

(This document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail)

Chunghwa Telecom Co., Ltd. 2009 Annual General Shareholders' Meeting Minutes

I. Time: June 19, 2009, at 9:00 a.m.

II. Venue: No. 168, Minzu Road, Panchiao City, Taipei County, Taiwan, R.O.C.

(Chunghwa Telecom Training Institute)

III. Number of shares represented by present shareholders: The shares represented by shareholders present and proxies totaled 7,991,180,793, accounting for 82.41% of the total shares issued by this Company, i.e. 9,696,808,181 shares.

IV. Chairman: Shyue-Ching Lu, Chairman and CEO Minute taker: Hsiu-Chuan Lee,
Ping-Chuan Huang

Attendee: Julian Hung, Attorney, Lotus International Law Office

Chien-Hsin Hsieh, CPA, Deloitte & Touche Taiwan

V. Chairman's address: (omitted)

VI. Reports:

1. The Company's 2008 Business Report (Please see Appendix 1 of the minutes).
2. Supervisors' audit report concerning Chunghwa Telecom Co., Ltd.'s 2008 financial statements (Please see Appendix 2 of the Minutes for the supervisors' audit report and Appendix 3 for the independent auditors' report).
3. Report concerning the set-aside of a special reserve by the Company as prescribed in Paragraph 1 of Article 17 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"(Please see Page 23 of 2009 Annual General Shareholders' Meeting Handbook).

Chairman: Each shareholder is hereby informed of the said report.

Summary of speech:

Speeches by shareholders, including Shui-wen Chu (Account No.: 41207), Ching-kuan Huang (Account No. 113975), Tai-sheng Chao (Account No.: 38175), Wei-hsien Liu (Account No.052047), Chin-fa Chen (Account No.103087), Ching-tsai

Peng (Account No.049363), Lu-cheng Han (Account No.091868), Wu-nien You (Account No.053811), Ching-fu Lee (Attendance certificate No.: A00001), Chia-hua You (Account No.36977), Chao-yuan Chou (Account No.52057), Ying-nien Huang (Account No.098526), Ting-chang Chu (Account No.89386), Teng-ke Wu (Account No.252872), Chu-ching Lu (Account No.125978): The safety equipment at the venue was not sufficient; question with respect to the supervisor and director separately assumed by Tai-hsing Lee as listed in the 2009 Annual General Shareholders' Meeting Handbook; request for 2009 financial forecast; revocation of 5th-grade performance appraisal; restoration of the original score-based performance appraisal; questions with respect of enthusiastic of the customer service attendants to attacking crimes; request for the re-evaluation regarding the policies about subcontract of branches' business and reimbursement to the mobile phones of Senao; request for handling inappropriate management by an operation division manager; suggestions about the loss of MOD business, lack of aesthetics on the type used in the Handbook; necessity for incorporation of offshore subsidiaries; loss in the income statement as a result of investment and investment in offshore stocks; increase of sales channels; review of the calculation of exchange rate of human resource and execution; issues about the objection against base stations; reduction of conditions for early retirement incentives, reconsideration of the human resource system; poor signal of mobile phone; revaluation of assets with respect to the transfer of Light-Era's land; investment in equity of Senao; revaluation of Company's assets; request for the Board of Directors to apologize to shareholders for the derivative products purchased in 2007; request for resolution of labor dispute; increase of the sales channel commissions; difficulties in operating MOD user's interface; failure of the channel programs to meet a majority of the customers' need; increase of the customers communication, increase on physical examination of employees and high-level management; restrictions on shareholders from making speech due to the need of speech request form; suggestions about the use and programs of MOD and objection to the final compromise which would make the Company's core value lost and thus benefit other providers without consideration; condemn on Goldman Sachs for unfriendly attitude; complaint about refusal to admit the seniority of the public officials who were transferred from workers; complaint about the financial forecast value which can not be published until upon being approved by the Board of Directors in July; question about the effect of investment from Mainland in Taiwan; suggestion that the marketing should focus on public praise and the TV commercials should reflect Chunghwa's characteristics.

The speeches made by said shareholders were supplemented and explained by the Chairman, President, Senior Vice President Hsieh, the Chief of Telecommunication

Training Institute Wei, and Head of Legal Affairs Department.

VII. Issues to be approved by shareholders

1. Acceptance of 2008 business report and financial statements (Proposed by the Board of Directors)

Explanation:

- (1) The Company's 2008 financial statements (including balance sheets, income statements, statements of changes in stockholders' equity, and statements of cash flows; please refer to the Company's 2008 financial report and the consolidated financial statements of the Company and its subsidiaries and CPA's audit report) have been audited and attested by CPAs Chien-hsin Hsieh and Jih-yen Chang of Deloitte & Touche, who have issued a modified unqualified opinion in their audit report. The 15th meeting of the Company's fifth board of directors on March 27, 2009 approved the Company's 2008 financial statements together with the Company's business report, and forwarded the financial statements and business report to the supervisors for audit. The supervisors found no unconformities, and their audit report is submitted for examination.
- (2) Shareholders are requested to recognize the foregoing at the Shareholders' Meeting.

Summary of speeches:

Speeches by the shareholders, including Lu-cheng Han (Account No.091868), Chia-hua You (Account No.36977), Shui-wen Chu (Account No.41207), Ching-kuan Huang (Account No.113975) and Ting-chang Chu (Account No.89386): Request for explanation with respect to the short-term investment in offshore stock, invalid external access to the corporate governance site, distribution of performance bonus, poor on-line search service of Chunghwa International Yellow Pages, complaint about the response action to dispute over the arrears and the time-consuming application for a wireless network card; question about the cause leading to the land value in 2008 as specified in the consolidated balance sheet identified on Page 19 of the Handbook less than that in 2007; request for supervisors to explain the operating costs and expenses in excess of the forecast value; request for the appointment of auditors to audit the account and book in accordance with Article 11 of the Corporate Governance Best-Practice Principles to verify the distribution of performance bonus and remuneration to managers; inquiries and suggestions about MOD service placement, incentive rewards to retired employees and investment in

other industries.

The speeches made by said shareholders were already supplemented and explained by President, Senior Vice President Hsieh, Head of Accounting Department, and Supervisor Yang.

The proposal for amendments proposed by shareholders:

1st Proposal: Shareholders, including Shui-wen Chu (Account No.41207), Chia-hua You (Account No.36977) and Ting-chang Chu (Account No.89386), raised an objection against the Proposal.

Resolution: The Proposal for recognition made by the Board of Directors was approved and ratified upon voting (upon positive votes of present shareholders representing 5,473,102,248 shares, accounting for 68.49% of the present voting rights at the time of voting; please see Appendix 1 and Appendix 4 ~ 11 of the minutes for the business report and financial statements)

Motion: The shareholder, Chia-hua You (Account No.36977), proposed the motion for appointment of auditors to audit the account and book in accordance with Article 11 of the Corporate Governance Best-Practice Principles. The shareholder, Yen-hua Chen (Account No.276972) proposed for motion for objection against appointment of the auditors to audit the account and book. The chairman decided to vote on the motion for objection against the appointment of auditors as proposed by Yen-hua Chen (Account No. 276972).

Resolution: The motion for objection against the appointment of auditors as proposed by Yen-hua Chen (Account No. 276972) was approved (upon positive votes of present shareholders representing 5,472,640,020 shares, accounting for 68.48% of the present voting rights at the time of voting).

2. Approval of the proposal for the distribution of 2008 earnings (Proposed by the Board of Directors)

Explanation:

(1) The Company's 2008 financial statements have been completed, and earnings shall be distributed as specified in the proposed statement of retained earnings. It is proposed that directors and supervisors be distributed cash remuneration of NT\$38,807,498, employees be distributed cash bonuses of NT\$1,629,914,905,

and shareholders receive cash dividends of NT\$3.83 per common share; shareholders shall receive a total of NT\$37,138,775,333 in cash dividends.

- (2) The Board of Directors resolved to distribute NT\$1,629,914,905 as employee cash bonuses and NT\$38,807,498 as directors' and supervisors' remuneration for 2008. The differences between the aforementioned numbers and the estimated numbers of 2008 for the same items, NT\$1,723,920,797 and NT\$40,886,208 respectively, are NT\$94,005,892 and NT\$2,078,710, resulting from discrepancy in estimation. The differences will be regarded as "change in accounting estimate" and recognized as profit/loss for 2009 after the Shareholders' Meeting approves the dividend distribution proposal.
- (3) Each shareholder's cash dividends shall be distributed by rounding down to full NT dollar, and the Chairman shall be authorized to decide on the handling of the balance. After the Shareholders' Meeting of this year (2009) approves such proposal, the Board of Directors shall be authorized to additionally determine a record date for the distribution of cash dividend.
- (4) If the number of the Company's outstanding shares is changed thereafter owing to repurchase of the Company's shares, transferring or cancellation of the treasury stocks, conversion of convertible bonds, exercise of the employees' stock options or other reasons, which results in the change to the dividend distribution rate of the shareholders, the Board of Directors is hereby authorized by the Shareholders' Meeting with full discretion to handle such matters.
- (5) This proposal has been approved by the resolution of the 15th meeting of the Company's fifth Board of Directors, and is hereby submitted to the annual general Shareholders' Meeting for recognition.

The proposal for amendments proposed by shareholders:

1st Proposal: The shareholder, Shui-wen Chu (Account No. 41207), raised an objection against the Proposal.

Resolution: The Proposal made by the Board of Directors was approved upon voting (upon positive votes of present shareholders representing 5,472,787,654 shares, accounting for 68.49% of the present voting rights at the time of voting; please see Appendix 12 of the minutes for the statement of retained earnings)

VIII. Issues to be discussed

1. Revision of the Articles of Incorporation (Proposed by the Board of Directors)

Explanation:

- (1) The key points of the proposed amendments are explained as follows:
 - a. Paragraph 1 of Article 2 of the Articles of Incorporation is amended in order to add relevant business items so as to meet the Company's business development needs and comply with the requirements of the competent authority.
 - b. The duration of the Company's preferred shares expired on April 4, 2009. As such, the relevant parts concerning preferred shares in Paragraph 1 of Article 6, , Article 6-1, Paragraph 4 of Article 12, , and Paragraph 2 of Article 13 of the Articles of Incorporation shall be deleted accordingly.
- (2) This proposal has been approved by the 14th and 15th meetings of the Company's fifth Board of Directors, and is hereby submitted to the Shareholders' Meeting for approval.

The proposal for amendments proposed by shareholders:

1st Proposal: The shareholder, Shui-wen Chu (Account No. 41207), raised an objection against the Proposal.

Resolution: The Proposal of the Board of Directors was approved upon voting (upon positive votes of present shareholders representing 5,472,894,734 shares, accounting for 68.49% of the present voting rights at the time of voting; please see Appendix 13 of the minutes for the comparison table of amended articles of the articles of incorporation of Chunghwa Telecom Co., Ltd.)

2. Proposed conversion of the capital surplus into capital stock of the Company and issuance of new shares (Proposed by the Board of Directors)

Explanation:

- (1) This proposal has been approved by the 16th meeting of the Company's fifth Board of Directors.
- (2) It is proposed in accordance with Article 241 of the Company Act and Article 72-1 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers that NT\$9,696,808,180 appropriated from the "paid-in capital in excess of par value" of capital surplus be used for capital increase to issue 969,680,818 shares of common shares at once, with a par value of NT\$10 per share. The new shares shall have the same rights and obligations as those of existing common shares and shall not be issued in physical form.

- (3) New shares issued by capital increase out of capital surplus shall be distributed with no consideration in accordance with each shareholder's shareholding registered on the shareholders roster as of the record date of capital increase. One hundred new shares shall be allocated for each one thousand shares of common shares. Any fractional parts of a share shall be distributed in form of cash equivalent to its par value. Shareholders may also apply to combine and register fractional shares as whole shares at the Company's stock agent within five days of the record date for capital increase. The Chairman is hereby authorized to offer designated persons to purchase all the fractional shares which cannot be regarded as one share after combination on the basis of par value.
- (4) If the number of the Company's outstanding shares is changed thereafter owing to repurchase of the Company's shares, transferring or cancellation of the treasury stocks, conversion of convertible corporate bonds, exercise of the employees' stock options or other reasons, which results in the change to the share distribution rate of the shareholders, the Board of Directors is hereby authorized by the Shareholders' Meeting with full discretion to handle such matters.
- (5) It is proposed that the Board of Directors is authorized by the Shareholders' Meeting to separately determine a record date of capital increase after the matter is approved by the Shareholders' Meeting and by the competent authority.
- (6) The Shareholders' Meeting is proposed to authorize the Board of Directors with full discretion to handle the capital increase related matters if the foregoing matters concerning capital increase must be changed pursuant to amendments made by the competent authority or amendments of laws (or changes in the objective environment).

Summary of speeches:

Speeches by the shareholders of Ching-kuan Huang (Account No.113975) and Lu-cheng Han (Account No.091868): Request the Company to explain the need for fund within 10 years and ensure that there will be no need for the funds within 10 years. In addition, there shall only be distribution of cash dividends and the Company shall refrain from proceeding with capital reduction after capital increase.

The speeches made by the said shareholders were supplemented and explained by Senior Vice President Hsieh.

The proposals for amendments proposed by shareholders:

1st Proposal: The shareholder, Shui-wen Chu (Account No. 41207), raised an objection against the Proposal.

2nd Proposal: The shareholder, Chia-hua You (Account No. 36977), proposed that the Proposals 2 and 3 shall be consolidated.

Resolution: The Proposal made by the Board of Directors was resolved and ratified upon voting (upon positive votes of present shareholders representing 5,472,864,329 shares, accounting for 68.49% of the present voting rights at the time of voting)

3. Proposed capital deduction and issuance of cash dividends (Proposed by the Board of Directors)

Explanation:

- (1) This is based on the resolution of the 16th meeting of the Company's fifth Board of Directors.
- (2) It is proposed that after the completion capital increase out of capital surplus, a capital reduction in an amount equivalent to that of capital increase be carried out in order to improve the Company's capital structure, increase the return on shareholder's equity, and implement the return of idle funds to the shareholders.
- (3) This capital reduction by cash shall be calculated on the basis of NT\$106,664,889,990 in paid-in capital, following completion of transfer of capital surplus equivalent to 10% of paid-in capital to a capital increase. The amount of capital reduction shall be NT\$9,696,808,180. Following capital reduction, the paid-in capital shall be NT\$96,968,081,810 and no share shall be issued in physical form.
- (4) The number of common shares shall be calculated on the basis of the number of shares held by each shareholder according to every shareholder's shareholding registered on the shareholders' roster on the record date of stock conversion for capital reduction. Each share shall be converted for 0.9090909090994 shares, which will achieve a reduction of 969,680,818 shares of common shares in total. For the fractional common shares resulting from the capital reduction, the shareholders may apply to combine and register the fractional shares as whole shares at the Company's stock agent within five days of the book closure period for stock conversion for capital reduction. As to the remaining fractional shares which cannot be regarded as one share after combination, the Company will pay the shareholder cash based on the closing price of the last trading day in centralized public stock exchange market before the record date of the share conversion for capital reduction, rounded down to whole NT dollar (the decimal below dollar shall be rounded down). The Chairman is hereby authorized to offer designated persons to purchase all the fractional shares at such closing price.

- (5) The Board of Directors shall be authorized to separately determine the record date of capital reduction and other relevant matters after this proposal of capital reduction by cash has been approved by the Shareholders' Meeting and by the competent authority. It is proposed that the Board of Directors is granted full power to handle the relevant matters if the competent authority changes the minimum amount of capital or if a response must be made due to other changes in the objective environment prior to the record date of capital reduction by cash.

The proposal for amendments proposed by shareholders:

1st Proposal: The shareholder, Shui-wen Chu (Account No. 41207), raised an objection against the Proposal.

Resolution: The Proposal made by the Board of Directors was resolved and ratified upon voting (upon positive votes of present shareholders representing 5,472,916,678 shares, accounting for 68.49% of the present voting rights at the time of voting).

4. Revision of the "Procedures for Acquisition or Disposal of Assets"(Proposed by the Board of Directors)

Explanation:

(1) The key points of the amendments are summarized as follows:

- a. Amendment to Article 6: Addition of the wording: "When acquiring or disposing of assets through court auction procedures, the Company may employ verification documents provided by the court instead of an appraisal report or CPA's opinion," and incorporation of Paragraph 2 of Article 13 and Paragraph 2 of Article 39, of the current Procedures in the amended article.
- b. Amendment to Article 8: Assessment procedures, price determination methods, and reference basis for the acquisition or disposition of securities by the Company have been incorporated into this amended article.
- c. Amendment to Paragraph 3 of Article 9: When the Company acquires the stocks of another company, regardless of whether it is because of mergers or acquisition, it shall be deemed to be within the scope of the acquisition of securities and reinvestment in another company as a limited liability shareholder. Accordingly, Paragraph 1 of Article 31 of the current Procedures (under Chapter 5, which concerns mergers, spin-offs, acquisitions, and share transfer) is moved to the amended Paragraph 3 of Article 9 (under Chapter 2, which concerns the acquisition or disposition of securities).
- d. Heading of Chapter 3: The heading of Chapter 3 is amended as acquisition or disposition of real estate and other fixed assets.

- e. Amendments to Articles 22, 23, 28, and 29: Since the Company currently has no derivatives for transactional purpose and no longer handles this type of products, regulations on derivatives for transactional purpose have been deleted from relevant articles.
- f. Amendment to Article 29: Relevant control procedures concerning liquidity risk and cash flow risk in subparagraphs 3 and 4 have been amended.
- g. Amended Article 44: The regulation requiring a subsidiary to report its "Procedures for Acquisition or Disposition of Assets" approved by its board and shareholders' meeting to the Company's Board of Directors is amended as to merely submitting the Procedures to the Company for reference. Besides, internal control related procedures are added.

(2) This proposal has been approved by resolution of the 15th meeting of the Company's fifth Board of Directors, and is hereby submitted to the Shareholders' Meeting for approval.

Summary of speech:

Speech made by the shareholder, Lu-cheng Han (Account No.091868) : Whether the change to the frequency of assessment on derivative products in Paragraph 1.(7).4 of Article 29 is reasonable.

With respect to the said inquiry, Head of the Finance Department explained that the original requirements about transactional operation had been deleted, and the frequency of assessment on derivative products for hedging purpose, namely at least twice per month, remained unchanged.

The proposal for amendments proposed by shareholders:

1st Proposal: The shareholder, Shui-wen Chu (Account No.41207) proposed that:

- (1) The "three hundred million NTD" referred to in Paragraph 1.(2).3 of Article 8, "in the case of the trading amount for acquisition or disposition of securities more than three hundred million NTD, a CPA's opinion on the reasonability of the trading amount shall be required", shall be amended to "one hundred million NTD".
- (2) The "50%" referred to in Paragraph 1 of Article 9, "the total amount of securities acquired by the Company shall be no more than 50% of the shareholders' equity specified in the Company's latest financial statement", shall be amended to "40%".
- (3) The "3%" referred to in Article 12, "the total amount of real estate for

non-operating purpose acquired by the Company shall be no more than 3% of the shareholders' equity specified in the Company's latest financial statement", shall be amended to "1%".

(4) The provisions about derivative product transactions shall be deleted.

Resolution: The Proposal made by the Board of Directors was approved upon voting (upon positive votes of present shareholders representing 5,472,893,694 shares, accounting for 68.49% of the present voting rights at the time of voting; please see Appendix 14 of the minutes for the comparison table of amended articles of procedures for acquisition or disposal of assets of Chunghwa Telecom Co., Ltd.)

5. Revision of the "Procedures for Lending of Capital to Others" (Proposed by the Board of Directors)

Explanation:

* According to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the "Procedures for Lending of Capital to Others" renames to "Operational Procedures for Loaning Funds to Others" hereafter.

(1) The key points of the amendments are summarized as follows:

a. Amendment to Article 3:

Loans of funds shall be extended only to subsidiaries in which the Company directly holds 100% of voting shares.

b. Amendment to Article 4:

Paragraph 1, Subparagraph 2 requires that the purpose of short-term financing shall be to help the subsidiaries to reduce financing costs.

c. Amendment to Article 5:

- (a) The total amount of the Company's loans of funds is reduced to 4% of the Company's shareholder's equity.
- (b) Paragraph 2, Subparagraph 1 and Paragraph 3, Subparagraph 1 each adds regulation concerning the aggregate amount of loans prescribed separately for business relationship and short-term financing.
- (c) Regulations concerning credit assessment of borrowers are deleted from Paragraph 3 of current article.
- (d) The maximum amount permitted to a single borrower is reduced to 0.2% of the Company's shareholder's equity or 40% of the borrower's shareholder's equity.
- (e) The total amount of the Company's loans of funds and endorsements /

guarantees is reduced to 5% of the Company's shareholder's equity.

d. Amendment to Article 6:

- (a) Paragraph 2 explicitly states that only loans in connection with business relationships may be renewed, and eases regulations concerning renewal.
- (b) Paragraph 3 explicitly states that the borrowers must pay interest on a monthly basis unless otherwise approved by the Board of Directors.
- (c) Paragraph 4 revises annual interest rate standards for loans of funds to others.

e. Amendment to Article 7:

- (a) Paragraph 1 additionally states that the Investment Department shall be the window for application collection and preliminary review.
- (b) Paragraph 4 additionally states that the management shall be authorized to separately determine the Company's operation procedures on loans of funds to others.

f. Amendment to Article 8:

The announcement and reporting standards for loans of funds to others are amended.

g. Amendment to Article 11:

The management and internal control procedures for subsidiaries' loans of funds to others are amended.

h. Amendments to Paragraph 3 of Article 7 and Paragraph 1 of Article 13:

Pursuant to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the contents of these articles are amended as: the Company shall explicitly remark each independent director's assenting or dissenting opinion, and reasons for dissent, in the BOD meeting minutes when enacting and amending its "Procedures for Loaning of Funds" or before loaning funds to others.

(2) This proposal has been approved by resolution of the 16th meeting of the Company's fifth Board of Directors, and is hereby submitted to the Shareholders' Meeting for approval.

Summary of speeches:

Speeches by the shareholders, including Shui-wen Chu (Account No.041207) and Chia-hua You (Account No.36977): Questions about the amount and the parties to be granted the loan by the Company.

The speeches made by the said shareholders were explained by the Senior Vice President Hsieh, Head of Finance Department and Head of Legal Affairs Department.

The proposals for amendments proposed by shareholders:

1st Proposal: The shareholder, Shui-wen Chu (Account No. 41207), raised an objection against the Proposal.

2nd Proposal: The shareholder, Chia-hua You (Account No. 36977), proposed the amendments to Subparagraph 2 of Paragraph 2 of Article 10: Delete the “scheduled” from the sentence “complete the correction in accordance with the scheduled plan”.

Resolution: The Proposal made by the Board of Directors was approved upon voting (upon positive votes of present shareholders representing 5,472,893,694 shares, accounting for 68.49% of the present voting rights at the time of voting; please see Appendix 15 of the minutes for the Comparison Table of Amended Articles of Operational Procedures for Loaning Funds to Others of Chunghwa Telecom Co., Ltd.)

The shareholder, Chia-hua You (Account No. 36977), questioned why “reported to the Board of Directors for approval” initially provided in Article 11 regarding the Procedures for Loaning of Funds for the subsidiary to grant loan to others is amended to “reported to the Company upon approval of the Board of Directors and Shareholders’ Meeting”.

The Senior Vice President Hsieh and the Chairman explained that the amendments were intended to respect the subsidiary’s corporate governance, provided that the representative of the Company would perform the supervision and audit duty beforehand; in fact the amendments imposed higher requirements for granting loans to others.

6. Revision of the “Procedures for Endorsements and Guarantees” (Proposed by the Board of Directors)

Explanation:

* According to the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, the “Procedures for Endorsements and Guarantees” renames to “Operational Procedures for Endorsements/Guarantees” hereafter.

(1) The key points of the amendments are summarized as follows:

a. Amendment to Article 3:

Endorsements/guarantees shall be extended only to subsidiaries in which the Company directly holds 100% of voting shares.

b. Amendment to Article 4:

- (a) The total amount of endorsements/guarantees is reduced to 1% of the Company's shareholder's equity.
- (b) The limit of endorsements/guarantees granted to a single party is reduced to 0.1% of the Company's shareholder's equity.
- (c) The total amount of the Company's loans of funds to others and endorsements/guarantees is further provided.

c. Amendment to Article 5:

- (a) Paragraph 1 additionally states that the Investment Department shall be the window for application collection and preliminary review.
- (b) Paragraph 3 of current Article 5 that the Chairman may make a preliminary and immediate decision on making endorsements / guarantees within the authorized limit prescribed by the Segregation of Power between BOD and Management of Chunghwa Telecom is deleted.
- (c) Paragraph 5 stating that the management shall be authorized to separately provide the Company's operation procedures for endorsements/guarantees is added.

d. Amendment to Article 7:

The announcement and reporting standards for endorsement/guarantee amount are revised.

e. Amendment to Article 10:

The management and internal control procedures for subsidiaries' endorsements/guarantees are amended.

f. Amendment to Paragraph 3 of Article 5 and Paragraph 1 of Article 12:

Pursuant to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies," the contents of these articles are amended as: the Company shall explicitly remark each independent director's assenting or dissenting opinion, and reasons for dissent, in the BOD meeting minutes when enacting or amending the "Procedures for Endorsements/Guarantees of Chunghwa Telecom" or before granting an endorsement or guarantee to another party.

