

Major Resolutions of the 17th Meeting of Chunghwa  
Telecom's Fourth Board of Directors (December 26, 2006)

Discussion Items:

1. Summary: The proposal to invest in "Senao International Co., Ltd." (herein referred to as "Senao") was submitted to the Board of Directors (the "Board") for approval.

Resolutions: The attending directors unanimously approved the following:

- (1) Based on the strategic benefit of vertical integration, the Board has approved the proposal to invest in Senao, and the management is hereby authorized, directed and empowered in the name and on behalf of this Company, or otherwise, to execute all such instruments, documents and certificates, and to take all such further and other action in connection with the public tender offer of Senao ("Offer").
  - (2) The terms of the Offer shall be as follows:
    - a. Price of the Offer: NT\$15.10
    - b. Shares Available to the Offer: 70,373,000~72,520,000 shares (approximately 31.5%~32.5% of Senao's total number of shares outstanding)
    - c. Duration of the Offer: 12 days, commencing on Thursday, December 28, 2006 and ending on Monday, January 18, 2007 (the "Duration Period").
    - d. Condition Precedent Prior to the Offer: At least 70,373,000 shares shall be available for sale by the last day of the Duration Period.
  - (3) The Company shall submit the necessary documentation relating to the Offer to the Financial Supervisory

Commission, Securities and Futures Bureau and other relevant governmental agencies.

2. Summary: The Company's 2007 operating plan and 2007 budget proposal were submitted to the Board for approval.

Resolutions:

(1) The attending directors unanimously approved the 2007 operating plan and 2007 budget proposal, and the management is hereby authorized, directed and empowered in the name and on behalf of this Company, or otherwise, to execute all such instruments, documents and certificates, and to take all such further and other action in connection with the implementation of the 2007 operating plan and 2007 budget proposal.

(2) In view of the fact that factors such as NCC's policies and market competition may limit CHT's revenue growth, the 2007 operating plan and 2007 budget proposal shall be revised to take into account of the effects of such factors and be re-submitted to the Board in February 2007.

3. Summary: The Company's 2007 internal audit plan was submitted to the Board for approval.

Resolutions: The attending directors unanimously approved the 2007 internal audit plan and requested the management to register the internal audit plan on the website of the Financial Supervisory Commission in accordance with the regulations and implement the internal audit tasks accordingly.

4. Summary: The "Chunghwa Telecom Board of Directors Audit Committee Performance Assessment Form" and the

advisory report were submitted to the Board for approval.

Resolutions: The attending directors unanimously approved the "Chunghwa Telecom Board of Directors Audit Committee Performance Assessment Form" and the advisory report, and requested the management to implement the Form and the report in accordance with the prescribed procedures.

5. Summary: A draft of the revised "Organizational Regulations of the Chunghwa Telecom Co., Ltd. Board of Directors Audit Committee" was submitted to the Board for approval.

Resolutions:

(1) The attending directors unanimously approved the draft of the "Organizational Regulations of the Chunghwa Telecom Co., Ltd. Board of Directors Audit Committee" as revised pursuant to the terms set forth in Resolution (2) below.

(2) Revisions to the "Organizational Regulations of the Chunghwa Telecom Co., Ltd. Board of Directors Audit Committee" are shown in Attachment 3 as follows:

a. In Article 4, Section 5, "Resolving disputes between management and the Company's CPAiK" was revised to "Negotiation between management and the Company's CPAiK".

b. In Article 12, "The information that the Committee has a right to receive in relation to the accountingiK" was revised to "The information that the Committee receives in relation to the accountingiK".

6. Summary: A draft of the revised "Organizational Regulations of Chunghwa Telecom" was submitted to the Board for approval.

Resolutions:

(1) The attending directors unanimously approved the revised "Organizational Regulations of Chunghwa Telecom" pursuant to the terms set forth in Resolution (2).

(2) Revisions to the "Organizational Regulations of Chunghwa Telecom" are shown in Attachment 4 as follows:

a. In Article 6, "The Company shall appoint senior chief engineer, chief secretary, deputy chief engineer, vice presidents, committee members, special committee members, special assistants,....," was revised to "the Company shall appoint senior chief engineer, chief secretary, deputy chief engineer, vice presidents, advisors, committee members, special committee members, special assistants, iK ".

(3) Supplementary Resolutions:

a. In accordance to the Company's development, the Company shall clearly define key supervisory titles for all duties; the management is therefore requested to present such titles again following review and revision.

b. The management is requested to conduct a review concerning whether the establishment of the Enterprise Business Group will have any impact on jobs of other business groups and whether this will require any organizational adjustment,

and will present a report to the Board at an appropriate time.

7. Summary: A draft of the revised articles of the "Code of Corporate Governance for Chunghwa Telecom" was submitted to the Board for approval.

Resolutions: The attending directors unanimously approved the revised articles, and requested the management to implement the revisions in accordance with the prescribed procedures.

8. Summary: A draft of the revised articles of the "Regulations of Scope of Duties of the Independent Director of Chunghwa Telecom" was submitted to the board for approval.

Resolutions: The attending directors unanimously approved the draft, and requested the management to implement the revisions in accordance with the prescribed procedures.

9. Summary: A draft of the revised "Organizational Regulations of the Chunghwa Telecom Co., Ltd. Board of Directors Strategy, Drafting, and Compensation Committee", and the proposal that current Directors serve until the end of the term were submitted to the Board for approval.

Resolutions: The attending directors unanimously approved the draft and the proposal, and requested the management to implement the draft and the proposal in accordance with the prescribed procedures.

