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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).
- 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

 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 The Chairman is hereby authorized to offer designated be rounded down). 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 7and 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 Hesd 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

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

VIIII. 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	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

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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)

	2008		2007			2008		2007	
ASSETS	Amount	%	Amount	%	LIABILITIES AND STOCKHOLDERS' EQUITY	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	10	Trade notes and accounts payable	9,349,489	2	9,879,234	2
				4			1		1
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					Accrued expenses (Note 16)	15,680,602	4	14,957,081	3
of \$2,992,143 thousand in 2008 and \$3,290,123 thousand in 2007 (Notes 2					Due to stockholders for capital reduction (Note 18)	19,115,554	4	9,557,777	2
and 8)	10,190,150	2	10,470,802	2	Other current liabilities (Notes 2, 17 and 26)	15,446,581	3	13,882,987	3
Receivables from related parties (Note 24)	343,016	_	211,626	_					
Other current monetary assets (Notes 2, 9 and 26)	2,187,324	1	7,089,871	2	Total current liabilities	67,369,671	15	57,596,886	13
Inventories, net (Notes 2 and 10)	3,503,762	1	2,794,131	1	Total Carron Monage	07,505,071		27,270,000	
Deferred income tax assets (Notes 2 and 21)	64,211	-	186,730	1	DEFERRED INCOME	2,072,297	_	1,505,150	_
				-	DEFERRED INCOME	2,072,297	-	1,303,130	-
Other current assets (Note 11)	1,671,505	-	1,215,116	-		0.4.00.5		0.4.00.5	
					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	
		1		-	Oulers	420,367	-	732,711	-
Other monetary assets (Notes 14 and 25)	1,000,000	-	1,000,000	-	The first that the fi	12 175 206	2	10.000.207	2
					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)									
Cost					STOCKHOLDERS' EQUITY (Notes 2, 15, 18 and 19)				
Land	101,259,221	22	101,340,085	22	Common stock - \$10 par value;				
Land improvements	1,494,398		1,475,371		Authorized: 12.000,000 thousand shares				
Buildings	62,612,157	14	62,140,290	13	Issued: 9,696,808 thousand shares in 2008 and 9,667,845 thousand shares				
•			, ,		in 2007	06.069.092	21	06 679 451	21
Computer equipment	15,751,162	3	15,365,975	3		96,968,082	21	96,678,451	21
Telecommunications equipment	648,805,525	141	638,467,018	137	Preferred stock - \$10 par value	-	-	-	-
Transportation equipment	2,404,125	1	2,854,880	1	Additional paid-in capital:				
Miscellaneous equipment	7,247,977	2	7,639,500	2	Capital surplus	179,193,097	39	200,592,390	43
Total cost	839,574,565	183	829,283,119	178	Donated capital	13,170	_	13,170	-
Revaluation increment on land	5,810,650	1	5,822,981	1	Equity in additional paid-in capital reported by equity-method investees	3	_	3	_
	845,385,215	184	835,106,100	179	Total additional paid-in capital	179,206,270	39	200,605,563	43
Less: Accumulated depreciation	540,010,369	117	522,054,190	112	Retained earnings:	177,200,270	37	200,003,303	73
Less. Accumulated depreciation	, , , , , , , , , , , , , , , , , , ,		, ,		e e e e e e e e e e e e e e e e e e e	52 959 566	1.1	49.026.210	10
	305,374,846	67	313,051,910	67	Legal reserve	52,859,566	11	48,036,210	10
Construction in progress and advance payments	15,989,495	3	16,450,761	4	Special reserve	2,675,894	1	2,678,723	1
					Unappropriated earnings	41,276,274	9	48,317,617	10
Property, plant and equipment, net	321,364,341	70	329,502,671	71	Total retained earnings	96,811,734	21	99,032,550	21
					Other adjustments				
INTANGIBLE ASSETS (Note 2)					Cumulative translation adjustments	29,474	_	(1,980)	-
3G concession	7,486,088	2	8,234,697	2	Unrecognized net loss of pension	(84)	_	(90)	_
Others	407,028	_	337,214	_	Unrealized gain (loss) on financial instruments	(2,272,242)	_	37,508	_
Oulers	407,028	-	337,214	-	Unrealized revaluation increment		1		1
T . 1' . '11	7 992 116	2	0.571.011	2		5,813,187	1	5,823,200	1
Total intangible assets	7,893,116	2	8,571,911	2	Treasury stocks - 110,068 thousand shares		-	(7,107,494)	(1)
					Total other adjustments	3,570,335	1	(1,248,856)	-
OTHER ASSETS									
Idle assets (Note 2)	927,076	-	927,949	-	Total stockholders' equity	376,556,421	82	395,067,708	85
Refundable deposits	1,282,539	-	1,306,847	1					
Deferred income tax assets (Notes 2 and 21)	1,487,685	1	1,186,195	_					
Others (Note 24)	769,978	-	427,846	_					
Outers (110to 27)	107,710	_	727,070						
Total other assets	4,467,278	1	3,848,837	1					
total utilet assets	4,407,270	1	3,040,031	1					
TOTAL	\$459,268,671	100	\$ 465,234,117	100	TOTAL	\$459,268,671	100	\$ 465,234,117	100
IVIAL	φ +37,400,071	100	φ 405,434,117	100	IOIAL	φ +32,200,071	100	φ +05,234,117	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)

	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,	276710		04.206	
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 58,011	-
Foreign exchange loss, net 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 (Cor	26 ntinued)

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)

	200	08	20	07	
	Income Before Income Tax	Net Income	Income Before Income Tax	Net Income	
EARNINGS PER SHARE (Notes 2 and 22) Basic earnings per share Diluted earnings per share	\$ 6.03 \$ 6.02	\$ 4.64 \$ 4.63	\$ 6.25 \$ 6.25	\$ 4.94 \$ 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)

											Other Adjustments			
	Comm	on Stock	Preferr	ed Stock			Retained Earnings		Cumulative	Unrecognized	Unrealized Gain (Loss) on	Unrealized		Total
	Shares (Thousands)	Amount	Shares (Thousands)	Amount	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Translation Adjustments	Net Loss of Pension	Financial Instruments	Revaluation Increment	Treasury Stock	Stockholders' Equity
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						2 000 445		(2,009,445)						
Legal reserve Reversal of special reserve	-	- -	- -	-	- -	3,998,445	(1,461)	(3,998,445) 1,461	-	-	=	- -	=	-
Cash dividend - NT\$3.58 per share	-	-	-	-	-	-	-	(34,610,885)	-	-	-	-	-	(34,610,885)
Employees' bonus - cash Remuneration to board of directors and supervisors	-	- -	- -	-	-	-	-	(1,256,619) (35,904)	- -	-	-	-	-	(1,256,619) (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 Reversal of special reserve	-	=	= -	-	-	4,823,356	(3,304)	(4,823,356) 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)	-	-	-	-	-	(1,303,605)
Employees' bonus - cash Employees' bonus - dividends	43,453	434,535	-	-	-	-	-	(1,303,605) (434,535)	-	-	-	-	-	(1,303,003)
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)

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

9,696,808

\$96,968,082

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

BALANCE, DECEMBER 31, 2008

\$52,859,566

\$2,675,894

\$41,276,274

\$29,474

\$(84)

\$ (2,272,242)

\$5,813,187

\$376,556,421

\$179,206,270

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)