(2) This proposal has been approved by resolution of the 16th meeting of the Company's fifth Board of Directors, and is hereby submitted to the Shareholders' Meeting for approval.

Resolution: The Proposal was resolved unanimously by all present shareholders upon the Chairman's inquiry (see Appendix 16 of the minutes for the Comparison Table of

VIII. Motions

The shareholders proposed a total of 29 motions. According to Paragraph 6 of Article 12 of the Ordinance of Shareholders Meetings of Chunghwa Telecom, the Chairman may consolidate the motions of the same type for handling. 27 of the motions are related to shareholders' questioning or suggestions rather than the functions of Shareholders' Meeting under the Company Law or Articles of Incorporation. The gist thereof is hereby summarized pursuant to Paragraph 3 of Article 15 of the Company's Ordinance of Shareholders Meetings and the motions are submitted to the management for handling:

1. Concerning employees' interest and rights: The four motions proposed by the shareholders including Hsiun-long Hong (Account No. 052913) about strict compliance with the labor related laws and prohibition of illegal payment; abolishment of 5th grade performance appraisal; physical examination of employees; and request for the Company to retain the local credible CPA to audit the accounts of "Exclusive Account for Trust property of CHT Employees with Shareholding Commissioned to Chinatrust Commercial Bank".
2. Concerning the operation management: The four motions proposed by the shareholders including Hsiun-long Hong (Account No. 052913) about the eradication of the illegal competition conducted by cable with respect to IPTV; research of the price of Senao mobile phone's price; quality and service attitude; fulfillment of the supervisory system and the audit regarding whether any officers have retained the phone marketing sales performance.
3. Concerning customers' complaint and handling status: The fourteen motions proposed by the shareholder, Shui-wen Chu (Account No. 041207), about: question over the Company's written responses, replacement of the attorney and the Company's managers; pursuit of the liability for loss of the fire extinguishers in the Shareholders' Meeting; investigation on the party who disclosed Shareholder Chu's data, standardization of official document format; training of official document writing; request for supervisors' investigation on the Company's defective written response to the motions proposed by Shareholder Chu in 2008 and 2009; compensation for damages of the residents for the construction at Lane 118, Wu Hsing Street; suggestion that the Company should deal with the motions proposed by the Shareholder Chu in the past years; the management of the restaurant at the headquarters shall treat suppliers nicely; and employees shall present business

cards and identification certificates when performing duties.

4. Others: The five motions proposed by the shareholders including Long-sheng Sung (Account No. 047640) about the restoration of establishment of volunteer teams consisting of the retired telecommunication personnel; establishment of the dedicated taskforce to take care of the effect brought by the workers' seniority certificate on the calculation of the retirement seniority; doing the business right; more specific rules governing retirement incentives; unfair treatment of resumption of position in 2007; and capital increase out of capital surplus by issuing new shares and capital reduction by cash which should be conducted once per five years.

The Chairman explained that the management will handle the motions proposed by the shareholders appropriately, and that the time to respond to the motions proposed by the shareholder, Shui-wen Chu to be discussed by the management will be specified within one week.

Based on the explanation by the attorney, it has been stipulated in Article 172, Paragraph 5 of the Company Act that matters pertaining to the election or discharge of directors and amendments to the Articles of Incorporation shall be listed in the agenda to be described in the notice to convene the Shareholders' Meeting, and shall not be brought up as motions. Therefore, the motion proposed by the shareholder, Shui-wen Chu, for replacement of the Chairman and the motion for amendments to the Articles of Incorporation proposed by shareholders including Hsiun-long Hong were against the law.

The Chairman suggested that the motion for amendments to the Articles of Incorporation proposed by the shareholders including Hsiun-long Hong should be handed over to the management for consideration and then reported to the Board of Directors for discussion.

X. The meeting was dismissed at 4:00 p.m. of the same day.

Appendix

I. The Company's 2008 Business Report

A. Operations Report

The Company's 2008 (from January 1, 2008 to December 31, 2008) financial statements have been prepared in accordance with regulations, and have been audited by independent auditors. This document reports an overview of the operations as follows:

1. Operating revenue (Units: NT\$1,000)

Year Item	Actual value for 2008	Predicted value for 2008	Difference	Achieving rate
Operating revenue	186,780,650	185,001,414	1,779,236	101.0%
Operating costs and expenses	129,593,605	128,189,481	1,404,124	101.1%
Operating income	57,187,045	56,811,933	375,112	100.7%
Non-operating income and gains	3,506,881	3,205,270	301,611	109.4%
Non-operating expenses and losses	2,221,061	3,394,393	-1,173,332	65.4%
Income before tax	58,472,865	56,622,810	1,850,055	103.3%
Income tax	13,462,523	13,023,246	439,277	103.4%
Net earnings after tax	45,010,342	43,599,564	1,410,778	103.2%
Basic EPS (NT\$)	4.64	4.47	0.17	103.8%

Note: Both the actual and predicted values for 2008 are from the Company's stand-alone financial statements.

2. Explanation of difference between actual and predicted values:

- (1) The operating revenue achieved 101.0% of the predicted value chiefly because of Internet and value-added service revenue and other operating revenue exceeding the predicted values.
- (2) Operating costs and expenses of NT\$129.59 billion exceeded the predicted value of NT\$128.19 billion by 1.1% chiefly because of mobile phone product costs exceeding the predicted value.

- (3) Non-operating income and gains achieved 109.4% of the predicted value chiefly because of interest income exceeding the predicted value.
- (4) Non-operating expenses and losses of NT\$2.22 billion were lower than the predicted value, NT\$3.39 billion, by NT\$1.17 billion, which was chiefly due to the fact that foreign currency options contracts had been terminated, and there was consequently no need to recognize the financial products' appraised net losses. In addition, due to the significant changes in the global economy and financial environment occurring in 2008, the Company assessed the value of available-for-sale financial assets and recognized impairment losses of NT\$1.14 billion. In addition, the Company recognized impairment losses of NT\$0.03 billion on two financial assets carried at cost because their operating performance didn't meet the Company's forecasts while investing. Recognized impairment losses therefore were NT\$1.164 billion in total.

B. Retrospective and Looking Ahead

Due to factors including the rapid evolution of the telecommunications market, heavy regulation by oversight agencies, weak consumption due to the economic downturn, and intense competition during the past year, the telecom market remained in a turbulent state. The Company continued to focus on its core competence and strive for sustainability, and the dedicated efforts of all of our employees achieved the desired results by satisfying customers' needs. The Company's consolidated revenue for 2008 was NT\$201.67 billion, which was an increase of NT\$4.28 billion, or 2.2%, compared with 2007. The Company's mobile and data communications services revenue accounted for 60.7% of total revenues, which indicates that service development continues to improve, which is consistent with global market trends. At the same time, the Company helped its subsidiaries to achieve advantages through the integration of industry value chain activities, boost their service capabilities, and achieve greater revenue growth.

The Company continued to maintain its status as a leader in individual markets. With regard to mobile communications services, total cell phone customers numbered 8.95 million at the end of 2008, and the Company led the industry in 2G and 3G services with 5.39 million and 3.56 million accounts respectively. In the area of data communications, the Company had more than

4.31 million broadband customers as of the end of 2008, which gave it a commanding lead over competitors. The Light Era Development Co. had more than 1.07 million of these customers. The Company's fixed network communications business slipped as more and more customers switched to cell phones and broadband. Although this shift in technology and services is a worldwide trend, the Company still retained its dominance of the fixed network market, and enjoyed 97.3% (by number of customers; 88.6% market share by calling minutes), 85.2% (by calling minutes), and 59.5% (by calling minutes) shares of the local, long-distance, and international telephone markets respectively. In order to satisfy customers' need for high-quality multimedia data, the Company made strenuous efforts to increase MOD programming content, and acquired such prominent foreign channels as Fox TV Asia, al-Jazeera, and Arirang TV. The Company also provided rebroadcasts of many spectacular Olympics events, and offered high-resolution video service. The number of MOD customers had reached 680,000 as of the end of 2008.

As the domestic telecom market becomes increasingly mature, the Company must nurture sources of growth and consolidate its market status by introducing advanced new services ahead of competitors, strengthening service quality, and helping customers use high-performance customer-end equipment. The Company will take Light Era services, mobile Internet, value-added services, and key corporate products and programs as its main drivers of business growth in 2009. The Company's major investments in 2009 will include the deployment of the NGN (next generation network) needed to sustain the foregoing services, promotion of mobile broadband Internet, development of broadband applications, introduction of integrated marketing programs, and extension of excellent service. Facing an environment in which economic recovery will be slow, the Company plans to introduce considerate product and fee packages allowing much of its customer base to continue to enjoy convenient telecom services.

In order to fulfill its responsibilities as a good corporate citizen, the Company continued to perform corporate social responsibility (CSR) work in 2008. The Company's first annual the Company CSR report was very well received, and won such distinctions as Commonwealth Magazine's "Excellence in Corporate Social Responsibility Award," the 2008 telecom service industry "Best Reputation Benchmark Company Award," the Taiwan Institute for Sustainable Energy's "2008 Taiwan Corporate Sustainability Report Award of Excellence," The Asset magazine's "2008 Best Corporate

Governance in Taiwan," the highest grade of A⁺ (for three consecutive years) in the Securities & Futures Institute's information transparency evaluation, Finance Asia's "Best Fidelity to Dividend Policy Commitments," Taipei City Government's 2008 "Private Company and Group Green Procurement" award, and Readers Digest Magazine's "Trusted Telecom Brand" award (for five consecutive years). The Company will continue its dedication to social causes, environmental protection, and good corporate governance in 2009 in conjunction with its core competence and profound sincerity, and will continue to strengthen its professionalism and image.

Looking ahead to the coming year, apart from continuing to provide superior service in order to ensure stable revenue and maximize shareholder value, the Company will also maintain constructive ties with regulatory agencies and the rest of the industry so as to protect consumer rights and interests, promote national economic development, and maintain the prosperity of the information and communications industry.

Shyue-Ching Lu, Chairman and
CEO

Shiou-Tong Chang, President

Shui-Yi Kuo, Accounting
Executive

April 28, 2009

II. Supervisors' audit report concerning Chunghwa Telecom Co., Ltd.'s 2008 financial statements

The board of directors has compiled and submitted the Company's 2008 financial statements, and independent auditors Hsieh Chien-hsin and Chang Jih-yen of Deloitte & Touche have issued an audit report. The financial statements and audit report, together with the operations report and proposed distribution of earnings, have been audited by the supervisors, who found no unconformities. The Company has accordingly issued this report as prescribed in Article 219 of the Company Act. Please examine.

Chunghwa Telecom Co., Ltd. 2009 Shareholders Meeting

Supervisors : Fu-Mei Chu

Tai-Hsing Lee

Ming-Hsiang Yang

Yung-An Yen

March 27, 2009

III. Independent Auditors' Report

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

We have audited the accompanying balance sheets of Chunghwa Telecom Co., Ltd. as of December 31, 2008 and 2007, and the related statements of income, changes in stockholders' equity and cash flows for the years then ended, all expressed in New Taiwan dollars. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to first paragraph present fairly, in all material respects, the financial position of the Company as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with the Securities and Exchange Act, the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As discussed in Note 3 to the financial statements starting from January 1, 2008, the Company changed its method of accounting for bonuses paid to employees, directors and supervisors upon adoption of Interpretation 96-052 issued by the Accounting and Research Development Foundation in the Republic of China.

We have also audited the consolidated financial statements of the Company and its subsidiaries as of and for the year ended December 31, 2008, and have expressed a modified unqualified opinion on those consolidated financial statements.

Deloitte & Touche

March 3, 2009

IV. CHUNGHWA TELECOM CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2008 AND 2007

(Amounts in Thousands of New Taiwan Dollars, Except Par Value Data)

ASSETS	2008		2007		LIABILITIES AND STOCKHOLDERS' EQUITY	2008		2007	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 77,137,903	17	\$ 74,752,564	16	Financial liabilities at fair value through profit or loss (Notes 2 and 5)	\$ 106,896	-	\$ 653,214	-
Financial assets at fair value through profit or loss (Notes 2 and 5)	258,076	-	119,139	-	Trade notes and accounts payable	9,349,489	2	9,879,234	2
Available-for-sale financial assets (Notes 2 and 6)	14,161,391	3	17,818,499	4	Payables to related parties (Note 24)	2,236,919	1	1,706,089	1
Held-to-maturity financial assets (Notes 2 and 7)	769,435	-	651,192	-	Income tax payable (Notes 2 and 21)	5,433,630	1	6,960,504	2
Trade notes and accounts receivable, net of allowance for doubtful accounts of \$2,992,143 thousand in 2008 and \$3,290,123 thousand in 2007 (Notes 2 and 8)	10,190,150	2	10,470,802	2	Accrued expenses (Note 16)	15,680,602	4	14,957,081	3
Receivables from related parties (Note 24)	343,016	-	211,626	-	Due to stockholders for capital reduction (Note 18)	19,115,554	4	9,557,777	2
Other current monetary assets (Notes 2, 9 and 26)	2,187,324	1	7,089,871	2	Other current liabilities (Notes 2, 17 and 26)	15,446,581	3	13,882,987	3
Inventories, net (Notes 2 and 10)	3,503,762	1	2,794,131	1	Total current liabilities	67,369,671	15	57,596,886	13
Deferred income tax assets (Notes 2 and 21)	64,211	-	186,730	-	DEFERRED INCOME	2,072,297	-	1,505,150	-
Other current assets (Note 11)	1,671,505	-	1,215,116	-	RESERVE FOR LAND VALUE INCREMENTAL TAX (Note 15)	94,986	-	94,986	-
Total current assets	110,286,773	24	115,309,670	25	OTHER LIABILITIES				
LONG-TERM INVESTMENTS					Accrued pension liabilities (Notes 2 and 23)	5,164,388	1	3,911,964	1
Investments accounted for using equity method (Notes 2, 12 and 24)	8,691,154	2	4,395,453	1	Customers' deposits	6,098,605	2	6,324,712	1
Financial assets carried at cost (Notes 2 and 13)	2,521,907	-	2,107,318	-	Deferred credits - gain on inter-company transactions (Note 24)	1,485,916	-	-	-
Held-to-maturity financial assets (Notes 2 and 7)	3,044,102	1	498,257	-	Others	426,387	-	732,711	-
Other monetary assets (Notes 14 and 25)	1,000,000	-	1,000,000	-	Total other liabilities	13,175,296	3	10,969,387	2
Total long-term investments	15,257,163	3	8,001,028	1	Total liabilities	82,712,250	18	70,166,409	15
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 15 and 24)					STOCKHOLDERS' EQUITY (Notes 2, 15, 18 and 19)				
Cost					Common stock - \$10 par value;				
Land	101,259,221	22	101,340,085	22	Authorized: 12,000,000 thousand shares				
Land improvements	1,494,398	-	1,475,371	-	Issued: 9,696,808 thousand shares in 2008 and 9,667,845 thousand shares in 2007	96,968,082	21	96,678,451	21
Buildings	62,612,157	14	62,140,290	13	Preferred stock - \$10 par value	-	-	-	-
Computer equipment	15,751,162	3	15,365,975	3	Additional paid-in capital:				
Telecommunications equipment	648,805,525	141	638,467,018	137	Capital surplus	179,193,097	39	200,592,390	43
Transportation equipment	2,404,125	1	2,854,880	1	Donated capital	13,170	-	13,170	-
Miscellaneous equipment	7,247,977	2	7,639,500	2	Equity in additional paid-in capital reported by equity-method investees	3	-	3	-
Total cost	839,574,565	183	829,283,119	178	Total additional paid-in capital	179,206,270	39	200,605,563	43
Revaluation increment on land	845,385,215	184	835,106,100	179	Retained earnings:				
Less: Accumulated depreciation	540,010,369	117	522,054,190	112	Legal reserve	52,859,566	11	48,036,210	10
Construction in progress and advance payments	305,374,846	67	313,051,910	67	Special reserve	2,675,894	1	2,678,723	1
Property, plant and equipment, net	321,364,341	70	329,502,671	71	Unappropriated earnings	41,276,274	9	48,317,617	10
INTANGIBLE ASSETS (Note 2)					Total retained earnings	96,811,734	21	99,032,550	21
3G concession	7,486,088	2	8,234,697	2	Other adjustments				
Others	407,028	-	337,214	-	Cumulative translation adjustments	29,474	-	(1,980)	-
Total intangible assets	7,893,116	2	8,571,911	2	Unrecognized net loss of pension	(84)	-	(90)	-
OTHER ASSETS					Unrealized gain (loss) on financial instruments	(2,272,242)	-	37,508	-
Idle assets (Note 2)	927,076	-	927,949	-	Unrealized revaluation increment	5,813,187	1	5,823,200	1
Refundable deposits	1,282,539	-	1,306,847	1	Treasury stocks - 110,068 thousand shares	-	-	(7,107,494)	(1)
Deferred income tax assets (Notes 2 and 21)	1,487,685	1	1,186,195	-	Total other adjustments	3,570,335	1	(1,248,856)	-
Others (Note 24)	769,978	-	427,846	-	Total stockholders' equity	376,556,421	82	395,067,708	85
Total other assets	4,467,278	1	3,848,837	1					
TOTAL	\$ 459,268,671	100	\$ 465,234,117	100	TOTAL	\$ 459,268,671	100	\$ 465,234,117	100

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

(With Deloitte & Touche audit report dated March 3, 2009)

V. CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 (Amounts in Thousands of New Taiwan Dollars, Except Earnings Per Share Data)

	2008		2007	
	Amount	%	Amount	%
NET REVENUES (Note 24)	\$ 186,780,650	100	\$ 186,328,955	100
OPERATING COSTS (Note 24)	95,789,726	52	94,326,091	51
GROSS PROFIT	90,990,924	48	92,002,864	49
OPERATING EXPENSES (Note 24)				
Marketing	27,306,113	14	25,878,875	14
General and administrative	3,345,977	2	3,247,337	2
Research and development	3,151,789	2	3,213,778	1
Total operating expenses	33,803,879	18	32,339,990	17
INCOME FROM OPERATIONS	57,187,045	30	59,662,874	32
NON-OPERATING INCOME AND GAINS				
Interest income	1,866,875	1	1,445,003	1
Valuation gain on financial instruments, net	550,649	1	-	-
Equity in earnings of equity method investees, net	362,314	-	218,429	-
Foreign exchange gain, net	329,408	-	-	-
Others	397,635	-	767,275	-
Total non-operating income and gains	3,506,881	2	2,430,707	1
NON-OPERATING EXPENSES AND LOSSES				
Impairment loss on assets	1,164,105	1	22,000	-
Loss on disposal of financial instruments, net	660,331	-	-	-
Loss on disposal of property, plant and equipment, net	276,710	-	84,386	-
Valuation loss on inventory	22,208	-	19,165	-
Interest expense	404	-	846	-
Valuation loss on financial instruments, net	-	-	584,851	-
Foreign exchange loss, net	-	-	58,011	-
Loss arising from natural calamities	-	-	42,202	-
Others	97,303	-	185,650	-
Total non-operating expenses and losses	2,221,061	1	997,111	-
INCOME BEFORE INCOME TAX	58,472,865	31	61,096,470	33
INCOME TAX EXPENSE (Notes 2 and 21)	13,462,523	7	12,847,151	7
NET INCOME	\$ 45,010,342	24	\$ 48,249,319	26

(Continued)

CHUNGHWA TELECOM CO., LTD.

**STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Amounts in Thousands of New Taiwan Dollars, Except Earnings Per Share Data)**

	<u>2008</u>		<u>2007</u>	
	Income Before Income Tax	Net Income	Income Before Income Tax	Net Income
EARNINGS PER SHARE (Notes 2 and 22)				
Basic earnings per share	\$ 6.03	\$ 4.64	\$ 6.25	\$ 4.94
Diluted earnings per share	\$ 6.02	\$ 4.63	\$ 6.25	\$ 4.93

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

(With Deloitte & Touche audit report dated March 3, 2009)

(Concluded)

VI. CHUNGHWA TELECOM CO., LTD.

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Amounts in Thousands of New Taiwan Dollars Except Dividend Per Share Data)**

	Common Stock		Preferred Stock		Additional Paid-in Capital	Retained Earnings			Cumulative Translation Adjustments	Unrecognized Net Loss of Pension	Other Adjustments		Total Stockholders' Equity	
	Shares (Thousands)	Amount	Shares (Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings			Unrealized Gain (Loss) on Financial Instruments	Unrealized Revaluation Increment		Treasury Stock
BALANCE, JANUARY 1, 2007	9,667,845	\$96,678,451	-	\$ -	\$210,273,336	\$44,037,765	\$2,680,184	\$39,984,454	\$ (3,304)	\$ -	\$ 541,072	\$5,824,600	\$ -	\$400,016,558
Adjustment of additional paid-in capital from revaluation of land to income upon disposal	-	-	-	-	-	-	-	-	-	-	-	(1,400)	-	(1,400)
Appropriations of 2006 earnings														
Legal reserve	-	-	-	-	-	3,998,445	-	(3,998,445)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	-	(1,461)	1,461	-	-	-	-	-	-
Cash dividend - NT\$3.58 per share	-	-	-	-	-	-	-	(34,610,885)	-	-	-	-	-	(34,610,885)
Employees' bonus - cash	-	-	-	-	-	-	-	(1,256,619)	-	-	-	-	-	(1,256,619)
Remuneration to board of directors and supervisors	-	-	-	-	-	-	-	(35,904)	-	-	-	-	-	(35,904)
Capital surplus transferred to common stock	966,785	9,667,845	-	-	(9,667,845)	-	-	-	-	-	-	-	-	-
Capital reduction (Note 19)	(966,785)	(9,667,845)	-	-	-	-	-	-	-	-	-	-	110,068	(9,557,777)
Net income in 2007	-	-	-	-	-	-	-	48,249,319	-	-	-	-	-	48,249,319
Unrealized gain on financial instruments held by investees	-	-	-	-	-	-	-	-	-	-	2,258	-	-	2,258
Equity adjustments in investees	-	-	-	-	72	-	-	(15,764)	-	-	-	-	-	(15,692)
Cumulative translation adjustment for foreign-currency investments held by investees	-	-	-	-	-	-	-	-	1,324	-	-	-	-	1,324
Defined benefit pension plan adjustments of investees	-	-	-	-	-	-	-	-	-	(90)	-	-	-	(90)
Purchase of treasury stock - 121,075 thousand common shares (Note 19)	-	-	-	-	-	-	-	-	-	-	-	-	(7,217,562)	(7,217,562)
Unrealized loss on financial instruments	-	-	-	-	-	-	-	-	-	-	(505,822)	-	-	(505,822)
BALANCE, DECEMBER 31, 2007	9,667,845	96,678,451	-	-	200,605,563	48,036,210	2,678,723	48,317,617	(1,980)	(90)	37,508	5,823,200	(7,107,494)	395,067,708
Adjustment of additional paid-in capital from revaluation of land to income upon disposal	-	-	-	-	-	-	-	-	-	-	-	(10,013)	-	(10,013)
Appropriations of 2007 earnings														
Legal reserve	-	-	-	-	-	4,823,356	-	(4,823,356)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	-	(3,304)	3,304	-	-	-	-	-	-
Cash dividend - NT\$4.26 per share	-	-	-	-	-	-	-	(40,716,130)	-	-	-	-	-	(40,716,130)
Stock dividend - NT\$0.1 per share	95,578	955,778	-	-	-	-	-	(955,778)	-	-	-	-	-	-
Employees' bonus - cash	-	-	-	-	-	-	-	(1,303,605)	-	-	-	-	-	(1,303,605)
Employees' bonus - dividends	43,453	434,535	-	-	-	-	-	(434,535)	-	-	-	-	-	-
Remuneration to board of directors and supervisors	-	-	-	-	-	-	-	(43,454)	-	-	-	-	-	(43,454)
Capital surplus transferred to common stock	1,911,555	19,115,554	-	-	(19,115,554)	-	-	-	-	-	-	-	-	-
Capital reduction	(1,911,555)	(19,115,554)	-	-	-	-	-	-	-	-	-	-	-	(19,115,554)
Net income in 2008	-	-	-	-	-	-	-	45,010,342	-	-	-	-	-	45,010,342
Unrealized loss on financial instruments held by investees	-	-	-	-	-	-	-	-	-	-	(18,613)	-	-	(18,613)
Equity adjustments in investees	-	-	-	-	-	-	-	(54,583)	-	-	-	-	-	(54,583)
Cumulative translation adjustment for foreign-currency investments held by investees	-	-	-	-	-	-	-	-	31,454	-	-	-	-	31,454
Defined benefit pension plan adjustments of investees	-	-	-	-	-	-	-	-	-	6	-	-	-	6
Special reserve for gain arising from disposal of land	-	-	-	-	-	-	475	(475)	-	-	-	-	-	-
Cancellation of treasury stock - 110,068 thousand common shares (Note 19)	(110,068)	(1,100,682)	-	-	(2,283,739)	-	-	(3,723,073)	-	-	-	-	7,107,494	-
Unrealized loss on financial instruments	-	-	-	-	-	-	-	-	-	-	(2,291,137)	-	-	(2,291,137)
BALANCE, DECEMBER 31, 2008	9,696,808	\$96,968,082	-	\$ -	\$179,206,270	\$52,859,566	\$2,675,894	\$41,276,274	\$29,474	\$ (84)	\$ (2,272,242)	\$5,813,187	\$ -	\$376,556,421

