Chunghwa Telecom Co., Ltd. and Subsidiaries

Consolidated Financial Statements as of December 31, 2022 and 2023 and for Each of the Three Years in the Period Ended December 31, 2023 and Report of Independent Registered Public Accounting Firm

Deloitte.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Chunghwa Telecom Co., Ltd. and subsidiaries (the "Company") as of December 31, 2022 and 2023, the related consolidated statements of comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Our audits also comprehended the translation of New Taiwan dollar amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 6 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside the Republic of China.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 17, 2024, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

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

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

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition on Mobile Service – Refer to Notes 3 and 42 to the consolidated financial statements

Critical Audit Matter Description

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.

How the Critical Audit Matter Was Addressed in the Audit

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

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

Deloitte & Touche

Deloitte & Touche
Taipei, Taiwan
Republic of China

April 17, 2024

We have served as the Company's auditor since 1998.

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
December 31, 2022 and 2023
(In Millions of New Taiwan or U.S. Dollars)

ASSETS	Notes	2022 NT$	2023 NT$	2023 US$ (Note 6)
CURRENT ASSETS				
Cash and cash equivalents	3, 7, 39	$ 50,193	$ 33,824	$ 1,105
Financial assets at fair value through profit or loss	3, 4, 8	4	1	-
Hedging financial assets	3, 21	13	-	-
Contract assets	3, 30	6,056	6,713	219
Trade notes and accounts receivable, net	3, 4, 10, 30	24,672	24,842	811
Receivables from related parties	39	75	78	3
Inventories	3, 4, 11	11,316	11,521	376
Prepayments	12	2,398	2,840	93
Other current monetary assets	13, 28, 35, 39	3,619	20,352	665
Incremental costs of obtaining contracts	3, 30	-	211	7
Other current assets	19, 20, 32, 40	3,555	2,822	92
Total current assets		101,901	103,204	3,371
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss	3, 4, 8	1,020	1,036	34
Financial assets at fair value through other comprehensive income	3, 4, 9, 35	3,491	4,412	144
Investments accounted for using equity method	3, 15, 35	6,949	8,252	269
Contract assets	3, 30	3,137	3,769	123
Property, plant and equipment	3, 4, 16, 35, 39, 40	291,528	292,338	9,547
Right-of-use assets	3, 4, 17, 39	11,103	11,238	367
Investment properties	3, 4, 18, 39	9,804	9,805	320
Intangible assets	3, 4, 19, 39	79,187	72,727	2,375
Deferred income tax assets	3, 32	2,197	2,099	69
Incremental costs of obtaining a contract	3, 30	980	939	31
Net defined benefit assets	3, 4, 28	5,266	5,963	195
Prepayments	12, 41	1,728	3,330	109
Other noncurrent assets	20, 40, 41	4,705	4,629	151
Total noncurrent assets		421,095	420,537	13,734
TOTAL		$ 522,996	$ 523,741	$ 17,105

LIABILITIES AND EQUITY	Notes	2022 NT$	2023 NT$	2023 US$ (Note 6)
CURRENT LIABILITIES				
Short-term loans	22	$ 722	$ 585	$ 19
Hedging financial liabilities	3, 21	-	-	-
Contract liabilities	3, 30, 39	13,390	14,088	460
Trade notes and accounts payable	25	16,429	14,396	470
Payables to related parties	39	539	385	13
Current tax liabilities	3, 32	6,999	6,613	216
Lease liabilities	3, 4, 17, 35, 39	3,339	3,505	115
Other payables	26, 35	25,080	25,257	825
Provisions	3, 27	226	337	11
Current portion of long-term loans	22, 40	-	1,600	52
Other current liabilities		1,016	984	32
Total current liabilities		67,740	67,750	2,213
NONCURRENT LIABILITIES				
Long-term loans	23, 40	1,600	-	-
Bonds payable	24	30,477	30,483	996
Contract liabilities	3, 30	7,674	7,560	247
Deferred income tax liabilities	3, 32	2,301	2,461	80
Provisions	3, 27	173	485	16
Lease liabilities	3, 4, 17, 35, 39	7,334	7,470	244
Customers' deposits	39	5,157	5,309	173
Net defined benefit liabilities	3, 4, 28	2,285	2,098	69
Other noncurrent liabilities		6,726	7,406	241
Total noncurrent liabilities		63,727	63,272	2,066
Total liabilities		131,467	131,022	4,279
EQUITY ATTRIBUTABLE TO STOCKHOLDERS OF THE PARENT				
Common stocks		77,574	77,574	2,533
Additional paid-in capital		149,844	149,828	4,893
Retained earnings				
Legal reserve		77,574	77,574	2,533
Special reserve		3,084	2,899	96
Unappropriated earnings		71,268	72,059	2,353
Total retained earnings		151,926	152,532	4,982
Others		(223)	353	12
Total equity attributable to stockholders of the parent	14, 29	379,121	380,287	12,420
NONCONTROLLING INTERESTS	14, 29	12,408	12,432	406
Total equity		391,529	392,719	12,826
TOTAL		$ 522,996	$ 523,741	$ 17,105

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, 2022 and 2023
(In Millions of New Taiwan or U.S. Dollars, Except Earnings Per Share That Are in New Taiwan or U.S. Dollars)

		2021	2022	2023	
	Notes	**NT$**	**NT$**	**NT$**	**US$ (Note 6)**
REVENUES	3, 30, 39, 42	$ 210,478	$ 216,739	$ 223,199	$ 7,289
OPERATING COSTS	3, 11, 28, 30, 31, 39	135,111	136,717	141,767	4,630
GROSS PROFIT		75,367	80,022	81,432	2,659
OPERATING EXPENSES					
Marketing		20,944	22,819	23,599	771
General and administrative		5,293	6,580	6,801	222
Research and development		3,688	3,774	3,892	127
Expected credit loss		143	117	152	5
Total operating expenses	3, 10, 28, 31, 39	30,068	33,290	34,444	1,125
OTHER INCOME AND EXPENSES	16, 17, 18, 19, 31, 42	(369)	93	(635)	(20)
INCOME FROM OPERATIONS		44,930	46,825	46,353	1,514
NON-OPERATING INCOME AND EXPENSES					
Interest income	39, 42	95	249	618	20
Other income	9, 31, 39	378	369	382	12
Other gains and losses	15, 31, 39	461	(418)	(279)	(9)
Interest expense	17, 31, 39, 42	(218)	(263)	(319)	(10)
Share of profits of associates and joint ventures accounted for using equity method	15, 42	421	442	253	8
Total non-operating income and expenses		1,137	379	655	21
INCOME BEFORE INCOME TAX		46,067	47,204	47,008	1,535
INCOME TAX EXPENSE	3, 32	9,020	9,335	8,947	292
NET INCOME		37,047	37,869	38,061	1,243
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit pension plans	28	390	1,154	157	5
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income	3, 29, 37	(1,186)	(137)	619	20
Gain or loss on hedging instruments subject to basis adjustment	3, 21	(10)	21	(13)	-

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021, 2022 and 2023
(In Millions of New Taiwan or U.S. Dollars, Except Earnings Per Share That Are in New Taiwan or U.S. Dollars)

	Notes	2021 NT$	2022 NT$	2023 NT$	2023 US$ (Note 6)
Share of other comprehensive income (loss) of associates and joint ventures	15	$ (4)	$ 3	$ 6	$ -
Income tax relating to items that will not be reclassified to profit or loss	32	(78)	(231)	(31)	(1)
		(888)	810	738	24
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising from the translation of the foreign operations		(77)	296	(46)	(1)
Share of other comprehensive income (loss) of associates and joint ventures	15	(1)	6	(23)	(1)
Income tax relating to items that may be reclassified subsequently	32	-	-	-	-
		(78)	302	(69)	(2)
Total other comprehensive income (loss), net of income tax		(966)	1,112	669	22
TOTAL COMPREHENSIVE INCOME		$ 36,081	$ 38,981	$ 38,730	$ 1,265
NET INCOME ATTRIBUTABLE TO					
Stockholders of the parent		$ 35,616	$ 36,358	$ 36,958	$ 1,207
Noncontrolling interests		1,431	1,511	1,103	36
		$ 37,047	$ 37,869	$ 38,061	$ 1,243
COMPREHENSIVE INCOME ATTRIBUTABLE TO					
Stockholders of the parent		$ 34,652	$ 37,450	$ 37,658	$ 1,230
Noncontrolling interests		1,429	1,531	1,072	35
		$ 36,081	$ 38,981	$ 38,730	$ 1,265
EARNINGS PER SHARE	33				
Basic		$4.59	$4.69	$4.76	$0.16
Diluted		$4.59	$4.68	$4.76	$0.16
EARNINGS PER EQUIVALENT ADS					
Basic		$45.91	$46.87	$47.64	$1.56
Diluted		$45.86	$46.81	$47.58	$1.55

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, 2022 and 2023
(In Millions of New Taiwan or U.S. Dollars)

	Equity Attributable to Stockholders of the Parent												
			Retained Earnings				Others						
	Common Stocks	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings	Exchange Differences Arising from the Translation of the Foreign Operations	Unrealized Gain or Loss on Financial Assets at Fair Value through Other Comprehensive Income	Gain or Loss on Hedging Instruments	Total Others	Total Equity Attributable to Stockholders of the Parent	Noncontrolling Interests	Total Equity
	NT$	NT$	NT$	NT$	NT$	NT$	NT$	NT$	NT$	NT$	NT$	NT$	NT$
BALANCE, JANUARY 1, 2021	$ 77,574	$ 149,790	$ 77,574	$ 2,676	$ 67,574	$ 147,824	$ (315)	$ 1,240	$ 2	$ 927	$ 376,115	$ 11,158	$ 387,273
Appropriation of 2020 earnings													
Cash dividends distributed by Chunghwa	-	-	-	-	(33,404)	(33,404)	-	-	-	-	(33,404)	-	(33,404)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(896)	(896)
Unclaimed dividend	-	2	-	-	-	-	-	-	-	-	2	-	2
Change in additional paid-in capital from investments in associates and joint ventures accounted for using equity method	-	1	-	-	-	-	-	-	-	-	1	-	1
Net income for the year ended December 31, 2021	-	-	-	-	35,616	35,616	-	-	-	-	35,616	1,431	37,047
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	311	311	(77)	(1,188)	(10)	(1,275)	(964)	(2)	(966)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	35,927	35,927	(77)	(1,188)	(10)	(1,275)	34,652	1,429	36,081
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	60	60	-	(60)	-	(60)	-	-	-
Share-based payment transactions of subsidiaries	-	17	-	-	-	-	-	-	-	-	17	56	73
BALANCE, DECEMBER 31, 2021	77,574	149,810	77,574	2,676	70,157	150,407	(392)	(8)	(8)	(408)	377,383	11,747	389,130
Appropriation of 2021 earnings													
Special reserve	-	-	-	408	(408)	-	-	-	-	-	-	-	-
Cash dividends distributed by Chunghwa	-	-	-	-	(35,746)	(35,746)	-	-	-	-	(35,746)	-	(35,746)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,053)	(1,053)
Unclaimed dividend	-	2	-	-	-	-	-	-	-	-	2	-	2
Change in additional paid-in capital for not proportionately participating in the capital increase of subsidiaries	-	5	-	-	-	-	-	-	-	-	5	10	15
Net income for the year ended December 31, 2022	-	-	-	-	36,358	36,358	-	-	-	-	36,358	1,511	37,869
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	907	907	281	(117)	21	185	1,092	20	1,112
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	37,265	37,265	281	(117)	21	185	37,450	1,531	38,981
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payment transactions of subsidiaries	-	27	-	-	-	-	-	-	-	-	27	62	89
Net increase in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	-	111	111
BALANCE, DECEMBER 31, 2022	77,574	149,844	77,574	3,084	71,268	151,926	(111)	(125)	13	(223)	379,121	12,408	391,529
Appropriation of 2022 earnings													
Special reserve	-	-	-	(185)	185	-	-	-	-	-	-	-	-
Cash dividends distributed by Chunghwa	-	-	-	-	(36,476)	(36,476)	-	-	-	-	(36,476)	-	(36,476)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,092)	(1,092)
Unclaimed dividend	-	2	-	-	-	-	-	-	-	-	2	-	2
Change in additional paid-in capital from investments in associates and joint ventures accounted for using equity method	-	(26)	-	-	-	-	-	-	-	-	(26)	-	(26)
Actual acquisition of interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2023	-	-	-	-	36,958	36,958	-	-	-	-	36,958	1,103	38,061
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	124	124	(57)	646	(13)	576	700	(31)	669
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	37,082	37,082	(57)	646	(13)	576	37,658	1,072	38,730
Share-based payment transactions of subsidiaries	-	8	-	-	-	-	-	-	-	-	8	25	33
Net increase in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	-	19	19
BALANCE, DECEMBER 31, 2023	$ 77,574	$ 149,828	$ 77,574	$ 2,899	$ 72,059	$ 152,532	$ (168)	$ 521	$ -	$ 353	$ 380,287	$ 12,432	$ 392,719
BALANCE, DECEMBER 31, 2023 (IN MILLIONS OF US$ - Note 6)	$ 2,533	$ 4,893	$ 2,533	$ 96	$ 2,353	$ 4,982	$ (5)	$ 17	$ -	$ 12	$ 12,420	$ 406	$ 12,826

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, 2022 and 2023
(In Millions of New Taiwan or U.S. Dollars)

	2021	2022	2023	
	NT$	NT$	NT$	US$ (Note 6)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	$ 46,067	$ 47,204	$ 47,008	$ 1,535
Adjustments for:				
Depreciation	31,832	32,786	32,956	1,076
Amortization	6,569	6,643	6,699	219
Amortization of incremental costs of obtaining contracts	815	841	856	28
Expected credit loss	143	117	152	5
Interest expense	218	263	319	10
Interest income	(95)	(249)	(618)	(20)
Dividend income	(154)	(157)	(167)	(5)
Compensation cost of share-based payment transactions	19	16	8	-
Share of profits of associates and joint ventures accounted for using equity method	(421)	(442)	(253)	(8)
Loss on disposal of property, plant and equipment	3	5	-	-
Gain on disposal of financial instruments	-	(1)	-	-
Loss (gain) on disposal of investments accounted for using equity method	(4)	14	(6)	-
Provision for impairment loss and obsolescence of inventory	207	34	23	1
Impairment loss on property, plant and equipment	-	-	299	10
Impairment loss on right-of-use assets	420	-	-	-
Impairment loss (reversal of impairment loss) on investment properties	(83)	(107)	336	10
Impairment loss on intangible assets	29	9	-	-
Valuation loss (gain) on financial assets and liabilities at fair value through profit or loss, net	(243)	206	98	3
Others	(133)	254	(60)	(2)
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Contract assets	(336)	(1,031)	(1,291)	(42)
Trade notes and accounts receivable	(1,339)	(785)	(287)	(9)
Receivables from related parties	189	(34)	(3)	-
Inventories	875	(23)	(178)	(6)
Prepayments	392	2	(315)	(9)
Other current monetary assets	(386)	(165)	107	3
Other current assets	(630)	(576)	733	24
Incremental cost of obtaining contracts	(803)	(833)	(1,026)	(34)
Increase (decrease) in:				
Contract liabilities	(1,652)	1,990	584	19
Trade notes and accounts payable	2,468	(1,631)	(2,033)	(66)
Payables to related parties	(255)	147	(154)	(5)
Other payables	248	782	562	18
Provisions	13	(28)	373	12
Other current liabilities	(12)	60	(14)	-
Net defined benefit plans	(756)	(724)	(728)	(24)
Cash generated from operations	83,205	84,587	83,980	2,743
Interests paid	(192)	(239)	(314)	(10)
Income taxes paid	(8,155)	(8,397)	(9,107)	(297)
Net cash provided by operating activities	74,858	75,951	74,559	2,436

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CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021, 2022 and 2023
(In Millions of New Taiwan or U.S. Dollars)

