

Major Resolutions of the 15th Meeting of Chunghwa Telecom's Fourth Board of Directors (Aug. 29, 2006)

1. Summary: Revisions to those certain articles (draft) of the "Organizational Regulations of Chunghwa Telecom Co., Ltd. Board of Directors" were submitted for resolution.

Resolution:

A. The attending directors unanimously approved the proposal and requested that the management implement the proposal in accordance with the prescribed procedures.

B. The number of director seats on the Board of Directors was reduced after privatization.

The issuance of preferred stock requires an adjustment in the number of directors. However, the Company should first consider the issue of strengthening the Board of Directors from the aspects of the Company's business development and the Board's existing practice. Further research and analysis shall be performed on this issue, and substantive proposals be submitted to the Board later so as to ensure that revisions of the Board's organizational regulations will actually enhance the functions and representations of the Board.

2. Summary: Revisions to certain articles (draft) of the "Organizational Regulations of Chunghwa Telecom Co., Ltd. " was submitted for resolution.

Resolution: The attending directors unanimously approved the proposal and requested that the management implement the proposal in accordance with the prescribed procedures.

3. Summary: In response to the Company's needs for real estate management and development in the future, revisions to Item 16 IV Land and Real Properties, Section IV. "Financial Accounting and Assets" of the Chunghwa Telecom Co., Ltd. Table of Allocation of Duties and Powers of the Board of Directors, were submitted for approval.

Resolution:

A. The attending directors approved the proposal after revision of Explanatory Notes No. 3 and 4, and requested that the management implement the proposal in accordance with the prescribed procedures.

B. Explanatory Note No. 3 and 4 were revised as follows:

(1) Explanatory Note No. 3. (2): The sentence, "The case must be submitted to the Board of Directors for approval after obtaining the consent of the audit committee when real estate valued at NT\$500 million or more is acquired. The management shall have the discretionary authority for acquisition of any real estate valued at less than NT\$500 million." was revised to read as: "The case must be submitted to the Board of Directors for approval after obtaining the consent of the audit committee when real estate valued at NT\$300 million or more is acquired. The management shall have the discretionary authority for acquisition of any real estate valued at less than NT\$300 million."

(2) Explanatory Note No. 4: The following language: "Boundary line adjustment"

refers to changes to existing property lines between two or more contiguous parcels in accordance with the general land use plan. Said change is typically made in accordance with the government's condemnation or asset adjustment and is not related to disposition of assets. It is therefore respectfully requested that the aforementioned measure be approved and that the management be authorized to implement the same accordingly." was revised to read as follows: "Boundary line adjustment' refers to changes to existing property lines between two or more contiguous parcels in accordance with the general land use plan. It is therefore respectfully requested that the aforementioned measure be approved and that the management be authorized to implement the same accordingly."

4. Summary: The Company's financial statement and CPA's Audit Report for the first half of 2006 were submitted for approval by the Board in accordance with regulations requiring the Board's approval and supervisors' acknowledgement.

Resolution:

A. The attending directors unanimously approved the proposal and requested that the management implement the proposal in accordance with the prescribed procedures.

B. If any information must be verified following the board meeting, it should be explained at a subsequent meeting

C. With respect to the questions related to the financial products in this case, specifically,

the "trading purpose financial assets" and the "available for sale financial assets", the management is hereby instructed to study further and make report in the next Audit Committee meeting.

6. Summary: In response to the agreement of APC early retirement, the Company's International Business Group determined to terminate the operation of the Asia-Pacific Submarine Cable (APC) early on April 1, 2006 in accordance with the Company's "Procedures for Discarding Non-overaged Assets." Said determination is hereby proposed to the Board for approval.

Resolution:

A. The attending directors unanimously approved the proposal and requested that the management implement the proposal in accordance with the prescribed procedures.

B. Disposition of assets for scrap and the related system technicality and actual operation shall be reviewed and studied in coordination with the Accounting Department in accordance with the relevant rules and regulations or internal audit procedure.

7. Summary: The proposal that property on Tehchang St. (Wanhua site) owned by the Company's International Business Group be co-developed as high-tech residences for sale and the Huatan Access Network Center site (Changhua site) of the Company's Central Taiwan Business Group be developed as residences for lease via in-house development and commissioned management, was submitted for approval.

Resolution:

A. The attending directors unanimously approved the proposal and requested that the management implement the proposal in accordance with the prescribed procedures.

B. When evaluating real-estate development companies in the future, apart from stressing the strength of their name reputation, the Company should also provide better explanations of how value of the construction sites can be best maximized so as to attract more reputable real-estate development companies interested in long-term cooperation.

C. Facility management and maintenance of student oriented rental housing is more difficult. The management shall make more careful consideration and strengthen the property management skills in its future selection of a property management company.

8. Summary: To encourage newly recruited employees to participate actively in the employee shareholding association after the Company's privatization, the proposed company contribution ratio was submitted for approval.

Resolution: The attending directors unanimously approved the proposal and requested that the management implement the proposal in accordance with the prescribed procedures.

9. Summary: The proposed "Chunghwa Telecom Co., Ltd. Board of Directors Audit Committee Performance Assessment Procedures" was submitted for resolution.

Resolution:

A. The attending directors unanimously approved the proposal after revision of Explanatory Note No. 3, and requested the management to implement the proposal in accordance with the prescribed procedures.

B. Explanatory Note No. 3: The following sentence,

"It is proposed that the chairman engage two or three competent and upright individuals, who are familiar with the corporate governance practice and possess the necessary relevant professional backgrounds,

to serve as advisory consultants." was revised to read as follows:

"The Board of Directors shall authorize the chairman to engage two or three competent and upright individuals, who are familiar with the corporate governance practice and possess the necessary relevant professional backgrounds, to serve as advisory consultants."

10. Summary: The Company implemented its 2005 employee performance evaluation plan and distributed bonuses in two stages in 2005, namely before and after privatization on August 12, 2005. Since the number of days in both evaluation stages summed up to less than 365 days, there was a 42-day (from July 1 to August 11) gap on the performance bonuses. Personnel who stayed with the Company after privatization continued to work for the full year, but were unable to collect performance bonuses for the whole year, which adversely affect the employees' rights. In order to promote the employees' work morale, it is hereby proposed that the Company distribute the prorated year-end performance bonuses for the missing 42 days.

Resolution:

A. The following addition shall be made to the previously approved compensation plan "Please consent to the distribution of supplemental performance evaluation bonuses for the 42-day period from July 1, 2005 to August 11, 2005 in the spirit of the Company's evaluation program, and appropriation of the bonus payments from Chunghwa Telecom Performance Evaluation Accounting Item."

B. The attending directors unanimously approved the implementation proposal and requested that the management implement the proposal in accordance with the prescribed procedures.

Extraordinary motions

1. Summary: The proposed personnel assignment of seven employees, including vice president Lang-Chee Chang, and the termination of President Cheng-Luh Chen of the Company's joint venture Chunghwa Precision Test Technology Co., Ltd., were submitted for approval.

Resolution: The attending directors unanimously approved the proposal and requested that management implement the proposal in accordance with the prescribed procedures.