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

(With Deloitte & Touche audit report dated March 3, 2009)

VII. CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 (Amounts in Thousands of New Taiwan Dollars)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 45,010,342	\$ 48,249,319
Adjustments to reconcile net income to net cash provided by operating activities:		
Impairment loss on assets	1,164,105	22,000
Provision for doubtful accounts	503,753	595,563
Depreciation and amortization	37,968,938	39,657,560
Amortization of premium (discount) of financial assets	3,258	(183)
Loss (gain) on disposal of financial instruments, net	660,331	(92,495)
Valuation loss (gain) on financial instruments, net	(550,649)	584,851
Valuation loss on inventory	22,208	19,165
Loss on disposal of property, plant and equipment, net	276,710	84,386
Equity in earnings of equity investees	(362,314)	(218,429)
Dividends received from equity investees	435,285	107,106
Deferred income taxes	(178,971)	(802,342)
Other	-	(2,410)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Financial assets held for trading	(207,463)	(308,132)
Trade notes and accounts receivable	(218,461)	1,476,200
Receivables from related parties	(131,390)	(163,858)
Other current monetary assets	4,860,343	(122,731)
Inventories	(807,397)	(303,017)
Other current assets	(456,389)	(199,936)
Increase (decrease) in:		
Trade notes and accounts payable	(454,187)	460,501
Payables to related parties	553,070	631,713
Income tax payable	(1,526,874)	(1,567,036)
Accrued expenses	723,521	(3,839,740)
Other current liabilities	650,762	(205,140)
Deferred income	567,147	549,731
Accrued pension liabilities	1,252,424	2,658,263
Net cash provided by operating activities	89,758,102	87,270,909
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(7,271,995)	(22,694,362)
Proceeds from disposal of available-for-sale financial assets	6,639,849	11,735,207
Acquisition of held-to-maturity financial assets	(3,326,951)	(1,198,301)
Proceeds from disposal of held-to-maturity financial assets	659,605	49,035
Acquisition of financial assets carried at cost	(485,859)	(188,038)
Proceeds from disposal of financial assets carried at cost	354,933	-
Acquisition of investment accounted for using equity method	(4,461,562)	(2,268,939)
Proceeds from disposal of long-term investment	44,047	-
Acquisition of property, plant and equipment	(29,660,351)	(24,909,861)

(Continued)

CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 (Amounts in Thousands of New Taiwan Dollars)

	2008	2007
Proceeds from disposal of property, plant and equipment	\$ 2,642,439	\$ 106,195
Increase in intangible assets	(258,290)	(272,784)
Decrease (increase) in other assets	(331,620)	39,447
Net cash used in investing activities	(35,455,755)	(39,602,401)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term loans	-	(300,000)
Decrease in customers' deposits	(160,733)	(306,819)
Increase (decrease) in other liabilities	(135,309)	172,392
Cash dividends paid	(40,716,130)	(34,610,885)
Remuneration to board of directors and supervisors and bonus to employees	(1,347,059)	(1,292,523)
Purchase of treasury stock	-	(7,217,562)
Capital reduction	(9,557,777)	-
Net cash used in financing activities	(51,917,008)	(43,555,397)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,385,339	4,113,111
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	74,752,564	70,639,453
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 77,137,903	\$ 74,752,564
SUPPLEMENTAL INFORMATION		
Interest paid	\$ 404	\$ 846
Income tax paid	\$ 15,168,368	\$ 15,216,529
NON-CASH FINANCING ACTIVITIES		
Reclassification from common capital stock to due to stockholders for capital reduction	\$ 19,115,554	\$ 9,557,777
CASH AND NON-CASH INVESTING ACTIVITIES		
Increase in property, plant and equipment	\$ 30,493,115	\$ 25,302,075
Payables to suppliers	(832,764)	(392,214)
	\$ 29,660,351	\$ 24,909,861

(Continued)

CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 (Amounts in Thousands of New Taiwan Dollars)

The following table presents the allocation of acquisition costs of acquired subsidiaries during 2007 to assets acquired and liabilities assumed, based on their fair values:

	Senao International Co., Ltd.	Chunghwa System Integration Co., Ltd.	Chunghwa Telecom Global, Inc.	Donghua Telecom Co., Ltd.
Cash and cash equivalents	\$ 617,003	\$ 96,959	\$ 38,771	\$ 16,751
Financial assets at fair value through profit or loss	86,796	325,742	-	-
Trade notes and accounts receivable	2,024,443	425,113	33,395	18,044
Inventories	1,625,790	136,310	-	-
Other current assets	334,055	127,917	2,147	5,896
Long-term investment	12,941	-	-	-
Property, plant, and equipment	1,316,657	2,879	27,066	-
Identifiable intangible assets	365,920	46,792	-	-
Other assets	134,869	37,602	17,450	-
Short-term loan and current portion of long-term loan	(100,000)	-	-	-
Trade notes and accounts payable	(1,629,324)	(418,667)	(39,993)	(22,827)
Other current liabilities	(714,517)	(71,095)	(9,161)	(1,861)
Long-term debt	(580,000)	(1,140)	(7,263)	-
Other liabilities	(92,579)	-	-	(2,163)
Total	3,402,054	708,412	62,412	13,840
Percentage of ownership	31.3285%	100%	100%	100%
	1,065,813	708,412	62,412	13,840
Goodwill (negative goodwill)	-	130,094	8,017	(2,410)
Acquisition costs of acquired subsidiaries	\$ 1,065,813	\$ 838,506	\$ 70,429	\$ 11,430

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche audit report dated March 3, 2009)

(Concluded)

VIII.

REPRESENTATION LETTER

The entities included in the combined financial statements of Chunghwa Telecom Co., Ltd. as of and for the year ended December 31, 2008, which were prepared in conformity with the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, are the same as the entities included in the consolidated financial statements prepared in conformity with the revised ROC Statement of Financial Accounting Standards No. 7, "Consolidated Financial Statements". In addition, the information needed to be disclosed in the combined financial statements is included in the consolidated financial statements. Thus, Chunghwa Telecom Co., Ltd. and its subsidiaries did not prepare a separate set of combined financial statements.

Very truly yours,

CHUNGHWA TELECOM CO., LTD.

By

SHYUE CHING LU
Chairman

March 3, 2009

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheet of Chunghwa Telecom Co., Ltd. and subsidiaries ("the Company") as of December 31, 2008 and 2007, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of China. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Chunghwa Telecom Co., Ltd. and subsidiaries as of December 31, 2008 and 2007, and the results of their operations and their cash flows for the years ended December 31, 2008 and 2007, in conformity with accounting principles generally accepted in the Republic of China.

As discussed in Note 3 to the consolidated financial statements starting from January 1, 2008, the Company changed its method of accounting for bonuses paid to employees, directors and supervisors upon adoption of Interpretation 96-052 issued by the Accounting and Research Development Foundation in the Republic of China.

Deloitte & Touche

March 3, 2009

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2008 AND 2007

(Amounts in Thousands of New Taiwan Dollars, Except Par Value Data)

ASSETS	2008		2007		LIABILITIES AND STOCKHOLDERS' EQUITY	2008		2007	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 81,288,165	18	\$ 76,233,001	16	Short-term loans (Note 16)	\$ 258,000	-	\$ 36,000	-
Financial assets at fair value through profit or loss (Notes 2 and 5)	258,578	-	119,139	-	Financial liabilities at fair value through profit or loss (Notes 2 and 5)	107,344	-	653,286	-
Available-for-sale financial assets (Notes 2 and 6)	14,182,385	3	18,157,513	4	Trade notes and accounts payable (Note 20)	11,359,570	2	11,254,863	3
Held-to-maturity financial assets (Notes 2 and 7)	769,435	-	651,192	-	Payables to related parties (Note 28)	523,488	-	343,302	-
Trade notes and accounts receivable, net of allowance for doubtful accounts of \$3,050,691 in 2008 and \$3,430,157 in 2007 (Notes 2 and 8)	10,844,712	2	11,450,865	3	Income tax payable (Notes 2 and 25)	5,687,100	1	7,257,958	2
Receivables from related parties (Note 28)	2,052	-	4,693	-	Accrued expenses (Note 17)	16,345,702	4	15,559,672	3
Other current monetary assets (Notes 2, 9 and 31)	2,226,256	1	7,227,250	2	Current portion of long-term loans (Note 19)	8,440	-	20,000	-
Inventories, net (Notes 2, 10 and 20)	6,412,477	1	4,302,997	1	Due to stockholders for capital reduction (Note 21)	19,115,554	4	9,557,777	2
Deferred income taxes assets (Notes 2 and 25)	118,535	-	268,648	-	Other current liabilities (Notes 2, 18, 20, 28 and 31)	16,529,811	4	14,459,650	3
Restricted assets (Notes 20 and 29)	58,914	-	864	-					
Other current assets (Notes 11 and 20)	2,046,061	-	1,361,380	-	Total current liabilities	69,935,009	15	59,142,508	13
Total current assets	118,207,570	25	119,777,542	26	NONCURRENT LIABILITY				
LONG-TERM INVESTMENTS					Long-term loans (Note 19)	29,400	-	-	-
Investments accounted for using equity method (Notes 2, 12 and 28)	2,337,190	-	2,018,348	-	Deferred income	2,072,297	-	1,505,150	-
Financial assets carried at cost (Notes 2 and 13)	2,537,357	1	2,122,768	1	Total noncurrent liability	2,101,697	-	1,505,150	-
Held-to-maturity financial assets (Notes 2 and 7)	3,044,102	1	498,257	-	RESERVE FOR LAND VALUE INCREMENTAL TAX (Note 15)	94,986	-	94,986	-
Other monetary assets (Notes 14 and 30)	1,000,000	-	1,000,000	-	OTHER LIABILITIES				
Total long-term investment	8,918,649	2	5,639,373	1	Accrued pension liabilities (Notes 2 and 27)	5,173,489	1	3,922,324	1
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 15, 28 and 29)					Customers' deposits	6,159,722	2	6,386,169	1
Cost					Other	431,515	-	732,711	-
Land	101,460,017	22	101,533,590	22	Total other liabilities	11,764,726	3	11,041,204	2
Land improvements	1,494,398	-	1,475,371	-	Total liabilities	83,896,418	18	71,783,848	15
Buildings	63,029,159	14	62,671,185	13	EQUITY ATTRIBUTABLE TO STOCKHOLDERS OF THE PARENT				
Computer equipment	16,130,398	3	15,687,851	3	(Notes 2, 15, 21 and 23)				
Telecommunications equipment	650,204,202	140	639,299,029	136	Common stock - \$10 par value:				
Transportation equipment	2,406,111	1	2,856,103	1	Authorized: 12,000,000 thousand shares				
Miscellaneous equipment	7,331,543	2	7,715,229	2	Issued: 9,696,808 thousand shares in 2008 and 9,667,845 thousand shares in 2007	96,968,082	21	96,678,451	20
Total cost	842,055,828	182	831,238,358	177	Preferred stock - \$10 par value	-	-	-	-
Revaluation increment on land	5,810,650	1	5,822,981	1	Additional paid-in capital:				
Less: Accumulated depreciation	540,822,370	117	522,730,591	111	Capital surplus	179,193,097	38	200,592,390	43
Construction in progress and advances related to acquisitions of equipment	307,044,108	66	314,330,748	67	Donated capital	13,170	-	13,170	-
Property, plant and equipment, net	323,049,498	70	330,797,146	70	Equity in additional paid-in capital reported by equity-method investees	3	-	3	-
INTANGIBLE ASSETS (Note 2)					Total additional paid-in capital	179,206,270	38	200,605,563	43
3G concession	7,486,088	2	8,234,697	2	Retained earnings:				
Goodwill	226,257	-	210,523	-	Legal reserve	52,859,566	11	48,036,210	10
Others	558,435	-	499,053	-	Special reserve	2,675,894	1	2,678,723	1
Total intangible assets	8,270,780	2	8,944,273	2	Unappropriated earnings	41,276,274	9	48,317,617	10
OTHER ASSETS					Total retained earnings	96,811,734	21	99,032,550	21
Leased assets (Note 29)	516,637	-	348,804	-	Other adjustments				
Idle assets (Note 2)	957,757	-	964,869	-	Cumulative translation adjustments	29,474	-	(1,980)	-
Refundable deposits	1,373,644	-	1,409,785	1	Unrecognized net loss of pension	(84)	-	(90)	-
Deferred income taxes assets (Notes 2 and 25)	1,543,315	1	1,229,812	-	Unrealized gain (loss) on financial instruments	(2,272,242)	-	37,508	-
Restricted assets (Note 29)	8,536	-	-	-	Unrealized revaluation increment	5,813,187	1	5,823,200	1
Others (Note 27)	743,903	-	514,513	-	Total other adjustments	3,570,335	1	5,858,638	1
Total other assets	5,143,792	1	4,467,783	1	Treasury stocks - 110,068 thousand shares	-	-	(7,107,494)	(1)
TOTAL	\$ 463,590,289	100	\$ 469,626,117	100	Total equity attributable to stockholders of the parent	376,556,421	81	395,067,708	84
					MINORITY INTEREST IN SUBSIDIARIES	3,137,450	1	2,774,561	1
					Total stockholders' equity	379,693,871	82	397,842,269	85
					TOTAL	\$ 463,590,289	100	\$ 469,626,117	100

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

(With Deloitte & Touche audit report dated March 3, 2009)

VIII. CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(Amounts in Thousands of New Taiwan Dollars, Except Earnings Per Share Data)

	2008		2007	
	Amount	%	Amount	%
NET REVENUES (Note 28)	\$ 201,669,521	100	\$ 197,390,883	100
OPERATING COSTS (Note 28)	113,487,579	56	106,625,294	54
GROSS PROFIT	88,181,942	44	90,765,589	46
OPERATING EXPENSES (Note 28)				
Marketing	22,732,128	11	23,731,951	12
General and administrative	3,680,178	2	3,422,672	2
Research and development	3,143,935	2	3,236,919	1
Total operating expenses	29,556,241	15	30,391,542	15
INCOME FROM OPERATIONS	58,625,701	29	60,374,047	31
NON-OPERATING INCOME AND GAINS (Note 28)				
Interest income	1,916,263	1	1,453,184	1
Valuation gain on financial instruments, net	550,703	1	-	-
Foreign exchange gain, net	336,037	-	-	-
Equity in earnings of equity method investees, net	63,648	-	140,804	-
Gain on disposal of financial instruments, net	-	-	99,159	-
Other	509,482	-	757,298	-
Total non-operating income and gains	3,376,133	2	2,450,445	1
NON-OPERATING EXPENSES AND LOSSES				
Impairment loss on assets	1,168,399	1	24,374	-
Loss on disposal of financial instruments, net	671,685	-	-	-
Loss on disposal of property, plant and equipment	278,091	-	88,662	-
Valuation loss on inventory	57,849	-	25,369	-
Interest expense	4,256	-	15,043	-
Valuation loss on financial instruments, net	-	-	584,744	1
Foreign exchange loss, net	-	-	53,551	-
Loss arising from natural calamities	-	-	42,202	-
Other	137,634	-	189,100	-
Total non-operating expenses and losses	2,317,914	1	1,023,045	1
INCOME BEFORE INCOME TAX	59,683,920	30	61,801,447	31
INCOME TAX EXPENSES (Notes 2 and 25)	13,892,308	7	13,059,108	6
CONSOLIDATED NET INCOME	\$ 45,791,612	23	\$ 48,742,339	25

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(Amounts in Thousands of New Taiwan Dollars, Except Earnings Per Share Data)

	2008		2007	
	Amount	%	Amount	%
ATTRIBUTED TO				
Stockholders of the parent	\$ 45,010,342	22	\$ 48,249,319	25
Minority interest	781,270	1	493,020	-
	\$ 45,791,612	23	\$ 48,742,339	25
	2008		2007	
	Income Before Income Tax	Net Income	Income Before Income Tax	Net Income
CONSOLIDATED EARNINGS PER SHARE				
(Note 26)				
Basic earnings per share	\$ 6.03	\$ 4.64	\$ 6.25	\$ 4.94
Diluted earnings per share	\$ 6.02	\$ 4.63	\$ 6.25	\$ 4.93

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

(With Deloitte & Touche audit report dated March 3, 2009)

(Concluded)

X. CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 (Amounts in Thousands of New Taiwan Dollars, Except Dividend Per Share Data)

	Common Stock		Preferred Stock		Additional Paid-in Capital	Retained Earnings			Cumulative Translation Adjustments	Unrecognized Net Loss of Pension	Other Adjustments		Treasury Stock	Minority Interests in Subsidiaries	Total Stockholders' Equity
	Shares (Thousands)	Amount	Shares (Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings			Unrealized Gain (Loss) on Financial Instruments	Unrealized Revaluation Increment			
BALANCE, JANUARY 1, 2007	9,667,845	\$ 96,678,451	-	\$ -	\$ 210,273,336	\$ 44,037,765	\$ 2,680,184	\$ 39,984,454	\$ (3,304)	\$ -	\$ 541,072	\$ 5,824,600	\$ -	\$ 97,641	\$ 400,114,199
Adjustment of additional paid-in capital from revaluation of land to income upon disposal	-	-	-	-	-	-	-	-	-	-	-	(1,400)	-	-	(1,400)
Appropriation of 2006 earnings															
Legal reserve	-	-	-	-	-	3,998,445	-	(3,998,445)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	-	(1,461)	1,461	-	-	-	-	-	-	-
Cash dividend - NT\$3.58 per share	-	-	-	-	-	-	-	(34,610,885)	-	-	-	-	-	-	(34,610,885)
Employees' bonus - cash	-	-	-	-	-	-	-	(1,256,619)	-	-	-	-	-	-	(1,256,619)
Remuneration to board of directors and supervisors	-	-	-	-	-	-	-	(35,904)	-	-	-	-	-	-	(35,904)
Capital surplus transferred to common stock	966,785	9,667,845	-	-	(9,667,845)	-	-	-	-	-	-	-	-	-	-
Capital reduction (Note 21)	(966,785)	(9,667,845)	-	-	-	-	-	-	-	-	-	-	110,068	-	(9,557,777)
Increase in minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	2,183,900	2,183,900
Consolidated net income in 2007	-	-	-	-	-	-	-	48,249,319	-	-	-	-	-	493,020	48,742,339
Unrealized gain on financial instruments held by investees	-	-	-	-	-	-	-	-	-	-	2,258	-	-	-	2,258
Equity adjustments in investees	-	-	-	-	72	-	-	(15,764)	-	-	-	-	-	-	(15,692)
Cumulative translation adjustment for foreign-currency investments held by investees	-	-	-	-	-	-	-	-	1,324	-	-	-	-	-	1,324
Defined benefit pension plan adjustments of investees	-	-	-	-	-	-	-	-	-	(90)	-	-	-	-	(90)
Purchase of treasury stock - 121,075 thousand common shares (Note 23)	-	-	-	-	-	-	-	-	-	-	-	-	(7,217,562)	-	(7,217,562)
Unrealized loss on financial instruments	-	-	-	-	-	-	-	-	-	-	(505,822)	-	-	-	(505,822)
BALANCE, DECEMBER 31, 2007	9,667,845	96,678,451	-	-	200,605,563	48,036,210	2,678,723	48,317,617	(1,980)	(90)	37,508	5,823,200	(7,107,494)	2,774,561	397,842,269
Adjustment of additional paid-in capital from revaluation of land to income upon disposal	-	-	-	-	-	-	-	-	-	-	-	(10,013)	-	-	(10,013)
Appropriation of 2007 earnings															
Legal reserve	-	-	-	-	-	4,823,356	-	(4,823,356)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	-	(3,304)	3,304	-	-	-	-	-	-	-
Cash dividend - NT\$4.26 per share	-	-	-	-	-	-	-	(40,716,130)	-	-	-	-	-	-	(40,716,130)
Stock dividend - NT\$0.1 per share	95,578	955,778	-	-	-	-	-	(955,778)	-	-	-	-	-	-	-
Employees' bonus - cash	-	-	-	-	-	-	-	(1,303,605)	-	-	-	-	-	-	(1,303,605)
Employees' bonus - dividends	43,453	434,535	-	-	-	-	-	(434,535)	-	-	-	-	-	-	-
Remuneration to board of directors and supervisors	-	-	-	-	-	-	-	(43,454)	-	-	-	-	-	-	(43,454)
Capital surplus transferred to common stock	1,911,555	19,115,554	-	-	(19,115,554)	-	-	-	-	-	-	-	-	-	-
Decrease in minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	(418,381)	(418,381)
Capital reduction	(1,911,555)	(19,115,554)	-	-	-	-	-	-	-	-	-	-	-	-	(19,115,554)
Consolidated net income in 2008	-	-	-	-	-	-	-	45,010,342	-	-	-	-	-	781,270	45,791,612
Unrealized loss on financial instruments held by investees	-	-	-	-	-	-	-	-	-	-	(18,613)	-	-	-	(18,613)
Equity adjustments in investees	-	-	-	-	-	-	-	(54,583)	-	-	-	-	-	-	(54,583)
Cumulative translation adjustment for foreign-currency investments held by investees	-	-	-	-	-	-	-	-	31,454	-	-	-	-	-	31,454
Defined benefit pension plan adjustments of investees	-	-	-	-	-	-	-	-	-	6	-	-	-	-	6
Special reserve for gain arising from disposal of land	-	-	-	-	-	-	475	(475)	-	-	-	-	-	-	-
Cancellation of treasury stock - 110,068 thousand common shares (Note 23)	(110,068)	(1,100,682)	-	-	(2,283,739)	-	-	(3,723,073)	-	-	-	-	7,107,494	-	-
Unrealized loss on financial instruments	-	-	-	-	-	-	-	-	-	-	(2,291,137)	-	-	-	(2,291,137)
BALANCE, DECEMBER 31, 2008	9,696,808	\$ 96,968,082	-	\$ -	\$ 179,206,270	\$ 52,859,566	\$ 2,675,894	\$ 41,276,274	\$ 29,474	\$ (84)	\$ (2,272,242)	\$ 5,813,187	\$ -	\$ 3,137,450	\$ 379,693,871

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

(With Deloitte & Touche audit report dated March 3, 2009)

XI. CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 (Amounts in Thousands of New Taiwan Dollars)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$45,791,612	\$48,742,339
Provision for doubtful accounts	505,285	606,234
Depreciation and amortization	38,216,171	39,814,950
Amortization of premium (discount) of financial assets	3,258	(183)
Loss (gain) on disposal of financial instruments, net	671,685	(99,159)
Valuation loss on inventory	57,849	25,369
Valuation loss (gain) on financial instruments, net	(550,703)	584,744
Loss on disposal of property, plant and equipment, net	278,091	88,662
Equity in earnings of equity investees	(63,648)	(140,804)
Dividends received from equity investees	217,177	44,000
Impairment loss on assets	1,168,399	24,374
Loss on disposal of leased assets, net	733	-
Loss from obsolescence of deferred charges	4,505	-
Deferred income taxes	(155,852)	(825,407)
Other	-	(2,410)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Financial assets held for trading	(207,535)	(265,372)
Trade notes and accounts receivable	126,578	1,763,211
Receivables from related parties	(388,712)	(505,390)
Other current monetary assets	4,841,092	(193,801)
Inventories	(823,315)	(283,666)
Other current assets	(628,079)	(221,111)
Increase (decrease) in:		
Trade notes and accounts payable	190,333	340,299
Payables to related parties	656,488	683,744
Income tax payable	(1,570,848)	(1,385,380)
Accrued expenses	906,990	(3,377,587)
Other current liabilities	808,494	354,774
Deferred income	567,147	549,731
Accrued pension liabilities	1,244,325	2,639,886
Net cash provided by operating activities	91,867,520	88,962,047
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(8,759,539)	(22,694,501)
Proceeds from disposal of available-for-sale financial assets	8,425,156	11,735,997
Acquisition of held-to-maturity financial assets	(3,326,951)	(1,198,301)
Proceeds from disposal of held-to-maturity financial assets	659,605	49,035
Acquisition of financial assets carried at cost	(485,859)	(188,038)
Proceeds from financial assets carried at cost	354,933	-
Increase in other current monetary assets	(30,000)	-
Proceeds from other current monetary assets	29,109	-
Acquisition of investments accounted for using equity method	(554,693)	(1,177,061)