	2021	2022	2023	
	NT$	NT$	NT$	US$ (Note 6)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of financial assets at fair value through other comprehensive income	$ (313)	$ (19)	$ (305)	$ (10)
Proceeds from disposal of financial assets at fair value through other comprehensive income	2,912	-	-	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	7	-	-
Acquisition of financial assets at fair value through profit or loss	(44)	(360)	(133)	(4)
Proceeds from disposal of financial assets at fair value through profit or loss	25	15	-	-
Proceeds from capital reduction and profit distribution of financial assets at fair value through profit or loss	-	66	22	1
Acquisition of time deposits, negotiable certificates of deposit and commercial paper with maturities of more than three months	(17,369)	(5,670)	(45,239)	(1,477)
Proceeds from disposal of time deposits, negotiable certificates of deposit and commercial paper with maturities of more than three months	18,446	7,310	28,577	933
Acquisition of investments accounted for using equity method	(330)	(52)	(1,555)	(51)
Proceeds from disposal of investments accounted for using equity method	9	-	-	-
Proceeds from capital reduction of investments accounted for using equity method	-	340	-	-
Acquisition of property, plant and equipment	(35,333)	(31,535)	(30,741)	(1,004)
Proceeds from disposal of property, plant and equipment	27	16	19	1
Acquisition of intangible assets	(256)	(1,893)	(237)	(8)
Acquisition of investment properties	(1)	(18)	(54)	(2)
Decrease in other noncurrent assets	338	235	166	5
Increase in prepayments for leases	-	-	(1,729)	(57)
Interests received	95	219	568	19
Dividends received	622	550	467	15
Net cash used in investing activities	(31,172)	(30,789)	(50,174)	(1,639)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from short-term loans	154	1,292	2,590	85
Repayments of short-term loans	(156)	(635)	(2,727)	(89)
Proceeds from short-term bills payable	5,000	-	-	-
Repayments of short-term bills payable	(12,000)	-	-	-
Proceeds from issuance of bonds	7,000	3,500	-	-
Payments for transaction costs attributable to the issuance of bonds	(7)	(4)	-	-
Increase (decrease) in customers' deposits	477	(223)	134	4
Payments for the principal of lease liabilities	(3,729)	(3,777)	(3,884)	(127)
Increase in other noncurrent liabilities	3,191	1,644	680	22
Cash dividends paid	(33,404)	(35,746)	(36,476)	(1,191)
Acquisition of additional interests in subsidiaries	-	-	-	-
Cash dividends distributed to noncontrolling interests	(896)	(1,053)	(1,092)	(35)
Change in other noncontrolling interests	54	200	43	1
Unclaimed dividend	2	2	2	-
Net cash used in financing activities	(34,314)	(34,800)	(40,730)	(1,330)

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021, 2022 and 2023
(In Millions of New Taiwan or U.S. Dollars)

	2021	2022	2023	
	NT$	NT$	NT$	US$ (Note 6)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	$ (13)	$ 52	$ (24)	$ (1)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,359	10,414	(16,369)	(534)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	30,420	39,779	50,193	1,639
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 39,779	$ 50,193	$ 33,824	$ 1,105

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

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

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

1. GENERAL

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

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

Chunghwa launched its organizational transformation based on customer-centric structure effective from January 2022. Please refer to Note 42 Segment Information for details.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by the management on March 29, 2024.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

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

Basis of Preparation

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

Current and Noncurrent Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within twelve months after the reporting period; and

c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within twelve months after the reporting period; and

c. Liabilities for which the Company 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

a. Principles for preparing consolidated financial statements

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

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

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

   <u>Attribution of total comprehensive income to noncontrolling interests</u>

   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.

   <u>Changes in the Company’s ownership interests in subsidiaries</u>

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

b. The subsidiaries in the consolidated financial statements

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

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership Interests December 31 2022	Percentage of Ownership Interests December 31 2023	Note
Chunghwa Telecom Co., Ltd.	Senao International Co., Ltd. ("SENAO")	Handset and peripherals retailer, sales of CHT mobile phone plans as an agent	28	28	a)
	Light Era Development Co., Ltd. ("LED")	Planning and development of real estate and intelligent buildings, and property management	100	100	
	Donghwa Telecom Co., Ltd. ("DHT")	International private leased circuit, IP VPN service, and IP transit services	100	100	
	Chunghwa Telecom Singapore Pte., Ltd. ("CHTS")	International private leased circuit, IP VPN service, and IP transit services	100	100	
	Chunghwa System Integration Co., Ltd. ("CHSI")	Providing system integration services and telecommunications equipment	100	100	
	Chunghwa Investment Co., Ltd. ("CHI")	Investment	89	89	
	CHIEF Telecom Inc. ("CHIEF")	Network integration, internet data center ("IDC"), communications integration and cloud application services	56	56	b)
	CHYP Multimedia Marketing & Communications Co., Ltd. ("CHYP")	Digital information supply services and advertisement services	100	100	
	Prime Asia Investments Group Ltd. ("Prime Asia")	Investment	100	100	
	Spring House Entertainment Tech. Inc. ("SHE")	Software design services, internet contents production and play, and motion picture production and distribution	56	56	
	Chunghwa Telecom Global, Inc. ("CHTG")	International private leased circuit, internet services, and transit services	100	100	
	Chunghwa Telecom Vietnam Co., Ltd. ("CHTV")	Intelligent energy saving solutions, international circuit, and information and communication technology ("ICT") services	100	100	
	Smartfun Digital Co., Ltd. ("SFD")	Providing diversified family education digital services	65	65	
	Chunghwa Telecom Japan Co., Ltd. ("CHTJ")	International private leased circuit, IP VPN service, and IP transit services	100	100	
	Chunghwa Sochamp Technology Inc. ("CHST")	Design, development and production of Automatic License Plate Recognition software and hardware	37	37	c)
	Honghwa International Co., Ltd. ("HHI")	Telecommunications engineering, sales agent of mobile phone plan application and other business services, etc.	100	100	
	Chunghwa Leading Photonics Tech Co., Ltd. ("CLPT")	Production and sale of electronic components and finished products	75	75	d)
	Chunghwa Telecom (Thailand) Co., Ltd. ("CHTT")	International private leased circuit, IP VPN service, ICT and cloud VAS services	100	100	
	CHT Security Co., Ltd. ("CHTSC")	Computing equipment installation, wholesale of computing and business machinery equipment and software, management consulting services, data processing services, digital information supply services and internet identity services	73	69	e)
	International Integrated Systems, Inc. ("IISI")	IT solution provider, IT application consultation, system integration and package solution	51	51	
Senao International Co., Ltd.	Senao International (Samoa) Holding Ltd. ("SIS")	International investment	100	-	f)
	Youth Co., Ltd. ("Youth")	Sale of information and communication technologies products	96	96	

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership Interests December 31 2022	2023	Note
	Aval Technologies Co., Ltd. ("Aval")	Sale of information and communication technologies products	100	100	
	Senyoung Insurance Agent Co., Ltd. ("SENYOUNG")	Property and liability insurance agency	100	100	
Youth Co., Ltd.	ISPOT Co., Ltd. ("ISPOT")	Sale of information and communication technologies products	100	100	
	Youyi Co., Ltd. ("Youyi")	Maintenance of information and communication technologies products	100	-	g)
Aval Technologies Co., Ltd.	Wiin Technology Co., Ltd. ("Wiin")	Sale of information and communication technologies products	100	100	
Senyoung Insurance Agent Co., Ltd.	Senaolife Insurance Agent Co., Ltd. ("Senaolife")	Life insurance services	100	-	h)
CHIEF Telecom Inc.	Unigate Telecom Inc. ("Unigate")	Telecommunications and internet service	100	100	
	Chief International Corp. ("CIC")	Telecommunications and internet service	100	100	
	Shanghai Chief Telecom Co., Ltd. ("SCT")	Telecommunications and internet service	49	49	i)
Chunghwa Investment Co., Ltd.	Chunghwa Precision Test Tech. Co., Ltd. ("CHPT")	Production and sale of semiconductor testing components and printed circuit board	34	34	j)
Chunghwa Precision Test Tech. Co., Ltd.	Chunghwa Precision Test Tech. USA Corporation ("CHPT (US)")	Design and after-sale services of semiconductor testing components and printed circuit board	100	100	
	CHPT Japan Co., Ltd. ("CHPT (JP)")	Related services of electronic parts, machinery processed products and printed circuit board	100	100	
	Chunghwa Precision Test Tech. International, Ltd. ("CHPT (International)")	Wholesale and retail of electronic materials, and investment	100	100	
	TestPro Investment Co., Ltd. ("TestPro")	Investment	100	100	k)
TestPro Investment Co., Ltd.	NavCore Tech. Co., Ltd. ("NavCore")	Sale and manufacturing of smart equipment, smart factory software and hardware integration and technical consulting service	54	54	l)
Senao International (Samoa) Holding Ltd.	Senao International HK Limited ("SIHK")	International investment	100	-	m)
Prime Asia Investments Group Ltd.	Chunghwa Hsingta Co., Ltd. ("CHC")	Investment	100	100	
Chunghwa Hsingta Co., Ltd.	Chunghwa Telecom (China) Co., Ltd. ("CTC")	Integrated information and communication solution services for enterprise clients, and intelligent energy network service	-	-	n)
Chunghwa Precision Test Tech. International, Ltd.	Shanghai Taihua Electronic Technology Limited ("STET")	Design of printed circuit board and related consultation service	100	100	
	Su Zhou Precision Test Tech. Ltd. ("SZPT")	Assembly processed of circuit board, design of printed circuit board and related consultation service	100	100	
International Integrated Systems, Inc.	Infoexplorer International Co., Ltd.("IESA")	Investment	100	-	o)

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership Interests December 31 2022	2023	Note
	IISI Investment Co., Ltd. ("IICL")	Investment	-	-	p)
	Unitronics Technology Corp. ("UTC")	Development and maintenance of information system	99.96	100	q)
Infoexplorer International Co., Ltd.	International Integrated Systems (Hong Kong) Limited ("IEHK")	Investment and technical consulting service	100	-	r)
IISI Investment Co., Ltd.	Leading Tech Co., Ltd. ("LTCL")	Investment	-	-	p)
Leading Tech Co., Ltd.	Leading Systems Co., Ltd. ("LSCL")	Investment	-	-	p)

(Concluded)

a) Chunghwa continues to control seven out of thirteen seats of the Board of Directors of SENAO through the support of large beneficial stockholders. As a result, the Company treated SENAO as a subsidiary.

b) CHIEF issued new shares in March 2022, December 2022 and December 2023 as its employees exercised options. Therefore, the Company's ownership interest in CHIEF decreased to 58.67% and 58.63% as of December 31, 2022 and 2023, respectively.

c) Chunghwa did not participate in the capital increase of CHST in November 2022. Therefore, the Company's ownership interest in CHST decreased to 37.09% as of December 31, 2023. However, Chunghwa continues to control three out of five seats of the Board of Directors of CHST. As a result, the Company treated CHST as a subsidiary.

d) CLPT issued new shares in May 2023 as its employees exercised options. Therefore, the Company's ownership interest in CLPT decreased to 74.56% as of December 31, 2023.

e) CHTSC issued new shares in February 2022, May 2022, February 2023 and May 2023 as its employees exercised options. Therefore, the Company's ownership interest in CHTSC decreased to 73.09% and 69.28% as of December 31, 2022 and 2023, respectively.

f) SIS reduced 96.26% of its capital to offset accumulated deficits in November 2022. The Company's ownership interest in SIS remained the same. SIS completed its liquidation in September 2023.

g) Youyi completed its liquidation in November 2023.

h) In order to coordinate with financial planning and adjustment of organizational resources, the Board of Directors of SENYOUNG approved the merger with Senaolife. SENYOUNG was the surviving company. The merger was completed on May 1, 2023.

i) 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.

j) 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.

k) CHPT invested and established TestPro in March 2022. CHPT obtained 100% ownership interest of TestPro.

l) TestPro invested and established NavCore in May 2022. TestPro obtained 54.25% ownership interest of NavCore.

m) SIHK completed its liquidation in July 2023.

n) CTC completed its liquidation in October 2022.

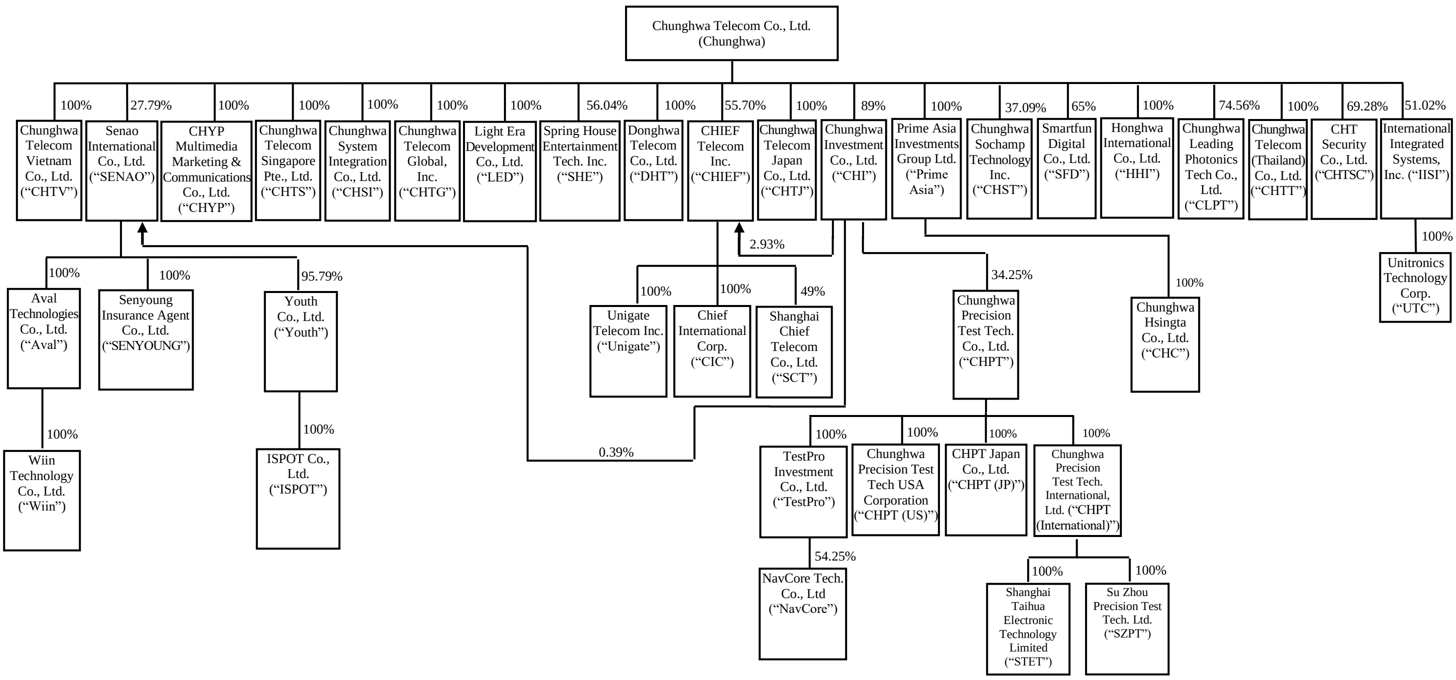
o) IESA completed its liquidation in September 2023.

p) IICL, LTCL and LSCL completed liquidation in September 2022.

q) IISI purchased shares of UTC in August 2023. Therefore, the Company's ownership interest in UTC increased to 100% as of December 31, 2023.

r) IEHK completed its liquidation in June 2023.

The following diagram presented information regarding the relationship and percentages of ownership interests between Chunghwa and its subsidiaries as of December 31, 2023.



Foreign Currencies

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

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

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

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

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

Cash Equivalents

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

Inventories

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

Buildings and Land Consigned to Construction Contractors

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

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

Investments in Associates and Joint Ventures

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

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

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

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

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

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

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

Property, Plant and Equipment

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

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

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

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

Investment Properties

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

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

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

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

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

Goodwill

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

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

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

Intangible Assets Other Than Goodwill

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

Intangible assets 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. The regular way of transaction means the purchase or sale of financial assets delivered within the time frame established by regulation or convention in the marketplace.

   1) Measurement category

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

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

         Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend earned on the financial asset. Fair value is determined in the manner described in Note 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 Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

c. Derivative financial instruments

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

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

Hedge Accounting

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

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

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

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

Provisions

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

Revenue Recognition

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

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

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

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

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

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

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

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

Incremental Costs of Obtaining Contracts

Commissions and equipment subsidy related to telecommunications service as a result of obtaining contracts are recognized as an asset under the incremental costs of obtaining contracts to the extent the costs are expected to be recovered and are amortized over the contract period. However, the Company elects not to capitalize the incremental costs of obtaining contracts if the amortization period of the assets that the Company otherwise would have recognized is expected to be one year or less. LED's commissions for real estate sales as a result of obtaining contracts are recognized as an asset under the incremental costs of obtaining contracts to the extent the costs are expected to be recovered and are amortized when the real estate is sold and its ownership is transferred to the customers.