Net income			2008		2007
Net income \$ 45,010,342 \$ 48,249,319 Adjustments to reconcile net income to net cash provided by operating activities: \$ 22,000 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 (agin) on disposal of financial instruments, net (550,649) 584,851 Valuation loss (gain) on fipoperty, 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 (27,463) (2,410) Changes in operating assets and liabilities: (218,461) 1,476,200 Decrease (increase) in: (218,461) 1,476,200 Receivables from related parties (131,390) (163,858) Other current monetary assets (480,343) (122,731) Increase (decrease) in:	CASH FLOWS FROM OPERATING ACTIVITIES				
Adjustments to reconcile net income to net cash provided by operating activities: Impairment loss on assets		\$	45,010,342	\$	48,249,319
Impairment loss on assets	Adjustments to reconcile net income to net cash provided by operating		, ,	·	, ,
Provision for doubtful accounts 503.753 395,563 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 (178,971) (802,342) Other - (2,410) Changes in operating assets and liabilities: Tennacial assets held for trading (207,463) (308,132) Trade notes and accounts receivable (218,461) 1,476,200 Receivables from related parties (131,390) (163,888) Other current monetary assets (807,397) (303,017) Other current assets (456,389) (199,936) Increase (decrease) in: Trade notes and accounts payable (454,187)<					
Depreciation and amortization 37,968,938 39,657,560 Amortization of premium (discount) of financial assetts 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: - (2,140) Decrease (increase) in: - (207,463) (308,132) Financial assets held for trading (207,463) (308,132) Trade notes and accounts receivable (218,461) 1,476,200 Receivables from related parties (807,397) (303,017) Other current monetary assets (480,343) (122,731) Increase (decrease) in: <td>Impairment loss on assets</td> <td></td> <td>1,164,105</td> <td></td> <td>22,000</td>	Impairment loss on assets		1,164,105		22,000
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: - (2,410) Decrease (increase) in: - (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 (486,389) (199,936) Increase (decrease) in: - - Trade notes and accounts payable (454,187) 460,501 Payables to related parties 53,070 </td <td>Provision for doubtful accounts</td> <td></td> <td>503,753</td> <td></td> <td>595,563</td>	Provision for doubtful accounts		503,753		595,563
Loss (gain) on disposal of financial instruments, net	Depreciation and amortization		37,968,938		39,657,560
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: - (2,410) Decrease (increase) in: - (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 Accrued expenses 723,521 (3,839,740) Other curre	Amortization of premium (discount) of financial assets		3,258		
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 Increase (decrease) in:			·		
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)					·
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: - (2,410) Decrease (increase) in: - (207,463) (308,132) 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: - (456,389) (199,936) Increase (decrease) in: - (456,389) (199,936) Payables to related parties 553,070 631,713 Income tax payable (454,187) 460,501 Accrude expenses 723,521 (3,839,740) Other current liabilities 650,762 (205,140)					•
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: (2,410) 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: ************************************			•		•
Deferred income taxes					
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 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 availabl	* *		,		
Changes in operating assets and liabilities: Decrease (increase) in: (207,463) (308,132) Financial assets held for trading (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 (7,271,995) (22,694,362) Proceeds from disposal of available-for-sale financial assets (7,271,995) (22,694,362) Proceeds from disposal of held-to-maturi			(178,971)		
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 560,762 (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 (3,326,951) (1,198,301) Proceeds from disposal of held-to-maturity financial assets (3326,951) (1,198,301) Proceeds from disposal of held-to-maturity financial assets (485,859) (188,038) Proceeds from disposal of financial assets carried at cost (485,859) (188,038) Proceeds from disposal of financial assets carried at cost (485,859) (188,038) Proceeds from disposal of financial assets carried at cost (485,859) (188,038) Proceeds from disposal of financial assets carried at cost (485,859) (22,68,939) Proceeds from disposal of financial assets carried at cost (485,859) (22,68,939) Proceeds from disposal of financial assets carried at cost (485,859) (22,68,939) Proceeds from disposal of financial assets carried at cost (485,859) (480,850) Proceeds from disposal of financial assets carried at cost (485,859) (480,850) Proceeds from disposal of financial assets carried at cost (485,859) (480,850) Proceeds from disposal of financial assets c			-		(2,410)
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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 6,639,849 11,735,207 Acquisition of financial assets carried at cost (485,859) (1,88,038)	· · · · · · · · · · · · · · · · · · ·				
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 46,239,449 11,735,207 Acquisition of available-for-sale financial assets (7,271,995) (22,694,362) Proceeds from disposal of available-for-sale financial assets (3,326,951) (1,198,301) Proceeds from disposal of held-to-maturity financial assets (3,326,951) (1,198,301) Proceeds from disposal of financial assets carried at cost (485,859) (188,038)					
Inventories					
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Accrued expenses Other current liabilities Other current liabilities Office comme Deferred income Sof7,147 Accrued pension liabilities Net cash provided by operating activities Sof7,147 Accrued pension liabilities Net cash provided by operating activities Requisition of available-for-sale financial assets Acquisition of available-for-sale financial assets Acquisition of held-to-maturity financial assets Acquisition of held-to-maturity financial assets Acquisition of financial assets carried at cost Acquisition of financial assets carried at cost Acquisition of investment accounted for using equity method Proceeds from disposal of long-term investment Acquisition of property, plant and equipment (29,660,351) (20,5140) (205,140) (205,140) (205,140) (205,140) (22,683,263) (22,683,263) (22,683,263)	· · · · · · · · · · · · · · · · · · ·		•		
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Deferred income 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) 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) Proceeds from disposal of held-to-maturity financial assets (485,859) Proceeds from disposal of financial assets carried at cost Acquisition of financial assets carried at cost Acquisition of investment accounted for using equity method Proceeds from disposal of long-term investment Acquisition of property, plant and equipment (29,660,351) (24,909,861)	*		*		
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Acquisition of available-for-sale financial assets Proceeds from disposal of available-for-sale financial assets Acquisition of held-to-maturity financial assets Acquisition of held-to-maturity financial assets (3,326,951) Proceeds from disposal of held-to-maturity financial assets Acquisition of financial assets carried at cost Acquisition of financial assets carried at cost Acquisition of investment accounted for using equity method Proceeds from disposal of long-term investment Acquisition of property, plant and equipment (29,660,351) (22,694,362) (1,198,301) (CASH FLOWS FROM INVESTING ACTIVITIES				
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Acquisition of held-to-maturity financial assets Proceeds from disposal of held-to-maturity financial assets Acquisition of financial assets carried at cost Proceeds from disposal of financial assets carried at cost Acquisition of investment accounted for using equity method Proceeds from disposal of long-term investment Acquisition of property, plant and equipment (3,326,951) (1,198,301) (485,859) (188,038) (188,038) (4,461,562) (2,268,939) (2,268,939) (24,909,861)	•				
Proceeds from disposal of held-to-maturity financial assets Acquisition of financial assets carried at cost Proceeds from disposal of financial assets carried at cost Acquisition of investment accounted for using equity method Proceeds from disposal of long-term investment Acquisition of property, plant and equipment (29,660,351) 49,035 (485,859) (188,038) (4,461,562) (2,268,939) (24,909,861)	-				
Acquisition of financial assets carried at cost Proceeds from disposal of financial assets carried at cost Acquisition of investment accounted for using equity method Proceeds from disposal of long-term investment Acquisition of property, plant and equipment (29,660,351) (188,038) (485,859) (188,038) (4,461,562) (2,268,939) (24,909,861)					
Proceeds from disposal of financial assets carried at cost Acquisition of investment accounted for using equity method Proceeds from disposal of long-term investment Acquisition of property, plant and equipment 354,933 (2,268,939) 44,047 - (29,660,351) (24,909,861)			•		•
Acquisition of investment accounted for using equity method Proceeds from disposal of long-term investment Acquisition of property, plant and equipment (4,461,562) (2,268,939) (24,909,861)	-				-
Proceeds from disposal of long-term investment 44,047 - Acquisition of property, plant and equipment (29,660,351) (24,909,861)			·		(2,268,939)
Acquisition of property, plant and equipment (29,660,351) (24,909,861)					-
		(·	(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 Increase in intangible assets Decrease (increase) in other assets	\$ 2,642,439 (258,290) (331,620)	\$ 106,195 (272,784) 39,447
Net cash used in investing activities	(35,455,755)	(39,602,401)
CASH FLOWS FROM FINANCING ACTIVITIES Repayment of long-term loans Decrease in customers' deposits Increase (decrease) in other liabilities Cash dividends paid Remuneration to board of directors and supervisors and bonus to employees Purchase of treasury stock Capital reduction	(160,733) (135,309) (40,716,130) (1,347,059) - (9,557,777)	(300,000) (306,819) 172,392 (34,610,885) (1,292,523) (7,217,562)
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 Income tax paid NON-CASH FINANCING ACTIVITIES	\$ 404 \$ 15,168,368	\$ 846 \$ 15,216,529
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 Payables to suppliers	\$ 30,493,115 (832,764)	\$ 25,302,075 (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.	Donghwa 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)

