' remuneration] divided by [number of employees-number of non-employee directors].)

Note 3: The average salary expenses were \$901 thousand and \$920 thousand for the years ended December 31, 2021 and 2020, respectively. (Which refers to [salary expenses] divided by [number of employees-number of non-employee directors]). The change of average salary expenses is approximately -2%.

Note 4: The Company does not have supervisors; therefore, there is no remuneration to supervisors.

Note 5: The remuneration policies for directors, management personnel, and employees were as follows:

- a. General directors and independent directors:
 - (i) Fixed remuneration is based on monthly basis resolved by the Board of Directors.
 - (ii) Floating remuneration is based on distribution stated in the Company's Articles of Incorporation. Please refer to Note 28(7) for details. Independent directors are excluded from the aforementioned distribution.
- b. The remuneration to management personnel is based on the executive performance management and guidelines which are linked to the Company's performance, business unit performance and personal performance. In addition, the result of corporate social responsibilities is a reference item taking into consideration for the floating remuneration.
- c. Compensation to employees is based on the Company's salary guidance.
- d. The remuneration to directors and management personnel are evaluated regularly and determined by the compensation committee of the Company.

Note 6: The Company's salary expenses refer to recurring grants such as base salary, job premiums, and overtime pay, etc.

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永遠走在最前面
Always Ahead



中華電信股份有限公司

董事長 謝繼茂



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This English-version annual report is a summary translation of the Chinese version.
If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.