Leasing

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

a. The Company as lessor

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

b. The Company as lessee

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

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

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

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

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

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

Borrowing Costs

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

Government Grants

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

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

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

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

   Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and gains or losses on settlements) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising (a) actuarial gains and losses; and (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

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

c. Other long-term employee benefits

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

Share-based Payment Arrangements - Employee Stock Options

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

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

Income Tax

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

a. Current tax

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

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

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

b. Deferred tax

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

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

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

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

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

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

c. Current and deferred tax

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

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

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

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

a. Material accounting judgments

1) Principal versus agent

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

2) Control over subsidiaries

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

b. Key sources of estimation uncertainty and assumption

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

1) Impairment of trade notes and accounts receivable

The provision for impairment of trade notes and accounts receivable is based on assumptions on probability of default and expected credit loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company’s past experience, current market conditions as well as forward looking information at the end of each reporting period. For details of the key assumptions and inputs used, see Note 10. 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 38. If the actual changes of inputs in the future differ from expectation, the fair value may vary accordingly. The Company updates inputs periodically to monitor the appropriateness of the fair value measurement.

3) Provision for inventory valuation and obsolescence

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

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

In the process of evaluating the potential impairment of tangible and intangible assets, the Company is required to consider internal and external indicators of impairment and make subjective judgments in determining the independent cash flows, useful lives, expected future revenue and expenses related to the specific asset groups within the context of the telecommunication industry. Any changes in these estimates based on changed economic conditions or business strategies could result in significant impairment charges in future periods.

5) Useful lives of property, plant and equipment

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

6) Recognition and measurement of defined benefit plans

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

7) Lessees' incremental borrowing rates

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

5. APPLICATION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

The Company has applied Amendments to IAS 1: Disclosure of Accounting Policies, Amendments to IAS 8: Definition of Accounting Estimate, Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction, and Amendments to IAS 12 Income Taxes: International Tax Reform-Pillar Two Model Rules. The application of these amendments has had no impact on the disclosures or amounts recognized in the Company's consolidated financial statements.

New and Amended IFRSs in Issue But Not Yet Effective

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

New or Amended Standards and Interpretations		Effective Date Issued by IASB (Note 1)
Amendments to IFRS 16	Leases Liability in a Sale and Leaseback	January 1, 2024 (Note 2)
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	January 1, 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	January 1, 2024 (Note 3)

(Continued)

New or Amended Standards and Interpretations		Effective Date Issued 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 21	Lack of Exchangeability	January 1, 2025 (Note 4)

(Concluded)

Note 1: The aforementioned new or amended standards or interpretations are effective after fiscal year beginning on or after the effective dates, unless specified otherwise.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

Note 4: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025.

The application of “Amendments to IFRS 16: Leases Liability in a Sale and Leaseback”, “Amendments to IAS 1: Classification of Liabilities as Current or Non-current”, “Amendments to IAS 1: Non-current Liabilities with Covenants” and “Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements” will not have material impact on the Company’s consolidated financial statements.

As of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing whether the application of “Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture ” and “Amendments to IAS 21: Lack of Exchangeability” will have the impact on the Company’s financial position and operating result. The Company will disclose the relevant impact when the assessment is completed.

6. U.S. DOLLAR AMOUNTS

The Company maintains its accounts and expresses its consolidated financial statements in New Taiwan dollars. For readers’ convenience only, U.S. dollar amounts presented in the accompanying consolidated financial statements have been translated from New Taiwan dollars as set forth in the statistical release of the Federal Reserve Board of the United States as of December 29, 2023, which was NT$30.62 to US$1.00. The convenience translations should not be construed as representations that the New Taiwan dollar amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

7. CASH AND CASH EQUIVALENTS

	December 31 2022	December 31 2023
	NT$	NT$
	(In Millions)	
Cash		
Cash on hand	$ 472	$ 404
Bank deposits	10,423	9,522
	10,895	9,926
Cash equivalents (with maturities of less than three months)		
Commercial paper	19,592	14,496
Negotiable certificates of deposit	15,500	5,900
Time deposits	4,206	3,502
Stimulus vouchers	-	-
	39,298	23,898
	$ 50,193	$ 33,824

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

	December 31 2022	December 31 2023
Bank deposits	0.00%-2.62%	0.00%-3.10%
Commercial paper	0.56%-1.30%	0.72%-1.33%
Negotiable certificates of deposit	1.20%-1.45%	1.38%
Time deposits	0.01%-4.65%	0.01%-5.50%

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31 2022	December 31 2023
	NT$	NT$
	(In Millions)	
Financial assets-current		
Mandatorily measured at FVTPL		
Derivatives (not designated for hedge)		
Forward exchange contracts	$ 3	$ 1
Non-derivatives		
Listed stocks - domestic	1	-
	$ 4	$ 1
Financial assets-noncurrent		
Mandatorily measured at FVTPL		
Non-derivatives		
Non-listed stocks - domestic	$ 758	$ 704
Non-listed stocks - foreign	103	89

(Continued)

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Limited partnership - domestic	$ 135	$ 219
Film and drama investing agreements	24	24
	$ 1,020	$ 1,036

(Concluded)

Chunghwa's Board of Directors approved an investment in Taiwania Capital Buffalo Fund VI, L.P. at the amount of $600 million in January 2022. As of December 31, 2023, Chunghwa invested $200 million.

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

	Currency	Maturity Period	Contract Amount (In Millions)
December 31, 2022			
Forward exchange contracts - buy	NT$/EUR	March 2023	NT$62/EUR2
December 31, 2023			
Forward exchange contracts - buy	NT$/EUR	March 2024	NT$145/EUR4

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

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

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Domestic investments		
Listed stocks	$ 273	$ 243
Non-listed stocks	3,084	3,734
Foreign investments		
Non-listed stocks	134	435
	$ 3,491	$ 4,412

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

The Company disposed of all its investments in UUPON Inc. (UUPON) in December 2022 and the fair value of the disposed investment was $0.2 million. The Company disposed of its investment in China Airlines, Ltd. starting from December 2020 and sold all its shares by February 2021. The total fair value of the disposed investment was $2,636 million in 2021. The Company disposed of its investments in UUPON and Cotech Engineering Fuzhou Corp. in October and December 2021 and the fair value of the disposed investment were $1 million and $4 million, respectively.

CHI obtained significant influence over AgriTalk Technology Inc. (“ATT”) and Imedtac Co., Ltd. (“IME”) in July 2021 and August 2021, respectively. Therefore, the aforementioned investments were reclassified from financial asset at FVOCI to investments in associates at fair value of $19 million and $45 million, respectively. (Please refer to Note 15 (a)).

The related unrealized gains and losses on financial assets at FVOCI of gain of $60 million and loss of $0.1 million were transferred from other equity to retained earnings upon the aforementioned disposals in 2021 and 2022, respectively.

CHI participated in the private placement of PChome Online Inc. in the amount of $200 million in October 2021.

The Company recognized dividend income of $154 million, $157 million and $167 million for the years ended December 31, 2021, 2022 and 2023, respectively, all of which were from the outstanding investments on December 31, 2021, 2022 and 2023, respectively.

10. TRADE NOTES AND ACCOUNTS RECEIVABLE, NET

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Trade notes and accounts receivable	$ 26,037	$ 25,944
Less: Loss allowance	(1,365)	(1,102)
	$ 24,672	$ 24,842

The main credit terms range from 30 to 90 days.

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

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

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

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

When there is evidence indicating that the counterparty is in evasion, bankruptcy, deregistration or the accounts receivable are over two years past due and the recoverable amount cannot be reasonable estimated, the Company writes off the trade notes and accounts receivable. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2022

	Not Past Due	Past Due Less than 30 Days	Past Due 31 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 120 Days	Past Due 121 to 180 Days	Past Due over 180 Days	Total
	NT$	NT$	NT$	NT$	NT$	NT$	NT$	NT$
				(In Millions)				
Telecommunications business								
Expected credit loss rate (Note a)	0%-1%	1%-20%	3%-64%	11%-80%	25%-90%	45%-96%	100%	
Gross carrying amount	$ 17,163	$ 310	$ 87	$ 33	$ 28	$ 34	$ 599	$ 18,254
Loss allowance (Lifetime ECL)	(50)	(22)	(20)	(21)	(20)	(29)	(599)	(761)
Amortized cost	$ 17,113	$ 288	$ 67	$ 12	$ 8	$ 5	$ -	$ 17,493
Project business								
Expected credit loss rate (Note b)	0%-5%	5%	10%	30%	50%	80%	100%	
Gross carrying amount	$ 3,798	$ 119	$ 11	$ 53	$ 1	$ 2	$ 547	$ 4,531
Loss allowance (Lifetime ECL)	(3)	(6)	(1)	(16)	(1)	(1)	(547)	(575)
Amortized cost	$ 3,795	$ 113	$ 10	$ 37	$ -	$ 1	$ -	$ 3,956

December 31, 2023

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

Note a: Please refer to Note 42 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	
	2022	**2023**
	NT$	**NT$**
	(In Millions)	
Beginning balance	$ 1,605	$ 1,365
Add: Provision for credit loss	109	128
Less: Amounts written off	(349)	(391)
Ending balance	$ 1,365	$ 1,102

11. INVENTORIES

	December 31	
	2022	**2023**
	NT$	**NT$**
	(In Millions)	
Merchandise	$ 3,978	$ 4,340
Project in process	4,859	4,771
Work in process	98	74
Raw materials	279	221
	9,214	9,406
Land held under development	1,999	1,999
Construction in progress	103	116
	$ 11,316	$ 11,521

The operating costs related to inventories were $51,180 million, $49,544 million and $53,814 million for the years ended December 31, 2021, 2022 and 2023, respectively.

For the years ended December 31, 2021, 2022 and 2023, valuation loss on inventories recognized as operating costs included the amounts of $207 million, $34 million and $23 million, respectively.

As of December 31, 2022 and 2023, inventories of $2,102 million and $2,115 million, respectively, were expected to be realized from the sale after more than twelve months. The aforementioned amount of inventories is related to property development owned by LED.

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

12. PREPAYMENTS

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Prepaid rents	$ 2,316	$ 2,143
Prepayments for leases - satellite (Note 41)	-	1,729
Others	1,810	2,298
	$ 4,126	$ 6,170
Current		
Prepaid rents	$ 589	$ 581
Others	1,809	2,259
	$ 2,398	$ 2,840
Noncurrent		
Prepaid rents	$ 1,727	$ 1,562
Prepayments for leases - satellite (Note 41)	-	1,729
Others	1	39
	$ 1,728	$ 3,330

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.

13. OTHER CURRENT MONETARY ASSETS

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Time deposits, negotiable certificates of deposit and commercial paper with maturities of more than three months	$ 1,916	$ 18,573
Accrued custodial receipts	815	893
Others	888	886
	$ 3,619	$ 20,352

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

	December 31	
	2022	2023
Time deposits, negotiable certificates of deposit and commercial paper with maturities of more than three months	0.03%-3.00%	0.03%-5.54%

14. SUBSIDIARIES

a. Information on subsidiaries with material noncontrolling interests

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

Subsidiaries	Place of Incorporation and Principal Place of Business	Proportion of Ownership Interests and Voting Rights Held by Noncontrolling Interests December 31 2022	2023
SENAO	Taiwan	72%	72%
CHPT	Taiwan	66%	66%

	Profit Allocated to Noncontrolling Interests Year Ended December 31			Accumulated Noncontrolling Interests December 31	
	2021	2022	2023	2022	2023
	NT$	NT$	NT$ (In Millions)	NT$	NT$
SENAO	$ 421	$ 462	$ 510	$ 4,454	$ 4,533
CHPT	$ 588	$ 496	$ 15	5,235	4,994
Individually immaterial subsidiaries with noncontrolling interests				2,719	2,905
				$ 12,408	$ 12,432

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

	December 31 2022	2023
	NT$ (In Millions)	NT$
Current assets	$ 7,249	$ 6,540
Noncurrent assets	$ 3,053	$ 3,141
Current liabilities	$ 3,714	$ 2,982
Noncurrent liabilities	$ 460	$ 459
Equity attributable to the parent	$ 1,674	$ 1,707
Equity attributable to noncontrolling interests	$ 4,454	$ 4,533

	Year Ended December 31		
	2021	2022	2023
	NT$	NT$ (In Millions)	NT$
Revenues and income	$ 31,302	$ 31,602	$ 31,675
Costs and expenses	30,715	30,958	30,964
Profit for the year	$ 587	$ 644	$ 711
Profit attributable to the parent	$ 166	$ 182	$ 201
Profit attributable to noncontrolling interests	421	462	510
Profit for the year	$ 587	$ 644	$ 711
Other comprehensive income (loss) attributable to the parent	$ 2	$ 11	$ (9)
Other comprehensive income (loss) attributable to noncontrolling interests	5	26	(23)
Other comprehensive income (loss) for the year	$ 7	$ 37	$ (32)
Total comprehensive income attributable to the parent	$ 168	$ 192	$ 192
Total comprehensive income attributable to noncontrolling interests	426	488	487
Total comprehensive income for the year	$ 594	$ 680	$ 679
Net cash flow from operating activities	$ 654	$ (329)	$ 1,146
Net cash flow from investing activities	215	36	36
Net cash flow from financing activities	(690)	(826)	(873)
Effect of exchange rate changes on cash and cash equivalents	-	1	-
Net cash inflow (outflow)	$ 179	$ (1,118)	$ 309
Dividends paid to noncontrolling interests	$ 278	$ 371	$ 408

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

	December 31	
	2022	2023
	NT$ (In Millions)	NT$
Current assets	$ 4,406	$ 3,773
Noncurrent assets	$ 4,631	$ 4,499
Current liabilities	$ 1,087	$ 677

(Continued)

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Noncurrent liabilities	$ 26	$ 23
Equity attributable to CHI	$ 2,689	$ 2,578
Equity attributable to noncontrolling interests	$ 5,235	$ 4,994

(Concluded)

	Year Ended December 31		
	2021	2022	2023
	NT$	NT$	NT$
		(In Millions)	
Revenues and income	$ 4,254	$ 4,434	$ 2,941
Costs and expenses	3,360	3,673	2,905
Profit for the year	$ 894	$ 761	$ 36
Profit attributable to CHI	$ 306	$ 265	$ 21
Profit attributable to noncontrolling interests	588	496	15
Profit for the year	$ 894	$ 761	$ 36
Other comprehensive income (loss) attributable to CHI	$ (1)	$ 5	$ (1)
Other comprehensive income (loss) attributable to noncontrolling interests	(2)	7	(2)
Other comprehensive income (loss) for the year	$ (3)	$ 12	$ (3)
Total comprehensive income attributable to CHI	$ 305	$ 270	$ 20
Total comprehensive income attributable to noncontrolling interests	586	503	13
Total comprehensive income for the year	$ 891	$ 773	$ 33
Net cash flow from operating activities	$ 1,090	$ 1,401	$ 325
Net cash flow from investing activities	(519)	(1,011)	(244)
Net cash flow from financing activities	(414)	(388)	(409)
Effect of exchange rate changes on cash and cash equivalents	(1)	8	(2)
Net cash inflow (outflow)	$ 156	$ 10	$ (330)
Dividends paid to noncontrolling interests	$ 259	$ 293	$ 253

b. Equity transactions with noncontrolling interests

IISI purchased shares of UTC in August 2023. Therefore, the Company's ownership interest in UTC increased.

CHIEF issued new shares in March 2021, December 2021, March 2022, December 2022, and December 2023, as its employees exercised options. Therefore, the Company's ownership interest in CHIEF decreased to 58.67% and 58.63% as of December 31, 2022 and 2023, respectively. See Note 34(a) for details.

CHTSC issued new shares in February 2021, February 2022, May 2022, Feb 2023 and May 2023 as its employees exercised options. Therefore, the Company's ownership interest in CHTSC decreased to 73.09% and 69.28% as of December 31, 2022 and 2023. See Note 34(b) for details.

IISI issued new shares in January 2021 as its employees exercised options. Therefore, the Company's ownership interest in IISI decreased to 51.02%. See Note 34(c) for details.

CLPT issued new shares in May 2023 as its employees exercised options. Therefore, the Company's ownership interest in CLPT decreased to 74.56%. See Note 34(d) for details.

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

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

The detailed information of the equity transactions for the years ended December 31, 2021, 2022 and 2023 was as follows:

	Year Ended December 31, 2021		
	CHIEF Share-Based Payment	CHTSC Share-Based Payment	IISI Share-Based Payment
	NT$	NT$ (In Millions)	NT$
Cash consideration received from noncontrolling interests	$ 29	$ 21	$ 4
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to noncontrolling interests	(17)	(19)	(1)
Differences arising from equity transactions	$ 12	$ 2	$ 3
Line items for equity transaction adjustments			
Additional paid-in capital - arising from changes in equities of subsidiaries	$ 12	$ 2	$ 3

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

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

Note: The proceeds from the new shares issued in February 2023 by CHTSC has been received in advance in December 2022.