CHESPY ASSESSMENT		2008		2007			2008		2007	
Section from from 1998 199	ASSETS	Amount	%	Amount	%	LIABILITIES AND STOCKHOLDERS' EQUITY	Amount	%	Amount	%
Section from from 1998 199	CURRENT ASSETS					CURRENT LIARILITIES				
Proposed passion for white Proposed profess from Note Proposed profess from Note Proposed profess from Note Proposed profess from Note Proposed proposed profess from Note Proposed P		\$ 81.288.165	18	\$ 76.233.001	16		\$ 258,000	_	\$ 36,000	_
Marche for the function cores of and the function control core in the function core i	Financial assets at fair value through profit or loss (Notes 2 and 5)					· /		_		_
Process proc			3	,	4			2.		
Manuscande conserve control prise of an eleganism control prise					-			-		
Section 1985		705,135		031,172		Income tax payable (Notes 2 and 25)		1		
Control Cont		10 844 712	2	11 450 865	3			4		
Discriming soles (Nova 2 food 1) 1915			_		8			-		
Process Proc			1	,				1	,	
Professional seasons was now from a and 20 18.505 1			1	, , , , , , , , , , , , , , , , , , ,	1			•	, ,	
Professionary Springer 2004 2019 1940			1	, , , , , , , , , , , , , , , , , , ,	1	Other current haddities (Notes 2, 16, 20, 28 and 31)	10,329,611	4	14,439,030	3
Property			-		-	Total augrent liabilities	60 025 000	15	50 142 509	12
Process Proc			-		-	Total current natinities	09,933,009	13	39,142,308	15
This current avects 18.50 7.50 18.50	Other current assets (Notes 11 and 20)	2,040,061	-	1,301,380	-	MONOURDENELLA DILUTA				
Description (Processes of Part of Man Processes of Part of Man Processes of Part of	T - 1	110 207 570	25	110 777 540	26		20, 400			
Procession state of the processing of the proc	Total current assets	118,207,570	25	119,777,542	26	· · · · · · · · · · · · · · · · · · ·		-	1 505 150	-
Productions accounted from inquiry method (vince 2, 12 and 23)	LONG TEDM INVESTMENTS					Deferred income	2,072,297	-	1,505,150	-
Part		2 225 400		2010210		T . 1	2.101.50		4 505 450	
Product Prod			-		-	Total noncurrent liability	2,101,697	-	1,505,150	-
Commercia passes Novel Land 30 1,000,00 1,000,00 2,000,000 3,000,000			•		1					
Total long term tine-stamen			1		-	RESERVE FOR LAND VALUE INCREMENTAL TAX (Note 15)	94,986	-	94,986	-
The linguigerin investiment	Other monetary assets (Notes 14 and 30)	1,000,000	-	1,000,000	-					
PROPERTY PLANT AND PQUIPMINT (Notes 2, 15, 28 and 29)						OTHER LIABILITIES				
Property	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
Construction in progress and advances: related to acquisitions of equipment 1,764,726						Customers' deposits	6,159,722	2	6,386,169	1
Land 1014,001 2	PROPERTY, PLANT AND EQUIPMENT (Notes 2, 15, 28 and 29)					Other	431,515	-	732,711	-
Part	Cost									
Part	Land	101,460,017	22	101,533,590	22	Total other liabilities	11,764,726	3	11,041,204	2
Paidings	Land improvements	1,494,398		1,475,371						
Computer quipment 65,014,026 141 689,098 136 689,299,098 136 690,299,098 136 689,299,098 136 689,299,098 136 689,299,098 136 689,299,098 136 689,299,098 136 689,299,098 136 689,299,098 136 689,299,098 136 689,299,098 136 689,299,098 136 689,299,098 136 689,299,098 136 689,299,098 136 689,299 1	1	63.029.159	14	62.671.185	13	Total liabilities	83.896.418	18	71.783.848	15
Post-communications equipment	ě			, , , , , , , , , , , , , , , , , , ,			,,		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
Transportation equipment 2,406,111 1 2,856,103 1	1 11	, ,				FOLUTY ATTRIBUTABLE TO STOCKHOLDERS OF THE PARENT				
Miscellaneous equipment 7,331,543 2 7,15,229 2 Common stock - \$10 par value; Authorized: 12,000,000 bousand shares 12,000,000 bous 12,000,				* * * * * * * * * * * * * * * * * * *	1					
Total cost					2					
Revaluation increase not nation S.810,69 1 S.822,981 1 S.822,978 17 S.822,9		, ,								
Less: Accumulated depreciation					1//					
Page	Revaluation increment on land				170		06.069.093	21	06 679 451	20
Construction in progress and advances related to acquisitions of equipment 16,005,00	T A1-4- 1 11-41						90,908,082		90,078,451	
Construction in progress and advances related to acquisitions of equipment 16,005,390 4 16,066,398 3 Copital surplus 191,190 18 200,052,390 43 191,190 1	Less: Accumulated depreciation						-	-	-	-
Property, plant and equipment, net 32,049,498 70 330,797,16 70 330,797,16 70 20,007,16 70 20,007,16 70 20,007,16 70 70 20,007,16 70 70 20,007,16 70 70 70 70 70 70 70 7				, , , , , , , , , , , , , , , , , , ,			170 102 007	20	200 502 200	42
Property, plant and equipment, net 323,049,488 70 330,797,146 70 Equity in additional paid-in capital perported by equity-method investees 3 5 3 5 300,605,563 43 18 18 18 18 18 18 18 1	Construction in progress and advances related to acquisitions of equipment	16,005,390	4	16,466,398	3	1 1	, ,		* * *	43
NTANGIBLE ASSETS (Note 2)		222 0 40 400	=0	220 707 115	=0					-
Retained earnings: Retaine	Property, plant and equipment, net	323,049,498	70	330,797,146	7/0					
3G concession 7,486,088 2 8,234,697 2 Legal reserve 52,895,566 11 48,036,210 10 Goodwill 226,257 - 210,523 - Special reserve 2,675,894 1 2,678,723 1 Others 558,435 - 499,053 - Unappropriated earnings 41,276,274 9 48,317,617 10 Total intangible assets 8,270,780 2 8,944,273 2 Other adjustments 96,811,734 21 99,032,550 21 Total retained earnings 96,811,734 21 99,032,550 21 Other adjustments 96,811,734 21 99,032,550 21 Other adjustments 96,811,734 21 99,032,550 21 Other adjustments 97,075 2 0 Other adjustmen							179,206,270	38	200,605,563	43
Goodwill 226,257 210,523 5 Special reserve 2,675,894 1 2,678,223 1 1 1 1 1 1 1 1 1	, ,					e e e e e e e e e e e e e e e e e e e				
Others 558,435 - 499,053 - Unappropriated earnings 41,276,274 9 48,317,617 10 Total intangible assets 8,270,780 2 8,944,273 2 Other adjustments 96,811,734 2 99,032,550 21 OTHER ASSETS Cumulative translation adjustments 29,474 - (1,980) - Leased assets (Note 29) 516,637 - 348,804 - Unrealized pension (84) - (90) - I dle assets (Note 29) 516,637 - 348,804 - Unrealized gain (loss) on financial instruments (2,272,242) - 37,508 - I dle assets (Note 29) 516,537 - 964,869 - Unrealized revaluation increment 5,813,187 1 5,823,200 1 Refundable deposits 1,373,644 - 1,409,785 1 Total other adjustments 3,70,335 1 5,823,200 1 Peterred income taxes assets (Note 2) 8,536 - - - -			2		2		, , ,		, , ,	
Total intangible assets Note 1			-		-	•	, , ,		* * * * * * * * * * * * * * * * * * *	1
Total intangible assets	Others	558,435	-	499,053	-			-		
Cumulative translation adjustments OTHER ASSETS Leased assets (Note 29) Leased assets (Note 29) September 1, 375,68 - 1, 348,804 - 1,							96,811,734	21	99,032,550	21
OTHER ASSETS Leased assets (Note 29) Leased assets (Note 29) Idle assets (Note 2 and 25) Idle assets	Total intangible assets	8,270,780	2	8,944,273	2					
Leased assets (Note 29) 516,637 - 348,804 - Unrealized gain (loss) on financial instruments (2,272,242) - 37,508 - Idle assets (Note 2) 597,757 - 964,869 - Unrealized revaluation increment 5,813,187 1 5,823,200 1 Refundable deposits 1,373,644 - 1,409,785 1 Total other adjustments 5,813,187 1 5,823,200 1 S,836,388 1 Deferred income taxes assets (Note 2 and 25) 1,543,315 1 1,229,812 - Treasury stocks - 110,068 thousand shares (7,107,494) (1) Restricted assets (Note 29) 8,536 Others (Note 27) 743,903 - 514,513 - Total equity attributable to stockholders of the parent 376,556,421 81 395,067,708 84 Total other assets 5,143,792 1 4,467,783 1 MINORITY INTEREST IN SUBSIDIARIES 3,137,450 1 2,774,561 1 Total stockholders' equity 379,693,871 82 397,842,269 85								-	(1,980)	-
Idle assets (Note 2) 957,757 - 964,869 - Unrealized revaluation increment 5,813,187 1 5,823,200 1 Refundable deposits 1,373,644 - 1,409,785 1 Total other adjustments 3,570,335 1 5,858,638 1 Deferred income taxes assets (Notes 2 and 25) 1,543,315 1 1,229,812 - Treasury stocks - 110,068 thousand shares - - - (7,107,494) (1) Restricted assets (Note 29) 8,536 - - - - - - - (7,107,494) (1) Others (Note 27) 743,903 - 514,513 - Total equity attributable to stockholders of the parent 376,556,421 81 395,067,708 84 Total other assets 5,143,792 1 4,467,783 1 MINORITY INTEREST IN SUBSIDIARIES 3,137,450 1 2,774,561 1 Total other assets 1 4,467,783 1 MINORITY INTEREST IN SUBSIDIARIES 379,693,871 82 397,842,269 8	OTHER ASSETS					Unrecognized net loss of pension	(84)	-	(90)	-
Refundable deposits 1,373,644 - 1,409,785 1 Total other adjustments 3,570,335 1 5,858,638 1 Deferred income taxes assets (Notes 2 and 25) 1,543,315 1 1,229,812 - Treasury stocks - 110,068 thousand shares - - (7,107,494) (1) Restricted assets (Note 29) 8,536 - <td>Leased assets (Note 29)</td> <td>516,637</td> <td>-</td> <td>348,804</td> <td>-</td> <td>Unrealized gain (loss) on financial instruments</td> <td>(2,272,242)</td> <td>-</td> <td>37,508</td> <td>-</td>	Leased assets (Note 29)	516,637	-	348,804	-	Unrealized gain (loss) on financial instruments	(2,272,242)	-	37,508	-
Deferred income taxes assets (Notes 2 and 25) 1,543,315 1 1,229,812 - Treasury stocks - 110,068 thousand shares - - (7,107,494) (1)	Idle assets (Note 2)	957,757	-	964,869	-	Unrealized revaluation increment	5,813,187	1	5,823,200	1
Deferred income taxes assets (Notes 2 and 25) 1,543,315 1 1,229,812 - Treasury stocks - 110,068 thousand shares - - (7,107,494) (1)	Refundable deposits	1,373,644	_	1,409,785	1	Total other adjustments	3,570,335	1	5,858,638	1
Restricted assets (Note 29) 8,536 - <t< td=""><td>Deferred income taxes assets (Notes 2 and 25)</td><td></td><td>1</td><td></td><td>-</td><td></td><td>· /</td><td>_</td><td></td><td>(1)</td></t<>	Deferred income taxes assets (Notes 2 and 25)		1		-		· /	_		(1)
Others (Note 27) 743,903 - 514,513 - Total equity attributable to stockholders of the parent 376,556,421 81 395,067,708 84 Total other assets 5,143,792 1 4,467,783 1 MINORITY INTEREST IN SUBSIDIARIES 3,137,450 1 2,774,561 1 Total stockholders' equity 379,693,871 82 397,842,269 85			-	, ,	-				., ,-,	` /
Total other assets 5,143,792 1 4,467,783 1 MINORITY INTEREST IN SUBSIDIARIES 3,137,450 1 2,774,561 1 Total stockholders' equity 379,693,871 82 397,842,269 85			_	514.513	_	Total equity attributable to stockholders of the parent	376,556,421	81	395,067.708	84
Total stockholders' equity 379,693,871 82 397,842,269 85				,						٠.
	Total other assets	5,143,792	1	4,467,783	1	MINORITY INTEREST IN SUBSIDIARIES	3,137,450	1	2,774,561	1
TOTAL \$463,590,289 100 \$469,626,117 100 TOTAL \$463,590,289 100 \$469,626,117 100						Total stockholders' equity	379,693,871	82	397,842,269	85
	TOTAL	\$463,590,289	100	\$ 469,626,117	100	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)