10. Summary: A draft of the revised "Meeting Rules of Order of the Board of Directors of Chunghwa

Telecom" was submitted to the Board for approval.

Resolutions: The attending directors unanimously approved the draft, and requested the management to implement the revisions in accordance with the prescribed procedures and present a report at the shareholders' meeting.

11. Summary: A draft of the revised articles of the "Chunghwa Telecom Co., Ltd. Directors and Supervisors Election Regulations" was submitted to the Board for approval.

Resolutions: The attending directors unanimously approved the draft, and requested the management to implement the revisions in accordance with the prescribed procedures and present a report regarding the revisions at the shareholders' meeting for discussion.

12. Summary: A draft of the revised articles of the "Employees Performance Evaluation Guidelines of Chunghwa Telecom" was submitted to the Board for approval.

Resolutions:

(1) The attending directors unanimously approved the revised articles of the "Employees Performance Evaluation Guidelines of Chunghwa Telecom" as revised in Resolution (2).

(2) Revisions to the "Employees Performance Evaluation Guidelines of Chunghwa Telecom Co., Ltd." are as follows; the approved "Chunghwa Telecom Co., Ltd. Employees Performance Evaluation Guidelines" is as shown in attachment 12:

a. Explanation (a) Case Basis was revised to read:

This proposal is conducted in accordance with the following two resolutions: the resolution of the 25th drafting committee meeting, requesting the management propose to the 15th meeting of the Fourth Board of Directors for deliberation after the management and union have communicated and reviewed the employees performance evaluation guidelines within two months after the shareholders' meeting; and the resolution of the report "Future Chunghwa Telecom Compensation System Trends and Principles" at the 16th meeting of the Fourth Board of Directors.

b. In Paragraph 2 of Article 10, "One of every five committee members in the foregoing paragraph shall be chosen by ballot by the personnel of the organization, ..." was revised to read "One of every five committee members in the foregoing paragraph shall be persons recommended by the union corresponding to the organization, and may serve one consecutive term, iK".

(3) Director, Hsu-Chung Chang, expressed a differing opinion:

a. With regard to the percentages of the grades in Article 7, it is recommended that the 5% of grades C and D be reduced to 3%.

b. Any modification of the salary grade system in Article 8 shall be implemented in accordance with the results of collective agreement and negotiation with the union.

14. Summary: In order to entirely develop the land located at Lot 211 Subsection 4, Jin Hua Section, Ta-An District, Taipei City, managed jointly by the Company and the National Property Bureau, Ministry of Finance, and to maximize

the value of assets, , the proposal that, the 344 pings of the land held by the Bureau be purchased (preliminary price estimate is NT\$470 million) was submitted to the Board for approval.

Resolutions: The attending directors unanimously approved the proposal, and requested the management to implement the proposal in accordance with the prescribed procedures.

15. Summary: The proposal that the Dunliao Site in Jhongli belonging to the Northern Taiwan Business Group be developed as a whole in stages via a cooperative arrangement as houses and high-rises buildings for the purpose of sale, and that the Zuoying Site in Kaohsiung belonging to the Data Communications Business Group be developed in-house as a hotel and offices to be managed under contract was submitted to the Board for approval.

Resolutions: The attending directors unanimously approved the proposal, and requested the management to make preparations for development and also acquire the necessary skilled professionals as soon as possible and speed up the establishment of a real estate development subsidiary. In the future, when necessary, implementation of real estate development should be turned over to the subsidiary.

16. Summary: A draft of the "Investment Operating Guidelines" and the revised Article 22 of the "Procedures for Acquisition or Disposal of Assets" were submitted to the Board for approval.



Resolutions:

(1) The attending directors unanimously approved the "Investment Operating Guidelines of Chunghwa Telecom" as revised in Resolution (2).

(2) Revisions to the "Investment Operating Guidelines of Chunghwa Telecom" are as follows and the approved "Investment Operating Guidelines of Chunghwa Telecom" is as shown in Attachment 13:  
In the Notes Column of Article 8, "Determined in accordance with Article 3 of the Incorporation of the Company and Article 22 of the Procedures for Acquisition or Disposal of Assets of the Company." was revised to read "Determined in accordance with Article 3 of the Incorporation of the Company and Article 22 of the Procedures for Acquisition or Disposal of Assets of the Company, however, this guideline's self-restraint shall be 12%."

(3) The 28th meeting of the audit committee consented to the resolution:

With regard to Type 1, Type 2, and Type 3 invested enterprises in Article 22 of Chapter 4, when the shareholding ratio of the Company (or a subsidiary or indirect subsidiary) is at a maximum, in conformity with the interests of the controlling shareholder, the Company shall secure the right to assign personnel to the invested Company's positions with major decision-making powers.

The management was requested to formulate detailed methods for handling this and submit a clearly-defined plan to the audit committee in January 2007, which the management shall be requested to actively implement.

17. Summary: The proposal that, in order to meet operation needs, the Company recruits the financial management specialist Mr. Joseph C.P. Shieh as Company's chief financial officer and senior vice president was submitted to the Board for approval.

Resolutions:

(1) The attending directors unanimously approved the proposal, and requested the management to implement the proposal in accordance with the prescribed procedures.

(2) The 33rd meeting of the drafting committee consented to the resolution:

In the future, major personnel changes shall be presented to the drafting committee for deliberation at least three (3) days before the Board meeting. Upon passage by the drafting committee, the cases shall be submitted as formal proposals to the Board for approval and documents of such cases shall be sent confidentially to all directors and supervisors as quickly as possible for their handling of the matter. Appropriate actions shall be taken and a report shall be submitted when case implementation encounters difficulties.