15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Investments in associates	$ 6,939	$ 8,243
Investment in joint venture	10	9
	$ 6,949	$ 8,252

a. Investments in associates

Investments in associates were as follows:

	Carrying Amount	
	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Material associate		
Non-listed		
Next Commercial Bank Co., Ltd. ("NCB")	$ 3,173	$ 4,293
Associates that are not individually material		
Listed		
Senao Networks, Inc. ("SNI")	1,235	1,409
KingwayTek Technology Co., Ltd. ("KWT")	230	229
Non-listed		
Viettel-CHT Co., Ltd. ("Viettel-CHT")	558	543
Taiwan International Standard Electronics Co., Ltd. ("TISE")	293	309
Chunghwa PChome Fund I Co., Ltd. ("CPFI")	275	258
ST-2 Satellite Ventures Pte., Ltd. ("STS")	247	285
So-net Entertainment Taiwan Limited ("So-net")	228	226
WiAdvance Technology Corporation ("WATC")	228	212
KKBOX Taiwan Co., Ltd. ("KKBOXTW")	172	165
Taiwan International Ports Logistics Corporation ("TIPL")	100	120
CHT Infinity Singapore Pte. Ltd. ("CISG")	63	57
Click Force Co., Ltd. ("CF")	41	42
Imedtac Co., Ltd. ("IME")	41	47
AgriTalk Technology Inc. ("ATT")	35	31
Baohwa Trust Co., Ltd. ("BHT")	13	10

(Continued)

	Carrying Amount	
	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Cornerstone Ventures Co., Ltd. (“CVC”)	$ 7	$ 7
Alliance Digital Tech Co., Ltd. (“ADT”)	-	-
	$ 6,939	$ 8,243

(Concluded)

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

	% of Ownership Interests and Voting Rights	
	December 31	
	2022	2023
Material associate		
Non-listed		
Next Commercial Bank Co., Ltd. (“NCB”)	42	46
Associates that are not individually material		
Listed		
Senao Networks, Inc. (“SNI”)	34	34
KingwayTek Technology Co., Ltd. (“KWT”)	23	23
Non-listed		
Viettel-CHT Co., Ltd. (“Viettel-CHT”)	30	30
Taiwan International Standard Electronics Co., Ltd. (“TISE”)	40	40
Chunghwa PChome Fund I Co., Ltd. (“CPFI”)	50	50
ST-2 Satellite Ventures Pte., Ltd. (“STS”)	38	38
So-net Entertainment Taiwan Limited (“So-net”)	30	30
WiAdvance Technology Corporation (“WATC”)	20	19
KKBOX Taiwan Co., Ltd. (“KKBOXTW”)	30	30
Taiwan International Ports Logistics Corporation (“TIPL”)	27	27
CHT Infinity Singapore Pte. Ltd. (“CISG”)	40	40
Click Force Co., Ltd. (“CF”)	49	49
Imedtac Co., Ltd. (“IME”)	7	7
AgriTalk Technology Inc. (“ATT”)	29	29
Baohwa Trust Co., Ltd. (“BHT”)	40	25
Cornerstone Ventures Co., Ltd. (“CVC”)	49	49
Alliance Digital Tech Co., Ltd. (“ADT”)	-	-

Summarized financial information of NCB was set out below:

	December 31	
	2022	2023
	NT$ (In Millions)	NT$
Assets	$ 33,540	$ 37,431
Liabilities	(25,882)	(28,084)
Equity	$ 7,658	$ 9,347
The percentage of ownership interest held by the Company	41.90%	46.26%
Equity attributable to the Company	$ 3,209	$ 4,324
Unrealized gain or loss from downstream transactions	(36)	(31)
The carrying amount of investment	$ 3,173	$ 4,293

	Year Ended December 31		
	2021	2022	2023
	NT$	NT$ (In Millions)	NT$
Net Revenues (losses)	$ 15	$ (47)	$ 10
Net loss for the period	$ (446)	$ (1,004)	$ (969)
Other comprehensive income (loss)	-	(10)	14
Total comprehensive loss for the period	$ (446)	$ (1,014)	$ (955)

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	2022	2023
	NT$	NT$ (In Millions)	NT$
The Company's share of profits	$ 607	$ 868	$ 647
The Company's share of other comprehensive income (loss)	(6)	13	(23)
The Company's share of total comprehensive income	$ 601	$ 881	$ 624

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

	December 31	
	2022	2023
	NT$ (In Millions)	NT$
SNI	$ 3,299	$ 4,062
KWT	$ 804	$ 988

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

The Company invested and obtained 49% ownership interest in CVC. However, as the Company has only two out of five seats of the Board of Directors of CVC, the Company has no control but significant influence over CVC. Therefore, the Company recognized CVC as an investment in associate.

The Company invested $56 million and obtained 40.00% ownership interest in CISG in June 2021. CISG mainly engages in investment business.

The Company owns 14% equity shares of 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 $9 million and recognized gain on disposal of $4 million under "other gains and losses" on the consolidated statements of comprehensive income.

The Company originally invested and obtained 17.19% ownership interest in ATT and treated it as a financial asset at FVOCI. However, as the Company obtained one out of three seats of the Board of Directors of ATT in July 2021 and has significant influence over ATT, the Company reclassified it as an associate. The Company subscribed for all the shares in the capital increase of ATT at the price of $32 million in November 2022. Therefore, the Company's ownership interest in ATT increased to 29.33% as of December 31, 2022.

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

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 increased its investment in IME proportionally at the price of $11 million in December 2023, and the Company's ownership interest in IME remained the same. The Company invested and obtained 6.74% ownership interest in IME. However, as the Company continues to control one out of five seats of the Board of Directors of IME, the Company has significant influence over IME. Therefore, the Company recognized IME as an investment in associate.

The Company invested $274 million and obtained 20.33% ownership interest by participating in the capital increase of WATC in March 2021.WATC issued new shares in March 2022, October 2022, April 2023, September 2023 and December 2023 as its employees exercised option. Therefore, the Company's ownership interest in WATC decreased to 20.05% and 19.22% as of December 31, 2022 and December 31, 2023, respectively. However, as the Company continues to control one out of three seats of the Board of Directors of WATC, the Company has significant influence over WATC. Therefore, the Company recognized WATC as an investment in associate.

The Company invested $20 million and obtained 40.00% ownership interest in BHT in March 2022. BHT mainly engages in VR integration and AIoT security services. The Company did not participate in the capital increase of BHT in September 2023. Therefore, the Company's ownership interest in BHT decreased to 25.00% as of December 31, 2023.

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

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:

	Carrying Amount		% of Ownership Interests and Voting Rights	
	December 31		December 31	
Name of Joint Venture	**2022**	**2023**	**2022**	**2023**
Non-listed				
Chunghwa SEA Holdings ("CHT SEA")	$ 10	$ 9	51	51

The Company invested and established a joint venture, CHT SEA, with Delta Electronics, Inc. and Kwang Hsing Industrial Co., Ltd. and obtained 51% ownership interest of CHT SEA. However, according to the mutual agreements among stockholders, the Company does not individually direct CHT SEA's relevant activities and has joint control with the other party; therefore, the Company treated CHT SEA as a joint venture.

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

	Year Ended December 31		
	2021	**2022**	**2023**
	NT$	**NT$ (In Millions)**	**NT$**
The Company's share of loss	$ -	$ -	$ -
The Company's share of other comprehensive income	-	-	-
The Company's share of total comprehensive loss	$ -	$ -	$ -

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

16. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Assets used by the Company	$ 285,329	$ 285,085
Assets subject to operating leases	6,199	7,253
	$ 291,528	$ 292,338

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
	NT$	NT$	NT$	NT$	NT$ (In Millions)	NT$	NT$	NT$	NT$
Cost									
Balance on January 1, 2021	$ 101,991	$ 1,630	$ 70,889	$ 12,406	$ 710,776	$ 3,894	$ 10,300	$ 8,529	$ 920,415
Additions	-	-	37	72	84	-	198	35,222	35,613
Disposal	-	(1)	(29)	(1,734)	(27,916)	(84)	(470)	-	(30,234)
Effect of foreign exchange differences	-	-	-	-	(64)	-	(2)	(6)	(72)
Others	654	33	461	473	30,654	117	783	(32,959)	216
Balance on December 31, 2021	$ 102,645	$ 1,662	$ 71,358	$ 11,217	$ 713,534	$ 3,927	$ 10,809	$ 10,786	$ 925,938
Accumulated depreciation and impairment									
Balance on January 1, 2021	$ -	$ (1,399)	$ (29,247)	$ (10,639)	$ (593,663)	$ (3,718)	$ (7,926)	$ -	$ (646,592)
Depreciation expenses	-	(43)	(1,401)	(716)	(24,802)	(65)	(701)	-	(27,728)
Disposal	-	1	29	1,724	27,900	84	466	-	30,204
Effect of foreign exchange differences	-	-	-	-	31	-	1	-	32
Others	-	(1)	41	(1)	1	-	(45)	-	(5)
Balance on December 31, 2021	$ -	$ (1,442)	$ (30,578)	$ (9,632)	$ (590,533)	$ (3,699)	$ (8,205)	$ -	$ (644,089)
Balance on December 31, 2021, net	$ 102,645	$ 220	$ 40,780	$ 1,585	$ 123,001	$ 228	$ 2,604	$ 10,786	$ 281,849
Cost									
Balance on January 1, 2022	$ 102,645	$ 1,662	$ 71,358	$ 11,217	$ 713,534	$ 3,927	$ 10,809	$ 10,786	$ 925,938
Additions	460	-	133	102	149	1	253	30,167	31,265
Disposal	(4)	(6)	(7)	(808)	(18,395)	(104)	(392)	-	(19,716)
Effect of foreign exchange differences	-	-	-	-	209	-	4	19	232
Others	563	19	1,046	578	24,571	147	794	(26,545)	1,173
Balance on December 31, 2022	$ 103,664	$ 1,675	$ 72,530	$ 11,089	$ 720,068	$ 3,971	$ 11,468	$ 14,427	$ 938,892
Accumulated depreciation and impairment									
Balance on January 1, 2022	$ -	$ (1,442)	$ (30,578)	$ (9,632)	$ (590,533)	$ (3,699)	$ (8,205)	$ -	$ (644,089)
Depreciation expenses	-	(39)	(1,452)	(725)	(25,654)	(77)	(754)	-	(28,701)
Disposal	-	7	7	807	18,382	104	388	-	19,695
Effect of foreign exchange differences	-	-	-	-	(110)	-	(2)	-	(112)
Others	-	-	(240)	(4)	(42)	(1)	(69)	-	(356)
Balance on December 31, 2022	$ -	$ (1,474)	$ (32,263)	$ (9,554)	$ (597,957)	$ (3,673)	$ (8,642)	$ -	$ (653,563)
Balance on December 31, 2022, net	$ 103,664	$ 201	$ 40,267	$ 1,535	$ 122,111	$ 298	$ 2,826	$ 14,427	$ 285,329
Cost									
Balance on January 1, 2023	$ 103,664	$ 1,675	$ 72,530	$ 11,089	$ 720,068	$ 3,971	$ 11,468	$ 14,427	$ 938,892
Additions	99	-	36	127	106	3	243	29,780	30,394
Disposal	(2)	-	(1)	(1,049)	(24,877)	(112)	(418)	-	(26,459)
Effect of foreign exchange differences	-	-	-	-	(5)	-	(3)	-	(8)
Others	(876)	34	(810)	878	26,143	188	801	(28,270)	(1,912)
Balance on December 31, 2023	$ 102,885	$ 1,709	$ 71,755	$ 11,045	$ 721,435	$ 4,050	$ 12,091	$ 15,937	$ 940,907
Accumulated depreciation and impairment									
Balance on January 1, 2023	$ -	$ (1,474)	$ (32,263)	$ (9,554)	$ (597,957)	$ (3,673)	$ (8,642)	$ -	$ (653,563)
Depreciation expenses	-	(34)	(1,439)	(698)	(25,704)	(94)	(797)	-	(28,766)
Disposal	-	-	-	1,049	24,867	113	411	-	26,440
Impairment losses	-	-	-	-	(299)	-	-	-	(299)
Effect of foreign exchange differences	-	-	-	-	5	-	1	-	6
Others	-	-	418	(18)	(43)	(1)	4	-	360
Balance on December 31, 2023	$ -	$ (1,508)	$ (33,284)	$ (9,221)	$ (599,131)	$ (3,655)	$ (9,023)	$ -	$ (655,822)
Balance on December 31, 2023, net	$ 102,885	$ 201	$ 38,471	$ 1,824	$ 122,304	$ 395	$ 3,068	$ 15,937	$ 285,085

Chunghwa signed a joint development agreement with the MOTC previously which stated that the MOTC would provide the national land and Chunghwa would be in charge of the planning and construction for the MOTC's office building, Chunghwa's Renai office building, etc. According to the agreement, the MOTC and Chunghwa would each own a certain percentage of the buildings, and Chunghwa is to pay or get the reimbursement for the difference between the assessed value of the land and the construction cost paid by Chunghwa on behalf of the MOTC. The difference amounting to $1,057 million due to the MOTC was reported to Chunghwa's Board of Directors in May 2020. Chunghwa paid the aforementioned amount in May 2021 and the property registration of the respective asset was completed in July 2021.

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 2022.

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

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

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

b. Assets subject to operating leases

	Land	**Buildings**	**Total**
	NT$	**NT$ (In Millions)**	**NT$**
Cost			
Balance on January 1, 2021	$ 4,973	$ 4,236	$ 9,209
Others	(164)	(102)	(266)
Balance on December 31, 2021	$ 4,809	$ 4,134	$ 8,943
Accumulated depreciation and impairment			
Balance on January 1, 2021	$ -	$ (1,616)	$ (1,616)
Depreciation expenses	-	(77)	(77)

(Continued)

	Land	Buildings	Total
	NT$	NT$ (In Millions)	NT$
Others	$ -	$ 1	$ 1
Balance on December 31, 2021	$ -	$ (1,692)	$ (1,692)
Balance on December 31, 2021, net	$ 4,809	$ 2,442	$ 7,251
Cost			
Balance on January 1, 2022	$ 4,809	$ 4,134	$ 8,943
Additions	-	-	-
Others	(433)	(949)	(1,382)
Balance on December 31, 2022	$ 4,376	$ 3,185	$ 7,561
Accumulated depreciation and impairment			
Balance on January 1, 2022	$ -	$ (1,692)	$ (1,692)
Depreciation expenses	-	(59)	(59)
Others	-	389	389
Balance on December 31, 2022	$ -	$ (1,362)	$ (1,362)
Balance on December 31, 2022, net	$ 4,376	$ 1,823	$ 6,199
Cost			
Balance on January 1, 2023	$ 4,376	$ 3,185	$ 7,561
Additions	-	4	4
Others	548	942	1,490
Balance on December 31, 2023	$ 4,924	$ 4,131	$ 9,055
Accumulated depreciation and impairment			
Balance on January 1, 2023	$ -	$ (1,362)	$ (1,362)
Depreciation expenses	-	(73)	(73)
Others	-	(367)	(367)
Balance on December 31, 2023	$ -	$ (1,802)	$ (1,802)
Balance on December 31, 2023, net	$ 4,924	$ 2,329	$ 7,253

(Concluded)

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

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

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Year 1	$ 389	$ 381
Year 2	281	279
Year 3	211	221
Year 4	177	176
Year 5	149	146
Onwards	1,122	1,025
	$ 2,329	$ 2,228

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

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Land and buildings		
Handsets base stations	$ 7,175	$ 7,577
Others	1,727	1,754
Equipment	2,201	1,907
	$ 11,103	$ 11,238

	Year Ended December 31		
	2021	2022	2023
	NT$	NT$	NT$
		(In Millions)	
Additions to right-of-use assets	$ 4,669	$ 4,369	$ 4,415
Depreciation charge for right-of-use assets			
Land and buildings			
Handsets base stations	$ 2,789	$ 2,863	$ 2,939
Others	786	770	787
Equipment	410	349	346
	$ 3,985	$ 3,982	$ 4,072

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 million 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 impairment of right-of-use assets for the years ended December 31, 2022 and 2023.

The Company did not have significant sublease of right-of-use assets for the years ended December 31, 2021, 2022 and 2023.

b. Lease liabilities

	December 31	
	2022	**2023**
	NT$	**NT$**
	(In Millions)	
Lease liabilities		
Current	$ 3,339	$ 3,505
Noncurrent	7,334	7,470
	$ 10,673	$ 10,975

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2022	**2023**
Land and buildings		
Handsets base stations	0.37%-1.71%	0.37%-1.84%
Others	0.37%-9.00%	0.37%-9.00%
Equipment	0.37%-2.99%	0.37%-3.50%

c. Important lease-in activities and terms

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

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

The lease agreements for equipment include a contract between Chunghwa and ST-2 Satellite Ventures Pte., Ltd. to lease capacity on the ST-2 satellite. For the information of lease agreements with related parties, please refer to Note 39.

d. Other lease information

	Year Ended December 31		
	2021	2022	2023
	NT$	NT$ (In Millions)	NT$
Expenses relating to low-value asset leases	$ 8	$ 9	$ 9
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 7	$ 8	$ 8
Total cash outflow for leases	$ 3,813	$ 3,869	$ 4,006

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 16 and 18.