VIIII. 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	07	
	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 (Cor	25 ntinued)	

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)

	20	008		20	007
	Amoun	t	%	Amoun	nt %
ATTRIBUTED TO					
Stockholders of the parent	\$ 45,010,3	3/12	22	\$ 48,249,	319 25
<u> •</u>					
Minority interest	781,2	270	1	493,	020 -
	\$ 45,791,6	512	23	\$ 48,742,	339 25
	20	008		20	007
	Income			Income	
	Before			Before	
	Income]	Net	Income	Net
	Tax	In	come	Tax	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)

											Other Adjustments		<u>_</u>		
	Comm	non Stock	Preferre	ed Stock			Retained Earnings		Cumulative	Unrecognized	Unrealized Gain (Loss) on	Unrealized		Minority	Total
	Shares (Thousands)	Amount	Shares (Thousands)	Amount	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Translation Adjustments	Net Loss of Pension	Financial Instruments	Revaluation Increment	Treasury Stock	Interests in Subsidiaries	Stockholders' Equity
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 Reversal of special reserve	-	-	-	-	-	3,998,445	(1,461)	(3,998,445) 1,461	-	-	-	-	-	-	-
Cash dividend - NT\$3.58 per share	-	-	-	-	-	-	(1,401)	(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						4 922 256		(4.922.256)							
Legal reserve Reversal of special reserve	-	-	-	-	-	4,823,356	(3,304)	(4,823,356) 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)	-	-	-	-	-	-	(1.202.605.)
Employees' bonus - cash Employees' bonus - dividends	43,453	434,535	-	-	-	-	-	(1,303,605) (434,535)	-	-	-	-	-	-	(1,303,605)
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:	/= 0= -= ·	/= \
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:	100 222	240.200
Trade notes and accounts payable	190,333 656,488	340,299 683,744
Payables to related parties 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
recrued pension numines	1,277,323	2,037,000
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)

