

Major Resolutions of the 9th Meeting of the Company's Fourth Board  
of Directors (Nov. 8, 2005)

1. Summary: The proposed Chunghwa Telecom Co., Ltd. Employees Management Rules (Draft) was submitted to the board for a vote.

Resolutions:

1. The attending directors unanimously approved the "Chunghwa Telecom Co., Ltd. Employees Management Rules (Draft)" after certain revision, and further requested the Management Department to implement said resolution in accordance with the prescribed procedure.
2. The board revised the "Chunghwa Telecom Co., Ltd. Employees Management Rules (Draft)" as set forth below, and approved the "Chunghwa Telecom Co., Ltd. Employees Management Rules", a copy of which is attached herewith as Appendix 3.
  - (1) Article 3, Paragraph 2, which was originally "the Chunghwa Telecom Co., Ltd. Remuneration Committee shall set their salaries,..." was revised to read "this company's Remuneration Committee shall set their salaries,..."
  - (2) Article 4, Paragraph 2, which originally read as "...regarding the method(s) of review, it may be performed in accordance with one or several items selected depending on the business needs, and the review of written works shall not be performed alone", was revised to read "...regarding the method(s) of review, it shall be performed in accordance with one or several items selected depending on the business needs, however, the review of written works shall not be conducted alone."
  - (3) Article 5, Paragraph 1, which originally read as "...and in accordance with such factors as the person's academic record, job history, written works, area of specialization, difficulty of recruiting such persons, and job duties,..." was revised to read as "...and in accordance with such factors as the person's academic records, job history, written works, area of specialization, difficulty of hiring, and job duties,..."
  - (4) Article 7, Paragraph 2, which originally read as "...all drafted and revised personnel affairs rules shall be submitted

to the board of directors for approval.” was revised to read as “...the board of directors shall approve all drafted and revised personnel affairs rules.”

2. Summary: As it was deemed necessary to establish “Employees Performance Evaluation Guidelines” for the purpose of developing a new performance-oriented corporate culture for this company, the draft Guidelines (see Appendix 4) were submitted to the board for approval.

Resolutions:

1. The attending directors unanimously approved the “Chunghwa Telecom Co., Ltd. Employees Performance Evaluation Guidelines (Draft)” after certain revisions and further requested the management to implement said resolution in accordance with the prescribed procedure.
2. The board revised the “Chunghwa Telecom Co., Ltd. Employees Performance Evaluation Guidelines (Draft)” as set forth below and approved the “Chunghwa Telecom Co., Ltd. Employees Performance Evaluation Guidelines”, a copy of which is attached herewith as Appendix 4:
  - (1) Article 7, Paragraph 3, which originally read as “Performance grades shall be classified and allocated as follows: Outstanding 5%, Superior 20-25%, Grade A 70-65%, Grade B 3% and Grade C 2%. The company may terminate the employment contract of an employee who receives Grade C for two consecutive years.”, was revised to read as “Performance grades shall be classified and allocated as follows: Outstanding 5%, Superior 20-25%, Grade A 70-65%, and Grades B and C 5%. The company may terminate the employment contract of an employee who receives Grade C for two consecutive years.”
  - (2) A new paragraph was added to the Explanatory Note section of Article 7 and reads as follows: “3. Managers at various applicable levels shall provide guidance and training in the related areas of specialization to those employees rated as Grades B or C. A manager's performance in this regard shall be included as an item for such manager's performance evaluation and taken into account in the event of promotion or job

transfer.”

3. The director representing labor Shih-peng Tsai expressed the following dissenting opinions:
- (1) There should not be a fixed percentage for those persons rated as Grades B and C. The company should set a standard for rating Grade C. Factors such as guidance, training and adjustment of work duties should be substituted for termination of an employee's employment contract.
  - (2) Employees rated as Grade A should be promoted by one pay level. Employees who cannot be promoted by one pay level should be granted performance bonus award in accordance with the standards before privatization.
  - (3) Executive directors of the union's locals should be ex officio members of the evaluation committee. One of the three members in the committee should be elected by votes. The provision prohibiting a Grade B employee from serving as a committee member should be deleted.
  - (4) If it is determined affirmatively that an employee's evaluation was unfair, the supervising manager shall have his or her job duties adjusted or receive a year-end rating of Grade C.

3. Summary: The proposed “Chunghwa Telecom Co., Ltd. Employees Retirement Pension, Consolation Pay and Severance Pay Guidelines” (Draft) was submitted to the board for a vote with the intent of facilitating the company's handling of issues such as the pensions, consolation pay and dismissal with severance pay. Another proposal, submitted for approval by the board, seeks to have the company contribute an amount equal to 6% of an employee's monthly pay to the retirement pension fund for such employees covered by the Labor Retirement Pension Statute.

Resolutions:

1. The attending directors unanimously approved the proposals, and requested the management to implement this resolution in accordance with the prescribed procedures. The approved Chunghwa Telecom Co., Ltd. Employees Retirement Pension, Consolation Pay

and Severance Pay Guidelines” is attached herewith as Appendix 5.