18. INVESTMENT PROPERTIES

	December 31	
	2022	2023
	NT$ (In Millions)	NT$
Carrying amount		
Investment properties	$ 9,804	$ 9,805

	Investment Properties
	NT$ (In Millions)
Cost	
Balance on January 1, 2021	$ 10,662
Additions	1
Balance on December 31, 2021	$ 10,663
Accumulated depreciation and impairment	
Balance on January 1, 2021	$ (1,041)
Depreciation expense	(42)
Reversal of impairment loss	83
Balance on December 31, 2021	$ (1,000)
Balance on December 31, 2021, net	$ 9,663

(Continued)

	Investment Properties NT$ (In Millions)
Cost	
Balance on January 1, 2022	$ 10,663
Additions	18
Reclassification	99
Balance on December 31, 2022	$ 10,780
Accumulated depreciation and impairment	
Balance on January 1, 2022	$ (1,000)
Depreciation expense	(44)
Reversal of impairment loss	107
Reclassification	(39)
Balance on December 31, 2022	$ (976)
Balance on December 31, 2022, net	$ 9,804
Cost	
Balance on January 1, 2023	$ 10,780
Additions	54
Reclassification	328
Balance on December 31, 2023	$ 11,162
Accumulated depreciation and impairment	
Balance on January 1, 2023	$ (976)
Depreciation expense	(45)
Impairment loss	(336)
Balance on December 31, 2023	$ (1,357)
Balance on December 31, 2023, net	$ 9,805

(Concluded)

After the evaluation of land and buildings by comparing the recoverable amount which represented the fair value less costs of disposal with the carrying amount, the Company recognized reversal of impairment losses of $83 million and $107 million for the years ended December 31, 2021 and 2022, respectively and an impairment loss of $336 million for the year ended December 31, 2023. The impairment loss and the reversal of impairment loss were included in “other income and expenses” in the consolidated statements of comprehensive income.

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

Land improvements	10-30 years
Buildings	
Main buildings	35-60 years
Other building facilities	4-10 years

The fair values of the Company's investment properties as of December 31, 2022 and 2023 were determined by Level 3 fair value measurements inputs based on the appraisal reports conducted by independent appraisers. Those appraisal reports are based on the comparison approach, income approach or cost approach. Key assumptions and the fair values were as follows:

	December 31	
	2022	2023
	NT$ (In Millions)	NT$
Fair value	$ 25,328	$ 24,237
Overall capital interest rate	1.31%-4.91%	1.43%-5.51%
Profit margin ratio	8%-20%	10%-20%
Discount rate	-	-
Capitalization rate	0.23%-2.16%	0.23%-2.28%

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

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

	December 31	
	2022	2023
	NT$ (In Millions)	NT$
Year 1	$ 118	$ 168
Year 2	99	157
Year 3	90	134
Year 4	70	105
Year 5	44	83
Onwards	149	435
	$ 570	$ 1,082

19. INTANGIBLE ASSETS

	December 31	
	2022	2023
	NT$ (In Millions)	NT$
Carrying amount		
Mobile Broadband Concession	$ 78,150	$ 71,761
Computer software	622	579
Goodwill	217	217
Others	198	170
	$ 79,187	$ 72,727

	Mobile Broadband Concession NT$	Computer Software NT$	Goodwill NT$ (In Millions)	Others NT$	Total NT$
Cost					
Balance on January 1, 2021	$ 108,338	$ 3,320	$ 291	$ 392	$ 112,341
Additions-acquired separately	-	225	-	31	256
Disposal	-	(344)	-	(10)	(354)
Effect of foreign exchange differences	-	-	-	-	-
Others	-	2	-	-	2
Balance on December 31, 2021	$ 108,338	$ 3,203	$ 291	$ 413	$ 112,245
Accumulated amortization and impairment					
Balance on January 1, 2021	$ (19,319)	$ (2,532)	$ (45)	$ (160)	$ (22,056)
Amortization expenses	(6,199)	(341)	-	(29)	(6,569)
Disposal	-	343	-	11	354
Impairment losses	-	-	(29)	-	(29)
Effect of foreign exchange differences	-	-	-	-	-
Others	-	-	-	-	-
Balance on December 31, 2021	$ (25,518)	$ (2,530)	$ (74)	$ (178)	$ (28,300)
Balance on December 31, 2021, net	$ 82,820	$ 673	$ 217	$ 235	$ 83,945
Cost					
Balance on January 1, 2022	$ 108,338	$ 3,203	$ 291	$ 413	$ 112,245
Additions-acquired separately	1,625	257	-	11	1,893
Disposal	-	(663)	-	(2)	(665)
Effect of foreign exchange differences	-	-	-	-	-
Others	-	1	-	-	1
Balance on December 31, 2022	$ 109,963	$ 2,798	$ 291	$ 422	$ 113,474
Accumulated amortization and impairment					
Balance on January 1, 2022	$ (25,518)	$ (2,530)	$ (74)	$ (178)	$ (28,300)
Amortization expenses	(6,295)	(310)	-	(38)	(6,643)
Disposal	-	664	-	1	665
Impairment losses	-	-	-	(9)	(9)
Effect of foreign exchange differences	-	-	-	-	-
Others	-	-	-	-	-
Balance on December 31, 2022	$ (31,813)	$ (2,176)	$ (74)	$ (224)	$ (34,287)
Balance on December 31, 2022, net	$ 78,150	$ 622	$ 217	$ 198	$ 79,187

(Continued)

	Mobile Broadband Concession	Computer Software	Goodwill	Others	Total
	NT$	NT$	NT$ (In Millions)	NT$	NT$
Cost					
Balance on January 1, 2023	$ 109,963	$ 2,798	$ 291	$ 422	$ 113,474
Additions-acquired separately	-	231	-	6	237
Disposal	-	(499)	-	(6)	(505)
Effect of foreign exchange differences	-	-	-	-	-
Others	-	3	-	-	3
Balance on December 31, 2023	$ 109,963	$ 2,533	$ 291	$ 422	$ 113,209
Accumulated amortization and impairment					
Balance on January 1, 2023	$ (31,813)	$ (2,176)	$ (74)	$ (224)	$ (34,287)
Amortization expenses	(6,389)	(276)	-	(34)	(6,699)
Disposal	-	499	-	6	505
Effect of foreign exchange differences	-	(1)	-	-	(1)
Others	-	-	-	-	-
Balance on December 31, 2023	$ (38,202)	$ (1,954)	$ (74)	$ (252)	$ (40,482)
Balance on December 31, 2023, net	$ 71,761	$ 579	$ 217	$ 170	$ 72,727

(Concluded)

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

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

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

SENAO evaluated the goodwill, license agreement and the right of trademark that arose in the acquisition of Youth and its subsidiaries at the end of each year. Due to the competition in the industrial environment, the gross profit margin decreased. SENAO 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 rate was 12.1% as of December 31, 2021, and was 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 $29 million for the year ended December 31, 2021. In addition, SENAO concluded the recoverable amounts of the license agreement and the right of trademark were lower than the carrying amounts and recognized impairment loss of $0.2 million and $9 million for the year ended December 31, 2021 and 2022, respectively. The aforementioned impairment losses were included in other income and expenses in the consolidated statements of comprehensive income. The recoverable amount of license agreement and right of trademark was measured at the fair value less costs of disposal. The fair value was calculated based on asset approach by reference to the net assets value of Youth. The Company did not recognize any impairment loss on intangible assets for the year ended December 31, 2023.

20. OTHER ASSETS

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Spare parts	$ 3,380	$ 2,233
Refundable deposits	1,964	1,995
Other financial assets	1,000	1,000
Others	1,916	2,223
	$ 8,260	$ 7,451
Current		
Spare parts	$ 3,380	$ 2,233
Others	175	589
	$ 3,555	$ 2,822
Noncurrent		
Refundable deposits	$ 1,964	$ 1,995
Other financial assets	1,000	1,000
Others	1,741	1,634
	$ 4,705	$ 4,629

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.

21. 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

Hedging Instruments	Currency	Notional Amount (In Millions)	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount Asset NT$	Carrying Amount Liability NT$ (In Millions)	Change in Fair Values of Hedging Instruments Used for Calculating Hedge Ineffectiveness NT$
Cash flow hedge								
Forecast purchases - forward exchange contracts	NT$/EUR	NT$228/EUR7	March 2022	$ 32.54	Hedging financial assets (liabilities)	$ -	$ 8	$ (10)

Hedged Items	Change in Value of Hedged Item Used for Calculating Hedge Ineffectiveness NT$	Accumulated Gain or Loss on Hedging Instruments in Other Equity: Continuing Hedges NT$ (In Millions)	Accumulated Gain or Loss on Hedging Instruments in Other Equity: Hedge Accounting No Longer Applied NT$
Cash flow hedge			
Forecast equipment purchases	$ 10	$ (8)	$ -

December 31, 2022

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

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

December 31, 2023

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

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

Year ended December 31, 2021

Hedge Transaction	Comprehensive Income			Reclassification from Equity to Assets and the Adjusted Line Item	
	Hedging Gain or Loss Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Which Hedge Ineffectiveness is Included	Amount Reclassified to Assets and the Adjusted Line Item	Due to Hedged Future Cash Flows No Longer Expected to Occur
	NT$	NT$	NT$ (In Millions)	NT$	NT$
Cash flow hedge					
Forecast equipment purchases	$ (10)	$ -	-	$ (43) Construction in progress and equipment to be accepted	$ - Other gains and losses

Year ended December 31, 2022

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

Year ended December 31, 2023

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

22. SHORT-TERM LOANS

	December 31	
	2022	2023
	NT$ (In Millions)	NT$
Unsecured bank loans	$ 722	$ 585

The annual interest rates of bank loans were as follows:

	December 31	
	2022	2023
Unsecured bank loans	1.30%-3.19%	2.16%-3.36%

23. LONG-TERM LOANS

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Secured bank loans (Note 40)	$ 1,600	$ 1,600
Less: Current portion	-	(1,600)
	$ 1,600	$ -

The annual interest rates of bank loans were as follows:

	December 31	
	2022	2023
Secured bank loans	1.80%	1.87%

LED obtained a secured loan from Chang Hwa Bank with monthly interest payments. The contract will be due in September 2024.

24. BONDS PAYABLE

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Unsecured domestic bonds	$ 30,500	$ 30,500
Less: Discounts on bonds payable	(23)	(17)
	$ 30,477	$ 30,483

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

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

25. TRADE NOTES AND ACCOUNTS PAYABLE

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Trade notes and accounts payable	$ 16,429	$ 14,396

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

26. OTHER PAYABLES

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Accrued salary and compensation	$ 10,409	$ 10,441
Accrued compensation to employees and remuneration to directors and supervisors	2,144	2,108
Payables to contractors	2,571	1,990
Amounts collected for others	1,596	1,544
Accrued maintenance costs	1,061	1,316
Payables to equipment suppliers	1,279	1,311
Others	6,020	6,547
	$ 25,080	$ 25,257

27. PROVISIONS

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Employee benefits	$ 65	$ 387
Warranties	235	238
Onerous contracts	95	194
Others	4	3
	$ 399	$ 822
Current	$ 226	$ 337
Noncurrent	173	485
	$ 399	$ 822

	Employee Benefits NT$	Warranties NT$	Onerous Contracts NT$ (In Millions)	Others NT$	Total NT$
Balance on January 1, 2021	$ 57	$ 182	$ 171	$ 5	$ 415
Additional / (reversal of) provisions recognized	7	102	(24)	(1)	84
Used / forfeited during the year	(1)	(71)	-	-	(72)
Effect of foreign exchange differences	-	-	-	-	-
Balance on December 31, 2021	$ 63	$ 213	$ 147	$ 4	$ 427
Balance on January 1, 2022	$ 63	$ 213	$ 147	$ 4	$ 427
Additional / (reversal of) provisions recognized	2	108	(52)	-	58
Used / forfeited during the year	-	(86)	-	-	(86)
Effect of foreign exchange differences	-	-	-	-	-
Balance on December 31, 2022	$ 65	$ 235	$ 95	$ 4	$ 399
Balance on January 1, 2023	$ 65	$ 235	$ 95	$ 4	$ 399
Additional / (reversal of) provisions recognized	323	69	49	(1)	440
Used / forfeited during the year	(1)	(66)	-	-	(67)
Reclassification	-	-	50	-	50
Effect of foreign exchange differences	-	-	-	-	-
Balance on December 31, 2023	$ 387	$ 238	$ 194	$ 3	$ 822

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

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

Chunghwa and its subsidiaries SENAO, CHIEF, CHSI, SHE, IISI and UTC with the pension mechanism under the Labor Standards Law in the ROC are considered as defined benefit plans. These pension plans provide benefits based on an employee's length of service and average six-month salary prior to retirement. Chunghwa and its subsidiaries contribute an amount no more than 15% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the names of the Committees in the Bank of Taiwan. The plan assets are held in a commingled fund which is operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the funds. According to the Article 56 of the Labor Standards Law in the ROC, entities are required to contribute the difference in one appropriation to their pension funds before the end of next March when the balance of the Funds is insufficient to pay the eligible employees who meet the retirement criteria in the following year.

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

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Present value of funded defined benefit obligations	$ 33,599	$ 30,313
Fair value of plan assets	(36,580)	(34,178)
Funded status - surplus	$ (2,981)	$ (3,865)
Net defined benefit liabilities	$ 2,285	$ 2,098
Net defined benefit assets	(5,266)	(5,963)
	$ (2,981)	$ (3,865)

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

	Present Value of Funded Defined Benefit Obligations	Fair Value of Plan Assets	Net Defined Benefit Liabilities (Assets)
	NT$	NT$	NT$
		(In Millions)	
Balance on January 1, 2021	$ 39,536	$ 39,494	$ 42
Current service cost	1,253	-	1,253
Interest expense/interest income	190	195	(5)
Amounts recognized in profit or loss	1,443	195	1,248
Remeasurement on the net defined benefit liability			
Return on plan assets (excluding amounts included in net interest)	-	501	(501)
Actuarial gain recognized from changes in demographic assumptions	(434)	-	(434)
			(Continued)

	Present Value of Funded Defined Benefit Obligations	Fair Value of Plan Assets	Net Defined Benefit Liabilities (Assets)
	NT$	NT$ (In Millions)	NT$
Actuarial loss recognized from experience adjustments	$ 545	$ -	$ 545
Amounts recognized in other comprehensive income	111	501	(390)
Contributions from employer	-	1,727	(1,727)
Benefits paid	(5,312)	(5,312)	-
Benefits paid directly by the Company	(276)	-	(276)
Balance on December 31, 2021	35,502	36,605	(1,103)
Current service cost	1,085	-	1,085
Interest expense/interest income	171	181	(10)
Amounts recognized in profit or loss	1,256	181	1,075
Remeasurement on the net defined benefit liability			
Return on plan assets (excluding amounts included in net interest)	-	2,968	(2,968)
Actuarial loss recognized from changes in financial assumptions	208	-	208
Actuarial loss recognized from experience adjustments	1,606	-	1,606
Amounts recognized in other comprehensive income	1,814	2,968	(1,154)
Contributions from employer	-	1,555	(1,555)
Benefits paid	(4,729)	(4,729)	-
Benefits paid directly by the Company	(244)	-	(244)
Balance on December 31, 2022	33,599	36,580	(2,981)
Current service cost	1,006	-	1,006
Loss on settlements	1	-	1
Interest expense/interest income	403	452	(49)
Amounts recognized in profit or loss	1,410	452	958
Remeasurement on the net defined benefit liability			
Return on plan assets (excluding amounts included in net interest)	-	309	(309)
Actuarial gain recognized from changes in financial assumptions	(100)	-	(100)
Actuarial loss recognized from experience adjustments	252	-	252
Amounts recognized in other comprehensive income	152	309	(157)
Contributions from employer	-	1,386	(1,386)
Benefits paid	(4,549)	(4,549)	-
Benefits paid directly by the Company	(299)	-	(299)
Balance on December 31, 2023	$ 30,313	$ 34,178	$ (3,865)

(Concluded)

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

	Year Ended December 31		
	2021	2022	2023
	NT$	NT$ (In Millions)	NT$
Operating costs	$ 725	$ 565	$ 488
Marketing expenses	367	360	334
General and administrative expenses	80	86	78
Research and development expenses	44	37	35
	$ 1,216	$ 1,048	$ 935

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

a. Investment risk

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

b. Interest rate risk

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

c. Salary risk

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

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

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

	Measurement Date December 31	
	2022	2023
Discount rates	1.25%	1.25%
Expected rates of salary increase	1.00%-2.25%	1.00%-2.25%

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

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Discount rates		
0.5% increase	$ (996)	$ (880)
0.5% decrease	$ 1,056	$ 932
Expected rates of salary increase		
0.5% increase	$ 1,130	$ 1,000
0.5% decrease	$ (1,075)	$ (953)

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.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the consolidated balance sheets.