Proceeds from disposal of long-term investment \$44,256 \$6,9475 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 intargible assets (208,323) (273,335) Increase in other assets (3,065) - 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 (decrease) in short-term loans 222,000 (90,000) Increase (decrease) in other liabilities (37,280) (910,473) Decrease in oustomers' deposits (126,699) (325,122) Increase (decrease) in other liabilities (293,747) (17,002,422) 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<		2008	2007
Acquisition of property, plant and equipment 14,077 108,055 Increase in intangible assets (208,323) (273,335) Increase in restricted assets (3,065) (273,335) Increase in restricted assets (30,65) (4,532) (38,641,245)	Proceeds from disposal of long-term investment	\$ 44.256	\$ 69 475
Proceeds from disposal of property, plant and equipment 14,077 108,055 Increase in intangible assets (208,323) (207,335) Increase in restricted assets (30,065) - 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 - - (7,217,562) Poet cash used in financing activities (52,326,321) </td <td></td> <td></td> <td></td>			
Increase in intangible assets (208,323 (273,335) Increase in restricted assets (3,065) (4,532)			
Increase in restricted assets		•	•
Increase in other assets			-
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 (29,3747) 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, END OF YEAR 81,288,1	Increase in other assets		(4,532)
Increase (decrease) in short-term loans	Net cash used in investing activities	(34,530,022)	(38,641,245)
Increase in long-term loans	CASH FLOWS FROM FINANCING ACTIVITIES		
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 81,288,165 \$76,233,001 SUPPLEMENTAL INFORMATION 1nterest paid \$4,095 \$16,760 Income tax paid \$15,620,016 \$15,268,249	Increase (decrease) in short-term loans	222,000	(90,000)
Decrease in customers' deposits	Increase in long-term loans	-	21,944
Increase (decrease) in other liabilities	Repayment of long-term loans	(37,280)	(910,473)
Cash dividends paid Remuneration to board of directors and supervisors and bonus to employees Purchase of treasury stock Proceeds from exercise of employee stock option Cash proceeds from subsidiary's stock issuance Capital reduction Net cash used in financing activities EFFECT OF EXCHANGE RATE CHANGES EFFECT OF CHANGE ON CONSOLIDATED SUBSIDIARIES NET INCREASE IN CASH AND CASH EQUIVALENTS CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR CASH AND CASH EQUIVALENTS, END OF YEAR S1,288,165 S76,233,001 SUPPLEMENTAL INFORMATION Interest paid Income tax paid NON-CASH FINANCING ACTIVITIES Current portion of long-term loans Reclassified from common capital stock to due to stockholders for			
Remuneration to board of directors and supervisors and bonus to employees Purchase of treasury stock Proceeds from exercise of employee stock option Cash proceeds from subsidiary's stock issuance Capital reduction Net cash used in financing activities EFFECT OF EXCHANGE RATE CHANGES EFFECT OF CHANGE ON CONSOLIDATED SUBSIDIARIES NET INCREASE IN CASH AND CASH EQUIVALENTS CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR CASH AND CASH EQUIVALENTS, END OF YEAR S1,288,165 S76,233,001 SUPPLEMENTAL INFORMATION Interest paid Income tax paid NON-CASH FINANCING ACTIVITIES Current portion of long-term loans Reclassified from common capital stock to due to stockholders for			·
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 \$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 \$20,000	•	(41,202,177)	(34,750,742)
Purchase of treasury stock Proceeds from exercise of employee stock option Cash proceeds from subsidiary's stock issuance Capital reduction Net cash used in financing activities (52,326,321) (44,293,576) EFFECT OF EXCHANGE RATE CHANGES EFFECT OF CHANGE ON CONSOLIDATED SUBSIDIARIES (52,326,321) (44,293,576) 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 Income tax paid \$4,095 Income tax paid \$15,620,016 \$15,268,249 NON-CASH FINANCING ACTIVITIES Current portion of long-term loans Reclassified from common capital stock to due to stockholders for	•		
Proceeds from exercise of employee stock option Cash proceeds from subsidiary's stock issuance Capital reduction Net cash used in financing activities (52,326,321) (44,293,576) EFFECT OF EXCHANGE RATE CHANGES EFFECT OF CHANGE ON CONSOLIDATED SUBSIDIARIES NET INCREASE IN CASH AND CASH EQUIVALENTS (52,326,321) (44,293,576) 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 Income tax paid \$4,095 Income tax paid \$15,620,016 \$15,268,249 NON-CASH FINANCING ACTIVITIES Current portion of long-term loans Reclassified from common capital stock to due to stockholders for		(1,394,077)	
Cash proceeds from subsidiary's stock issuance Capital reduction 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 NET INCREASE IN CASH AND CASH EQUIVALENTS CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR CASH AND CASH EQUIVALENTS, END OF YEAR S1,288,165 76,233,001 SUPPLEMENTAL INFORMATION Interest paid Income tax paid NON-CASH FINANCING ACTIVITIES Current portion of long-term loans Reclassified from common capital stock to due to stockholders for		-	
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 Reclassified from common capital stock to due to stockholders for		63,436	•
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 Reclassified from common capital stock to due to stockholders for	•	-	78,487
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 \$4,095 \$15,268,249 NON-CASH FINANCING ACTIVITIES Current portion of long-term loans Reclassified from common capital stock to due to stockholders for	Capital reduction	(9,557,777)	-
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 Reclassified from common capital stock to due to stockholders for	Net cash used in financing activities	(52,326,321)	(44,293,576)
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 Income tax paid \$4,095 \$16,760 \$15,268,249 NON-CASH FINANCING ACTIVITIES Current portion of long-term loans Reclassified from common capital stock to due to stockholders for	EFFECT OF EXCHANGE RATE CHANGES	30,795	(1,126)
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 Income tax paid \$4,095 \$16,760 \$15,268,249 NON-CASH FINANCING ACTIVITIES Current portion of long-term loans Reclassified from common capital stock to due to stockholders for	EFFECT OF CHANGE ON CONSOLIDATED SUBSIDIARIES	13,192	(466,073)
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	NET INCREASE IN CASH AND CASH EQUIVALENTS	5,055,164	5,560,027
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	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	76,233,001	70,672,974
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	CASH AND CASH EQUIVALENTS, END OF YEAR	\$81,288,165	\$76,233,001
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	SUPPLEMENTAL INFORMATION		
NON-CASH FINANCING ACTIVITIES Current portion of long-term loans \$ 8,440 \$ 20,000 Reclassified from common capital stock to due to stockholders for	Interest paid	\$ 4,095	\$ 16,760
Current portion of long-term loans \$8,440 \$20,000 Reclassified from common capital stock to due to stockholders for		\$15,620,016	\$15,268,249
Current portion of long-term loans \$8,440 \$20,000 Reclassified from common capital stock to due to stockholders for	NON-CASH FINANCING ACTIVITIES		
Reclassified from common capital stock to due to stockholders for		\$ 8.440	\$ 20,000
		ψ 0, 11 0	ψ 20,000
(Continued)	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.	Donghwa 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\$

ltem	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)
	41,276,749,212
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	37,148,598,961
Distribution items:	
Shareholders' cash dividends (total of 9,696,808,181 shares x NT\$3.83 per share)	(37,138,775,333)
Final current undistributed earnings	9,823,628
Notes:	<u> </u>
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
Article 2	Article 2	1. For meeting the
The scope of business of	The scope of business of	Company's business
the Company shall be as	the Company shall be as	development needs, the
follows:	follows:	Company adds the
1)Telecommunications	1)Telecommunications	business items of "Electric
Enterprise of Type 1	Enterprise of Type 1	Appliance Construction
(G901011);	(G901011);	Business", "Electric
2)Telecommunications	2)Telecommunications	Appliance Installation
Enterprise of Type 2	Enterprise of Type 2	Business" and
(G902011);	(G902011);	"Apparatus Installation
3)Installation of the	3)Installation of the	Construction Business".
Computer Equipment	Computer Equipment	2. For meeting Multimedia
Business (E605010);	Business (E605010);	On Demand (MOD)
4)Telecommunication	4)Telecommunication	business development
Equipment Wholesale	Equipment Wholesale	needs, the Company
Business (F113070);	Business (F113070);	adds the business items
5)Telecommunication	5)Telecommunication	of "Television Program
Equipment Retail Business	Equipment Retail Business	Production Business",
(F213060);	(F213060);	"Broadcasting and
6)Telecommunications	6)Telecommunication	Television Program
Construction Business	Engineering Business	Distribution Business" and
(E701011);	(E701010);	"Broadcasting and
7)Installation of the	7)Installation of the	Television Commercial
Radio-Frequency	Radio-Frequency	Business" and "Video
Equipment whose	Equipment whose	Program Distribution
operation is controlled by	operation is controlled by	Business".
the Telecommunication	the Telecommunication	3. In accordance with
Business (E701030);	Business (E701030);	"Telecommunications

Amendment	Existing Articles	Explanatory Note
8)Information Software	8)Information Software	Construction Business
Service Business	Service Business	Rule", which was enacted
(1301010);	(1301010);	by National
9)Other Designer Businesses	9)Other Designer Businesses	Communications
the design of the	the design of the	Commission (NCC) on
computer information	computer information	December 31 and took
hardware】(I599990);	hardware] (1599990);	effect since April 1,
10)Rental Business	10)Rental Business	2009, the original
(JE01010);	(JE01010);	"Communication
11)Publishing Business	11)Publishing Business	Construction Business" is
(J304010);	(J304010);	replaced with
12)Other Wholesale	12)Other Wholesale	"Telecommunications
Businesses (telephone	Businesses (telephone	Construction Business".
card and IC card】	card and IC card	4. Ministry of Economic
(F199990);	(F199990);	Affairs announced the
13)Management and	13)Management and	code of the business item of "Except the permitted
Consulting Service	Consulting Service	business, the Company
Business (1103060);	Business (1103060);	may engage in other
14)Other Corporation	14)Other Corporation	businesses not prohibited
Service Businesses	Service Businesses	or restricted by laws and
telephone card, IC	【telephone card, IC	regulations" as
card, the research and	card, the research and	"ZZ99999"
development of the	development of the	
telecommunication	telecommunication	
facilities and devices,	facilities and devices,	
accepting payment on	accepting payment on	
behalf of businesses and	behalf of businesses and	
institutions,	institutions,	
telecommunication	telecommunication	
equipment inspection	equipment inspection	
services, and agency sale	services, and agency sale	
of entry tickets and travel	of entry tickets and travel	
fares (IZ99990);	fares (IZ99990);	
15)Other Retail Businesses	15)Other Retail Businesses	
telephone card and IC	telephone card and IC	
card (F299990);	card (F299990);	
16)Online Certification	16)Online Certification	
Service Businesses	Service Businesses	
(IZ13010);	(IZ13010);	
17)Supply of Electronic Information Service	17)Supply of Electronic Information Service	
Businesses (1301030);		
18)Information Process	Businesses (1301030); 18)Information Process	
Service Business	Service Business	
(1301020);	(1301020);	
19)Telecommunication	19)Telecommunication	
Account Application	Account Application	
Agency Businesses	Agency Businesses	
(IEO1010);	(IEO1010);	
20)Residential and	20)Residential and	