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 (Amounts in Thousands of New Taiwan Dollars)

	2008	2007
Proceeds from disposal of long-term investment	\$ 44,256	\$ 69,475
Acquisition of property, plant and equipment	(30,118,922)	(25,068,039)
Proceeds from disposal of property, plant and equipment	14,077	108,055
Increase in intangible assets	(208,323)	(273,335)
Increase in restricted assets	(3,065)	-
Increase in other assets	(569,806)	(4,532)
Net cash used in investing activities	(34,530,022)	(38,641,245)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	222,000	(90,000)
Increase in long-term loans	-	21,944
Repayment of long-term loans	(37,280)	(910,473)
Decrease in customers' deposits	(126,699)	(325,122)
Increase (decrease) in other liabilities	(293,747)	171,062
Cash dividends paid	(41,202,177)	(34,750,742)
Remuneration to board of directors and supervisors and bonus to employees	(1,394,077)	(1,300,059)
Purchase of treasury stock	-	(7,217,562)
Proceeds from exercise of employee stock option	63,436	28,889
Cash proceeds from subsidiary's stock issuance	-	78,487
Capital reduction	(9,557,777)	-
Net cash used in financing activities	(52,326,321)	(44,293,576)
EFFECT OF EXCHANGE RATE CHANGES	30,795	(1,126)
EFFECT OF CHANGE ON CONSOLIDATED SUBSIDIARIES	13,192	(466,073)
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,055,164	5,560,027
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	76,233,001	70,672,974
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 81,288,165	\$ 76,233,001
SUPPLEMENTAL INFORMATION		
Interest paid	\$ 4,095	\$ 16,760
Income tax paid	\$ 15,620,016	\$ 15,268,249
NON-CASH FINANCING ACTIVITIES		
Current portion of long-term loans	\$ 8,440	\$ 20,000
Reclassified from common capital stock to due to stockholders for capital reduction	\$ 19,115,554	\$ 9,557,777

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 (Amounts in Thousands of New Taiwan Dollars)

	2008	2007
CASH AND NON-CASH INVESTING ACTIVITIES		
Increase in property, plant and equipment	\$ 31,162,149	\$ 25,492,751
Payables to suppliers	(1,070,843)	(428,066)
Prepayments for equipment	27,616	3,354
	\$ 30,118,922	\$ 25,068,039

The following table presents the allocation of acquisition costs of acquired subsidiaries during 2007 to assets acquired and liabilities assumed, based on their fair values:

	Senao International Co., Ltd.	Chunghwa System Integration Co., Ltd.	Chunghwa Telecom Global, Inc.	Donghua Telecom Co., Ltd.
Cash and cash equivalents	\$ 617,003	\$ 96,959	\$ 38,771	\$ 16,751
Financial assets at fair value through profit or loss	86,796	325,742	-	-
Trade notes and accounts receivable	2,024,443	425,113	33,395	18,044
Inventories	1,625,790	136,310	-	-
Other current assets	334,055	127,917	2,147	5,896
Long-term investment	12,941	-	-	-
Property, plant, and equipment	1,316,657	2,879	27,066	-
Identifiable intangible assets	365,920	46,792	-	-
Other assets	134,869	37,602	17,450	-
Short-term loan and current portion of long-term loan	(100,000)	-	-	-
Trade notes and accounts payable	(1,629,324)	(418,667)	(39,993)	(22,827)
Other current liabilities	(714,517)	(71,095)	(9,161)	(1,861)
Long-term debt	(580,000)	(1,140)	(7,263)	-
Other liabilities	(92,579)	-	-	(2,163)
Total	3,402,054	708,412	62,412	13,840
Percentage of ownership	31.3285%	100%	100%	100%
	1,065,813	708,412	62,412	13,840
Goodwill (negative goodwill)	-	130,094	8,017	(2,410)
Acquisition costs of acquired subsidiaries	\$ 1,065,813	\$ 838,506	\$ 70,429	\$ 11,430

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

(With Deloitte & Touche audit report dated March 3, 2009)

(Concluded)

XII.

**Chunghwa Telecom Co., Ltd.
2008 Statement of Retained Earnings**

Units: NT\$

Item	Amount
Source items:	
Initial current undistributed earnings (note 1)	44,064,315
Retired treasury stock converted to earnings	(3,723,072,459)
Undistributed earnings at start of period after adjustment	(3,679,008,144)
Current net profit after tax	45,010,341,835
Retained earnings adjusted for long-term equity investment	(54,584,479)
	<u>41,276,749,212</u>
Set aside to statutory reserve	(4,127,674,921)
Special reserve set aside in accordance with the Securities and Exchange Law	(475,330)
Distributable earnings for 2008	<u>37,148,598,961</u>
Distribution items:	
Shareholders' cash dividends (total of 9,696,808,181 shares x NT\$3.83 per share)	<u>(37,138,775,333)</u>
Final current undistributed earnings	<u>9,823,628</u>
Notes:	
Employee bonuses (cash) to be issued	1,629,914,905
Director and supervisor remuneration (cash) to be issued	38,807,498

Note 1: The "initial current undistributed earnings" is the same amount as the "final current undistributed earnings" on the statement of retained earnings approved at the 2008 Shareholders Meeting.

Shyue-Ching Lu, Chairman and CEO

Shiou-Tong Chang, President

Shui-Yi Kuo, Accounting Executive

XIII.

Comparison Table of Amended Articles of the Articles of Incorporation of Chunghwa Telecom Co., Ltd.

- Nov. 6, 1996—All 26 articles adopted at the Promoters Meeting.
 Dec. 26, 1997—Article 15 amended at the 1997 Shareholders Meeting.
 Nov. 25, 1998—Articles 2 and 22 amended at the 1998 Shareholders Meeting.
 July 13, 1999—Article 21, Paragraph 1 amended at the Special Shareholders Meeting.
 June 4, 2001—Articles 2, 3, 6, 7, 10, 12, 13, 19, 21, and 22 amended, and Articles 6-1 and 7-1 inserted at the 2001 Shareholders Meeting.
 June 21, 2002—Articles 2, 7, 8, 9, 10, 19, 21, and 22 amended and Article 5 deleted at the 2002 Shareholders Meeting.
 June 17, 2003—Article 2 amended at the 2003 Shareholders Meeting.
 June 25, 2004—Articles 2 and 22 amended at the 2004 Shareholders Meeting.
 May 30, 2006—Articles 2, 3, 6, 10, 11, 12, 14, 17, 19, 20, 22, 23, and 25 amended, and Articles 12-1, 18-1, and 18-2 inserted at the 2006 General Shareholders Meeting.
 June 15, 2007—Articles 2, 12-1, 14, 22, and 23 amended, and Article 18-1 deleted at the 2007 General Shareholders Meeting.
 June 19, 2008—Articles 2, 6, and 14 amended at the 2008 General Shareholders Meeting.
 June 19, 2009—Articles 2, 6, 12, and 13 amended, and Article 6-1 deleted at the 2009 Shareholders Meeting.

Amendment	Existing Articles	Explanatory Note
<p>Article 2</p> <p>The scope of business of the Company shall be as follows:</p> <p>1)Telecommunications Enterprise of Type 1 (G901011);</p> <p>2)Telecommunications Enterprise of Type 2 (G902011);</p> <p>3)Installation of the Computer Equipment Business (E605010);</p> <p>4)Telecommunication Equipment Wholesale Business (F113070);</p> <p>5)Telecommunication Equipment Retail Business (F213060);</p> <p>6)Telecommunications Construction Business (E701011);</p> <p>7)Installation of the Radio-Frequency Equipment whose operation is controlled by the Telecommunication Business (E701030);</p>	<p>Article 2</p> <p>The scope of business of the Company shall be as follows:</p> <p>1)Telecommunications Enterprise of Type 1 (G901011);</p> <p>2)Telecommunications Enterprise of Type 2 (G902011);</p> <p>3)Installation of the Computer Equipment Business (E605010);</p> <p>4)Telecommunication Equipment Wholesale Business (F113070);</p> <p>5)Telecommunication Equipment Retail Business (F213060);</p> <p>6)Telecommunication Engineering Business (E701010);</p> <p>7)Installation of the Radio-Frequency Equipment whose operation is controlled by the Telecommunication Business (E701030);</p>	<p>1. For meeting the Company's business development needs, the Company adds the business items of "Electric Appliance Construction Business", "Electric Appliance Installation Business" and "Apparatus Installation Construction Business".</p> <p>2. For meeting Multimedia On Demand (MOD) business development needs, the Company adds the business items of "Television Program Production Business", "Broadcasting and Television Program Distribution Business" and "Broadcasting and Television Commercial Business" and "Video Program Distribution Business".</p> <p>3. In accordance with "Telecommunications</p>

Amendment	Existing Articles	Explanatory Note
<p>8)Information Software Service Business (I301010);</p> <p>9)Other Designer Businesses 【the design of the computer information hardware】 (I599990);</p> <p>10)Rental Business (JE01010);</p> <p>11)Publishing Business (J304010);</p> <p>12)Other Wholesale Businesses 【telephone card and IC card】 (F199990);</p> <p>13)Management and Consulting Service Business (I103060);</p> <p>14)Other Corporation Service Businesses 【telephone card, IC card, the research and development of the telecommunication facilities and devices, accepting payment on behalf of businesses and institutions, telecommunication equipment inspection services, and agency sale of entry tickets and travel fares】 (IZ99990);</p> <p>15)Other Retail Businesses 【telephone card and IC card】 (F299990);</p> <p>16)Online Certification Service Businesses (IZ13010);</p> <p>17)Supply of Electronic Information Service Businesses (I301030);</p> <p>18)Information Process Service Business (I301020);</p> <p>19)Telecommunication Account Application Agency Businesses (IE01010);</p> <p>20)Residential and</p>	<p>8)Information Software Service Business (I301010);</p> <p>9)Other Designer Businesses 【the design of the computer information hardware】 (I599990);</p> <p>10)Rental Business (JE01010);</p> <p>11)Publishing Business (J304010);</p> <p>12)Other Wholesale Businesses 【telephone card and IC card】 (F199990);</p> <p>13)Management and Consulting Service Business (I103060);</p> <p>14)Other Corporation Service Businesses 【telephone card, IC card, the research and development of the telecommunication facilities and devices, accepting payment on behalf of businesses and institutions, telecommunication equipment inspection services, and agency sale of entry tickets and travel fares】 (IZ99990);</p> <p>15)Other Retail Businesses 【telephone card and IC card】 (F299990);</p> <p>16)Online Certification Service Businesses (IZ13010);</p> <p>17)Supply of Electronic Information Service Businesses (I301030);</p> <p>18)Information Process Service Business (I301020);</p> <p>19)Telecommunication Account Application Agency Businesses (IE01010);</p> <p>20)Residential and</p>	<p>Construction Business Rule”, which was enacted by National Communications Commission (NCC) on December 31 and took effect since April 1, 2009, the original “Communication Construction Business” is replaced with “Telecommunications Construction Business”.</p> <p>4. Ministry of Economic Affairs announced the code of the business item of “Except the permitted business, the Company may engage in other businesses not prohibited or restricted by laws and regulations” as “ZZ99999”</p>

Amendment	Existing Articles	Explanatory Note
<p>Commercial Building Development, Rental and Sales Businesses (H701010);</p> <p>21)Development of Special District/Zone Businesses (H701040);</p> <p>22)Real Estate Sales Businesses (H703090);</p> <p>23)Real Estate Rental Businesses (H703100);</p> <p>24)Technique and Performing Arts Training (J201031)</p> <p>25)Waste Disposal Businesses (J101040);</p> <p>26)Community Common Cable Television Equipment Businesses (J502020);</p> <p>27)Exhibition Service Businesses (JB01010);</p> <p>28)General Advertising Service Businesses (I401010);</p> <p>29)Department Store Businesses (F301010);</p> <p>30)Communication Newsletter Businesses (J302010);</p> <p>31)Industry and Commerce Credit Investigation Service Businesses (JD01010);</p> <p>32)Public Notarization Businesses (IZ07010);</p> <p>33)Parking Lot Operation Businesses (G202010);</p> <p>34)Environmental Assessment Service Businesses (J101050);</p> <p>35)Computer and Accessories Manufacturing Service (CC01110);</p> <p>36)Information Storage and Process Equipment Manufacturing Businesses (CC01120);</p> <p>37)Electronic Component Manufacturing Businesses (CC01080);</p>	<p>Commercial Building Development, Rental and Sales Businesses (H701010);</p> <p>21)Development of Special District/Zone Businesses (H701040);</p> <p>22)Real Estate Sales Businesses (H703090);</p> <p>23)Real Estate Rental Businesses (H703100);</p> <p>24)Technique and Performing Arts Training (J201031)</p> <p>25)Waste Disposal Businesses (J101040);</p> <p>26)Community Common Cable Television Equipment Businesses (J502020);</p> <p>27)Exhibition Service Businesses (JB01010);</p> <p>28)General Advertising Service Businesses (I401010);</p> <p>29)Department Store Businesses (F301010);</p> <p>30)Communication Newsletter Businesses (J302010);</p> <p>31)Industry and Commerce Credit Investigation Service Businesses (JD01010);</p> <p>32)Public Notarization Businesses (IZ07010);</p> <p>33)Parking Lot Operation Businesses (G202010);</p> <p>34)Environmental Assessment Service Businesses (J101050);</p> <p>35)Computer and Accessories Manufacturing Service (CC01110);</p> <p>36)Information Storage and Process Equipment Manufacturing Businesses (CC01120);</p> <p>37)Electronic Component Manufacturing Businesses (CC01080);</p>	

Amendment	Existing Articles	Explanatory Note
<p>38)Other Electrical and Electronic Machinery & Equipment Manufacturing Businesses 【IC or Optical Card Scanners】 (CC01990);</p> <p>39)Radio-Frequency Equipment Import Business (F401021);</p> <p>40)General Hotel Business (J901020);</p> <p>41)Tourism Hotel Business (J901011);</p> <p>42)Computer and Administrative Device Wholesale Businesses (F113050);</p> <p>43)Information Software Wholesale Businesses (F118010);</p> <p>44)Computer and Administrative Device Retail Businesses (F213030);</p> <p>45)Information Software Rental Businesses (F218010);</p> <p>46)Energy Service Business (IG03010);</p> <p>47)Engineering Consulting Business (I101061);</p> <p>48)Refrigeration and Air-Conditioning Consulting Business (E602011);</p> <p>49)Automatic Control Equipment Engineering Business (E603050);</p> <p>50)Lighting Equipment Installation (E603090);</p> <p>51)Non-store Retailer Business (F399040);</p> <p>52) Electric Appliance Construction Business (E601010);</p> <p>53) Electric Appliance Installation Business (E601020);</p> <p>54) Apparatus Installation Construction Business (EZ05010);</p>	<p>38)Other Electrical and Electronic Machinery & Equipment Manufacturing Businesses 【IC or Optical Card Scanners】 (CC01990);</p> <p>39)Radio-Frequency Equipment Import Business (F401021);</p> <p>40)General Hotel Business (J901020);</p> <p>41)Tourism Hotel Business (J901011);</p> <p>42)Computer and Administrative Device Wholesale Businesses (F113050);</p> <p>43)Information Software Wholesale Businesses (F118010);</p> <p>44)Computer and Administrative Device Retail Businesses (F213030);</p> <p>45)Information Software Rental Businesses (F218010);</p> <p>46)Energy Service Business (IG03010);</p> <p>47)Engineering Consulting Business (I101061);</p> <p>48)Refrigeration and Air-Conditioning Consulting Business (E602011);</p> <p>49)Automatic Control Equipment Engineering Business (E603050);</p> <p>50)Lighting Equipment Installation (E603090);</p> <p>51)Non-store Retailer Business (F399040);</p> <p>52)Except the permitted business, the Company may engage in other businesses not prohibited or restricted by laws and regulations.</p> <p>The Company may handle endorsement and guaranty affairs in</p>	

Amendment	Existing Articles	Explanatory Note
<p>55) Television Program Production Business (J503021);</p> <p>56) Broadcasting and Television Program Distribution Business (J503031);</p> <p>57) Broadcasting and Television Commercial Business (J503041);</p> <p>58) Video Program Distribution Business (J503051);</p> <p>59) Except the permitted business, the Company may engage in other businesses not prohibited or restricted by laws and regulations (ZZ99999). The Company may handle endorsement and guaranty affairs in accordance with the Operation Procedures for the Endorsement and Guaranty of the Company if there is any business need.</p>	<p>accordance with the Operation Procedures for the Endorsement and Guaranty of the Company if there is any business need.</p>	
<p>Article 6</p> <p>The registered capital of the Company shall be One Hundred Twenty Billion New Taiwan Dollars (NT\$120,000,000,000), divided into One Billion Twenty Million (12,000,000,000) common shares with a par value of Ten New Taiwan Dollars (NT\$10) per share. All the common shares shall be issued in increments by the Board of Directors pursuant to the laws and regulations.</p> <p>Two Billion shares shall be set aside from the aforementioned common shares for the use as Stock Warrants, Preferred Shares with Warrants, and Bonds with Warrants.</p> <p>For issuance of Stock Warrants where the price is</p>	<p>Article 6</p> <p>The registered capital of the Company shall be One Hundred Twenty Billion and Twenty New Taiwan Dollars (NT\$120,000,000,020), divided into One Billion Twenty Million (12,000,000,000) common shares and Two (2) preferred shares with a par value of Ten New Taiwan Dollars (NT\$10) per share. All the common shares shall be issued in increments by the Board of Directors pursuant to the laws and regulations.</p> <p>Two Billion shares shall be set aside from the aforementioned common shares for the use as Stock Warrants, Preferred Shares with Warrants, and Bonds with Warrants.</p>	<p>The Company's preferred stock was due on April 4, 2009, the relevant clauses shall be amended accordingly.</p>

Amendment	Existing Articles	Explanatory Note
<p>less than the closing price of the Company shares on the date of issuance, or where the price of the treasury stocks to be transferred to the employees is less than the average price of the repurchased shares, shareholders representing the majority of the issued shares shall be present and approval by at least 2/3 of the presenting shareholders shall be required.</p>	<p>For issuance of Stock Warrants where the price is less than the closing price of the Company shares on the date of issuance, or where the price of the treasury stocks to be transferred to the employees is less than the average price of the repurchased shares, shareholders representing the majority of the issued shares shall be present and approval by at least 2/3 of the presenting shareholders shall be required.</p>	
<p>Article 6-1 (Deleted)</p>	<p>Article 6-1 The rights, obligations, and other important conditions regarding the preferred shares issued by the Company are stated as follows: 1)The rights of the preferred shares with respect to the distribution of dividends and bonuses, the Company's retained properties, and the Company's profits and capital reserve in cash or the appropriated capital, etc. shall be equal to those of the common shares. 2)The shareholder(s) of the preferred shares has/have the same right to vote or election with those of the shareholder(s) of the common shares at a common shareholders' meeting. 3)During the term of the preferred shares, the shareholder(s) of the preferred share shall be the director(s) and supervisor(s) and may be re-appointed by MOTC at any time.</p>	<p>The Company's preferred stock was due on April 4, 2009, the relevant clauses shall be deleted accordingly.</p>

Amendment	Existing Articles	Explanatory Note
	<p>4)When the Company issues new shares in cash, the shareholder(s) of the preferred shares shall have the same preemptive rights with respect to the new shares as those of the shareholder(s) of the common shares.</p> <p>5)The Company shall obtain the consents of the shareholder(s) of the preferred shares before engaging in the following matters and, failing so, the action will be deemed void:</p> <ul style="list-style-type: none"> (1) To amend the Company's name (2) To amend the Company's business scope (3) To transfer all or the essential part of the Company's business or assets <p>6)The preferred shares issued by the Company shall not be transferred. At the end of the third year from the issuance date of the preferred shares, the Company shall reacquire the preferred shares by their par value and then cancel them. The issuance date shall be the record date of the capital increase of the preferred shares.</p>	
<p>Article 12 The Company shall have seven (7) to fifteen (15) directors to form the Board of Directors, one-fifth (1/5) of whom shall be expert representatives. The Board of Directors shall have one (1) chairman elected by and from among the directors with the</p>	<p>Article 12 The Company shall have seven (7) to fifteen (15) directors to form the Board of Directors, one-fifth (1/5) of whom shall be expert representatives. The Board of Directors shall have one (1) chairman elected by and from among the directors with the</p>	<p>The Company's preferred stock was due on April 4, 2009, the relevant clauses shall be amended accordingly.</p>

Amendment	Existing Articles	Explanatory Note
<p>concurrence of a general majority of the directors present at a meeting attended by at least two-thirds (2/3) of the directors and shall have one (1) vice-chairman elected in the same way.</p> <p>The Company shall have three (3) to five (5) supervisors.</p>	<p>concurrence of a general majority of the directors present at a meeting attended by at least two-thirds (2/3) of the directors and shall have one (1) vice-chairman elected in the same way.</p> <p>The Company shall have three (3) to five (5) supervisors.</p> <p>During the term of the preferred shares, there shall be at least one (1) seat of the directors and the supervisors each reserved for the shareholders of the preferred shares.</p>	
<p>Article 13</p> <p>The tenure of office of the directors and supervisors will be three (3) years and they will be eligible for re-election.</p> <p>In the event that the representative of a government or corporate body is elected as the director or the supervisor, the government or corporate body may reappoint such representative at anytime to supplement the original tenure.</p>	<p>Article 13</p> <p>The tenure of office of the directors and supervisors will be three (3) years and they will be eligible for re-election.</p> <p>The tenure of the directors and supervisors of the shareholders of the preferred shares appointed without election and who are not subject to any restriction of the tenure set forth in the previous paragraph ends upon the termination of the issuance period of the preferred shares.</p> <p>In the event that the representative of a government or corporate body is elected as the director or the supervisor, the government or corporate body may reappoint such representative at anytime to supplement the original tenure.</p>	<p>The Company's preferred stock was due on April 4, 2009, the relevant clauses shall be amended accordingly.</p>

XIV.

Comparison Table of Amended Articles of Procedures for Acquisition or Disposal of Assets of Chunghwa Telecom Co., Ltd.

June 25, 2004—All 38 articles approved at the 2004 Shareholders Meeting.
 May 30, 2006—Articles 1, 3, 4, 5, 6, 7, 8, 11, 12, 18, 19, 20, 21, 22, 24, 30, 31, 33, 36, and 38 amended at the 2006 Shareholders Meeting/
 June 15, 2007—Articles 1, 3, 6, 8, 11, 14, 17, 18, 22, 24, 31, 33, and 37 amended at the 2007 Shareholders Meeting.
 June 19, 2008—Articles 7, 20, 23, 24, 25, 26, 27, 28, 29, 30, 31, 40, and 44 amended, and articles 9, 12, 21, 22, and 47 added at the 2008 Shareholders Meeting.
 June 19, 2009—Articles 6, 7, 8, 9, 10, 11, 12, 13, 14, 18, 22, 23, 25, 28, 29, 31, 32, 33, 37, 39, 40, 43, 44, and the heading of Chapter 3 amended, and Article 47 deleted at the 2009 Shareholders Meeting.