There is no change in the methods and assumptions used in preparing the sensitivity analysis from the previous period.

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
The expected contributions to the plan for the next year	$ 1,542	$ 1,355
The average duration of the defined benefit obligations	6.2-11 years	6.1-10 years

As of December 31, 2023, the Company’s maturity analysis of the undiscounted benefit payments was as follows:

Year	Amount
	NT$
	(In Millions)
2024	$ 2,538
2025	5,863
2026	8,865
2027	10,051
2028 and thereafter	34,869
	$ 62,186

29. EQUITY

a. Share capital

1) Common stocks

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Number of authorized shares	12,000	12,000
Authorized shares	$ 120,000	$ 120,000
Number of issued and paid shares	7,757	7,757
Issued and outstanding shares	$ 77,574	$ 77,574

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, 2023, the outstanding ADSs were 187 million common stocks, which equaled 19 million units and represented 2.41% of Chunghwa's total outstanding common stocks.

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

a) Exercise their voting rights,

b) Sell their ADSs, and

c) Receive dividends declared and subscribe to the issuance of new shares.

b. Additional paid-in capital

The adjustments of additional paid-in capital for the years ended December 31, 2021, 2022 and 2023 were as follows:

	Share Premium	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 Equities of Subsidiaries	Difference between Consideration Received or Paid and Carrying Amount of the Subsidiaries' Net Assets during Actual Disposal or Acquisition	Donated Capital	Stockholders' Contribution Due to Privatization	Total
	NT$	NT$	NT$	NT$ (In Millions)	NT$	NT$	NT$
Balance on January 1, 2021	$ 126,045	$ -	$ 2,089	$ 987	$ 21	$ 20,648	$ 149,790
Unclaimed dividend	-	-	-	-	2	-	2
Change in additional paid-in capital from investments in associates and joint ventures accounted for using equity method	-	1	-	-	-	-	1

(Continued)

	Share Premium	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 Equities of Subsidiaries	Difference between Consideration Received or Paid and Carrying Amount of the Subsidiaries' Net Assets during Actual Disposal or Acquisition	Donated Capital	Stockholders' Contribution Due to Privatization	Total
	NT$	NT$	NT$	NT$ (In Millions)	NT$	NT$	NT$
Share-based payment transactions of subsidiaries	$ -	$ -	$ 17	$ -	$ -	$ -	$ 17
Balance on December 31, 2021	$ 126,045	$ 1	$ 2,106	$ 987	$ 23	$ 20,648	$ 149,810
Balance on January 1, 2022	$ 126,045	$ 1	$ 2,106	$ 987	$ 23	$ 20,648	$ 149,810
Unclaimed dividend	-	-	-	-	2	-	2
Change in additional paid-in capital for not proportionately participating in the capital increase of subsidiaries	-	-	5	-	-	-	5
Share-based payment transactions of subsidiaries	-	-	27	-	-	-	27
Balance on December 31, 2022	$ 126,045	$ 1	$ 2,138	$ 987	$ 25	$ 20,648	$ 149,844
Balance on January 1, 2023	$ 126,045	$ 1	$ 2,138	$ 987	$ 25	$ 20,648	$ 149,844
Unclaimed dividend	-	-	-	-	2	-	2
Change in additional paid-in capital from investments in associates and joint ventures accounted for using equity method	-	(26)	-	-	-	-	(26)
Actual acquisition of interests in subsidiaries	-	-	-	-	-	-	-
Share-based payment transactions of subsidiaries	-	-	8	-	-	-	8
Balance on December 31, 2023	$ 126,045	$ (25)	$ 2,146	$ 987	$ 27	$ 20,648	$ 149,828

(Concluded)

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

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

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

c. Retained earnings and dividends policy

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

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

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

The appropriations of the 2021 and 2022 earnings of Chunghwa approved by the stockholders in their meetings on May 27, 2022 and May 26, 2023, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For Fiscal Year 2021	**For Fiscal Year 2022**	**For Fiscal Year 2021**	**For Fiscal Year 2022**
Provision for (reversal of) special reserve	$ 408	$ (185)		
Cash dividends	35,746	36,476	$ 4.608	$ 4.702

The appropriations of earnings for 2023 had been proposed by Chunghwa's Board of Directors on February 23, 2024. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Reversal of special reserve	$ (223)	
Cash dividends	36,910	$ 4.758

The appropriations of earnings for 2023 are subject to the resolution of the stockholders' meeting planned to be held on May 31, 2024.

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	**2022**	**2023**
	NT$	**NT$ (In Millions)**	**NT$**
Beginning balance	$ 1,240	$ (8)	$ (125)
Unrealized gain or loss for the year			
Equity instruments	(1,188)	(111)	641
Share of loss of associates and joint ventures accounted for using equity method	-	(6)	5

(Continued)

	Year Ended December 31		
	2021	2022	2023
	NT$	NT$ (In Millions)	NT$
Transferred accumulated gain or loss to unappropriated earnings resulting from the disposal of equity instruments (Note 9)	$ (60)	$ -	$ -
Ending balance	$ (8)	$ (125)	$ 521

(Concluded)

e. Noncontrolling interests

	Year Ended December 31		
	2021	2022	2023
	NT$	NT$ (In Millions)	NT$
Beginning balance	$ 11,158	$ 11,747	$ 12,408
Attributable to noncontrolling interests			
Net income for the year	1,431	1,511	1,103
Exchange differences arising from the translation of the foreign operations	-	21	2
Unrealized gain or loss on financial assets at FVOCI	2	(25)	(22)
Remeasurements of defined benefit pension plans	(5)	24	12
Income tax relating to remeasurements of defined benefit pension plans	1	(5)	(2)
Share of other comprehensive loss of associates and joint ventures accounted for using equity method	-	5	(21)
Cash dividends distributed by subsidiaries	(896)	(1,053)	(1,092)
Actual acquisition of interests in subsidiaries	-	-	-
Share-based payment transactions of subsidiaries	56	62	25
Change in additional paid-in capital for not proportionately participating in the capital increase of subsidiaries	-	10	-
Net increase in noncontrolling interests	-	111	19
Ending balance	$ 11,747	$ 12,408	$ 12,432

30. REVENUE

	Year Ended December 31		
	2021	2022	2023
	NT$	NT$ (In Millions)	NT$
Revenue from contracts with customers	$208,412	$214,498	$220,190
Other revenues			
Government grants income	1,037	1,030	1,704
Rental income	864	1,022	1,120
Others	165	189	185
	2,066	2,241	3,009
Total	$210,478	$216,739	$223,199

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

a. Disaggregation of revenue

Please refer to Note 42 Segment Information for details.

b. Contract balances

		December 31	
	January 1, 2022	2022	2023
	NT$	NT$ (In Millions)	NT$
Trade notes and accounts receivable (Note 10)	$ 23,947	$ 24,672	$ 24,842
Contract assets			
Products and service bundling	$ 7,197	$ 7,956	$ 9,297
Others	983	1,256	1,206
Less: Loss allowance	(18)	(19)	(21)
	$ 8,162	$ 9,193	$ 10,482
Current	$ 5,554	$ 6,056	$ 6,713
Noncurrent	2,608	3,137	3,769
	$ 8,162	$ 9,193	$ 10,482
Contract liabilities			
Telecommunications business	$ 13,144	$ 14,081	$ 14,016
Project business	5,435	6,586	6,654
Advance land receipts (Note 41)	-	-	460
Others	495	397	518
	$ 19,074	$ 21,064	$ 21,648

(Continued)

	January 1, 2022	December 31 2022	2023
	NT$	NT$ (In Millions)	NT$
Current	$ 12,234	$ 13,390	$ 14,088
Noncurrent	6,840	7,674	7,560
	$ 19,074	$ 21,064	$ 21,648

(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		
	2021	2022	2023
	NT$	NT$ (In Millions)	NT$
Contract assets			
Net increase of customer contracts	$ 6,035	$ 6,933	$ 7,961
Reclassified to trade receivables	(6,039)	(6,149)	(6,574)
	$ (4)	$ 784	$ 1,387
Contract liabilities			
Net increase of customer contracts	$ -	$ 9	$ 187
Recognized as revenues	(12)	(5)	(173)
	$ (12)	$ 4	$ 14

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

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

	Year Ended December 31		
	2021	2022	2023
	NT$	NT$ (In Millions)	NT$
Telecommunications business	$ 5,952	$ 6,626	$ 6,660
Project business	4,630	4,067	5,290
Others	431	440	540
	$ 11,013	$ 11,133	$ 12,490

c. Incremental costs of obtaining contracts

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Current		
Incremental costs of obtaining contracts	$ -	$ 211
Noncurrent		
Incremental costs of obtaining contracts	$ 980	$ 939

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. LED also believes the commissions paid for obtaining real estate sale contracts are expected to be recoverable; therefore, such costs were capitalized and classified as current by the operating cycle. Amortization expenses for the years ended December 31 2021, 2022 and 2023 were $815 million, $841 million and $856 million, respectively.

d. Remaining Performance Obligations

As of December 31, 2023, the aggregate amount of transaction price allocated to performance obligations for non-cancellable telecommunications service contracts that are unsatisfied is $35,179 million. The Company recognizes revenue when service is provided over contract terms. The Company expects to recognize such revenue of $21,181 million, $10,812 million and $3,185 million in 2024, 2025 and 2026, 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, 2023, the aggregate amount of transaction price allocated to performance obligations for non-cancellable project business contracts that are unsatisfied is $26,593 million. The Company recognizes revenues when the project business contract is completed and accepted by customers. The Company expects to recognize such revenue of $8,600 million, $7,331 million and $10,663 million in 2024, 2025 and 2026, 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		
	2021	2022	2023
	NT$	NT$	NT$
		(In Millions)	
Loss on disposal of property, plant and equipment	$ (3)	$ (5)	$ -
Impairment loss on right-of-use assets	(420)	-	-
Impairment loss on property, plant and equipment	-	-	(299)

(Continued)

	Year Ended December 31		
	2021	2022	2023
	NT$	NT$ (In Millions)	NT$
Reversal of impairment loss (impairment loss) on investment properties	$ 83	$ 107	$ (336)
Impairment loss on intangible assets	(29)	(9)	-
	$ (369)	$ 93	$ (635)

(Concluded)

b. Other income

	Year Ended December 31		
	2021	2022	2023
	NT$	NT$ (In Millions)	NT$
Dividend income	$ 154	$ 157	$ 167
Rental income	70	79	76
Others	154	133	139
	$ 378	$ 369	$ 382

c. Other gains and losses

	Year Ended December 31		
	2021	2022	2023
	NT$	NT$ (In Millions)	NT$
Valuation gain (loss) on financial assets and liabilities at fair value through profit or loss, net	$ 243	$ (206)	$ (98)
Foreign currency exchange gain or loss, net	230	(185)	(116)
Gain (loss) on disposal of investments accounted for using equity method, net	4	(14)	6
Gain on disposal of financial instruments, net	-	1	-
Others	(16)	(14)	(71)
	$ 461	$ (418)	$ (279)

d. Interest expenses

	Year Ended December 31		
	2021	2022	2023
	NT$	NT$ (In Millions)	NT$
Interest on bonds payable	$ 132	$ 161	$ 168
Interest on lease liabilities	69	75	105

(Continued)

	Year Ended December 31		
	2021	2022	2023
	NT$	NT$ (In Millions)	NT$
Interest paid to financial institutions	$ 16	$ 26	$ 44
Others	1	1	2
	$ 218	$ 263	$ 319

(Concluded)

e. Impairment loss (reversal of impairment loss)

	Year Ended December 31		
	2021	2022	2023
	NT$	NT$ (In Millions)	NT$
Contract assets	$ -	$ 1	$ 2
Trade notes and accounts receivable	$ 123	$ 109	$ 128
Other receivables	$ 20	$ 7	$ 22
Inventories	$ 207	$ 34	$ 23
Right-of-use assets	$ 420	$ -	$ -
Property, plant and equipment	$ -	$ -	$ 299
Investment properties	$ (83)	$ (107)	$ 336
Intangible assets	$ 29	$ 9	$ -

f. Depreciation and amortization expenses

	Year Ended December 31		
	2021	2022	2023
	NT$	NT$ (In Millions)	NT$
Property, plant and equipment	$ 27,805	$ 28,760	$ 28,839
Right-of-use assets	3,985	3,982	4,072
Investment properties	42	44	45
Intangible assets	6,569	6,643	6,699
Incremental costs of obtaining contracts	815	841	856
Total depreciation and amortization expenses	$ 39,216	$ 40,270	$ 40,511
Depreciation expenses summarized by functions			
Operating costs	$ 30,021	$ 30,735	$ 30,874
Operating expenses	1,811	2,051	2,082
	$ 31,832	$ 32,786	$ 32,956

(Continued)

	Year Ended December 31		
	2021	2022	2023
	NT$	NT$ (In Millions)	NT$
Amortization expenses summarized by functions			
Operating costs	$ 7,172	$ 7,286	$ 7,370
Marketing expenses	93	77	70
General and administrative expenses	75	71	68
Research and development expenses	44	50	47
	$ 7,384	$ 7,484	$ 7,555

(Concluded)

g. Employee benefit expenses

	Year Ended December 31		
	2021	2022	2023
	NT$	NT$ (In Millions)	NT$
Post-employment benefit			
Defined contribution plans	$ 784	$ 862	$ 963
Defined benefit plans	1,216	1,048	935
	2,000	1,910	1,898
Share-based payment			
Equity-settled share-based payment	19	16	8
Other employee benefit (Note)	42,654	43,746	44,305
Total employee benefit expenses	$ 44,673	$ 45,672	$ 46,211
Summary by functions			
Operating costs	$ 22,734	$ 21,857	$ 21,858
Operating expenses	21,939	23,815	24,353
	$ 44,673	$ 45,672	$ 46,211

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

Chunghwa distributes employees' compensation at the rates from 1.7% to 4.3% and remuneration to directors not higher than 0.17%, respectively, of pre-tax income. As of December 31, 2023, the payables of the employees' compensation and the remuneration to directors were $1,522 million and $40 million, respectively. Such amounts have been approved by the Chunghwa's Board of Directors on February 23, 2024 and will be reported to the stockholders in their meeting planned to be held on May 31, 2024.

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

The compensation to the employees and remuneration to the directors of 2021 and 2022 approved by the Board of Directors on February 23, 2022 and February 24, 2023, respectively, were as follows:

	2021	2022
	Cash	Cash
	NT$	NT$
	(In Millions)	
Compensation distributed to the employees	$ 1,429	$ 1,498
Remuneration paid to the directors	39	39

There was no difference between the initial accrual amounts recognized in 2021 and 2022 and the amounts proposed in the Board of Directors in 2022 and 2023 of the aforementioned compensation to employees and the remuneration to directors.