Amendment	Existing Articles	Explanatory Note
Commercial Building	Commercial Building	
Development, Rental and	Development, Rental and	
Sales Businesses	Sales Businesses	
(H701010);	(H701010);	
21)Development of Special	21)Development of Special	
District/Zone Businesses	District/Zone Businesses	
(H701040);	(H701040);	
22)Real Estate Sales	22)Real Estate Sales	
Businesses (H703090);	Businesses (H703090);	
23)Real Estate Rental	23)Real Estate Rental	
Businesses (H703100);	Businesses (H703100);	
24)Technique and	24)Technique and	
Performing Arts Training	Performing Arts Training	
(J201031)	(J201031)	
25)Waste Disposal	25)Waste Disposal	
Businesses (J101040);	Businesses (J101040);	
26)Community Common		
Cable Television	26)Community Common Cable Television	
Equipment Businesses	Equipment Businesses	
(J502020);	(J502020);	
27)Exhibition Service	27)Exhibition Service	
Businesses (JB01010);	Businesses (JB01010);	
28)General Advertising	28)General Advertising	
Service Businesses	Service Businesses	
(1401010);	(1401010);	
29)Department Store	29)Department Store	
Businesses (F301010); 30)Communication	Businesses (F301010); 30)Communication	
Newsletter Businesses	Newsletter Businesses	
(J302010);		
31)Industry and Commerce	(J302010); 31)Industry and Commerce	
Credit Investigation	Credit Investigation	
Service Businesses	Service Businesses	
(JD01010);	(JD01010);	
32)Public Notarization	32)Public Notarization	
Businesses (IZO7010);	Businesses (IZO7010);	
33)Parking Lot Operation	33)Parking Lot Operation	
Businesses (G202010);	Businesses (G202010);	
34)Environmental	34)Environmental	
Assessment Service	Assessment Service	
Businesses (J101050);	Businesses (J101050);	
35)Computer and	35)Computer and	
Accessories	Accessories	
Manufacturing Service	Manufacturing Service	
(CC01110);	(CC01110);	
36)Information Storage an	36)Information Storage an	
Process Equipment	Process Equipment	
Manufacturing Businesses	Manufacturing Businesses	
(CC01120);	(CC01120);	
37)Electronic Component	* **	
Manufacturing Businesses	37)Electronic Component Manufacturing Businesses	
_	_	
(CC01080);	(CC01080);	

Amendment	Existing Articles	Explanatory Note
38)Other Electrical and	38)Other Electrical and	
Electronic Machinery &	Electronic Machinery &	
Equipment Manufacturing	Equipment Manufacturing	
Businesses [IC or Optical	Businesses [IC or Optical	
Card Scanners]	Card Scanners 】	
(CC01990);	(CC01990);	
39)Radio-Frequency	39)Radio-Frequency	
Equipment Import Business	Equipment Import Business	
(F401021);	(F401021);	
40)General Hotel Business	40)General Hotel Business	
(J901020);	(J901020);	
41)Tourism Hotel Business	41)Tourism Hotel Business	
(J901011);	(J901011);	
42)Computer and	42)Computer and	
Administrative Device	Administrative Device	
Wholesale Businesses	Wholesale Businesses	
(F113050);	(F113050);	
43)Information Software	43)Information Software	
Wholesale Businesses	Wholesale Businesses	
(F118010);	(F118010);	
44)Computer and	44)Computer and	
Administrative Device	Administrative Device	
Retail Businesses	Retail Businesses	
(F213030);	(F213030);	
45)Information Software	45)Information Software	
Rental Businesses	Rental Businesses	
(F218010);	(F218010);	
46)Energy Service Business	46)Energy Service Business	
(IG03010);	(IG03010);	
47)Engineering Consulting	47)Engineering Consulting	
Business (1101061);	Business (1101061);	
48)Refrigeration and	48)Refrigeration and	
Air-Conditioning	Air-Conditioning	
Consulting Business	Consulting Business	
(E602011);	(E602011);	
49)Automatic Control	49)Automatic Control	
Equipment Engineering	Equipment Engineering	
Business (E603050);	Business (E603050);	
50)Lighting Equipment	50)Lighting Equipment	
Installation (E603090);	Installation (E603090);	
51)Non-store Retailer	51)Non-store Retailer	
Business (F399040);	Business (F399040);	
52) Electric Appliance	52)Except the permitted	
Construction Business	business, the Company	
(E601010);	may engage in other	
53) Electric Appliance	businesses not prohibited	
Installation Business	or restricted by laws and	
(E601020);	regulations.	
54) Apparatus Installation	The Company may	
Construction Business	handle endorsement and	
(EZO5010);	guaranty affairs in	

Amendment	Existing Articles	Explanatory Note
55) Television Program	accordance with the	-
Production Business	Operation Procedures for	
(J503021);	the Endorsement and	
56) Broadcasting and	Guaranty of the Company	
Television Program	if there is any business need.	
Distribution Business	,	
(J503031);		
57) Broadcasting and		
Television Commercial		
Business (J503041);		
58) Video Program		
Distribution Business		
(J503051);		
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.		
Article 6	Article 6	
The registered capital of	The registered capital of	The Company's preferred
the Company shall be One	the Company shall be One	stock was due on April 4,
Hundred Twenty Billion New	Hundred Twenty Billion and	2009, the relevant
Taiwan Dollars	Twenty New Taiwan Dollars	clauses shall be amended
(NT\$120,000,000,000),	(NT\$120,000,000,020),	accordingly.
divided into One Billion	divided into One Billion	
Twenty Million	Twenty Million	
(12,000,000,000) common	(12,000,000,000) common	
shares with a par value of	shares and Two (2)	
Ten New Taiwan Dollars	preferred shares with a par	
(NT\$10) per share. All the	value of Ten New Taiwan	
common shares shall be	Dollars (NT\$10) per share.	
issued in increments by the	All the common shares shall	
Board of Directors pursuant	be issued in increments by the Board of Directors	
to the laws and regulations. Two Billion shares shall be	pursuant to the laws and	
set aside from the	regulations.	
aforementioned common	Two Billion shares shall be	
shares for the use as Stock	set aside from the	
Warrants, Preferred Shares	aforementioned common	
with Warrants, and Bonds	shares for the use as Stock	
with Warrants.	Warrants, Preferred Shares	
For issuance of Stock	with Warrants, and Bonds	
Warrants where the price is	with Warrants.	
Trainams where the price is	min trailains	

Amendment	Existing Articles	Explanatory Note
less than the closing price of	For issuance of Stock	
the Company shares on the	Warrants where the price is	
date of issuance, or where	less than the closing price of	
the price of the treasury	the Company shares on the	
stocks to be transferred to	date of issuance, or where	
the employees is less than	the price of the treasury	
the average price of the	stocks to be transferred to	
repurchased shares,	the employees is less than	
shareholders representing	the average price of the	
the majority of the issued	repurchased shares,	
shares shall be present and	shareholders representing	
approval by at least 2/3 of	the majority of the issued	
the presenting shareholders	shares shall be present and	
shall be required.	approval by at least 2/3 of	
	the presenting shareholders	
	shall be required.	
Article 6-1 (Deleted)	Article 6-1	
· · · · · · · · · · · · · · · · · · ·	The rights, obligations,	The Company's preferred
	and other important	stock was due on April 4,
	conditions regarding the	2009, the relevant
	preferred shares issued by	clauses shall be deleted
	the Company are stated as	accordingly.
	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.	
	at any time.	