Amendment	Existing Articles	Explanatory Note
Chapter 1 General Principles	Chapter 1 General Principles	
<p>Article 6 When acquiring or disposing of assets through court auction procedures, the Company may employ verification documents provided by the court instead of an appraisal report or CPA's opinion.</p>		<p>This new clause is added pursuant to Article 12 of the Regulations (Please check the abbreviation of article 1), and incorporation of the Article 13, Paragraph 2 and Article 39, Paragraph 2 of the current Procedures in the amended article.</p>
<p>Article 7 The Company's acquisition or disposition of assets shall be approved by the Board of Directors in accordance with these Procedures or other laws and Regulations. The Company shall submit the dissenting opinion to each supervisor when any Board of Director expresses dissent and the dissent shall be stated in the minutes or a written statement.</p> <p>When the Company submits the transactions of asset acquisition or disposition to the Board for discussion in accordance with Regulations, the Board shall take each independent director's opinion into full consideration. Any opposed or qualified opinion stated by any independent director shall be explicitly noted in the Board meeting minutes.</p>	<p>Article 6 The Company's acquisition or disposition of assets shall be approved by the Board of Directors in accordance with these Procedures or other laws and Regulations. The Company shall submit the dissenting opinion to each supervisor when any Board of Director expresses dissent and the dissent shall be stated in the minutes or a written statement.</p> <p>When the Company submits the transactions of asset acquisition or disposition to the Board for discussion in accordance with Regulations, the Board shall take each independent director's opinion into full consideration. Any opposed or qualified opinion stated by any independent director shall be explicitly noted in the Board meeting minutes.</p>	<p>Only a change in the order of articles, no change in content..</p>

Amendment	Existing Articles	Explanatory Note
Chapter 2 Acquisition or Disposition of Securities	Chapter 2 Acquisition or Disposition of Securities	
<p>Article 8 Appraisal procedures for the Company's acquisition or disposition of securities are as follows:</p> <ol style="list-style-type: none"> 1. Before acquiring securities, the responsible department shall perform relevant financial analysis of the investment target, forecast returns that may be generated, and assess possible investment risk. 2. Method of determining prices when acquiring or disposing of securities and reference basis: <ol style="list-style-type: none"> (1) When the Company acquires or disposes of securities that are already traded on the stock exchange or at securities brokers' business offices, transactions shall be determined on the basis of market prices. (2) When the Company acquires or disposes of securities that are not traded on the stock exchange or at securities brokers' business offices, the Company shall refer to the target company's financial statement for the most recent period that has been audited or revised by a CPA. If the securities consist of bonds that are not traded on the stock exchange or at securities brokers' business offices, the Company shall determine whether to perform the transaction after referring to the market price and 	<p>Article 7 When the Company engages in securities investments, the implementing unit shall perform relevant financial analysis of the investment target, forecast returns that may be generated, and assess possible investment risk.</p> <p style="padding-left: 40px;">When Company acquires or disposes of securities that are already traded on the stock exchange or at securities brokers' business offices, transactions shall be determined on the basis of market prices.</p> <p style="padding-left: 40px;">When the Company acquires or disposes of securities that are not traded on the stock exchange or at securities brokers' business offices, the Company shall refer to the target company's financial statement for the most recent period that has been compiled in accordance with regulations and audited or attested by a CPA.</p> <p style="padding-left: 40px;">When the Company acquires or disposes of bonds that are not traded on the stock exchange or at securities brokers' business offices, the Company shall determine whether to perform the transaction after referring to the market interest rate at the time, the par value and interest rate of the bonds, and the debtor's credit.</p> <p style="padding-left: 40px;">When the Company engages in a discretionary investment, it shall proceed in accordance with the Company's discretionary investment guidelines, and</p>	<ol style="list-style-type: none"> 1. Change in the order of articles. 2. Assessment procedures, price determination method, and reference basis for the Company's acquisition or disposition of securities are determined in accordance with Article 7, Paragraph 1, Subparagraph 2 of the "Regulations." In addition, paragraphs 1-4 of the current article are included in Paragraph 1 of the revised article, and textual revisions made. 3. The content of Article 8 of the current Procedures has been moved to Paragraph 1, Subparagraph 2, Item 3 of the amended Procedures.

Amendment	Existing Articles	Explanatory Note
<p>interest rate at that time, and the debtor's credit.</p> <p>(3) When the value of a transaction in which the Company acquires or disposes of securities exceeds NT\$300 million, the Company shall request a CPA to express an opinion concerning the reasonableness of the transaction price. The case shall not be subject to this restriction, however, if the securities in question have quoted prices in active markets, or other regulations of the Financial Supervisory Commission apply.</p> <p>When the Company engages in a discretionary investment, it shall proceed in accordance with the Company's discretionary investment guidelines, and the regulations in the foregoing paragraph shall not apply.</p>	<p>the regulations in the foregoing four paragraphs shall not apply.</p>	
	<p>Article 8 When the Company acquires or disposes of securities and the transaction amount is NT\$300 million or more, the Company shall engage a CPA to give an opinion regarding the reasonableness of the transaction price. The case shall not be subject to this restriction, however, if the securities in question have quoted prices in active markets, or other regulations of the Financial Supervisory Commission apply.</p>	<p>The content of the current clause has been moved to Article 8, Paragraph 1, Subparagraph 2, Item 3 of the amended Procedures.</p>
<p>Article 9 The total value of securities acquired by the Company may not exceed 50% of the shareholder's</p>	<p>Article 9 The total value of securities acquired by the Company may not exceed 50% of the Company's</p>	<p>1. Textual revisions have been made to paragraphs 1 and 2 of the current Article in order to insure consistency of</p>

Amendment	Existing Articles	Explanatory Note
<p>equity on the Company's financial statement for the most recent period.</p> <p>The amount of any individual security acquired by the Company may not exceed 5% of the shareholder's equity on the Company's financial statement for the most recent period.</p> <p>When the Company invests in other companies as a limited liability shareholder, the cumulative total of all investment may not exceed the Company's total paid-in capital, and cumulative total investment in non-telecommunications enterprises may not exceed 20% of the Company's total paid-in capital.</p>	<p>shareholder's equity for the most recent period that has been audited or attested by a CPA.</p> <p>The amount of any individual security acquired by the Company may not exceed 5% of the Company's shareholder's equity for the most recent period that has been audited or attested by a CPA.</p>	<p>wording between the Financial Supervisory Commission's "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and the Company's loaning of funds and endorsement/guarantee operating procedures.</p> <p>2. The content of Article 31, Paragraph 1 in the current Procedures has been moved to Paragraph 3 of the amended article.</p>
<p>Article 10 The Company's operating procedures for the acquisition or disposition of securities shall be implemented in accordance with the Company's relevant operating guidelines and regulations governing apportionment of duties and powers.</p>	<p>Article 10 When the Company acquires or disposes of securities, decision-making powers shall be handled in accordance with the Company's regulations governing apportionment of duties and powers.</p>	<p>Textual revisions have been made in accordance with Article 7, Paragraph 1, subparagraph 3 of "Regulations."</p>
<p>Chapter 3 Acquisition or Disposition of Real Estate and Other Fixed Assets</p>	<p>Chapter 3 Acquisition or Disposition of Assets</p>	<p>The content of Chapter 3 governs the acquisition or disposition real estate and other fixed assets, which is accordingly explicitly stated in the chapter heading.</p>
<p>Article 11 When the Company acquires or disposes of real estate or other fixed assets, the responsible department shall be charged with prudently assessing the necessity and reasonableness of the transaction based on the Company's current state of operations, financial status, and future development plans.</p>	<p>Article 11 When the Company acquires or disposes of real estate or other fixed assets, the implementing unit shall be charged with prudently assessing the necessity and reasonableness of the transaction based on the Company's current state of operations and finances and future development plans.</p> <p>When acquiring or disposing of real estate, the</p>	<p>Textual revision made to Paragraph 1 of the current article.</p>

Amendment	Existing Articles	Explanatory Note
<p>When acquiring or disposing of real estate, the Company shall refer to the real estate's publicly announced current value, appraised value, actual transaction prices of nearby real estate, or appraisal report provided by a professional appraisal organization.</p> <p>When acquiring or disposing of other fixed assets, the Company shall proceed by means of price inquiries, price comparison, price negotiation, or request for bids.</p>	<p>Company shall refer to the real estate's publicly announced current value, appraised value, actual transaction prices of nearby real estate, or appraisal report provided by a professional appraisal organization.</p> <p>When acquiring or disposing of other fixed assets, the Company shall proceed by means of price inquiries, price comparison, price negotiation, or request for bids.</p>	
<p>Article 12 The total value of real estate acquired by the Company for non-operating use may not exceed 3% of shareholder's equity on the Company's most recent financial statement.</p>	<p>Article 12 The total value of real estate acquired by the Company for non-operating use may not exceed 3% of shareholder's equity for the most recent period that has been audited or attested by a CPA.</p>	<p>Textual revisions have been made to Paragraph 1.</p>
<p>Article 13 When the transaction amount for the acquisition or disposition of real estate or other fixed assets reaches NT\$300 million or more, the Company, unless transacting with a government agency, commissioning others to build on its own land, commissioning others to build on leased land, or acquiring machinery and equipment for operating use, shall obtain an appraisal report (as in Attachment 1), and shall further comply with the following regulations:</p> <p>1. In the event of special circumstances such as limited price, specified price, or a special price which must be given as a reference basis for the transaction price, such a transaction shall be submitted in advance to</p>	<p>Article 13 When the transaction amount for the acquisition or disposition of real estate or other fixed assets reaches NT\$300 million or more, the Company, unless transacting with a government agency, commissioning others to build on its own land, commissioning others to build on leased land, or acquiring machinery and equipment for operating use, shall obtain an appraisal report (as in Attachment 1), and shall further comply with the following provisions:</p> <p>1. In the event of special circumstances such as limited price, specified price, or a special price which must be given as a reference basis for the transaction price, such a transaction shall be submitted in advance to</p>	<p>Paragraph 2 of the current article has been incorporated into amended Article 6.</p>

Amendment	Existing Articles	Explanatory Note
<p>the Board for approval. The same procedure shall be followed in the event of future changes to any transaction terms.</p> <p>2. Appraisals from two or more professional appraisers shall be obtained when the transaction amount is NT1 billion or more.</p> <p>3. When the professional appraiser's appraisal results in any one of the following circumstances, a CPA shall be engaged to perform the appraisal in accordance with the provisions of Statements of Auditing Standards No. 20, published by the ARDF, and to provide an opinion regarding the reason for the discrepancy and appropriateness of the transaction price:</p> <p>(1) When the discrepancy the appraisal and the transaction amount is 20% or more of the transaction amount.</p> <p>(2) When the discrepancy between the appraisals of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>4. When an appraisal is conducted before a contract establishment date, no more than three months may pass between the date of the appraisal report and the contract establishment date. However, when the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p>the Board for approval. The same procedure shall be followed in the event of future changes to any transaction terms.</p> <p>2. Appraisals from two or more professional appraisers shall be obtained when the transaction amount is NT1 billion or more.</p> <p>3. When the professional appraiser's appraisal results in any one of the following circumstances, a CPA shall be engaged to perform the appraisal in accordance with the provisions of Statements of Auditing Standards No. 20, published by the ARDF, and to provide an opinion regarding the reason for the discrepancy and appropriateness of the transaction price:</p> <p>(1) When the discrepancy the appraisal and the transaction amount is 20% or more of the transaction amount.</p> <p>(2) When the discrepancy between the appraisals of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>4. When an appraisal is conducted before a contract establishment date, no more than three months may pass between the date of the appraisal report and the contract establishment date. However, when the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	

Amendment	Existing Articles	Explanatory Note
	<p>When acquiring or disposing of assets through court auction procedures, the Company may employ verification documents provided by the court instead of an appraisal report or CPA's opinion.</p>	
<p>Article 14 The Company's acquisition or disposition of real estate or other fixed assets shall be performed in accordance with the Company's regulations governing duties and powers. The relevant department in charge shall report all matters, meeting public reporting standards, and perform implementation, after submitting relevant information to the Board for approval. When the time is insufficient to obtain the Board's approval, the CEO and president shall be authorized to approve in accordance with their respective authorized powers, and the case shall uniformly be presented at the first Board meeting after the transaction for ratification.</p>	<p>Article 14 The Company's acquisition or disposition of real estate or other fixed assets shall be performed in accordance with the Company's regulations governing duties and powers. The relevant unit in charge shall report all matters, meeting public reporting standards, and perform implementation, after submitting relevant information to the Board for approval. When the time is insufficient to obtain the Board's approval, the CEO and president shall be authorized to approve in accordance with their respective authorized powers, and the case shall uniformly be presented at the first Board meeting after the transaction for acknowledgement and ratification.</p>	<p>Textual revisions made.</p>
<p>Article 18 When the results of the Company's appraisal conducted in accordance with provisions of paragraphs 1 and 2 of the foregoing article are uniformly lower than the transaction price, the case shall be conducted in compliance with the provisions of Article 19. However, when the following circumstances exist, and objective evidence has been submitted and specific opinions on reasonableness have been obtained from a</p>	<p>Article 18 When the results of the Company's appraisal conducted in accordance with provisions of paragraphs 1, 2 of the foregoing article are uniformly lower than the transaction price, the case shall be conducted in compliance with the provisions of Article 19. However, when the following circumstances exist, and objective evidence has been submitted and specific opinions on reasonableness have been obtained from a</p>	<p>Textual revision has been made to Paragraph 1 of the current article.</p>

Amendment	Existing Articles	Explanatory Note
<p>professional real estate appraiser and a CPA, the preceding restriction shall not apply to the following:</p> <p>1. When the related party has acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) When undeveloped land is appraised in accordance with the method in the foregoing article, the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction department over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) In the case of completed transactions by other unrelated parties within the preceding year involving other floors of the same target real estate or neighboring land, the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard real estate sale practices.</p> <p>(3) In the case of the leasing of other floors of the same target real estate by</p>	<p>professional real estate appraiser and a CPA, the preceding restriction shall not apply to the following:</p> <p>1. When the related party has acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) When undeveloped land is appraised in accordance with the method in the foregoing article, the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. Reasonable construction profit shall be deemed the average gross operating profit margin of the related party's construction department over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) In the case of completed transactions by other unrelated parties within the preceding year involving other floors of the same target real estate or neighboring land, the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard real estate sale practices.</p> <p>(3) In the case of the leasing of other floors of the same target real estate by</p>	

Amendment	Existing Articles	Explanatory Note
<p>unrelated parties within the preceding year, the transaction terms are estimated to be similar after calculation of reasonable price discrepancies among floors in accordance with standard asset leasing market practices.</p> <p>2. After having acquired real estate from a related party, the Company provides evidence that the transaction terms are similar to the terms of transactions completed for the acquisition of neighboring land of a similar size by unrelated parties within the preceding year.</p> <p>Completed transactions in nearby areas in the preceding paragraph in principle refer to parcels on the same or an adjacent block and within a distance of no more than 500 meters of the target property or parcels close in publicly announced current value. Similarly sized parcels in principle refer to transactions completed by unrelated parties for parcels with a land area of no less than 50% than that of the transaction target. Within one year refers to a period of one year calculated from the actual date of acquisition of the real estate.</p>	<p>unrelated parties within the preceding year, the transaction terms are estimated to be similar after calculation of reasonable price discrepancies among floors in accordance with standard asset leasing market practices.</p> <p>2. After having acquired real estate from a related party, the Company provides evidence that the transaction terms are similar to the terms of transactions completed for the acquisition of neighboring land of a similar size by unrelated parties within the preceding year.</p> <p>Completed transactions in nearby areas in the preceding paragraph in principle refer to parcels on the same or an adjacent block and within a distance of no more than 500 meters of the target property or parcels close in publicly announced current value. Similarly sized parcels in principle refer to transactions completed by unrelated parties for parcels with a land area of no less than 50% than that of the transaction target. Within one year refers to a period of one year calculated from the actual date of acquisition of the real estate.</p>	
Chapter 4 Derivative Trading	Chapter 4 Derivative Trading	
<p>Article 22 When the Company engages in the trading of derivatives for hedging purposes, the target of hedging shall be limited to foreign currency deposits , financial assets already held by the Company, liabilities</p>	<p>Article 22 When the Company engages in the trading of derivatives for hedging purposes, the target of hedging shall be limited to financial assets already held by the Company, liabilities that have already occurred,</p>	<p>1. Since the Company's knock-out forward contract was terminated on September 21, 2008, text concerning the knock-out currency forward contract has been deleted from the current version.</p>

Amendment	Existing Articles	Explanatory Note
<p>that have already occurred, and estimated foreign currency amount for the subsequent six months.</p> <p>The total notional amount of derivative contracts traded by the Company shall not exceed the sum of the Company's recognized foreign currency deposits, financial assets, liabilities, and estimated foreign currency amount for the subsequent six months.</p>	<p>and estimated foreign currency amount for the subsequent six months.</p> <p>The total notional amount of derivative contracts traded by the Company shall not exceed the sum of the Company's recognized financial assets, liabilities (excluding financial liabilities resulting from the appraisal of the knock-out currency forward contract traded on September 20, 2007), estimated foreign currency amount for the subsequent six months, and the twice the outstanding notional amount of the knock-out currency forward contract traded on September 20, 2007.</p> <p>The additional outstanding notional amount of the foregoing knock-out currency forward contract in the foregoing paragraph may only be used for the knock-out currency forward contracts traded as of September 20, 2007.</p>	<p>2. Since foreign currency deposits (stated as cash on financial statements) are also a target of hedging by the Company, references to foreign currency deposits have been added to paragraphs 1 and 2 of the current version.</p>
<p>Article 23 The maximum loss limits on each individual and total derivative contracts traded by the Company are as follows:</p> <ol style="list-style-type: none"> 1. The maximum loss limit on each individual derivative contract is 15% of each individual contract's notional amount. 2. The maximum loss limit on total derivative contracts is 15% of total contracts' notional amount. <p>If either individual's or total contracts' maximum loss limit in the foregoing paragraph is reached, CFO or a designee shall immediately convene relevant personnel at a meeting to discuss responses.</p>	<p>Article 23 The maximum loss limits on each individual and total derivative contracts traded by the Company are as follows:</p> <ol style="list-style-type: none"> 1. The maximum loss limit on each individual derivative contract is 15% of each individual contract's notional amount. 2. The maximum loss limit on total hedge- purpose derivative contracts is 15% of total hedging-purpose derivative contracts' notional amount. 3. The maximum loss limit on total trading-purpose derivative contracts is 15% of total hedging-purpose 	<ol style="list-style-type: none"> 1. Since the Company currently has no trading-purpose derivatives, and no longer trades on this type of product, text concerning maximum loss limits for trading-purpose derivatives has been deleted from Paragraph 1 of the current version, and textual revisions made. 2. Text stating that a designee of CFO may convene relevant personnel at a meeting to discuss responses when individual or total derivatives trading loss limits have been reached has been added to Paragraph 2 of the current version.

Amendment	Existing Articles	Explanatory Note
	<p>derivative contracts' notional amount.</p> <p>If either individual's or total contracts' max loss limit is reached, CFO shall immediately convene relevant personnel at a meeting to discuss responses.</p>	
<p>Article 25 When the Company engages in derivative transaction, each department's duties shall be as follows:</p> <p>1. Finance Department:</p> <p>(1) Regularly tracking the Company's overall necessary position and relevant domestic or foreign information on traded products, trading under authorization, and monitoring the profit\loss from trading positions.</p> <p>(2) Forwarding the receipts and profit\loss information of traded derivatives to the Accounting Department for bookkeeping.</p> <p>2. Accounting Department: Bookkeeping according to the receipts and profit\loss information forwarded by the Finance Department.</p> <p>3. Audit Department:</p> <p>(1) Conducting regular and irregular audits in accordance with internal audit operating regulations.</p> <p>(2) Periodically making a determination of the suitability of internal controls on derivatives and conducting a monthly audit of how faithfully derivatives trading by the trading department adheres to the Procedures for Engaging in Derivatives Trading, and</p>	<p>Article 25 When the Company engages in derivative transaction, the duties of units shall be as follows:</p> <p>1. Finance Department:</p> <p>(1) Regularly tracking the Company's overall demand position and relevant domestic and foreign information concerning traded products, trading within authorized limits at opportune moments, and tracking income from positions resulting from past transactions.</p> <p>(2) Forwarding of receipts from derivative trading and income-related information to the Accounting Department for bookkeeping.</p> <p>2. Accounting Department: Bookkeeping of receipts from derivative trading and income-related information forwarded by the Finance Department.</p> <p>3. Audit Department:</p> <p>(1) Conducting regular and irregular audits in accordance with internal audit operating regulations.</p> <p>(2) periodically making a determination of the suitability of internal controls on derivatives and conducting a monthly audit of how faithfully derivatives trading by the trading department adheres to the Procedures</p>	<p>Textual revision made.</p>

Amendment	Existing Articles	Explanatory Note
<p>preparing an audit report. If any material violation is discovered, all independent directors and supervisors shall be notified in writing.</p>	<p>for Engaging in Derivatives Trading, and preparing an audit report. If any material violation is discovered, all independent directors and supervisors shall be notified in writing.</p>	
<p>Article 28 The performance of derivatives shall be assessed on the basis of the sum of the gains or losses of the derivative position and the gains or losses of the position being hedged.</p>	<p>Article 28 The following are key points concerning assessment of the performance of derivative transactions:</p> <ol style="list-style-type: none"> 1. The performance of hedging-purpose derivatives shall be assessed on the basis of the sum of the gains or losses of the derivative position and the gains or losses of the position being hedged. 2. The gains or losses from trading-purpose derivative transactions shall be assessed on the basis of market value. 	<p>Since the Company currently has no trading-purpose derivatives, and no longer trades on this type of product, regulations governing assessment of the performance of trading-purpose derivative transactions have been deleted from the current version.</p>
<p>Article 29 the Company shall adopt the following risk management measures when engaging in derivative trading:</p> <ol style="list-style-type: none"> 1. Credit risk: Transaction counterparties shall, in principle, consist of organizations with excellent credit. 2. Market price risk: the Company shall constantly undertake to control the risk of changes in the market value of traded derivatives due to interest rate or exchange rate fluctuations or other factors. 3. Liquidity risk: Traded derivatives shall chiefly consist of derivatives with relatively high liquidity; The Company shall maintain sufficient funds 	<p>Article 29 the Company shall adopt the following risk management measures when engaging in derivative trading:</p> <ol style="list-style-type: none"> 1. Credit risk: Transaction counterparties shall, in principle, consist of organizations with excellent credit. 2. Market price risk: the Company shall constantly undertake to control the risk of changes in the market value of traded derivatives due to interest rate or exchange rate fluctuations or other factors. 3. Liquidity risk: Traded derivatives shall chiefly consist of derivatives with relatively high liquidity. 4. Cash flow risk: The Company shall maintain 	<ol style="list-style-type: none"> 1. The content of Paragraph 1, Subparagraph 4 of the current article has been moved to Paragraph 1, Subparagraph 3 of the amended article, and textual revisions made. 2. Cash flow risk management procedures in Paragraph 1, Subparagraph 4 of the current article have been revised. 3. Textual revisions have been made to Paragraph 1, subparagraphs 5 and 6, and Paragraph 1, Subparagraph 7, Item 1 of the current article. 4. Since the Company currently has no trading-purpose derivatives, and no longer trades on this type of product, content concerning the assessment of trading-type derivative

Amendment	Existing Articles	Explanatory Note
<p>and credit to meet the need for funds at time of settlement.</p> <p>4. Cash flow risk: The Company shall constantly undertake to control the risk of changes in cash flow and gains/losses from the traded derivative at the time of settlement due to interest rate or exchange rate fluctuations or other factors.</p> <p>5. Operating risk: Relevant departments and personnel shall strictly comply with derivative regulations in these Procedures.</p> <p>6. Legal risk: All contracts shall be reviewed by legal affairs department before signing with counterparties.</p> <p>7. Other:</p> <p>(1) Personnel at the Finance Department authorized to perform derivative trading and trade confirmation shall be assigned by CFO.</p> <p>(2) Personnel engaging in derivative trading should not serve concurrently in other operations such as confirmation and settlement.</p> <p>(3) Personnel responsible for assessment, oversight, and control of derivative risk shall belong to a different department than the personnel in Item 2 of this subparagraph, and shall regularly report to senior management personnel.</p> <p>(4) The derivative position held by the Company as a result of its hedging activities shall be assessed at least twice</p>	<p>sufficient liquid assets and credit to meet the need for funds at time of settlement.</p> <p>5. Operating risk: Relevant unit and personnel shall strictly comply with derivative regulations in these Procedures.</p> <p>6. Legal risk: All contracts to be signed with counterparties shall be jointly drafted in conjunction with the legal affairs unit.</p> <p>7. Other:</p> <p>(1) Personnel at the Finance unit authorized to perform derivative trading and trade confirmation shall be assigned by CFO.</p> <p>(2) Personnel engaging in derivative trading should not serve concurrently in other operations such as confirmation and settlement.</p> <p>(3) Personnel responsible for assessment, oversight, and control of derivative risk shall belong to a different department than the personnel in Item 2 of this subparagraph, and shall regularly report to senior management personnel.</p> <p>(4) The derivative position held by the Company as a result of its hedging activities shall be assessed at least twice per month. The derivative position held by the Company as a result of trading-type derivative transactions shall be assessed at least once per week, assessment reports shall be submitted to senior</p>	<p>transactions has been deleted from Paragraph 1, Subparagraph 7, Item 4 of the current article.</p>

Amendment	Existing Articles	Explanatory Note
<p>per month; assessment reports shall be submitted to senior management personnel.</p> <p>(5) Senior management personnel shall constantly monitor and control derivative trading risk, regularly evaluate whether derivative trading performance complies with predetermined hedging strategy and whether the risk undertaken in within the Company's permitted scope of tolerance, and regularly assess whether the risk management measures currently in use are appropriate and are implemented in accordance with "the Regulations" and "the Procedures"; assessment results shall be submitted to the Board.</p> <p>(6) Senior management personnel shall supervise trading and the state of gains or losses, and must adopt necessary response measures and immediately report to the Board if any abnormalities are discovered; independent directors shall be present at the resulting Board meeting and express their opinions.</p> <p>(7) The senior management personnel mentioned in Items 3-6 shall refer to the same senior manager designated by the CEO under the Board's authorization, where that manager should not bear responsibility for derivative trading or position decision-making.</p>	<p>management personnel.</p> <p>(5) Senior management personnel shall constantly monitor and control derivative trading risk, regularly evaluate whether derivative trading performance complies with predetermined hedging strategy and whether the risk undertaken in within the Company's permitted scope of tolerance, and regularly assess whether the risk management measures currently in use are appropriate and are implemented in accordance with "the Regulations" and "the Procedures"; assessment results shall be submitted to the Board.</p> <p>(6) Senior management personnel shall supervise trading and the state of gains or losses, and must adopt necessary response measures and immediately report to the Board if any abnormalities are discovered; independent directors shall be present at the resulting Board meeting and express their opinions.</p> <p>(7) The senior management personnel mentioned in Items 3-6 shall refer to the same senior manager designated by the CEO under the Board's authorization, where that manager should not bear responsibility for derivative trading or position decision-making.</p>	