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	2022	2023
	NT$	NT$	NT$
		(In Millions)	
Current tax			
Current tax expenses recognized for the year	$ 8,490	$ 8,863	$ 8,875
Income tax on unappropriated earnings	181	137	(31)
Income tax adjustments on prior years	(150)	(141)	(128)
Others	7	7	4
	8,528	8,866	8,720
Deferred tax			
Deferred tax expenses recognized for the year	489	318	218
Income tax adjustments on prior years	3	151	9
	492	469	227
Income tax recognized in profit or loss	$ 9,020	$ 9,335	$ 8,947

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

	Year Ended December 31		
	2021	2022	2023
	NT$	NT$	NT$
		(In Millions)	
Income before income tax	$ 46,067	$ 47,204	$ 47,008
Income tax expense calculated at the statutory rate	$ 9,213	$ 9,441	$ 9,401
Nondeductible income and expenses in determining taxable income	8	(20)	28

(Continued)

	Year Ended December 31		
	2021	2022	2023
	NT$	NT$ (In Millions)	NT$
Tax-exempt income	$ (30)	$ (3)	$ (9)
Income tax on unappropriated earnings	181	137	(31)
Investment credits	(217)	(207)	(209)
Effect of different tax rates of group entities operating in other jurisdictions	(10)	(31)	(7)
Income tax adjustments on prior years	(147)	10	(119)
Others	22	8	(107)
Income tax expense recognized in profit or loss	$ 9,020	$ 9,335	$ 8,947

(Concluded)

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

b. Income tax recognized in other comprehensive income

	Year Ended December 31		
	2021	2022	2023
	NT$	NT$ (In Millions)	NT$
Deferred tax			
Remeasurement on defined benefit pension plans	$ 78	$ 231	$ 31

c. Current tax assets and liabilities

	December 31	
	2022	2023
	NT$ (In Millions)	NT$
Current tax assets		
Tax refund receivable (included in other current assets - others)	$ 2	$ 4
Current tax liabilities		
Income tax payable	$ 6,999	$ 6,613

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

	January 1, 2021	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	December 31, 2021
	NT$	NT$	NT$	NT$
		(In Millions)		
Deferred income tax assets				
Temporary differences				
Defined benefit pension plans	$ 1,816	$ 6	$ (78)	$ 1,744
Allowance for doubtful receivables over quota	365	(100)	-	265
Valuation loss on inventory	299	(102)	-	197
Seniority bonus	4	1	-	5
Impairment loss on assets	4	(4)	-	-
Estimated warranty liabilities	36	7	-	43
Valuation loss on financial assets	33	(33)	-	-
Valuation loss on onerous contracts	34	(8)	-	26
Accrued award credits liabilities	18	(9)	-	9
Deferred revenue	73	(24)	-	49
Share of profit or loss of associates and joint ventures accounted for using equity method	401	-	-	401
Unrealized foreign exchange loss, net	5	(3)	-	2
Others	25	8	-	33
	3,113	(261)	(78)	2,774
Loss carryforwards	20	(9)	-	11
	$ 3,133	$ (270)	$ (78)	$ 2,785

(Continued)

	January 1, 2021	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	December 31, 2021
	NT$	NT$	NT$	NT$
		(In Millions)		
Deferred income tax liabilities				
Temporary differences				
Defined benefit pension plans	$ (1,812)	$ (157)	$ -	$ (1,969)
Land value incremental tax	(95)	-	-	(95)
Deferred revenue for award credits	(30)	(25)	-	(55)
Intangible assets	(27)	3	-	(24)
Unrealized foreign exchange gain, net	-	(27)	-	(27)
Others	(3)	(16)	-	(19)
	$ (1,967)	$ (222)	$ -	$ (2,189)

(Concluded)

For the year ended December 31, 2022

	January 1, 2022	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	December 31, 2022
	NT$	NT$	NT$	NT$
		(In Millions)		
Deferred income tax assets				
Temporary differences				
Defined benefit pension plans	$ 1,744	$ 1	$ (231)	$ 1,514
Allowance for doubtful receivables over quota	265	(81)	-	184
Valuation loss on inventory	197	(92)	-	105
Seniority bonus	5	-	-	5
Impairment loss on assets	-	-	-	-
Estimated warranty liabilities	43	4	-	47
Valuation loss on financial assets	-	24	-	24
Valuation loss on onerous contracts	26	(8)	-	18

(Continued)

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

(Concluded)

For the year ended December 31, 2023

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

(Continued)

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

(Concluded)

e. Items for which no deferred income tax assets have been recognized

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Loss carryforwards		
Expire in 2023	$ -	$ -
Expire in 2024	1	1
Expire in 2025	15	15
Expire in 2026	8	8
Expire in 2027	3	3
Expire in 2028	1	1
Expire in 2029	1	1
Expire in 2030	-	-
Expire in 2031	-	-
Expire in 2032	-	5
Expire in 2033	-	13
	$ 29	$ 47
Investment credits - research and development expenditures		
Expire in 2025	$ -	$ 8
Deductible temporary differences	$ 13	$ 10

f. Information about unused investment credits and loss carryforwards

As of December 31, 2023, information about unused investment credits - research and development expenditures was as follows:

Remaining Creditable Amount NT$ (In Millions)	Expiry Year
$ 8	2025

As of December 31, 2023, information about unused loss carryforwards was as follows:

Remaining Creditable Amount NT$ (In Millions)	Expiry Year
$ 1	2024
18	2025
10	2026
3	2027
1	2028
2	2029
1	2030
1	2031
63	2032
16	2033
$ 116	

g. Income tax examinations

Income tax returns of Chunghwa have been examined by the tax authorities through 2021, except for 2020. Income tax returns of CHYP, CHSI, CHST, SENAO, ISPOT, Youth, Youyi, Aval, Wiin, SENYOUNG, Senaolife, CHI, CHPT, CHIEF, Unigate, SFD, SHE, CLPT, CHTSC, LED, HHI, IISI and UTC have been examined by the tax authorities through 2021.

h. Pillar Two Model Rules

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

33. EARNINGS PER SHARE

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

Net Income

	Year Ended December 31		
	2021	2022	2023
	NT$	NT$ (In Millions)	NT$
Net income used to compute the basic earnings per share			
Net income attributable to the parent	$ 35,616	$ 36,358	$ 36,958
Assumed conversion of all dilutive potential common stocks			
Employee stock options and employee compensation of subsidiaries	(6)	(7)	(5)
Net income used to compute the diluted earnings per share	$ 35,610	$ 36,351	$ 36,953

Weighted Average Number of Common Stocks

(Millions Shares)

	Year Ended December 31		
	2021	**2022**	**2023**
Weighted average number of common stocks used to compute the basic earnings per share	7,757	7,757	7,757
Assumed conversion of all dilutive potential common stocks			
Employee compensation	8	8	8
Weighted average number of common stocks used to compute the diluted earnings per share	7,765	7,765	7,765

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	Grant Date	Stock Options Units	Exercise Price NT$
2017.12.18	2017.12.19	950.00	$124.70 (Original price$147.00)
	2018.10.31	50.00	$130.30 (Original price$147.00)
2020.09.16	2020.11.13	200.00	$171.70 (Original price$206.00)

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 years ended December 31, 2021, 2022 and 2023 were $10.0 million, $8.8 million and $5.0 million, respectively.

CHIEF modified the plan terms of stock options granted on December 19, 2017 in September 2021 and July 2022; therefore, the exercise price changed from $132.70 to $128.70 and $124.70 per share, respectively. The modification did not cause any incremental fair value granted.

CHIEF modified the plan terms of stock options granted on October 31, 2018 in September 2021 and July 2022; therefore, the exercise price changed from $138.70 to $134.50 and $130.30 per share, respectively. The modification did not cause any incremental fair value granted.

CHIEF modified the plan terms of stock options granted on November 13, 2020 in September 2021, July 2022 and August 2023; therefore, the exercise price changed from $206.00 to $199.70, $193.50 and $171.70 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, 2022 and 2023 was as follows:

	Year Ended December 31, 2021					
	Granted on December 19, 2017		Granted on October 31, 2018		Granted on November 13, 2020	
	Number of Options	Weighted Average Exercise Price (NT$)	Number of Options	Weighted Average Exercise Price (NT$)	Number of Options	Weighted Average Exercise Price (NT$)
Employee stock options						
Options outstanding at beginning of the year	427.50	$ 132.70	21.00	$ 138.70	200.00	$ 206.00
Options exercised	(213.75)	132.70	(10.50)	134.50	-	-
Options forfeited	(0.50)	-	-	-	(6.00)	-
Options outstanding at end of the year	213.25	128.70	10.50	134.50	194.00	199.70
Options exercisable at end of the year	213.25	128.70	-	-	-	-
Weighted average remaining contractual life (years)	0.96		1.83		3.87	

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

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

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

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

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

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

The Board of Directors of CHTSC resolved to issue 4,500 and 3,500 stock options on December 20, 2019 and February 20, 2021, respectively. Each option is eligible to subscribe for one thousand common stocks when exercisable and the exercise 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, 2022 and 2023 were $8.4 million, $5.1 million and $0.5 million, respectively.

Information about CHTSC's outstanding stock options for the years ended December 31, 2021, 2022 and 2023 was as follows:

	Year Ended December 31, 2021			
	Granted on December 20, 2019		Granted on February 20, 2021	
	Number of Options	Weighted Average Exercise Price (NT$)	Number of Options	Weighted Average Exercise Price (NT$)
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	(72)	-	(176)	-
Options outstanding at end of the year	3,174	19.085	3,324	19.085
Options exercisable at end of the year	1,058	19.085	-	-
Weighted average remaining contractual life (years)	2.97		4.14	

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

	Year Ended December 31, 2023			
	Granted on December 20, 2019		Granted on February 20, 2021	
	Number of Options	Weighted Average Exercise Price (NT$)	Number of Options	Weighted Average Exercise Price (NT$)
Employee stock options				
Options outstanding at beginning of the year	1,083	$ 19.085	2,343	$ 19.085
Options exercised	(1,002)	19.085	(778)	19.085
Options forfeited	(41)	-	(46)	-
Options outstanding at end of the year	40	19.085	1,519	19.085
Options exercisable at end of the year	40	19.085	7	19.085
Weighted average remaining contractual life (years)	0.97		2.14	

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

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

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

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

IISI issued 1,665 stock options in January 2014. Each option is eligible to subscribe for one thousand common stocks when exercisable. The options are granted to specific employees of IISI and its subsidiaries that meet the vesting conditions. The options of the IISI Plan are valid for seven years and the graded vesting schedule will vest at certain percentages starting from two years after the grant date. The exercise price of the original options is $14 per share. After the options are issued, if the common stocks of IISI change, the exercise price of the options should be adjusted according to the prescribed formula.

No compensation cost of stock options granted was recognized for the year ended December 31, 2021.

Information about IISI's outstanding stock options for the years ended December 31, 2021 was as follows:

	Year Ended December 31, 2021	
	Granted in January 2014	
	Number of Options	Weighted Average Exercise Price (NT$)
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	-	-

(Continued)

	Year Ended December 31, 2021	
	Granted in January 2014	
	Number of Options	Weighted Average Exercise Price (NT$)
Options exercisable at end of the year	-	$ -
Weighted average remaining contractual life (years)	-	

(Concluded)

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

	Stock Options Granted in January 2014
Grant-date share price (NT$)	$14.51
Exercise price (NT$)	$14.00
Dividend yield	6%
Risk-free interest rate	1.16%-1.32%
Expected life	4.5-5.5 years
Expected volatility	35.28%-35.97%
Weighted average fair value of grants (NT$)	$2,345

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

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

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

The compensation costs for stock options for the years ended December 31, 2021, 2022 and 2023 were $0.9 million, $1.5 million and $2.9 million, respectively.

CLPT modified the plan terms of stock options granted on February 26, 2021 in September 2021 and September 2023; therefore, the exercise price changed from $16.87 to $15.90 and $14.40 per share, respectively. The modification did not cause any incremental fair value granted.

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

CLPT modified the plan terms of stock options granted on September 26, 2023 in September 2023; therefore, the exercise price changed from $16.87 to $15.30 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, 2022 and 2023 was as follows:

	Year Ended December 31, 2021	
	Granted on February 26, 2021	
	Number of Options	Weighted Average Exercise Price (NT$)
Employee stock options		
Options outstanding at beginning of the year	-	$ -
Options granted	690	16.87
Options forfeited	(140)	-
Options outstanding at end of the year	550	15.90
Options exercisable at end of the year	-	-
Weighted average remaining contractual life (years)	3.16	

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

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

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

	Stock Options Granted on February 26, 2021	Stock Options Granted on May 31, 2022	Stock Options Granted on September 26, 2023
Grant-date share price (NT$)	$17.63	$18.66	$28.43
Exercise price (NT$)	$16.87	$16.87	$16.87
Dividend yield	-	-	-
Risk-free interest rate	0.31%	0.98%	1.10%
Expected life	4 years	4 years	4 years
Expected volatility	35.22%	35.76%	31.99%
Weighted average fair value of grants (NT$)	$4,750	$5,665	$13,225

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

35. NON-CASH TRANSACTIONS

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

Investing activities	Year Ended December 31		
	2021	2022	2023
	NT$	NT$ (In Millions)	NT$
Additions of property, plant and equipment	$ 35,613	$ 31,265	$ 30,398
Changes in other payables	(280)	270	343
Payments for acquisition of property, plant and equipment	$ 35,333	$ 31,535	$ 30,741
The carrying amounts of disposal of financial assets at fair value through other comprehensive income	$ 2,705	$ -	$ -
Changes in other current monetary assets	271	-	-
Reclassified to investment accounted for using equity method	(64)	-	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	$ 2,912	$ -	$ -

Financing activities

	Balance on January 1, 2021	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		
	NT$	NT$	NT$ (In Millions)	NT$	NT$	NT$
Lease liabilities	$ 9,597	$ (3,729)	$ 4,669	$ (195)	$ (69)	$ 10,273

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

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

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

Categories of Financial Instruments

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Financial assets		
Measured at FVTPL		
Mandatorily measured at FVTPL	$ 1,024	$ 1,037
Hedging financial assets	13	-
Financial assets at amortized cost (Note a)	81,523	82,091
Financial assets at FVOCI	3,491	4,412
Financial liabilities		
Hedging financial liabilities	-	-
Measured at amortized cost (Note b)	67,451	65,466

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

Note b: The balances included short-term loans, trade notes and accounts payable, payables to related parties, partial other payables, customers' deposits, bonds payable and long-term loans (including the 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 and bonds payable. The Company's Finance Department provides services to its business units, co-ordinates access to domestic and international capital markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

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

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

a. Market risk

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

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

1) Foreign currency risk

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

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Assets		
USD	$ 2,355	$ 2,044
EUR	90	68
SGD	627	920
RMB	37	155
Liabilities		
USD	852	1,030
EUR	875	675
SGD	2,010	1,864
RMB	37	38

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

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Assets		
EUR	$ 16	$ -
Liabilities		
EUR	-	-

Foreign currency sensitivity analysis

The Company is mainly exposed to the fluctuations of the currencies USD, EUR and SGD 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	2022	2023
	NT$	NT$	NT$
		(In Millions)	
Profit or loss			
Monetary assets and liabilities (a)			
USD	$ 56	$ 75	$ 51
EUR	(41)	(39)	(30)
SGD	(85)	(69)	(47)
RMB	3	-	6
Derivatives (b)			
EUR	13	3	7
Equity			
Derivatives (c)			
EUR	11	22	1

a) This is mainly attributable to the exposure to foreign currency denominated receivables and payables of the Company outstanding at the balance sheet dates.

b) This is mainly attributable to forward exchange contracts.

c) This is mainly attributable to the changes in the fair value of derivatives that are designated as cash flow hedges.

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

2) Interest rate risk

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

	December 31	
	2022	**2023**
	NT$	**NT$**
	(In Millions)	
Fair value interest rate risk		
Financial assets	$ 41,593	$ 43,156
Financial liabilities	41,150	41,458
Cash flow interest rate risk		
Financial assets	9,631	9,136
Financial liabilities	2,322	2,185

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 million, $18 million and $17 million for the years ended December 31, 2021, 2022 and 2023, respectively. This is mainly attributable to the Company's exposure to floating interest rates on its financial assets, short-term and long-term loans.

3) Other price risk

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

Equity price sensitivity analysis

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

If equity prices had been 5% higher/lower, pre-tax profit and pre-tax other comprehensive income for the year ended December 31, 2021 would have increased/decreased by $46 million and $181 million as a result of the changes in fair value of financial assets at FVTPL and financial assets at FVOCI, respectively. If equity prices had been 5% higher/lower, pre-tax profit and pre-tax other comprehensive income for the year ended December 31, 2022 would have increased/decreased by $50 million and $175 million as a result of the changes in fair value of financial assets at FVTPL and financial assets at FVOCI, respectively. If equity prices had been 5% higher/lower, pre-tax profit and pre-tax other comprehensive income for the year ended December 31, 2023 would have increased/decreased by $51 million and $221 million as a result of the changes in fair value of financial assets at FVTPL and financial assets at FVOCI, respectively.

b. Credit risk

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

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

As the Company serves a large number of unrelated consumers, the concentration of credit risk was limited.

c. Liquidity risk

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

1) Liquidity and interest risk tables

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

December 31, 2022

	Weighted Average Effective Interest Rate (%)	Less than 1 Month NT$	1-3 Months NT$	3 Months to 1 Year NT$ (In Millions)	1-5 Years NT$	More than 5 Years NT$	Total NT$
Non-derivative financial liabilities							
Non-interest bearing	-	$ 39,904	$ -	$ 2,144	$ 5,157	$ -	$ 47,205
Floating interest rate instruments	1.79	-	300	422	1,600	-	2,322
Fixed interest rate instruments	0.53	-	-	-	21,700	8,800	30,500
		$ 39,904	$ 300	$ 2,566	$ 28,457	$ 8,800	$ 80,027

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

	Less than 1 Year NT$	1-3 Years NT$	3-5 Years NT$ (In Millions)	More than 5 Years NT$	Total NT$
Lease liabilities	$ 3,390	$ 4,446	$ 2,143	$ 870	$ 10,849

December 31, 2023

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

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

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

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

	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
	NT$	NT$	NT$ (In Millions)	NT$	NT$
December 31, 2022					
Gross settled					
Forward exchange contracts					
Inflows	$ -	$ 501	$ -	$ -	$ 501
Outflows	-	485	-	-	485
	$ -	$ 16	$ -	$ -	$ 16
December 31, 2023					
Gross settled					
Forward exchange contracts					
Inflows	$ -	$ 169	$ -	$ -	$ 169
Outflows	-	169	-	-	169
	$ -	$ -	$ -	$ -	$ -

2) Financing facilities

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Unsecured bank loan facilities		
Amount used	$ 722	$ 585
Amount unused	56,862	56,191
	$ 57,584	$ 56,776
Secured bank loan facilities		
Amount used	$ 1,600	$ 1,600
Amount unused	-	20
	$ 1,600	$ 1,620

38. FAIR VALUE INFORMATION

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

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

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

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

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

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

	December 31, 2022		December 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial liabilities				
Financial liabilities measured at amortized cost				
Bonds payable	$ 30,477	$ 30,452	$ 30,483	$ 30,469

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

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

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	$ -	$ 3	$ -	$ 3
Listed stocks	1	-	-	1
Non-listed stocks	-	-	861	861
Limited partnership	-	-	135	135
Film and drama investing agreements	-	-	24	24
	$ 1	$ 3	$ 1,020	$ 1,024
Hedging financial assets	$ -	$ 13	$ -	$ 13
Financial assets at FVOCI				
Listed stocks	$ 273	$ -	$ -	$ 273
Non-listed stocks	-	-	3,218	3,218
	$ 273	$ -	$ 3,218	$ 3,491

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	$ -	$ 1	$ -	$ 1
Listed stocks	-	-	-	-
Non-listed stocks	-	-	793	793
Limited partnership	-	-	219	219
Film and drama investing agreements	-	-	24	24
	$ -	$ 1	$ 1,036	$ 1,037
Financial assets at FVOCI				
Listed stocks	$ 243	$ -	$ -	$ 243
Non-listed stocks	-	-	4,169	4,169
	$ 243	$ -	$ 4,169	$ 4,412
Hedging financial liabilities	$ -	$ -	$ -	$ -

There were no transfers between Levels 1 and 2 for the years ended December 31, 2021, 2022 and 2023.