2. The director representing labor Shih-Peng Tsai expressed a dissenting opinion:

- (1) It was recommended that, the company's monthly retirement pension fund contribution rate of being no less than 6% for employees subject to the Labor Retirement Pension Statute, as currently stipulated under Article 6, be changed to a minimum of 9% as a matter of principle as referenced pursuant to the negotiation results of the July 5, 2005 “Labor Retirement Pension Contribution Rate Consultation Conference”, wherein the company's management proposed a contribution rate of at least 9% calculated based on the old system.
- (2) Employees subject to the Labor Retirement Pension Statute who have taken more than one year of sick leave and extended sick leave during a two-year period shall be dismissed with severance pay.

4. Summary: The proposed “Chunghwa Telecom Co., Ltd. Remuneration Committee Establishment Guidelines” (Draft), was submitted to the board for a vote.

Resolutions:

The attending directors unanimously approved the proposal, and requested the management to implement this resolution in accordance with the prescribed procedure. The approved “Chunghwa Telecom Co., Ltd. Remuneration Committee Establishment Guidelines” is attached herewith as Appendix 6.

5. Summary: The revisions to the “Chunghwa Telecom Co., Ltd. Post-Investment Management Guidelines for Longterm Investment (Draft),” which was established to form a basis for post-investment management mechanisms and the effective implementation of related matters after the company invests in an enterprise, were submitted to the board for a vote.

Resolutions:

1. The attending directors unanimously approved the i§Chunghwa Telecom Co., Ltd. Post-Investment Management Guidelines (Draft)ii after certain revisions, and requested the Management to implement these resolutions in accordance with the prescribed procedure.
2. The board revised the i§Chunghwa Telecom Co., Ltd. Post-Investment Management Guidelines (Draft)ii as set forth below, and approved the i§Chunghwa Telecom Co., Ltd. Post-Investment Management Guidelines (Draft)ii, a copy of which is attached herewith as Appendix 7:  
Article 3, Paragraph 4(4), which originally read asi§the handling of major financial changes, including the increase or decrease of capital, loans, and debt settlement, and major investment plans, etc.ii was revised to read as i§the handling of major financial changes, including the increase or decrease of capital or loans so as to cause increase in the financial burden, debt handling, and major investment plans, etc.ii
3. The status of implementation of Type 1 corporate investments shall be included in the board's i§Business Summary Reportii in the future board meetings.
6. Summary: The proposed revised i§Chunghwa Telecom Co., Ltd. Guidelines for Overdue Receivable and Bad Debt Processing i(Draft) (Appendix 8) was submitted for a vote by the board.

Resolutions:

1. The attending directors unanimously approved the revised i§Chunghwa Telecom Co., Ltd. Guidelines for Overdue Receivable and Bad Debt Processing i(Draft) after certain revision, and requested the Management to implement these resolutions in accordance with regulations.
2. The board revised the i§Chunghwa Telecom Co., Ltd. Guidelines for Overdue Receivable and Bad Debt Processing i(Draft) as set forth below and approved the i§Chunghwa Telecom Co., Ltd. Guidelines for Overdue Receivable and Bad Debt Processing i, a copy of which is attached herewith as Appendix 8:  
Article 6, Paragraph 2, which originally read as i§...when losses stated as bad debt in accordance with regulations are later

recovered, the recovered amount shall be stated as miscellaneous income or allowance for bad debt during the year of recovery.”

was revised to read as “...when losses stated as bad debt in accordance with regulations are later recovered, the recovery amount shall be stated as allowance for bad debts.”

3. Supplementary resolution: With regard to the tracking of nonperforming loans, it is recommended that, apart from the existing system, the company should attempt to work out customers' credit problems with his or her bank's credit card departments in an effort to achieve a win-win-win outcome for the bank, customer and the company, and improve the nonperforming loan recovery rate.
  
8. Summary: The proposal to phase out the company's second, third, and fourth paging service systems from 2007 to early 2008 and to cease offering such paging service, was submitted to the board for a vote.

Resolutions:

1. The attending directors unanimously approved the proposal, and requested the Management to implement these resolutions in accordance with the prescribed procedure.
2. Supplementary resolution: Impairment of assets shall be reported to the board in accordance with the procedure whenever the company ceases offering of a major line of service to the public.
  
9. Summary: In order to allow the company to make a donation for the establishment of the “Chunghwa Telecom Foundation,” the proposed “Chunghwa Telecom Foundation Donation Rules (Draft)” and “Chunghwa Telecom Foundation Business Plan (Draft)” were submitted to the board for a vote.

Resolutions:

1. The attending directors unanimously approved the “Chunghwa Telecom Foundation Donation Rules (Draft)” after certain revision, and requested the Management to implement these resolutions in accordance with the prescribed procedure.
2. The “Chunghwa Telecom Foundation Donation Rules (Draft)” was

revised as set forth below, and the "Chunghwa Telecom Foundation Donation Rules" is attached herewith as Appendix 9:

Article 5, Paragraph 1, which was originally read as "at least one-third shall possess work experience involving management or operation of telecommunications services,..." was revised to read as "at least one-third shall possess work experience involving management, operation or participation of telecommunications services,..."