Amendment	Existing Articles	Explanatory Note
<p align="center">Chapter 5 Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares</p>	<p align="center">Chapter 5 Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares</p>	
<p>Article 31 When the Company engages in mergers and consolidations, splits, acquisitions, and strategic investments, relevant operating procedures and authorized amount limits shall be determined on the basis of the Company's Inter-Company's Investment Operating Guidelines and regulations governing apportionment of duties and powers.</p> <p>When the Company engages in a merger or consolidation, split, acquisition, or assignment of shares, the responsible department shall, prior to meeting with the Board to deliberate on the matter, engage a CPA, attorney, or securities underwriter to express an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and such opinion shall be submitted to the Board for discussion and approval.</p>	<p>Article 31 When the Company re-invests in other companies as a limited liability shareholder, the cumulative total of all investment may not exceed the Company's total paid-in equity, and cumulative total investment in non-telecommunications enterprises may not exceed 20% of the Company's total paid-in equity.</p> <p>When the Company engages in mergers and consolidations, splits, acquisitions, and strategic investments, relevant operating procedures and authorized amount limits shall be determined on the basis of the Company's Inter-Company's Investment Operating Guidelines and regulations governing apportionment of duties and powers.</p> <p>When the Company engages in a merger or consolidation, split, acquisition, or assignment of shares, the responsible unit shall, prior to meeting with the Board to deliberate on the matter, engage a CPA, attorney, or securities underwriter to express an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and such opinion shall be submitted to the Board for discussion and approval.</p>	<ol style="list-style-type: none"> 1. Paragraph 1 of the current article is moved Article 9, Paragraph 3 of the amended Procedures. 2. Paragraph 2 of the current article is changed to Paragraph 1 of the amended article. 3. Paragraph 3 of the current article is changed to Paragraph 2 of the amended article, textual revision made.
<p>Article 32 When participating in a merger or</p>	<p>Article 32 When participating in a merger or</p>	<p>A textual revision has been made to Paragraph 1 of the</p>

Amendment	Existing Articles	Explanatory Note
<p>consolidation, split, or acquisition, the Company shall, prior to the shareholders' meeting, prepare a public report to shareholders detailing important contractual content and relevant matters concerning the merger or consolidation, split, or acquisition, and include it along with the expert opinion referred to in Paragraph 2 of the foregoing Article when sending shareholders notification of the shareholders meeting. These materials shall provide reference information when shareholders decide whether to approve the merger or consolidation, split, or acquisition. However, this restriction shall not apply when other laws or regulations exempt a company from convening a shareholders meeting to approve the merger or consolidation, split, or acquisition.</p> <p>When the shareholders meeting of the Company or other company participating in a merger or consolidation, split, or acquisition fails to convene or to approve a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders at the shareholders meeting, the Company shall immediately publicly explain the reason, subsequent handling measures, and the anticipated date of the next shareholders meeting.</p>	<p>consolidation, split, or acquisition, the Company shall, prior to the shareholders' meeting, prepare a public report to shareholders detailing important contractual content and relevant matters concerning the merger or consolidation, split, or acquisition, and include it along with the expert opinion referred to in the foregoing Article when sending shareholders notification of the shareholders meeting. These materials shall provide reference information when shareholders decide whether to approve the merger or consolidation, split, or acquisition. However, this restriction shall not apply when other laws or regulations exempt a company from convening a shareholders meeting to approve the merger or consolidation, split, or acquisition.</p> <p>When the shareholders meeting of the Company or other company participating in a merger or consolidation, split, or acquisition fails to convene or to approve a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders at the shareholders meeting, the Company shall immediately publicly explain the reason, subsequent handling measures, and the anticipated date of the next shareholders meeting.</p>	<p>current article.</p>
<p>Article 33 When participating in a merger</p>	<p>Article 33 When participating in a merger</p>	<p>The reporting date in Paragraph 4 of the current</p>

Amendment	Existing Articles	Explanatory Note
<p>or consolidation, split, or acquisition, except when another law prescribes otherwise or special factors must be reported in advance to the Financial Supervisory Commission for approval, the Company shall conduct Board meetings and shareholders meetings on the same day as the Company that participates in the merger or consolidation, split, or acquisition, and shall resolve matters concerning the merger or consolidation, split, or acquisition.</p> <p>When participating in an assignment of shares, the Company shall call a Board meeting the same day as the other company participating in the assignment of shares, except when another law prescribes otherwise or special factors must be reported in advance to the Financial Supervisory Commission for approval.</p> <p>When the Company participates in a merger, split, acquisition, or assignment of shares, the following information in its entirety shall be recorded in writing, preserved for five years, and made available for inspection.</p> <p>1. Basic information on personnel: includes persons who, prior to public knowledge thereof, participated in plans to carry out mergers, splits, acquisition, or assignment of shares, or those persons implementing the plan. Details of each person should include occupation,</p>	<p>or consolidation, split, or acquisition, except when another law prescribes otherwise or special factors must be reported in advance to the Financial Supervisory Commission for approval, the Company shall conduct Board meetings and shareholders meetings on the same day as the Company that participates in the merger or consolidation, split, or acquisition, and shall resolve matters concerning the merger or consolidation, split, or acquisition.</p> <p>When participating in an assignment of shares, the Company shall call a Board meeting the same day as the other company participating in the assignment of shares, except when another law prescribes otherwise or special factors must be reported in advance to the Financial Supervisory Commission for approval.</p> <p>When the Company participates in a merger, split, acquisition, or assignment of shares, the following information in its entirety shall be recorded in writing, preserved for five years, and made available for inspection.</p> <p>1. Basic information on personnel: includes persons who, prior to public knowledge thereof, participated in plans to carry out mergers, splits, acquisition, or assignment of shares, or those persons implementing the plan. Details of each person</p>	<p>article is revised pursuant to the regulations in Article 2, Paragraph 1, Subparagraph 11 and Article 3, Paragraph 1 of the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Listed Companies."</p>

Amendment	Existing Articles	Explanatory Note
<p>full name, ID number (passport number in the case of a foreign national).</p> <p>2. Important dates: includes dates of signing of letters of intent and memorandums; commissioning of financial services or legal advisors; signing of contracts and Board of Directors meetings.</p> <p>3. Important documents and meeting minutes: includes plans regarding mergers, splits, acquisitions or assignment of shares; letters of intent or memorandums, important contracts, and Board of Directors meeting minutes.</p> <p>When the Company participates in a merger, split, acquisition, or assignment of shares, it shall, before the start of trading hours on the next business day after the Board passes the proposal, report and submit the information according to prescribed format from Subparagraphs 1 and 2 of the foregoing paragraph to the Financial Supervisory Commission for reference via an Internet data system.</p> <p>When the Company engages in a merger, split, acquisition, or assignment of shares with a company that is not listed on the stock exchange or whose stock is not sold at securities brokerages, the Company shall sign an agreement with the said company, and implement the transaction according to Paragraphs 3 and 4.</p>	<p>should include occupation, full name, ID number (passport number in the case of a foreign national).</p> <p>2. Important dates: includes dates of signing of letters of intent and memorandums; commissioning of financial services or legal advisors; signing of contracts and Board of Directors meetings.</p> <p>3. Important documents and meeting minutes: includes plans regarding mergers, splits, acquisitions or assignment of shares; letters of intent or memorandums, important contracts, and Board of Directors meeting minutes.</p> <p>When the Company participates in a merger, split, acquisition, or assignment of shares, it shall, within two days after the Board passes the proposal, report and submit the information according to prescribed format from Subparagraphs 1 and 2 of the foregoing paragraph to the Financial Supervisory Commission for reference via an Internet data system.</p> <p>When the Company engages in a merger, split, acquisition, or assignment of shares with a company that is not listed on the stock exchange or whose stock is not sold at securities brokerages, the Company shall sign an agreement with the said company, and implement the transaction according to Paragraphs 3 and 4.</p>	
Article 37 After public	Article 37 After public	Relevant wording is added to

Amendment	Existing Articles	Explanatory Note
<p>disclosure of the information, if the Company or any company participating in the merger or consolidation, split, acquisition, or share assignment intends further to carry out a merger or consolidation, split, acquisition, or share assignment with another company, procedures or legal actions that had been performed for the purpose of the original merger or consolidation, split, acquisition, or share assignment shall be re-implemented by all participating companies; except when the number of participating companies is decreased and a participating company's shareholders at a shareholders meeting has resolved and authorized the Board to change limits of authority, such company may be exempted from calling another shareholders meeting to resolve on the matter anew.</p>	<p>disclosure of the information, if the Company or any company participating in the merger or consolidation, split, acquisition, or share assignment intends further to carry out a merger or consolidation, split, acquisition, or share assignment with another company, procedures or legal actions that had been performed for the purpose of the original merger or consolidation, split, acquisition, or share assignment shall be re-implemented; except when the number of participating companies is decreased and a participating company's shareholders at a shareholders meeting has resolved and authorized the Board to change limits of authority, such company may be exempted from calling another shareholders meeting to resolve on the matter anew.</p>	<p>the current article in accordance with relevant content of Article 28 of “the Regulation”.</p>
<p>Chapter 6 Acquisition or Disposition of Intangible Assets</p>	<p>Chapter 6 Acquisition or Disposition of Intangible Assets</p>	
<p>Article 39 When the Company acquires or disposes of memberships or intangible assets and the transaction amount is NT\$300 million or more, the Company shall engage a CPA to provide an opinion on the reasonableness of the transaction price, and the CPA shall comply with the provisions of Statement of General Auditing Procedures No. 20 published by the ARDF.</p>	<p>Article 39 When the Company acquires or disposes of memberships or intangible assets and the transaction amount is NT\$300 million or more, the Company shall engage a CPA to provide an opinion on the reasonableness of the transaction price, and the CPA shall comply with the provisions of Statement of General Auditing Procedures No. 20 published by the ARDF. When the Company acquires or disposes of</p>	<p>Paragraph 2 of the current article is combined with amended Article 6.</p>

Amendment	Existing Articles	Explanatory Note
	<p>intangible assets through court auction procedures, verifying documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p>	
<p>Chapter 7 Public Disclosure of Information</p>	<p>Chapter 7 Public Disclosure of Information</p>	
<p>Article 40 When acquiring or disposing of assets, the Company shall publicly announce and report relevant information in accordance with its type on the Financial Supervisory Commission's designated web site in the prescribed format before the start of trading hours on the next business day after the event in any of the following circumstances:</p> <ol style="list-style-type: none"> 1. Acquisition of real estate from a related party. 2. Investment in the Mainland China area. 3. Merger or consolidation, split, acquisition, or assignment of shares. 4. Losses from derivative trading exceeding the overall limit or individual contract limit specified in these Procedures. 5. When asset transactions other than those referred to in the preceding four subparagraphs amount to NT\$300 million or more; this shall not apply, however, in the following circumstances: <ol style="list-style-type: none"> (1) Trading of government bonds. (2) Trading of bonds under repurchase/resale agreements. (3) The type of asset acquired or disposed is equipment/machinery used for operating purposes, the transaction 	<p>Article 40 When acquiring or disposing of assets, the Company shall publicly announce and report relevant information in accordance with its type on the Financial Supervisory Commission's designated web site in the prescribed format before the start of trading hours on the next business day after the event in any of the following circumstances:</p> <ol style="list-style-type: none"> 1. Acquisition of real estate from a related party. 2. Investment in the Mainland China area. 3. Merger or consolidation, split, acquisition, or assignment of shares. 4. Losses from derivative trading exceeding the overall limit or individual contract limit specified in these Procedures. 5. When asset transactions other than those referred to in the preceding four subparagraphs amount to NT\$300 million or more; this shall not apply, however, in the following circumstances: <ol style="list-style-type: none"> (1) Trading of government bonds. (2) In the case of an investment specialist, securities trading on domestic and foreign stock exchanges or at securities brokers' business offices. (3) Trading of bonds under repurchase/resale 	<p>The content of Paragraph 1, Subparagraph 5, Item 2 of the current article is deleted because the Company is not a company specialized in investment. In addition, Paragraph 1, Subparagraph 5, items 3-5 of the current article have been changed to Paragraph 1, Subparagraph 5, items 2-4 of the amended article.</p>

Amendment	Existing Articles	Explanatory Note
<p>counterparty is not a related party, and the transaction amount does not exceed NT\$500 million.</p> <p>(4) Acquisition of real estate for commissioned construction on self-owned land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction does not exceed NT\$500 million.</p> <p>The amounts of the transactions in the foregoing paragraph shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and dispositions of the same type of target with the same transaction counterparty within one year. 3. The cumulative transaction amount of real estate acquisitions and dispositions (cumulative acquisitions and dispositions, respectively) within the same development project during one year. 4. The cumulative amount of acquisitions and dispositions (cumulative acquisitions and dispositions, respectively) of the same security during one year. <p>As used in Paragraph 2 above, during one year refers to a period of one year after the date on which the transaction took place.</p>	<p>agreements.</p> <p>(4) The type of asset acquired or disposed is equipment/machinery used for operating purposes, the transaction counterparty is not a related party, and the transaction amount does not exceed NT\$500 million.</p> <p>(5) Acquisition of real estate for commissioned construction on self-owned land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction does not exceed NT\$500 million.</p> <p>The amounts of the transactions in the foregoing paragraph shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and dispositions of the same type of target with the same transaction counterparty within one year. 3. The cumulative transaction amount of real estate acquisitions and dispositions (cumulative acquisitions and dispositions, respectively) within the same development project during one year. 4. The cumulative amount of acquisitions and dispositions (cumulative acquisitions and dispositions, respectively) of the same security 	

Amendment	Existing Articles	Explanatory Note
Items announced in accordance with regulations need not be included.	during one year. Paragraph 2 As used in Paragraph 2 above, during one year refers to a period of one year after the date on which the transaction took place. Items announced in accordance with regulations need not be included.	
Chapter 8 Supplemental Provisions	Chapter 8 Supplemental Provisions	
Article 43 When the Company acquires or disposes of assets, it shall keep all relevant contracts, meeting minutes, memorandum books, appraisal reports, and CPA, attorney, securities underwriter, or intangible asset appraisal organization opinions at the Company headquarters, where they shall be preserved for at least five years except when other laws stipulate otherwise.	Article 43 When the Company acquires or disposes of assets, it shall keep all relevant contracts, meeting minutes, memorandum books, appraisal reports, and CPA, attorney, or securities underwriter opinions at the Company headquarters, where they shall be preserved for at least five years except when other laws stipulate otherwise.	Relevant content is added to current Article 43 in accordance with relevant content in Article 5 of the current Procedures.
Article 44 The acquisition or disposition of assets by a subsidiary of the Company shall be conducted in accordance with the following regulations: 1. A subsidiary shall determine its asset acquisition and disposition procedures on the basis of the "Regulations", and shall submit its procedures to the Company for future reference after approval by its board and shareholders' meeting; likewise in the case of revisions. 2. When a subsidiary performs its annual internal control self-assessment, it shall include matters concerning the acquisition or disposition of assets as	Article 44 The acquisition or disposition of assets by a subsidiary of the Company shall be conducted in accordance with the following regulations: 1. When a subsidiary is not a domestic public company, the subsidiary shall determine asset acquisition and disposition procedures on the basis of these Procedures, and shall report the procedures to the Company's Board after approval by the board and shareholders' meeting of the subsidiary; likewise in the case of revisions. 2. A subsidiary's board shall determine total amounts of real estate and securities purchased individually by the subsidiary for	1. For the following reasons, the Paragraph 1, Subparagraph 1 of the current article is revised: (1) A subsidiary's business attributes may not be exactly the same as the Company's. Besides, in order to ensure that the asset acquisition or disposition procedures of every subsidiaries (whether public-traded or not) are determined on the basis of the Regulations. (2) Laws and regulations do not require that a subsidiary obtain approval from the parent company's board when determining or revising its " asset acquisition or disposition procedures." 2. In accordance with regulations, a subsidiary must check whether its acquisition or disposition of assets has been conducted in accordance with

Amendment	Existing Articles	Explanatory Note
<p>self-assessment items, and shall present a self-assessment report to the Company. The Company's Audit Department shall check the self-assessment report submitted by each subsidiary.</p> <p>3. Total amount of non-operating real property and securities, and limit amount on each individual security acquired by the subsidiary company shall be determined by each subsidiary itself.</p> <p>4. When a subsidiary is not a domestic public company, the Company shall publicly announce the subsidiary's acquisition or disposition of assets requiring public announcement as prescribed in Chapter 7.</p>	<p>non-operating use, and limits for investment in individual securities.</p> <p>3. When a subsidiary is not a domestic public company, the Company shall publicly announce the subsidiary's acquisition or disposition of assets requiring public announcement as prescribed in Chapter 7.</p>	<p>regulations when performed its annual internal control self-assessment, and the Company's Audit Department shall check subsidiaries' self-assessment reports, relevant content is therefore added to Paragraph 1, Subparagraph 2 of the amended article.</p> <p>3. Since the total amounts and limits of non-operating real estate and securities acquired by a subsidiary shall comply with the subsidiary's "Asset Acquisition or Disposition Procedures" approved by the subsidiary's shareholders' meeting, , the reference to the "board" is deleted from Paragraph 1, Subparagraph 2 of the current article, which is changed to Subparagraph 3 of the amended article.</p> <p>4. Paragraph 1, Subparagraph 3 of the current article is changed to Subparagraph 4 of the amended article.</p>
	<p>Article 47 All other unspecified matters in these Procedures shall be handled in accordance with relevant laws and regulations.</p>	<p>This article is deleted because the concept of this article is similar to those in current articles 1 and 2</p>

XV.

Comparison Table of Amended Articles of Operational Procedures for Loaning Funds to Others of Chunghwa Telecom Co., Ltd.

June 15, 2007—All 13 articles approved at the 2007 Shareholders Meeting.

June 19, 2009—Articles 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 amended at the 2009 Shareholders Meeting.

Amendment	Existing Articles	Explanatory Note
<p>Article 1 (purpose of formulation and legal basis) Chunghwa Telecom Co., Ltd. (herein referred to as "The Company") has formulated these Operating Procedures pursuant to the "Regulations Governing Loaning of Funds and Making of Endorsements / Guarantees by Public Companies" (herein referred to as "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees") and Article 2, Paragraph 2 of the Company's Articles of Incorporation in order to manage the loans of funds to others and comply with laws and regulations.</p> <p>All of the unspecified matters in these Operating Procedures shall uniformly be handled in accordance with relevant laws and regulations.</p>	<p>Article 1 (purpose of determination and legal basis) Chunghwa Telecom Co., Ltd. (herein referred to as "The Company") has determined these Operating Procedures pursuant to the "Regulations Governing Loaning of Funds and Making of Endorsements / Guarantees by Public Companies" (herein referred to as "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantee") and Article 2, Paragraph 2 of the Company's Articles of Incorporation in order to manage loan of funds to other parties and comply with law.</p> <p>All of the unspecified matters in these Operating Procedures shall uniformly be handled in accordance with relevant laws and regulations.</p>	<p>Some content of paragraph 1 of current article is moved to paragraph 2 of amended article, and textual revisions made.</p>
<p>Article 3 (loan recipients) The Company's loan recipients (herein referred to as "borrowers") shall comply with the circumstances in any of the following subparagraphs:</p> <ol style="list-style-type: none"> 1. A subsidiary in which the Company directly holds 100% of voting shares, and with which the Company has a business relationship. 	<p>Article 3 (loan recipients) The Company's loan recipients (herein referred to as "borrowers") may not consist of shareholders or other parties unless they comply with the circumstances in any of the following subparagraphs:</p> <ol style="list-style-type: none"> 1. Those with inter-company or inter-business relationships. 2. Those with inter-company 	<ol style="list-style-type: none"> 1. To ensure closely monitoring the borrowers' operating and financial status, the entities to which the Company may loan funds are limited in paragraph 1 to the Company's 100% subsidiaries, and textual revisions made. 2. Limit the term "short-term" in paragraph 2 of current article to one year, and

Amendment	Existing Articles	Explanatory Note
<p>2. A subsidiary in which the Company directly holds 100% of voting shares, and requiring short-term financing funds. "Short-term" refers to one year in this subparagraph.</p>	<p>or inter-business short-term financing funds needs. "Short-term" refers to one year in the preceding paragraph, but shall refer to the operating cycle when a company's operating cycle is longer than one year.</p>	<p>move the content to paragraph 1, subparagraph 2 in amended article.</p>
<p>Article 4 (assessment standards for loaning funds to others) Apart from conducting a careful assessment as prescribed in Articles 5 and 7, the Company shall ensure that the loans complies with the following standards before loaning funds to others :</p> <ol style="list-style-type: none"> 1. When loaning funds due to a business relationship, the Company shall examine whether the loan amount and business transaction amount are equivalent. 2. When loaning funds to meet borrowers' short-term financing needs, the purpose of such loans shall be limited to helping subsidiaries reduce their financing costs. 	<p>Article 4 (assessment standards for loaning funds to others) When the Company engages in loaning funds to a borrower due to a business relationship, the maximum loan amount to this type of single borrower shall not exceed five times the total business transaction amount during the most recent year. This restriction shall not apply, however, if the Board passes a resolution stating otherwise. When the Company must provide short-term financing funds, loans shall be limited to the following reasons and circumstances:</p> <ol style="list-style-type: none"> 1. In order to help a subsidiary lower financing cost or replenish its operating funds. 2. Other circumstances pursuant to a Board resolution. <p>The financing amount for each borrower in Paragraph 2 of this article may not exceed 40% of the borrower's net worth.</p>	<ol style="list-style-type: none"> 1. Revise the assessment standards on paragraph 1 and paragraph 2 of current article and move the relevant content to paragraph 1 of amended article. 2. The content of paragraph 3 of current article is moved to Amended article 5, paragraph 2, subparagraph 2, item 2 and paragraph 3, subparagraph 2, item 2.
<p>Article 5 (total amount of loans and limit of loans to a single borrower) The total amount of loans of funds shall be limited to 4% of shareholder's equity on the Company's latest financial statement. Loaning funds based on business relationship :</p>	<p>Article 5 (total amount of loans and limit of loans to a single borrower) The total amount of the Company's endorsements / guarantees and loans of funds shall be limited to 30% of net worth on the Company's latest financial statement.</p>	<ol style="list-style-type: none"> 1. The total amount of the Company's endorsements/guarantees and loans of funds in current paragraph 1 is reduced to 5% of the Company's shareholder's equity and the content is moved to paragraph 4 of the amended article.