Amendment	Existing Articles	Explanatory Note
	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.	
	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:	
	(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	
	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.	
Article 12	Article 12	
The Company shall have	The Company shall have	The Company's
seven (7) to fifteen (15)	seven (7) to fifteen (15)	preferred stock was due
directors to form the Board	directors to form the Board	on April 4, 2009, the
of Directors, one-fifth $(1/5)$	of Directors, one-fifth (1/5)	relevant clauses shall be
of whom shall be expert	of whom shall be expert	amended accordingly.
representatives.	representatives.	
The Board of Directors	The Board of Directors	
shall have one (1) chairman	shall have one (1) chairman	
elected by and from among	elected by and from among	
the directors with the	the directors with the	

Amendment	Existing Articles	Explanatory Note
concurrence of a general	concurrence of a general	. ,
majority of the directors	majority of the directors	
present at a meeting	present at a meeting	
attended by at least	attended by at least	
two-thirds $(2/3)$ of the	two-thirds (2/3) of the	
directors and shall have one	directors and shall have one	
(1) vice-chairman elected in	(1) vice-chairman elected in	
the same way.	the same way.	
The Company shall have	The Company shall have	
three (3) to five (5)	three (3) to five (5)	
supervisors.	supervisors.	
30001 113013.	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	
Article 13	preferred shares. Article 13	
The tenure of office of	The tenure of office of	The Common de markenne d
the directors and		The Company's preferred
	the directors and	stock was due on April 4,
supervisors will be three (3)	supervisors will be three (3)	2009, the relevant
years and they will be	years and they will be	clauses shall be amended
eligible for re-election.	eligible for re-election.	accordingly.
In the event that the	The tenure of the	
representative of a	directors and supervisors of	
government or corporate	the shareholders of the	
body is elected as the	preferred shares appointed	
director or the supervisor,	without election and who	
the government or	are not subject to any	
corporate body may	restriction of the tenure set	
reappoint such	forth in the previous	
representative at anytime to	paragraph ends upon the	
supplement the original	termination of the issuance	
tenure.	period of the preferred	
	shares.	
	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.	

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	
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.		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.
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. 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.	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. 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.	Only a change in the order of articles, no change in content

Amendment	Existing Articles	Explanatory Note
Chapter 2 Acquisition or	Chapter 2 Acquisition or	
Disposition of Securities	Disposition of Securities	
Article 8 Appraisal procedures	Article 7 When the Company	1. Change in the order of
for the Company's	engages in securities	articles.
acquisition or disposition of	investments, the	2. Assessment procedures,
securities are as follows:	implementing unit shall	price determination method,
1. Before acquiring	perform relevant financial	and reference basis for the
securities, the responsible	analysis of the investment	Company's acquisition or
department shall perform	target, forecast returns that	disposition of securities are
relevant financial analysis	may be generated, and	determined in accordance
of the investment target,	assess possible investment	with Article 7, Paragraph 1,
forecast returns that may	risk.	Subparagraph 2 of the
be generated, and assess	When Company	"Regulations." In addition,
possible investment risk.	acquires or disposes of	paragraphs 1-4 of the
2. Method of determining	securities that are already traded on the stock	current article are included
prices when acquiring or		in Paragraph 1 of the
disposing of securities and reference basis:	exchange or at securities brokers' business offices,	revised article, and textual revisions made.
(1) When the Company	transactions shall be	3. The content of Article 8 of
acquires or disposes of	determined on the basis of	the current Procedures has
securities that are	market prices.	been moved to Paragraph
already traded on the	When the Company	1, Subparagraph 2, Item 3
stock exchange or at	acquires or disposes of	of the amended Procedures.
securities brokers'	securities that are not traded	
business offices,	on the stock exchange or at	
transactions shall be	securities brokers' business	
determined on the basis	offices, the Company shall	
of market prices.	refer to the target company's	
(2) When the Company	financial statement for the	
acquires or disposes of	most recent period that has	
securities that are not	been compiled in accordance	
traded on the stock	with regulations and audited	
exchange or at	or attested by a CPA.	
securities brokers'	When the Company	
business offices, the	acquires or disposes of	
Company shall refer to the target company's	bonds that are not traded on	
financial statement for	the stock exchange or at securities brokers' business	
the most recent period	offices, the Company shall	
that has been audited	determine whether to	
or revised by a CPA. If	perform the transaction after	
the securities consist of	referring to the market	
bonds that are not	interest rate at the time, the	
traded on the stock	par value and interest rate	
exchange or at	of the bonds, and the	
securities brokers'	debtor's credit.	
business offices, the	When the Company	
Company shall	engages in a discretionary	
determine whether to	investment, it shall proceed in	
perform the transaction	accordance with the	
after referring to the	Company's discretionary	
market price and	investment guidelines, and	

Amendment	Existing Articles	Explanatory Note
interest rate at that	the regulations in the	-
time, and the debtor's	foregoing four paragraphs	
credit.	shall not apply.	
(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.		
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.	1 1 0 1 1 0	7
	Article 8 When the Company	The content of the current
	acquires or disposes of	clause has been moved to
	securities and the transaction	Article 8, Paragraph 1,
	amount is NT\$300 million or	Subparagraph 2, Item 3 of
	more, the Company shall	the amended Procedures.
	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.	
Article 9 The total value of	Article 9 The total value of	1. Textual revisions have been
securities acquired by the	securities acquired by the	made to paragraphs 1 and
Company may not exceed	Company may not exceed	2 of the current Article in
50% of the shareholder's	50% of the Company's	order to insure consistency of

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

Amendment	Existing Articles	Explanatory Note
When acquiring or	Company shall refer to the	
disposing of real estate, the	real estate's publicly	
Company shall refer to the	announced current value,	
real estate's publicly	appraised value, actual	
announced current value,	transaction prices of nearby	
appraised value, actual	real estate, or appraisal	
transaction prices of nearby	report provided by a	
real estate, or appraisal	professional appraisal	
report provided by a	organization.	
professional appraisal	When acquiring or	
organization.	disposing of other fixed	
When acquiring or	assets, the Company shall	
disposing of other fixed	proceed by means of price	
assets, the Company shall	inquiries, price comparison,	
proceed by means of price	price negotiation, or request	
inquiries, price comparison,	for bids.	
price negotiation, or request		
for bids.		
Article 12 The total value of	Article 12 The total value of	Textual revisions have been
real estate acquired by the	real estate acquired by the	made to Paragraph 1.
Company for non-operating	Company for non-operating	
use may not exceed 3% of	use may not exceed 3% of	
shareholder's equity on the	shareholder's equity for the	
Company's most recent	most recent period that has	
financial statement.	been audited or attested by	
1 1 1 2 2 2 4 1 1 1 1 1 1 1 1 1 1 1 1 1	a CPA.	D 10 61
Article 13 When the transaction	Article 13 When the transaction	Paragraph 2 of the current
amount for the acquisition or	amount for the acquisition or disposition of real estate or	article has been incorporated into amended Article 6.
disposition of real estate or other fixed assets reaches	other fixed assets reaches	inio dinended Afficie o.
NT\$300 million or more, the	NT\$300 million or more, the	
Company, unless transacting	Company, unless transacting	
with a government agency,	with a government agency,	
commissioning others to build	commissioning others to build	
on its own land,	on its own land,	
commissioning others to build	commissioning others to build	
on leased land, or acquiring	on leased land, or acquiring	
machinery and equipment	machinery and equipment	
for operating use, shall	for operating use, shall	
obtain an appraisal report	obtain an appraisal report	
(as in Attachment 1), and	(as in Attachment 1), and	
shall further comply with the	shall further comply with the	
following regulations:	following provisions:	
1. In the event of special	1. In the event of special	
circumstances such as	circumstances such as	
limited price, specified	limited price, specified	
price, or a special price	price, or a special price	
which must be given as a	which must be given as a	
reference basis for the	reference basis for the	
transaction price, such a	transaction price, such a	
transaction shall be	transaction shall be	
submitted in advance to	submitted in advance to	

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

Amendment	Existing Articles	Explanatory Note
	When acquiring or	ļ ,
	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.	
Article 14 The Company's	Article 14 The Company's	Textual revisions made.
acquisition or disposition of	acquisition or disposition of	
real estate or other fixed	real estate or other fixed	
assets shall be performed in	assets shall be performed in	
accordance with the	accordance with the	
Company's regulations	Company's regulations	
governing duties and	governing duties and	
powers. The relevant	powers. The relevant unit in	
department in charge shall	charge shall report all	
report all matters, meeting	matters, meeting public	
public reporting standards,	reporting standards, and	
and perform implementation,	perform implementation,	
after submitting relevant	after submitting relevant	
information to the Board for	information to the Board for	
approval. When the time is	approval. When the time is	
insufficient to obtain the	insufficient to obtain the	
Board's approval, the CEO	Board's approval, the CEO	
and president shall be	and president shall be	
authorized to approve in	authorized to approve in	
accordance with their	accordance with their	
respective authorized	respective authorized	
powers, and the case shall	powers, and the case shall	
uniformly be presented at	uniformly be presented at	
the first Board meeting after	the first Board meeting after	
the transaction for	the transaction for	
ratification.	acknowledgement and	
1034/	ratification.	-
Article 18 When the results of	Article 18 When the results of	Textual revision has been made
the Company's appraisal	the Company's appraisal	to Paragraph 1 of the current
conducted in accordance	conducted in accordance	article.
with provisions of	with provisions of	
paragraphs 1 and 2 of the	paragraphs 1, 2 of the	
foregoing article are	foregoing article are	
uniformly lower than the transaction price, the case	uniformly lower than the transaction price, the case	
shall be conducted in	shall be conducted in	
compliance with the	compliance with the	
provisions of Article 19.	provisions of Article 19.	
However, when the following	However, when the following	
circumstances exist, and	circumstances exist, and	
objective evidence has been	objective evidence has been	
submitted and specific	submitted and specific	
opinions on reasonableness	opinions on reasonableness	
have been obtained from a	have been obtained from a	
		1