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

2021

Financial Assets	Measured at Fair Value through Profit or Loss	Measured at Fair Value through Other Comprehensive Income	Total
	NT$	NT$ (In Millions)	NT$
Balance at January 1, 2021	$ 677	$ 4,439	$ 5,116
Acquisition	25	81	106
Disposal	-	(5)	(5)
Reclassified to investments accounted for using equity method	-	(64)	(64)
Recognized in profit or loss under “Other gains and losses”	251	-	251
Recognized in other comprehensive income under “Unrealized gain or loss on financial assets at fair value through other comprehensive income”	-	(1,294)	(1,294)
Proceeds from capital reduction of the investees	(44)	-	(44)
Balance at December 31, 2021	$ 909	$ 3,157	$ 4,066
Unrealized gain or loss in 2021	$ 232		

2022

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

2023

Financial Assets	Measured at Fair Value through Profit or Loss	Measured at Fair Value through Other Comprehensive Income	Total
	NT$	NT$ (In Millions)	NT$
Balance at January 1, 2023	$ 1,020	$ 3,218	$ 4,238
Acquisition	133	305	438
Recognized in profit or loss under “Other gains and losses”	(95)	-	(95)
Recognized in other comprehensive income under “Unrealized gain or loss on financial assets at fair value through other comprehensive income”	-	649	649
Proceeds from capital reduction from investees and profit distribution	(22)	(3)	(25)
Balance at December 31, 2023	$ 1,036	$ 4,169	$ 5,205
Unrealized gain or loss in 2023	$ (95)		

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

1) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market prices.

2) For derivatives, fair values are estimated using discounted cash flow model. Future cash flows are estimated based on observable inputs including forward exchange rates at the end of the reporting periods and the forward and spot exchange rates stated in the contracts, discounted at a rate that reflects the credit risk of various counterparties.

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

	December 31	
	2022	2023
Discount for lack of marketability	14.09%-20.00%	3.75%-20.00%
Noncontrolling interests discount	17.29%-25.00%	17.01%-25.00%
Growth rate of long-term revenue	0.19%	0.19%
Discount rate	7.20%-8.80%	7.11%-8.20%

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

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Discount for lack of marketability		
5% increase	$ (33)	$ (49)
5% decrease	$ 33	$ 45
Noncontrolling interests discount		
5% increase	$ (24)	$ (22)
5% decrease	$ 24	$ 22
Long-term revenue growth rates		
0.1% increase	$ 30	$ 35
0.1% decrease	$ (29)	$ (35)
Discount rate		
1% increase	$ (330)	$ (396)
1% decrease	$ 407	$ 488

39. RELATED PARTIES TRANSACTIONS

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

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

Company	Relationship
Taiwan International Standard Electronics Co., Ltd.	Associate
So-net Entertainment Taiwan Limited	Associate
KKBOX Taiwan Co., Ltd.	Associate
KingwayTek Technology Co., Ltd.	Associate
Taiwan International Ports Logistics Corporation	Associate
Senao Networks, Inc.	Associate
EnGenius Networks Inc.	Subsidiary of the Company's associate, Senao Networks, Inc.
EnRack Technology 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
PT. CHT Infinity Indonesia	Subsidiary of the Company's associate, CHT Infinity Singapore Pte. Ltd.
Click Force Co., Ltd.	Associate

(Continued)

Company	Relationship
Alliance Digital Tech Co., Ltd.	Associate (Note 1)
Chunghwa PChome Fund I Co., Ltd.	Associate
Cornerstone Ventures Co., Ltd.	Associate
Next Commercial Bank Co., Ltd.	Associate
WiAdvance Technology Corporation	Associate
AgriTalk Technology Inc.	Associate (Note 2)
Imedtac Co., Ltd.	Associate (Note 2)
Baohwa Trust Co., Ltd.	Associate
Chunghwa SEA Holdings	Joint venture
Other related parties	
Chunghwa Telecom Foundation	A nonprofit organization of which the funds donated by Chunghwa exceeds one third of its total funds
Senao Technical and Cultural Foundation	A nonprofit organization of which the funds donated by SENAO exceeds one third of its total funds
Sochamp Technology Co., Ltd.	Investor of significant influence over CHST
Tsann Kuen Enterprise Co., Ltd.	Substantial related party of SENAO
E-Life Mall Co., Ltd.	Substantial related party of SENAO
Engenius Technologies Co., Ltd.	Substantial related party of SENAO
Cheng Keng Investment Co., Ltd.	Substantial related party of SENAO
Cheng Feng Investment Co., Ltd.	Substantial related party of SENAO
All Oriented Investment Co., Ltd.	Substantial related party of SENAO
Hwa Shun Investment Co., Ltd.	Substantial related party of SENAO
Yu Yu Investment Co., Ltd.	Substantial related party of SENAO
Divine Fine Foods & Wine Inc.	Substantial related party of SENAO (Note 3)
Kangsin Co., Ltd.	Substantial related party of SENAO
United Daily News Co., Ltd.	Investor of significant influence over SFD
Shenzhen Century Communication Co., Ltd.	Investor of significant influence over SCT
Advantech Co., Ltd.	Investor of significant influence over IISI
Z-Com, Inc.	Investor of significant influence over CHST

(Concluded)

Note 1: ADT completed its liquidation in August 2021. Please refer to Note 15.

Note 2: ATT and IME were previously treated as financial assets at FVOCI. As the Company acquired seats in the Board of Directors of each company and has significant influence over ATT and IME in July and August 2021, respectively, these investments are reclassified as associates. Please refer to Note 15.

Note 3: Divine Fine Foods & Wine Inc. replaced its responsible persons in October 2021. Since then, Divine Fine Foods & Wine Inc. is no longer a related party of the Company.

b. Balances and transactions between 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		
	2021	**2022**	**2023**
	NT$	**NT$ (In Millions)**	**NT$**
Associates	$ 499	$ 417	$ 403
Others	55	61	57
	$ 554	$ 478	$ 460

	Operating Costs and Expenses		
	Year Ended December 31		
	2021	**2022**	**2023**
	NT$	**NT$ (In Millions)**	**NT$**
Associates	$ 853	$ 1,247	$ 1,322
Others	74	80	74
	$ 927	$ 1,327	$ 1,396

2) Non-operating transactions

	Non-operating Income and Expenses		
	Year Ended December 31		
	2021	**2022**	**2023**
	NT$	**NT$ (In Millions)**	**NT$**
Associates	$ 38	$ 37	$ 38
Others	3	2	2
	$ 41	$ 39	$ 40

3) Receivables

	December 31	
	2022	**2023**
	NT$ (In Millions)	**NT$**
Associates	$ 70	$ 76
Others	5	2
	$ 75	$ 78

4) Payables

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Associates	$ 534	$ 381
Others	5	4
	$ 539	$ 385

5) Customers' deposits

	December 31	
	2022	2023
	NT$	NT$
	(In Millions)	
Associates	$ 69	$ 20
Others	-	-
	$ 69	$ 20

6) Acquisition of property, plant and equipment

	Year Ended December 31		
	2021	2022	2023
	NT$	NT$	NT$
		(In Millions)	
Associates	$ 398	$ 32	$ 173

7) Acquisition of intangible assets

	Year Ended December 31		
	2021	2022	2023
	NT$	NT$	NT$
		(In Millions)	
Associates	$ -	$ 1	$ -

8) Disposal of property, plant and equipment and investment properties

	Proceeds		
	Year Ended December 31		
	2021	2022	2023
	NT$	NT$	NT$
		(In Millions)	
Associates	$ 10	$ -	$ -

	Gain on Disposal		
	Year Ended December 31		
	2021	2022	2023
	NT$	NT$ (In Millions)	NT$
Associates	$ 2	$ -	$ -

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 million (SGD 261 million), including a prepayment of $3,068 million at the inception of the lease, and the rest of amount should be paid annually when ST-2 satellite starts its official operation. ST-2 satellite was launched in May 2011 and began its official operation in August 2011. As ST-2 satellite is in good operating condition, the useful life is extended for another 3 years and 3 months after evaluation in 2021. The Board of Directors of Chunghwa approved to extend the lease period accordingly with the original contract terms in December 2021; therefore, Chunghwa acquired right-of-use asset of $1,125 million from the aforementioned lease extension.

The lease liabilities of ST-2 Satellite Ventures Pte., Ltd. as of December 31, 2022 and 2023 were as follows:

	December 31	
	2022	2023
	NT$ (In Millions)	NT$
Lease liabilities - current	$ 194	$ 197
Lease liabilities - noncurrent	1,761	1,603
	$ 1,955	$ 1,800

The interest expense recognized for the aforementioned lease liabilities for the years ended December 31, 2021, 2022 and 2023 were $7 million, $8 million and $8 million, respectively.

10) Others

The bank deposits and other financial assets of NCB as of December 31, 2022 and 2023 were as follows:

	December 31	
	2022	2023
Bank deposits and other financial assets	$ -	$ 1,132

The interest income recognized for the aforementioned bank deposits and other financial assets was $1 million for the year ended December 31, 2023.

c. Compensation of key management personnel

The compensation of directors and other key management personnel for the years ended December 31, 2021, 2022 and 2023 were as follows:

	Year Ended December 31		
	2021	2022	2023
	NT$	NT$ (In Millions)	NT$
Short-term employee benefits	$ 321	$ 360	$ 352
Post-employment benefits	7	8	26
Share-based payment	2	2	1
Termination benefits	-	-	-
	$ 330	$ 370	$ 379

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

40. PLEDGED ASSETS

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

	December 31	
	2022	2023
	NT$ (In Millions)	NT$
Property, plant and equipment	$ 2,403	$ 2,469
Restricted assets (included in other assets - others)	131	546
	$ 2,534	$ 3,015

41. 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, 2023 were as follows:

a. Acquisitions of land and buildings of $49 million.

b. Acquisitions of telecommunications-related inventory and equipment of $21,758 million.

c. Unused letters of credit amounting to $10 million.

d. A commitment to contribute $2,000 million to a Piping Fund administered by the Taipei City Government, of which $1,000 million was contributed by Chunghwa on August 15, 1996 (classified as other financial assets - noncurrent). If the fund is not sufficient, Chunghwa will contribute the remaining $1,000 million upon notification from the Taipei City Government.

e. Chunghwa committed that when its ownership interest in NCB is greater than 25% and NCB encounters financial difficulty or the capital adequacy ratio of NCB cannot meet the related regulation requirements, Chunghwa will provide financial support to assist NCB in maintaining a healthy financial condition.

f. Chunghwa signed a contract, the ST-2 Satellite Succession Plan, with Singapore Telecommunications Limited, for a total transaction price of EUR 177 million and SGD 51 million. As of December 31, 2023, Chunghwa had paid the amount of EUR 50 million (classified as prepayments - noncurrent).

g. LED has signed the land presale contracts amounting to $4,244 million and has received $460 million in accordance with the contracts (classified as contract liabilities - current).

42. SEGMENT INFORMATION

In response to changes in the operating environment and new business challenges, the Company launched its organizational transformation and redesigned the operational decision-making processes and the performance assessment under the new structure. The aforementioned organizational transformation was effective from January 1, 2022. The Company redefined the reportable segments as "Consumer Business", "Enterprise Business", "International Business" and "Others" and restated the corresponding items of segment information for the comparative period. The reportable segments are managed separately because each segment represents a strategic business unit that serves different customers. Segment information is provided to the chief operating decision maker who allocates resources and assesses segment performance. The Company’s measure of segment performance is mainly based on revenues and income before income tax.

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

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

a. Segment revenues and operating results

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

	Consumer Business	Enterprise Business	International Business	Others	Total
	NT$	NT$	NT$ (In Millions)	NT$	NT$
Year ended December 31, 2021					
Revenues					
From external customers	$ 129,912	$ 69,258	$ 6,122	$ 5,186	$ 210,478
Intersegment revenues	2,857	1,693	961	340	5,851
Segment revenues	$ 132,769	$ 70,951	$ 7,083	$ 5,526	216,329
Intersegment elimination					(5,851)
Consolidated revenues					$ 210,478
Segment income before income tax	$ 27,528	$ 15,094	$ 1,246	$ 2,199	$ 46,067

(Continued)

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

(Concluded)

b. Other segment information

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

For the year ended December 31, 2021

	Consumer Business NT$	Enterprise Business NT$	International Business NT$ (In Millions)	Others NT$	Total NT$
Share of profits of associates and joint ventures accounted for using equity method	$ (48)	$ 11	$ 272	$ 186	$ 421
Interest income	$ 7	$ 16	$ 5	$ 67	$ 95
Interest expenses	$ 131	$ 66	$ 7	$ 14	$ 218
Depreciation and amortization	$ 27,953	$ 9,700	$ 865	$ 698	$ 39,216
Impairment loss on right-of-use assets	$ 5	$ 382	$ 33	$ -	$ 420
Reversal of impairment loss on investment properties	$ -	$ -	$ -	$ 83	$ 83
Impairment loss on intangible assets	$ 29	$ -	$ -	$ -	$ 29

For the year ended December 31, 2022

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

For the year ended December 31, 2023

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

c. Main products and service revenues

The following is an analysis of the Company's revenue from its major products and services.

	Year Ended December 31		
	2021 NT$	2022 NT$ (In Millions)	2023 NT$
Consumer Business			
Mobile services	$ 49,043	$ 51,821	$ 55,138
Fixed-line services	42,277	42,766	42,574
Sales	36,145	35,172	36,816
Others	2,447	2,304	2,565
	129,912	132,063	137,093
Enterprise Business			
Fixed-line services	34,712	34,537	33,967
ICT business	22,299	24,248	24,697
Mobile services	8,446	8,942	9,119
Others	3,801	4,425	5,222
	69,258	72,152	73,005
International Business			
Fixed-line services	5,008	5,063	5,389
ICT business	679	1,506	2,841
Others	435	620	958
	6,122	7,189	9,188
Others			
Sales	4,335	4,553	3,034
Others	851	782	879
	5,186	5,335	3,913
	$ 210,478	$ 216,739	$ 223,199

d. Geographic information

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

	Year Ended December 31		
	2021	2022	2023
	NT$	NT$ (In Millions)	NT$
Taiwan, ROC	$ 204,473	$ 209,727	$ 215,265
Overseas	6,005	7,012	7,934
	$ 210,478	$ 216,739	$ 223,199

The Company has long-lived assets in U.S., Singapore, Hong Kong, China, Vietnam, Japan, and Thailand for $3,212 million and $3,093 million as of December 31, 2022 and 2023, respectively, in the aforementioned areas, the other long-lived assets are located in Taiwan, ROC.

e. Major customers

As of December 31, 2021, 2022 and 2023, the Company did not have any single customer whose revenue exceeded 10% of the total revenues.