Amendment	Existing Articles	Explanatory Note
<p>1. Total loans shall be limited to 2% of shareholder's equity on the Company's latest financial statement.</p> <p>2. Loans to a single borrower shall be limited to the lowest of the following amounts:</p> <p>(1) 0.2% of shareholder's equity on the Company's latest financial statement.</p> <p>(2) 40% of shareholder's equity on the borrower's latest financial statement.</p> <p>(3) Total amount of business transactions between the Company and the borrower during the most recent year. In this item, the total amount of business transactions refers to purchases or sale of goods between the two parties above, whichever is greatest.</p> <p>Loaning funds based on short-term financing:</p> <p>1. Total loans shall be limited to 2% of shareholder's equity on the Company's latest financial statement.</p> <p>2. Loans to a single borrower shall be limited to the lowest of the following amounts:</p> <p>(1) 0.2% of shareholder's equity on the Company's latest financial statement.</p> <p>(2) 40% of shareholder's equity on the borrower's latest financial statement.</p> <p>The total amount of the Company's loans of funds and endorsements / guarantees shall be limited</p>	<p>The Company's total loans of funds shall be limited to 15% of net worth on the Company's latest financial statement.</p> <p>The limit of loans of funds to any single borrower specified in Article 3 shall be as follows:</p> <p>1. A company receiving a credit rating "A" or above from the Taiwan Ratings Corp. or at least the same rating from another credit rating company may receive a loan amount of up to 5% of net worth on the Company's latest financial statement.</p> <p>2. A company receiving a credit rating below "A" from the Taiwan Ratings Corp. or the same rating from another credit rating company may receive a loan amount of up to NT\$5 billion.</p> <p>3. A company, without a credit rating but with has a current ratio above 100% and a liabilities to assets ratio of less than 60% on its latest financial statement, may receive a loan amount of up to NT\$3 billion.</p> <p>4. Companies that fail to meet the standards in the foregoing subparagraphs shall be assessed on a case-by-case basis, and loans may be provided after approval by the Board.</p>	<p>2. The amount of the Company's total loans of funds in current paragraph 2 is reduced to 4% of the Company's shareholder's equity, and relevant content is moved to paragraph 1 of amended article.</p> <p>3. Pursuant to article 9, paragraph 1, subparagraph 3 of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees", adding regulations concerning the aggregate amount of loans prescribed separately for business relationship and short-term financing in paragraph 2, subparagraph 1 and paragraph 3, subparagraph 1.</p> <p>4. Because the borrowers have been limited to the Company's 100% subsidiaries in amended article 3, the crediting rating criteria in current paragraph 3 is deleted accordingly.</p> <p>5. Revise the limit amount for each borrower in current paragraph 3, and the relevant content is moved to paragraph 2, subparagraph 2, and paragraph 3, subparagraph 2 of amended article.</p> <p>6. The content of paragraph 3 of current article 4 is moved to Amended article 5, paragraph 2, subparagraph 2, item 2 and paragraph 3, subparagraph 2, item 2.</p>

Amendment	Existing Articles	Explanatory Note
to 5% of shareholder's equity on the Company's latest financial statement.		
<p>Article 6 (Duration of loans and calculation of interest)</p> <p>The duration of the Company's loans of funds may not exceed one year from the lending date.</p> <p>When the Company loans funds to others due to a business relationship, the loan duration may be extended after approval by the Board, and the restriction of the preceding paragraph shall not apply; each extension shall be limited to one year, however.</p> <p>As a rule, interest shall be paid on a monthly basis. This restriction shall not apply, however, after approval by the Board.</p> <p>Annual interest rate standards for the Company's loans of funds shall be determined on the basis of the interest rate of the Company's bank deposits and loans. When the Company has bank loans, however, the annual interest rate for the Company's loans of funds shall not be less than the maximum interest rate of the Company's short-term bank loans .</p>	<p>Article 6 (Duration of loans and calculation of interest)</p> <p>As a rule, the duration of the Company's loans of funds shall not exceed one year from the lending date, but one extension (limited to one year) may be allowed when real need exists. A loan period may be extended only after approval by the Board.</p> <p>Except when special regulations exist, as a rule, interest shall be paid on a monthly basis, and the end of each month shall be the interest calculation base date.</p> <p>The annual interest rate standards for the Company's loans of funds shall be as follows:</p> <ol style="list-style-type: none"> 1. In the case of a company receiving a credit rating "A" or above from the Taiwan Ratings Corp. or at least the same rating from another credit rating company, the interest rate shall be the weighted average interest rate for one-year treasury bills issued during the most recent period. 2. In the case of a company receiving a credit rating below "A" from the Taiwan Ratings Corp. or the same rating from another credit rating company, the interest rate shall be the weighted average interest rate for one-year treasury bills issued during the most recent period plus 0.5%. 3. In the case of a company 	<ol style="list-style-type: none"> 1. Content concerning loan extension in Paragraph 1 of the current article is changed to Paragraph 2 of the amended article. In addition, in conjunction with the "Commonly Seen Problems with Loans and Endorsements/Guarantees of TSEC and GTSM Listed Companies" issued by the Financial Supervisory Commission in June 2008, the article explicitly states that only loans connected with a business relationship may be extended, and eases regulations governing extension. 2. Paragraph 2 of the current article is changed to Paragraph 3 of the amended article and revised to state that, as a rule, interest shall be paid on a monthly basis, unless the Board has otherwise approved. 3. Revise the interest rate standard in current paragraph 3, and relevant content is moved to paragraph 4 of amended article.

Amendment	Existing Articles	Explanatory Note
	<p>that has not received a credit rating, but has a current ratio above 100% and a liabilities to assets ratio of less than 60% on its most recent financial statement, the interest rate shall be the weighted average interest rate for one-year treasury bills issued during the most recent period plus 1.0%.</p> <p>4. Companies that fail to meet the standards in the foregoing subparagraphs shall be assessed on a case-by-case basis, and loans may be provided after approval by the Board.</p>	
<p>Article 7 (procedures for handling and reviewing loans)</p> <p>The borrower shall submit its basic information, latest financial statement, and a detailed written list including the loan amount, period, fund uses, and collateral provided, etc. to the Company's Investment Department for applying financing. After preliminary review and approval by the Company's Investment Department, the application is forwarded to the Company's Finance Department for further assessment.</p> <p>After accepting an application, the Finance Department shall convene relevant departments to carefully assess whether the case complies with the requirements of the Regulations Governing Lending of Funds and Making of Endorsements / Guarantees and these</p>	<p>Article 7 (loan implementation procedures)</p> <p>The borrower shall submit its basic information, latest financial statement, and a detailed written list including the loan amount, period, fund uses, and collateral/ guarantee to be provided, to the Company's Finance Department for applying financing. Finance Department shall assess the borrower's business items, financial status, repayment ability, profitability, and loan use, etc., and draft a report after compiling the opinions of relevant units; the content of the report shall include at least the following:</p> <ol style="list-style-type: none"> 1. The necessity and reasonableness of extending loans, the reasons for and conditions of extending loans. 2. Credit investigation and risk assessment of the 	<ol style="list-style-type: none"> 1. Revise the headline. 2. Because loan recipients are limited to subsidiaries, Paragraph 1 additionally states that the Investment Department shall be the application acceptance and preliminary review window. 3. Since a subsidiary applying to the Company for a loan may be a non-telecommunications enterprise, which might complicate analysis and assessment of the industry and risk, in order to collect a broad range of views, Paragraph 2 of the amended article adds that the Finance Department shall convene relevant departments to assess information concerning the borrower. 4. Adds that the Company shall carefully assess whether the loan applicant's qualification complies with the

Amendment	Existing Articles	Explanatory Note
<p>Operating Procedures, and assess the borrower's business items, financial status, repayment ability, profitability, and loan use, etc.. An assessment report should be made after compiling the opinions of relevant departments; the content of the assessment report shall include at least the following:</p> <ol style="list-style-type: none"> 1. The necessity and reasonableness of extending loans, the reasons for and conditions of extending loans. 2. Credit investigation and risk assessment of the borrower. 3. Effect on the Company's operating risk, financial status, and shareholder's equity. 4. Assessment of the collateral's value. <p>Before the Company extends loans, the Finance Department shall submit the assessment report in the preceding paragraph, including a preliminary draft of the loan contract and risk assessment results, etc., to the Board for approval, and may then implement the loan. Each independent director's assenting or dissenting opinion shall be fully taken into consideration, and reasons for dissent shall be explicitly stated in the Board meeting minutes.</p> <p>The management shall be authorized to separately determine the Company's Standard Operation Procedures (SOP) on loans of funds to others.</p>	<p>borrower.</p> <ol style="list-style-type: none"> 3. Effect on the Company's operating risk, financial status, and shareholder's equity. 4. Whether collateral should be obtained and assessed value of collateral. <p>A preliminary draft of the loan contract and other relevant information shall be attached to the assessment report in the preceding paragraph, which shall be submitted to the Chairman and CEO for approval, and then presented to the Board for passage. The opinions of all independent directors shall be fully taken into consideration, and any opposed or qualified opinion stated by any independent director shall be explicitly noted in the board meeting minutes.</p> <p>After the Board has approved the loan case, the Finance Department shall promptly notify the borrower in writing, and shall provide a detailed description of the Company's loan terms, including amount, period, interest rate, and security or guarantee, etc. The Finance Department shall also draft a formal loan contract, and request the borrower to complete signing procedures within a certain period of time.</p> <p>The borrower shall simultaneously provide a promissory note of the same amount when signing a financing contract with the Company. When necessary, collateral pledge (mortgage) establishment registration procedures must be</p>	<p>"Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees" and the Company's operating procedures before extending loans.</p> <ol style="list-style-type: none"> 5. Paragraph 2 of the current article is moved to Paragraph 3 of the amended article. In addition, pursuant to the regulation of article 14, paragraph 2 of "Regulations Governing Loaning of Funds and Making of Endorsements / Guarantees ", the content of amend paragraph 3 is revised accordingly to state that the Company shall explicitly note each independent director's assenting or dissenting opinion, and reasons for dissent, in the Board meeting minutes when loaning funds to others. 6. Delete paragraph 3 and 4 of current article due to trivial. 7. Paragraph 4 of the amended article additionally states that the management shall be authorized to separately determine the Company's Standard Operation Procedures (SOP).

Amendment	Existing Articles	Explanatory Note
	performed to secure the loan.	
<p>Article 8 (announcement and reporting procedures)</p> <p>The Company shall, before the tenth day of each month, report its subsidiaries' balance of loans during the previous month.</p> <p>The Company whose balance of loans of funds reaches one of the following levels shall perform announce and reporting before the start of trading hours on the next business day after the event:</p> <ol style="list-style-type: none"> 1. The aggregate balance of loans of funds from the Company and its subsidiaries to others has reached 20% or more of the shareholder's equity on the Company's latest financial statement. 2. The aggregate balance of loans of funds from the Company and its subsidiaries to a single company has reached 10% or more of the shareholder's equity on the Company's latest financial statement. 3. The amount of a new loan of funds to others from the Company or a subsidiary reaches NT\$10 million and simultaneously reached 2% of the shareholder's equity on the Company's latest financial statement. <p>When a subsidiary of the Company is not a domestic public company, the Company shall perform the announcement and reporting</p>	<p>Article 8 (announcement and reporting procedures)</p> <p>The Company shall, before the tenth day of each month, report the balance of loans of the Company and its subsidiaries during the previous month.</p> <p>When its loan balance reaches one of the following levels, the Company shall make an announcement within two days after the date of the event:</p> <ol style="list-style-type: none"> 1. The Company's loan balance exceeds 20% of the net value on the Company's most recent financial statement, or, after the Company has performed public reporting in accordance with regulations, each time the loan balance increases more than 2% of the new value on the Company's most recent financial statement. 2. The balance of loans to a single company exceeds 10% of the net value on the Company's most recent financial statement. 3. When loaning funds to a company due to a business relationship, the loan balance exceeds the total amount of transactions with that company during the most recent year. 4. When the Company has performed public reporting due to the circumstances in the two 	<ol style="list-style-type: none"> 1. Revises reporting date in Paragraph 2. 2. Pursuant to the regulation of article 22 of "Regulations Governing Loaning of Funds and Making of Endorsements / Guarantees", the following changes are made: <ol style="list-style-type: none"> (1) Revises the reporting standards in Paragraph 2 and 3 accordingly. (2) Delete paragraph 4 of current article.

Amendment	Existing Articles	Explanatory Note
<p>tasks for that subsidiary in Subparagraph 3 of the preceding paragraph.</p>	<p>preceding subparagraphs, each time the balance of loans to the same borrower increases more than 2% of the new value on the Company's most recent financial statement.</p> <p>When a subsidiary of the Company is not a domestic public company, the Company shall perform the reporting tasks for that subsidiary in any of the subparagraphs of the preceding paragraph.</p> <p>When, in the preceding paragraph, the ratio of subsidiary loan balance to net value shall be calculated as the ratio of the balance of loans to that subsidiary to the Company's net value.</p>	
<p>Article 9 (subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights) After loans have been issued, the Investment Department shall assist the Finance Department to track borrower finances, business, and credit on a monthly basis. When necessary, a borrower may be required to provide financial data at any time. Attention shall also be paid to changes in the value of collateral; any major changes shall be immediately reported to the Chairman & CEO, and appropriate action taken in accordance with instructions.</p> <p>When a borrower repays an expired loan, the borrower must pay any owed interest together with the principal before the Company registers cancellation of its collateral</p>	<p>Article 9 (subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights) After loans have been issued, the Finance Department shall track borrower and guarantor finances, business, and credit on a monthly basis. When necessary, a borrower may be required to provide financial data at any time. If collateral has been provided, attention shall also be paid to changes in the value of the collateral; any major changes shall be immediately reported to the Chairman and CEO, and appropriate action taken in accordance with instructions.</p> <p>When a borrower repays an expired loan, the borrower must pay any owed interest together with the principal before the Company cancels and returns</p>	<p>1. The following revisions are made in paragraph 1 in view of the fact that amended Article 3 restricts loan recipients to 100%-owned subsidiaries:</p> <p>(1) Adds that the Investment Department shall assist the Finance Department to track borrower's status.</p> <p>(2) Deletes guarantor regulations.</p> <p>2. In conjunction with the Company's "Policy for loaning funds to others and making endorsement/guarantees, the Company shall require borrowers to provide collateral when extending loans. As a result, some revisions are made as below: :</p> <p>(1) Deletes wording "if collateral has been provided" In paragraph 1.</p> <p>(2) The word "promissory notes" is deleted from Paragraph 2 and 3.</p>

Amendment	Existing Articles	Explanatory Note
<p>pledge rights or mortgage.</p> <p>In the case of delinquent creditor's rights, a court shall be asked to give a ruling and compensation collection procedures initiated (including but not limited to disposal of collateral) if a borrower fails to repay a loan in arrears for more than 15 days after the Company has given written notification.</p> <p>The Company shall assess the status of its loans of funds and reserve sufficient allowance for bad debts in accordance with generally accepted accounting principles. The Company shall also appropriately disclose relevant information on its financial reports, and provide relevant information to CPA for implementation of necessary auditing procedures.</p>	<p>to the borrower the promissory note or collateral, or registers cancellation of the mortgage.</p> <p>In the case of delinquent creditor's rights, a court shall be asked to give a ruling and compensation collection procedures initiated (including but not limited to request for redemption of securing promissory note or disposal of collateral) if a borrower fails to repay a loan in arrears for more than 15 days after the Company has given written notification.</p> <p>The Company shall assess the status of its loans of funds and reserve sufficient allowance for bad debts in accordance with generally accepted accounting principles. The Company shall also appropriately disclose relevant information on its financial reports, and provide relevant information to CPA for implementation of necessary auditing procedures.</p>	<p>(3) Wording concerning pledges is added in paragraph 2 since pledges may be established on movable property.</p>
<p>Article 10 (internal control)</p> <p>When the Company provides loans, the Finance Department shall establish a memorandum book and record the following information in detail for future reference: borrowers, amount, date of Board approval, lending date, and matters to be assessed under Article 7, Paragraph 2.</p> <p>An improvement plan shall be made if changes in the circumstances of the Company or a borrower result in the borrower no longer meeting the requirement on the Regulations Governing Loaning of Funds and Making</p>	<p>Article 10 (internal control)</p> <p>When the Company provides loans, the Finance Department shall establish a memorandum book and record the following information in detail for future reference: borrowers, amount, date of Board approval, lending date, and matters to be assessed under Article 7, Paragraph 1.</p> <p>An improvement plan shall be made if changes in the circumstances of the Company or a borrower cause the loan balance to exceed the limit. All improvement plans shall be submitted to all supervisors and independent directors.</p>	<ol style="list-style-type: none"> 1. Textual revision made in Paragraph 1 of the current article. 2. In conjunction with the regulations of Article 16 of the amended "Regulations Governing Loaning of Funds and Making of Endorsements / Guarantees" approved by the Financial Supervisory Commission on Jan. 15, 2009, the text "the borrower no longer meet the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees or these Operating Procedures" and "improvement shall be

Amendment	Existing Articles	Explanatory Note
<p>of Endorsements/Guarantees or these Operating Procedures, or causing the loan balance to exceed the limit. All improvement plans shall be submitted to all supervisors and independent directors, and improvement shall be completed in accordance with the planned timetable.</p> <p>The Company's Audit Department shall, at least once per quarter, audit the procedures for loaning funds to others and the state of their implementation, and keep written records accordingly. All supervisors and independent directors shall be notified immediately in writing if any material violations are discovered.</p>	<p>The Company's Audit Department shall, at least once per quarter, audit the procedures for loaning funds to others and the state of their implementation, and keep written records accordingly. All supervisors and independent directors shall be notified immediately in writing if any material violations are discovered.</p>	<p>completed in accordance with the planned timetable" are added to Paragraph 2 of the current article, and textual revisions made.</p>
<p>Article 11 (procedures for controlling and managing loans of funds to others by subsidiaries)</p> <p>A subsidiary planning to loan funds to others shall formulate its loan operating procedures on the basis of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees. After approval by the subsidiary's board and shareholders' meeting, these procedures shall be submitted to the Company for future reference; likewise in the case of revisions. The subsidiary shall implement its loans of funds in accordance with its operating procedures.</p> <p>Subsidiaries shall submit lists of loans of funds made during the previous month to the Company's Investment Department before the fifth day of each month; the</p>	<p>Article 11 (procedures for controlling and managing loans of funds to others by subsidiaries)</p> <p>When a subsidiary of the Company that is not a domestic public company plans to lean funds to others, the Company shall instruct the subsidiary to formulate its operating procedures for loaning funds to others on the basis of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees, and submit the operating procedures to the Company's Board for approval.</p> <p>Subsidiaries shall compile a list of loans of funds to others made during the previous month and submit the list to the Company's Finance Department before the tenth day of each month.</p>	<p>1. In conformity with Article 10 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees, " a subsidiary, regardless of whether it is a public company, must uniformly formulate its "operating procedures for loaning of funds to others " on the basis of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees. " As a result, regulations limiting relevant subsidiaries to non-domestic public companies are deleted from Paragraph 1 accordingly.</p> <p>2. For the following reasons, the current article is revised to change the regulation of Paragraph 1 from obtaining the approval of the Company's Board to submitting to the Company</p>

Amendment	Existing Articles	Explanatory Note
<p>Investment Department shall compile such lists and forward them to the Company's Finance Department for announcement.</p> <p>The Company's Investment Department shall check subsidiaries' monthly lists of loans to others, and shall immediately instruct the subsidiary to make improvements in accordance with relevant regulations if any abnormalities are discovered.</p> <p>When a subsidiary performs its annual internal control self-assessment, it shall include matters concerning loan of funds to others performed in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees and its operating procedures for loaning of funds to others among self-assessment items, and shall submit the self-assessment report to the Company.</p> <p>The Company's Audit Department shall check self-assessment reports submitted by all subsidiaries.</p>		<p>for future reference:</p> <p>(1) Since a subsidiary must obtain prior approval from its board and shareholders' meeting when formulating or revising its "operating procedures for loaning funds to others," the revision is made in order to avoid disputes and respect the governance mechanisms of the subsidiary's board.</p> <p>(2) Laws and regulations do not require that a subsidiary obtain approval from the parent company's board when formulating or revising its "operating procedures for loaning funds to others."</p> <p>(3) The Company already requires subsidiaries to notify the Company of the content of relevant articles before formulating or revising their "operating procedures for loaning funds to other parties"; in order to achieve the goal of prior control, the Investment Department shall review the matter in conjunction with relevant departments of the Company, and shall provide the Company's views to the equity representative, who shall submit recommendations at the subsidiary's board meeting.</p> <p>3. Pursuant to the regulations of Article 10 of the amended "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees" approved by the Financial Supervisory Commission on Jan. 15, 2009, the</p>

Amendment	Existing Articles	Explanatory Note
		<p>regulation that a subsidiary shall implement its loans of funds in accordance with its operating procedures for loaning of funds to others is added to Paragraph 1.</p> <p>4. In conjunction with the establishment of the Investment Department and the Company's current operating processes, subsidiaries' reporting window is changed to the Investment Department in Paragraph 2 of the current article, and textual revisions made.</p> <p>5. In conformity with Article 9, Paragraph 1, Subparagraph 10 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees," the Company's procedures for controlling and managing subsidiaries' loans of funds to others are added to Paragraph 3 of the amended article.</p> <p>6. Pursuant to the "Regulations Governing Establishment of Internal Control Systems by Public Companies," subsidiaries shall audit matters concerning loaning funds to others when performing their annual internal control self-assessment, and the Company's Audit Department shall check self-assessment reports submitted by all subsidiaries; the content of paragraphs 4 and 5 of the amended article is accordingly added.</p>

Amendment	Existing Articles	Explanatory Note
<p>Article 12 (penalties) The handling of the Company's loans of funds to other s shall fully comply with Regulations Governing Loaning of Funds and Making of Endorsements / Guarantees and these Operating Procedures. Disciplinary action shall be taken against any managers or other responsible personnel in accordance with the Company's personnel rules in the event of any violations of regulations.</p>	<p>Article 12 (penalties) The handling of the Company's loans of funds to others shall fully comply with Regulations Governing Loaning of Funds and Making of Endorsements / Guarantees and these Operating Procedures. Disciplinary action shall be taken against any managers or other responsible personnel in accordance with the Company's personnel rules in the event of any violations of regulations causing the Company to suffer major losses or seriously affecting the Company's image.</p>	<p>Because it is difficult to define the amount of major loss and intensity of the event of severely affecting the Company's image, for the sake of clarity, the current article is revised to state that violations of the Regulations Governing Loaning of Funds and Making of Endorsements / Guarantees and these Operating Procedures shall uniformly be subject to disciplinary action in accordance with Company's personnel rules.</p>
<p>Article 13 (formulation and revision) When these Operating Procedures are submitted to the Board for discussion, full consideration shall be given to the views of each independent director; each independent director's assenting or dissenting opinion, and reasons for dissent, shall be explicitly noted in the board meeting minutes. After approval by the Board, these Operating Procedures shall be distributed to each supervisor and submitted to shareholders at the Shareholders Meeting for approval. If any director expresses a dissenting opinion, and there is a record or written statement, the Company shall send the dissenting opinion to each supervisor and submit it to shareholders at the Shareholders Meeting for discussion; likewise in the case of revisions.</p>	<p>Article 13 (formulation and revision) When these Operating Procedures are submitted to the Board for discussion, full consideration shall be given to the views of each independent director; each independent director's dissenting opinion, and any opposed or qualified opinion stated by any independent director shall be explicitly noted in the board meeting minutes. After approval by the Board, these Operating Procedures shall be distributed to each supervisor and submitted to shareholders at the Shareholders Meeting for approval. If any director expresses a dissenting opinion, and there is a record or written statement, the Company shall send the dissenting opinion to each supervisor and submit it to shareholders at the Shareholders Meeting for discussion; likewise in the</p>	<p>In conformity with Article 8, Paragraph 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements / Guarantees," with regard to formulating or revising the Company's Operating Procedures, regardless of whether the independent directors concur with or object to the formulation or revisions, in all cases each independent director's concurring or dissenting opinion, and reasons for dissent, shall be explicitly noted in the board meeting minutes; the content of Paragraph 1 is accordingly revised.</p>

Amendment	Existing Articles	Explanatory Note
	case of revisions.	

XVI.

Comparison Table of Amended Articles of Operational Procedures for Endorsements/Guarantees of Chunghwa Telecom Co., Ltd.

November 25, 1998 Approved at the 1998 Annual Shareholders Meeting.
 May 18, 2000 Amended at the 2000 Extraordinary Shareholders Meeting
 June 4, 2001 Amended at the 2001 Annual Shareholders Meeting.
 June 25, 2004 Amended at the 2004 Annual Shareholders Meeting.
 June 15, 2007 Articles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12 amended and Articles 13, 14, 15, and 16 deleted at the 2007 Shareholders Meeting.
 June 19, 2009 All 12 articles amended.

Amendment	Existing Articles	Explanatory Note
<p>Article 1 (Purpose of Determination and Statutory Basis) Chunghwa Telecom Co., Ltd. (herein referred to as "The Company") has determined these Operating Procedures pursuant to the "Regulations Governing Loaning of Funds and Making of Endorsements / Guarantees by Public Companies" (herein referred to as "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees") and Article 2, Paragraph 2 of the Company's Articles of Incorporation in order to manage endorsement / guarantee matters and comply with laws and regulations.</p> <p>All of the unspecified matters in these Operating Procedures shall uniformly be handled in accordance with relevant laws and regulations.</p>	<p>Article 1 (Purpose of Determination and Statutory Basis) Chunghwa Telecom Co. Ltd. (the "Company"), in the interests of protection of shareholders' rights and interests, sound financial management and minimization of operating risk, has determined this procedure in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements / Guarantees by Public Companies" and Article 2, Paragraph 2 of the Company's Articles of Incorporation.</p>	<p>1. Textual revision made to Paragraph 1. 2. New Paragraph 2 added to the amended article.</p>
<p>Article 2 (Definitions) "Endorsement / guarantee," as used in these Operating Procedures, refer to the following: 1. Financing endorsements / guarantees include: (1) Bill discount financing. (2) Endorsements or guarantees made to meet the financing needs of</p>	<p>Article 2 (Definitions) "Endorse and guarantee," as used in these procedures, means the following: 1. Financing endorsements / guarantees: Including, bill discount financing, endorsements or guarantees made to meet the financing needs of other companies and</p>	<p>Textual revision made to Paragraph 1, Subparagraph 1.</p>

Amendment	Existing Articles	Explanatory Note
<p>other companies.</p> <p>(3) Issuance of a separate note to a non-financial enterprise as security to meet the financing needs of the Company.</p> <p>2. Customs duty endorsements and guarantees: Endorsements and guarantees for the Company or other companies in relation to customs duty matters.</p> <p>3. Other endorsements and guarantees: Endorsements and guarantees made that cannot be classified in the previous two subparagraphs.</p> <p>Any creation by the Company of a pledge or mortgage on its chattel or real estate as security for the loans of another company shall also be handled in accordance with these Operating Procedures.</p> <p>As referred to in these Operating Procedures, subsidiary and parent company shall be defined as in the Statement of Financial Accounting Standards No. 5 and No. 7 issued by the Accounting Research and Development Foundation of the Republic of China.</p> <p>The term "announce and report" as used in these Regulations means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC), Executive Yuan.</p>	<p>issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company.</p> <p>2. Customs duty endorsements and guarantees: meaning endorsements and guarantees for the Company or other companies in relation to customs duty matters.</p> <p>3. Other endorsements and guarantees: meaning endorsements and guarantees made that cannot be classified in the previous two subparagraphs.</p> <p>Any creation by the Company of a pledge or mortgage on its chattel or real estate as security for the loans of another company shall also be handled in accordance with these Operating Procedures.</p> <p>As referred to in these Operating Procedures, subsidiary and parent company shall be defined as in the Statement of Financial Accounting Standards No. 5 and No. 7 issued by the Accounting Research and Development Foundation of the Republic of China.</p> <p>The term "announce and report" as used in these Regulations means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC), Executive Yuan.</p>	
<p>Article 3 (Beneficiaries of Endorsements / Guarantees)</p> <p>The Company may extend endorsements/ guarantees</p>	<p>Article 3 (Beneficiaries of Endorsements / Guarantees)</p> <p>The Company may make endorsements and guarantees</p>	<p>Because endorsements and guarantees are contingent liabilities, in order to closely monitor the operation and finances of endorsed or</p>

Amendment	Existing Articles	Explanatory Note
<p>only to subsidiaries in which the Company directly holds 100% of voting shares.</p>	<p>for the following companies:</p> <ol style="list-style-type: none"> 1. Companies in which the Company directly holds over 50% of stock with voting rights. 2. Companies in which the Company both directly and indirectly holds a total of over 50% of stock with voting rights. 3. Companies in which the Company both directly and indirectly holds a total of over 30% of stock with voting rights, and with which the Company engages in business transactions. <p>When the Company, as a shareholder of a joint venture, makes endorsements or guarantees for the jointly invested company on behalf of each shareholder in proportion to the shareholder's holding percentage, it shall not be subject to the limitations detailed in the above provision.</p>	<p>guaranteed companies, the beneficiaries of endorsements / guarantees are limited to subsidiaries in which the Company directly holds 100% of voting shares.</p>
<p>Article 4 (Endorsements/Guarantee limits)</p> <p>The total amount of the Company's endorsements and guarantees shall be limited to 1% of the shareholder's equity on the Company's latest financial statement.</p> <p>The total amount of endorsements and guarantees extended by the Company to a single beneficiary company shall be limited to 0.1% of shareholder's equity on the Company's latest financial statement.</p> <p>The total amount of the Company's loans of funds to others and endorsements/guarantees shall be limited to 5% of</p>	<p>Article 4 (Endorsements/ Guarantees Limits)</p> <p>The overall amount of the Company's endorsements and guarantees shall be limited to 15 percent of the net asset stated in the most recent financial statement.</p> <p>The quota for a single business beneficiary of an endorsement or guarantee as determined in Subparagraph 1 or 2 of Paragraph 1 or in Paragraph 2 of the foregoing article may not exceed 10 percent of the net value stated in the Company's most recent financial statement.</p> <p>The quota for a single business beneficiary of an endorsement or guarantee determined in Subparagraph</p>	<ol style="list-style-type: none"> 1. The total amount of endorsements and guarantees is reduced to 1% in Paragraph 1, and textual revisions made. 2. Since amended Article 3 limits beneficiaries of endorsements and guarantees to subsidiaries in which the Company holds 100% of shares, paragraphs 2 and 3 are deleted from the current article. In addition, the limit of endorsements and guarantees that can be extended to a single subsidiary is provided in Paragraph 2 of the amended article. 3. Pursuant to Article 5, Paragraph 1 of the

Amendment	Existing Articles	Explanatory Note
shareholder's equity on the Company's latest financial statement.	3 of the foregoing article may not exceed the total value of business transactions between the two parties during the most recent year, and may not exceed 10 percent of the net value stated in the Company's most recent financial statement.	Company's current " Procedures for lending of Capitals to Others , " Paragraph 3 specifying the total amount of the Company's loans of funds to others and endorsements / guarantees, and reducing this amount to 5%, is added to the amended article.
<p>Article 5 (Endorsements / Guarantees Implementation and Review Procedures)</p> <p>The company applying for an endorsement or guarantee shall submit its basic information, latest financial statement, and a detailed written list including the purpose of applying for an endorsement/guarantee, collateral provided, and other information to the Company's Investment Department. After preliminary reviewing and approval, the Investment Department shall forward the application to the Company's Finance Department for further assessment.</p> <p>After accepting a case, the Finance Department shall convene relevant departments and carefully assess whether the case complies with the requirements of the Regulations Governing Loaning of Funds and Making of Endorsements / Guarantees and these Operating Procedures, and shall assess the endorsement / guarantee recipient's business items, financial status, repayment ability, profitability, and purpose of the endorsement/guarantee, etc., and draft an assessment report after compiling the</p>	<p>Article 5 (Procedures for Making Endorsements and Guarantees)</p> <p>When the Company makes an endorsement or guarantee it must evaluate the beneficiary's business operations, financial condition, debt repayment ability, profitability, and purpose of the endorsement or guarantee, and shall draft a report after compiling the opinions of relevant organizations; the content of the report shall include:</p> <ol style="list-style-type: none"> 1. Necessity and reasonableness of the guarantee. 2. Credit status and risk assessment of the beneficiary. 3. Influence on the Company's operating risk, financial status, and stockholder's equity. 4. Whether security has been obtained and the assessed value of the security. <p>The evaluation report referred to in the previous paragraph should have attached to it a draft contract, results of risk assessment and related information; it shall be sent for approval to the Chairman & CEO, and shall be effective after approval by the Board</p>	<ol style="list-style-type: none"> 1. A textual revision is made to the article heading. 2. Paragraph 1 additionally states that the Investment Department shall be the application acceptance and preliminary review window. 3. The content of Paragraph 1 of current article is moved to paragraph 2 of amended article. 4. Since a subsidiary applying to the Company for a loan may be a non-telecommunications enterprise, which might complicate analysis and assessment of the industry and risk, in order to collect a broad range of views, Paragraph 2 of the amended article adds that the Finance Department shall convene relevant departments to assess information concerning the subsidiary applying for an endorsement or guarantee. 5. Delete the words "whether security has been obtained" in Paragraph 1, subparagraph 4 of current article. . 6.Paragraph 2 of the current article is moved to Paragraph 3 of the amended article. Besides, when the Company extends an endorsement or guarantee, regardless of

Amendment	Existing Articles	Explanatory Note
<p>opinions of relevant departments; the content of the assessment report shall include at least the following:</p> <ol style="list-style-type: none"> 1. Necessity and reasonableness of the endorsements / guarantees. 2. Credit status and risk assessment of the entity for which the endorsements/ guarantees is made. 3. Influence on the Company's operating risk, financial status, and shareholder's equity. 4. Assessment of the value of collateral. <p>Before making endorsements / guarantees for others, the Company's Finance Department shall attach the assessment report in the preceding paragraph, including the contract draft and risk assessment results, to the Board for approval, and shall implement the endorsements/ guarantees based on Board's decision.. Each independent director's assenting or dissenting opinion shall be fully taken into consideration, and reasons for dissent shall be explicitly recorded in the Board meeting minutes.</p> <p>When an endorsement or guarantee is about to expire , the Finance Department shall notify the Accounting and other relevant departments, clearly state the terms of responsibility for canceling the endorsement or guarantee, the date of cancellation, and other necessary matters, submit the case to the President for approval, and report to the Board.</p> <p>The management shall be</p>	<p>of Directors. The Board of Directors shall give full consideration to the opinions of all independent directors, and any dissenting or qualified opinions stated by independent directors shall be explicitly noted in the minutes of the Board Meeting.</p> <p>The company shall perform any endorsement or guarantee matters only after approval by a resolution of the Board of Directors, or the Chairman & CEO may first make an endorsement or guarantee within the quota determined in the Company's Table of Duties and Power Assigned to the Board of Directors, and subsequently report the endorsement or guarantee to the following Board Meeting for ratification.</p> <p>When an endorsement or guarantee is about to expire , the Finance Department shall notify the Accounting and other relevant departments, clearly state the terms of responsibility for canceling the endorsement or guarantee, the date of cancellation, and other necessary matters, submit the case to the President for approval, and report to the Board.</p>	<p>whether the independent directors concur with or object to the case, in all cases each independent director's concurring or dissenting opinion, and reasons for dissent, shall be explicitly noted in the board meeting minutes; relevant text of paragraph 3 of the amended article is accordingly revised.</p> <p>7. Since endorsements and guarantees are material matters and constitute contingent liabilities, all such cases shall better require the Board's approval; accordingly, the regulation stating that the Chairman & CEO may make an immediate decision on making endorsement/guarantee within the limit prescribed in Company's Table of Duties and Power empowered by the Board of Directors is deleted from Paragraph 3 of the current article.</p> <p>8. Addition of Paragraph 5 stating that the management shall be authorized to separately determine Company's Standard Operation Procedures (SOP) for endorsements/guarantee.</p>

Amendment	Existing Articles	Explanatory Note
<p>authorized to separately determine the Company's Standard Operation Procedures (SOP) for endorsements/ guarantees.</p>		
	<p>Article 6 (Procedure for the Making of Endorsements / Guarantees by Subsidiary Companies) Subsidiary companies of the Company intending to make endorsements and guarantees for others must, in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements / Guarantees by Public Companies, formulate a procedure for making endorsements and guarantees and submit it to the Company's Board of Directors for review. The dedicated seal used to seal an endorsement or guarantee made to an overseas subsidiary shall be the seal of the locally registered company.</p>	<p>1.Paragraph 1 of the current article to Paragraph 1 of amended article 10. 2. Since most overseas companies do not have official seals, relevant content is deleted from Paragraph 2 of the current article.</p>
<p>Article 6 (Procedures for Use and Custody of the Company's Seal) The dedicated seal used by the Company in the making of endorsements and guarantees shall be a corporate seal registered with the Ministry of Economic Affairs. This seal shall be kept in the custody of a designated person approved by the Board of Directors, and shall be used to seal or issue negotiable instruments only in accordance with the Company's stipulated procedures. If the Company makes an endorsement or guarantee to a foreign subsidiary company, the letter of guarantee provided by the</p>	<p>Article 7 (Procedures for Use and Custody of the Company's Seal) The dedicated seal used by the Company in the making of endorsements and guarantees shall be a corporate seal registered with the Ministry of Economic Affairs. This seal shall be kept in the custody of a designated person approved by the Board of Directors, and shall be used to seal or issue negotiable instruments only in accordance with the Company's stipulated procedures. If the Company makes an endorsement or guarantee to a foreign company, the letter of guarantee provided by the Company shall be signed by</p>	<p>1. Change the order of articles. 2. Textual revisions in Paragraph 2.</p>

Amendment	Existing Articles	Explanatory Note
<p>Company shall be signed by a person authorized by the Board of Directors.</p>	<p>a person authorized by the Board of Directors.</p>	
<p>Article 7 (Announcing and Reporting Procedures) The Company must, on the tenth of each month, publicly report its own and its subsidiaries' balance of endorsements and guarantees together with its sales for the previous month. The company whose balance of the endorsements and guarantees reaches one of the following levels should announce and report such event before the start of trading hours on the next business day from its occurrence:</p> <ol style="list-style-type: none"> 1. The aggregate balance of the endorsements and guarantees made by the Company and its subsidiaries reaches 50% or more of the shareholder's equity on the Company's latest financial statement. 2. The aggregate balance of the endorsements and guarantees made by the Company and its subsidiaries to a single company reaches 20% or more of the shareholder's equity on the Company's latest financial statement. 3. The aggregate balance of the endorsements and guarantees made by the Company and its subsidiaries to a single company reaches NT\$10 million or more, and the aggregate amount of all endorsements/ guarantees for, long-term investment in , and balance of loans to 	<p>Article 8 (Announcing and Reporting Procedures) The Company must, on the 10th of each month, announce and report its own and its subsidiaries' balance of endorsements and guarantees together with its turnover for the previous month. When the balance of the endorsements and guarantees made by the Company meets the standards below, this must be announced and reported within two days of its occurrence:</p> <ol style="list-style-type: none"> 1. The balance of the endorsements and guarantees reaches 50 percent or more of the stockholders' equity stated in the Company's most recent financial statement, or after announcement and report in accordance with this procedure, each increase in the balance exceeds by 5 percent or more of the stockholders' equity stated in the Company's most recent financial statement. 2. The balance of endorsements and guarantees made to a single business reaches 20 percent or more of the stockholders' equity stated in the Company's most recent financial statement. 3. The balance of endorsements and guarantees made to a single business reaches NT\$10 million or more, and the aggregate 	<ol style="list-style-type: none"> 1. Change in the order of articles. 2. The reporting date in Paragraph 2 of the current article is revised pursuant to Article 2 of the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Listed Companies." 3. In conjunction with the regulations of Article 25 of the amended "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees" approved by the Financial Supervisory Commission on Jan. 15, 2009, revises reporting standards in the various subparagraphs of Paragraph 2 of the current article. 4. Paragraph 3 contains textual revision in conjunction with Paragraph 2. 5. Since the reporting standards in Paragraph 2 explicitly state that the Company's shareholder's equity is the basis for reporting, Paragraph 4 of the current article is deleted in order to avoid redundancy.

Amendment	Existing Articles	Explanatory Note
<p>reaches 30% or more of the shareholder's equity on Company's latest financial statement.</p> <p>4. The amount of a new endorsement or guarantee from the Company or a subsidiary reaches NT\$30 million or more and 5% or more of the shareholder's equity on the Company's latest financial statement.</p> <p>When a subsidiary of the Company is not a domestic public company, the Company shall perform the announcing and reporting tasks in Subparagraph 4 of the preceding paragraph for that subsidiary.</p>	<p>balance of all endorsements/guarantees for, long-term investments in and balance of loans to meets 30 percent or more of the stockholders' equity stated in the Company's most recent financial statement.</p> <p>4. The balance of endorsements or guarantees made to an enterprise due to a business relationship exceeds the total business transactions with that enterprise during the most recent year.</p> <p>5. After the Company has performed reporting in accordance with the three foregoing subparagraphs, when the Company makes an additional endorsement or guarantee to the same beneficiary, each increase in the balance exceeds 5 percent of the net value stated in the Company's most recent financial statement.</p> <p>When a subsidiary of the Company is not a domestic public company, the Company shall perform reporting when that subsidiary has any matters to be reported in the subparagraphs of the foregoing paragraph.</p> <p>When the balance of endorsements or guarantees made with a subsidiary in the foregoing paragraph as a percentage of net value is calculated, the balance of endorsements or guarantees made to that subsidiary shall be calculated as a percentage of the Company's net value.</p>	
Article 8 (internal Control)	Article 9 (Internal Control)	1. Change in the order of

Amendment	Existing Articles	Explanatory Note
<p>The Investment Department shall assist the Finance Department to track beneficiary finances, business, and credit on a monthly basis. When necessary, a beneficiary may be required to provide financial data at any time. The Investment and Finance Departments shall also pay attention to the changes in the value of collateral; any major changes shall be immediately reported to the Chairman & CEO, and appropriate action taken in accordance with instructions.</p> <p>When the Company provides an endorsement or guarantee, the Finance Department shall prepare a memorandum book and record in detail the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the Board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under article 5.</p> <p>An improvement plan shall be made and submitted to all supervisors and independent directors if the beneficiary no longer meets the requirement in on the Regulations Governing Loaning of Funds and Making of Endorsements / Guarantees or these Operating Procedures, or the endorsement / guarante amount exceeds the limit as a result of the Company or the beneficiary's condition changing. The improvement shall be completed in accordance with the planned timetable.</p>	<p>In handling endorsement and guarantee matters, the Company shall carefully evaluate and establish a memorandum book to record in detail for reference purposes the beneficiaries, values, dates of approvals by the Board or decisions to proceed of the Chairman, date of endorsement and guarantee, and the matters required by Article 5.</p> <p>If changes involving the Company or an endorsement or guarantee beneficiary results in endorsements or guarantees not complying with regulations or the amount exceeding the quota, then an improvement plan shall be drafted and sent to the supervisors and independent directors.</p> <p>The Company's Audit Department shall, at least once per quarter, audit the Endorsement / Guarantee Operating Procedures and the state of their implementation, and prepare written records accordingly. All supervisors and independent directors shall be notified immediately in writing if any material violations are discovered.</p>	<p>articles.</p> <p>2. Since the beneficiaries of endorsements and guarantees are limited to subsidiaries, and the Company's " Loans of Funds and Endorsement / Guarantee Policy" explicitly notes that subsidiaries shall provide collateral when the Company makes an endorsement or guarantee, Paragraph 1 is added in the amended article.</p> <p>3. In conjunction with the deletion of content concerning granting permission to the Chairman & CEO to make an immediate decision in the amended Article 5, the text "the Chairman & CEO may make a decision" is deleted from Paragraph 1 of the current article. In addition, the content of paragraph 1 of the current article is moved to paragraph 2 of amended article.</p> <p>4. The content "result in the beneficiary no longer in compliance with the Regulations Governing Loaning of Funds and Making of Endorsements / Guarantees" and "improvement shall be completed in accordance with the planned timetable" is added to Paragraph 2 of the current article. In addition, the content of paragraph 2 of the current article is moved to paragraph 3 of amended article.</p> <p>5. Textual revisions are made to Paragraph 3 of the current article, which is changed to Paragraph 4 of the amended article.</p>

Amendment	Existing Articles	Explanatory Note
<p>The Company's Audit Department shall, at least once per quarter, audit the Endorsement / Guarantee Operating Procedures and the state of their implementation, and prepare written records accordingly. All supervisors and independent directors shall be notified immediately in writing if any material violations are discovered.</p>		
<p>Article 9 (Disclosure of Endorsements/ Guarantees losses) The Company shall assess or recognize contingent losses from endorsements and guarantees as prescribed in the Statement of Financial Accounting Standards, appropriately disclose endorsement / guarantee information in its financial reports, and provide relevant information to CPA for implementation of necessary audit procedures.</p>	<p>Article 10 (Disclosure of Endorsements/Guarantees losses) The Company shall assess and recognize the contingent loss form endorsements and guarantees and in its financial reports make adequate disclosures of information about such endorsements and guarantees, and provide CPA with related information for implementation of necessary audit procedures and presenting fairly a review report.</p>	<p>1. Change in the order of articles. 2. Textual revisions are made to this article in conjunction with Article 26 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees." "</p>
<p>Article 10 (Procedures for Controlling and Managing of Subsidiaries' Endorsements/Guarantees) When a subsidiary plans to make endorsements or guarantees for others, it shall determine its endorsement/guarantee operating procedures on the basis of the Regulations Governing Loaning of Funds and Making of Endorsements / Guarantees. After approval by the subsidiary's board and shareholders' meeting, the case shall be submitted to the Company for future reference; likewise in the case of revisions. The subsidiary shall make endorsements and guarantees in accordance with the</p>		<p>Article 6 of the current version is moved to this amended article, and the following revisions made: 1. For the following reasons, the current article is revised to change the regulation of Paragraph 1 from obtaining the approval of the Company's Board to submitting to the Company for future reference: (1) Since a subsidiary must obtain prior approval from its board and shareholders' meeting when determining or revising its "endorsement/guarantee operating procedures," the revision is made in order to avoid disputes and respect the governance mechanisms of the subsidiary's board.</p>

Amendment	Existing Articles	Explanatory Note
<p>endorsement/guarantee operating procedures that it has determined.</p> <p>Subsidiaries shall submit lists of endorsements and guarantees made during the previous month to the Company's Investment Department before the fifth day of each month; the Investment Department shall compile such lists and forward them to the Finance Department for announcement.</p> <p>The Company's Investment Department shall check subsidiaries' monthly lists of endorsements and guarantees, and shall immediately instruct the subsidiary to make improvements in accordance with relevant regulations if any abnormalities are discovered.</p> <p>When a subsidiary performs its annual internal control self-assessment, it shall include matters concerning endorsements and guarantees in the self-assessment items, and shall submit the self-assessment report to the Company.</p> <p>The Company's Audit Department shall check self-assessment reports submitted by all subsidiaries.</p>		<p>(2) Laws and regulations do not require that a subsidiary obtain approval from the parent company's board when determining or revising its "endorsement / guarantee operating procedures."</p> <p>(3) the Company already requires subsidiaries to notify the Company of the content of relevant articles before determining or revising their "endorsement / guarantee operating procedures"; in order to achieve the goal of prior control, the Investment Department shall review the matter in conjunction with relevant departments of the Company, and shall provide the Company's views to the equity representative, who shall submit recommendations at the subsidiary's board meeting.</p> <p>2. Pursuant to the regulations of Article 13 of the amended "Regulations Governing Loaning of Funds and Making of Endorsements / Guarantees" approved by the Financial Supervisory Commission on Jan. 15, 2009, the regulation that a subsidiary shall make endorsements and guarantees in accordance with its endorsement / guarantee operating procedures is added to Paragraph 1.</p> <p>3. The regulation that a subsidiary shall submit relevant reports to the Company's relevant departments is added to Paragraph 2 of the amended article.</p>

Amendment	Existing Articles	Explanatory Note
		<p>4. In conformity with Article 12, Paragraph 1, Subparagraph 6 of the "Regulations Governing Loaning of Funds and Making of Endorsements / Guarantees," Paragraph 3 concerning the Company's procedures for the control and management of endorsements and guarantees made by subsidiaries is added to the amended article.</p> <p>5. Pursuant to the "Regulations Governing Establishment of Internal Control Systems by Public Companies," subsidiaries shall audit matters concerning endorsements and guarantees when performing their annual internal control self-assessments, and the Company's Audit Department shall check self-assessment reports submitted by all subsidiaries; the content of paragraphs 4 and 5 of the amended article is accordingly added.</p>
<p>Article 11 (Penalties) The handling of the Company's external endorsements and guarantees shall fully comply with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees and these Operating Procedures. Disciplinary action shall be taken against any managers or other responsible personnel in accordance with the Company's personnel rules in the event of any violations of regulations.</p>	<p>Article 11 (Penalties) The handling of the Company's endorsements and guarantees shall fully comply with the Regulations Governing Loaning of Funds and Making of Endorsements / Guarantees by Public Companies and these procedures. Managers or other personnel in charge who performed any violation, which causes the Company material losses or has material impacts on the Company's reputation or integrity shall be penalized in accordance with the Company's personnel rules.</p>	<p>Because it is difficult to set definite penalty standards for violations causing material losses and severely affecting the Company's image, for the sake of clarity, the current article is revised to state that violations of the Regulations Governing Loaning of Funds and Making of Endorsements / Guarantees and these Operating Procedures shall uniformly be subject to disciplinary action in accordance with Company's personnel rules.</p>

Amendment	Existing Articles	Explanatory Note
<p>Article 12 (Determination and Revision) When these Operating Procedures are submitted to the Board for discussion, full consideration shall be given to the views of each independent director; each independent director's assenting or dissenting opinion, and reasons for dissent, shall be explicitly noted in the board meeting minutes.</p> <p>After approval by the Board, these Operating Procedures shall be distributed to each supervisor and submitted to shareholders at the Shareholders Meeting for approval. If any director expresses a dissenting opinion, and there is a record or written statement, the Company shall send the dissenting opinion to each supervisor and submit it to shareholders at the Shareholders Meeting for discussion; likewise in the case of revisions.</p>	<p>Article 12 (Determination and Revision) When these Operating Procedures are submitted to the Board for discussion, full consideration shall be given to the views of each independent director; each independent director's dissenting or qualified opinions shall be explicitly noted in the board meeting minutes. .</p> <p>After approval by the Board, these Operating Procedures shall be distributed to each supervisor and submitted to shareholders at the Shareholders Meeting for approval. If any director expresses a dissenting opinion, and there is a record or written statement, Company shall send the dissenting opinion to each supervisor and submit it to shareholders at the Shareholders Meeting for discussion; likewise in the case of revisions.</p>	<ol style="list-style-type: none"> 1. In conformity with Article 11, Paragraph 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees," with regard to revisions of these Operating Procedures, regardless of whether the independent directors concur with or object to the revisions, in all cases each independent director's concurring or dissenting opinion, and reasons for dissent, shall be explicitly noted in the board meeting minutes; the content of Paragraph 1 is accordingly revised. 2. Textual revisions are made to Paragraph 2.