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

Amendment	Existing Articles	Explanatory Note
unrelated parties within	unrelated parties within	1 /
the preceding year, the	the preceding year, the	
transaction terms are	transaction terms are	
estimated to be similar	estimated to be similar	
after calculation of	after calculation of	
reasonable price	reasonable price	
discrepancies among	discrepancies among	
floors in accordance with	floors in accordance with	
standard asset leasing	standard asset leasing	
market practices.	market practices.	
2. After having acquired real	2. After having acquired real	
estate from a related	estate from a related	
party, the Company	party, the Company	
provides evidence that the	provides evidence that the	
transaction terms are	transaction terms are	
similar to the terms of	similar to the terms of	
transactions completed for	transactions completed for	
the acquisition of	the acquisition of	
neighboring land of a	neighboring land of a	
similar size by unrelated	similar size by unrelated	
parties within the	parties within the	
preceding year.	preceding year.	
Completed transactions in	Completed transactions in	
nearby areas in the	nearby areas in the	
preceding paragraph in	preceding paragraph in	
principle refer to parcels on	principle refer to parcels on	
the same or an adjacent	the same or an adjacent	
block and within a distance	block and within a distance	
of no more than 500 meters	of no more than 500 meters	
of the target property or	of the target property or	
parcels close in publicly	parcels close in publicly	
announced current value.	announced current value.	
Similarly sized parcels in	Similarly sized parcels in	
principle refer to transactions	principle refer to transactions	
completed by unrelated	completed by unrelated	
parties for parcels with a	parties for parcels with a	
land area of no less than	land area of no less than	
50% than that of the	50% than that of the	
transaction target. Within	transaction target. Within	
one year refers to a period	one year refers to a period	
of one year calculated from	of one year calculated from	
the actual date of acquisition of the real estate.	the actual date of acquisition of the real estate.	
Chapter 4 Derivative Trading Article 22 When the Company	Chapter 4 Derivative Trading Article 22 When the Company	1. Since the Company's
engages in the trading of	engages in the trading of	knock-out forward contract
derivatives for hedging	derivatives for hedging	was terminated on
purposes, the target of	purposes, the target of	September 21, 2008, text
hedging shall be limited to	hedging shall be limited to	concerning the knock-out
	financial assets already held	currency forward contract
foreign currency deposits,	by the Company, liabilities	has been deleted from the
financial assets already held	that have already occurred,	current version.
by the Company, liabilities	mar nave an eady occorred,	20110111 101310111

Amendment	Existing Articles	Explanatory Note
that have already occurred,	and estimated foreign	2. Since foreign currency
and estimated foreign	currency amount for the	deposits (stated as cash on
currency amount for the	subsequent six months.	financial statements) are
subsequent six months.	The total notional amount	also a target of hedging by
The total notional amount	of derivative contracts	the Company, references to
of derivative contracts	traded by the Company shall	foreign currency deposits
traded by the Company shall	not exceed the sum of the	have been added to
not exceed the sum of the	Company's recognized	paragraphs 1 and 2 of the
Company's recognized	financial assets, liabilities	current version.
foreign currency deposits,	(excluding financial liabilities	
financial assets, liabilities,	resulting from the appraisal	
and estimated foreign	of the knock-out currency	
currency amount for the	forward contract traded on	
subsequent six months.	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. 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.	
Article 23 The maximum loss	Article 23 The maximum loss	1. Since the Company currently
limits on each individual and	limits on each individual and	has no trading-purpose
total derivative contracts	total derivative contracts	derivatives, and no longer
traded by the Company are	traded by the Company are	trades on this type of
as follows:	as follows:	product, text concerning
1. The maximum loss limit on	1. The maximum loss limit on	maximum loss limits for
each individual derivative	each individual derivative	trading-purpose derivatives
contract is 15% of each	contract is 15% of each	has been deleted from
individual contract's	individual contract's	Paragraph 1 of the current
notional amount.	notional amount.	version, and textual revisions
2. The maximum loss limit on	2. The maximum loss limit on	made.
total derivative contracts is	total hedge- purpose	2. Text stating that a designee
15% of total contracts'	derivative contracts is	of CFO may convene
notional amount. If either individual's or	15% of total	relevant personnel at a
total contracts ' maximum	hedging-purpose derivative contracts'	meeting to discuss responses when individual or total
loss limit in the foregoing	notional amount.	
	3. The maximum loss limit on	derivatives trading loss limits have been reached has
paragraph is reached, CFO		been added to Paragraph 2
or a designee shall	total trading-purpose derivative contracts is	of the current version.
immediately convene relevant personnel at a	15% of total	or me correm version.
meeting to discuss responses.	hedging-purpose	
meening to discuss responses.	l lieuging-porpose	<u> </u>

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

Amendment	Existing Articles	Explanatory Note
preparing an audit report.	for Engaging in	
If any material violation is	Derivatives Trading, and	
discovered, all	preparing an audit report.	
independent directors and	If any material violation is	
supervisors shall be	discovered, all	
notified in writing.	independent directors and	
	supervisors shall be	
	notified in writing.	
Article 28 The performance of	Article 28 The following are	Since the Company currently
derivatives shall be assessed	key points concerning	has no trading-purpose
on the basis of the sum of the	assessment of the	derivatives, and no longer
gains or losses of the	performance of derivative	trades on this type of product,
derivative position and the	transactions:	regulations governing
gains or losses of the position	1. The performance of	assessment of the performance
being hedged.	hedging-purpose	of trading-purpose derivative
	derivatives shall be	transactions have been
	assessed on the basis of	deleted from the current
	the sum of the gains or	version.
	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.	
Article 29 the Company shall	Article 29 the Company shall	1. The content of Paragraph 1,
adopt the following risk	adopt the following risk	Subparagraph 4 of the
management measures when	management measures when	current article has been
engaging in derivative	engaging in derivative	moved to Paragraph 1,
trading:	trading:	Subparagraph 3 of the
1. Credit risk: Transaction	1. Credit risk: Transaction	amended article, and
counterparties shall, in	counterparties shall, in	textual revisions made.
principle, consist of	principle, consist of	2. Cash flow risk management
organizations with	organizations with excellent credit.	procedures in Paragraph 1,
excellent credit.		Subparagraph 4 of the
2. Market price risk: the	2. Market price risk: the	current article have been
Company shall constantly	Company shall constantly	revised. 3. Textual revisions have been
undertake to control the risk of changes in the	undertake to control the	
	risk of changes in the	made to Paragraph 1,
market value of traded derivatives due to interest	market value of traded derivatives due to interest	subparagraphs 5 and 6, and Paragraph 1,
rate or exchange rate	rate or exchange rate	Subparagraph 7, Item 1 of
fluctuations or other	fluctuations or other	the current article.
factors.	factors.	4. Since the Company currently
3. Liquidity risk: Traded	3. Liquidity risk: Traded	has no trading-purpose
derivatives shall chiefly	derivatives shall chiefly	derivatives, and no longer
consist of derivatives with	consist of derivatives with	trades on this type of
relatively high liquidity;	relatively high liquidity.	product, content concerning
The Company shall	4. Cash flow risk: The	the assessment of
maintain sufficient funds	Company shall maintain	trading-type derivative

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

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

Amendment	Existing Articles	Explanatory Note
Chapter 5 Mergers and	Chapter 5 Mergers and	
Consolidations,	Consolidations,	
Splits, Acquisitions,	Splits, Acquisitions,	
and Assignment of	and Assignment of	
Shares	Shares	
Article 31 When the Company	Article 31 When the Company	1. Paragraph 1 of the current
engages in mergers and	re-invests in other companies	article is moved Article 9,
consolidations, splits,	as a limited liability	Paragraph 3 of the
acquisitions, and strategic	shareholder, the cumulative	amended Procedures.
investments, relevant	total of all investment may	2. Paragraph 2 of the current
operating procedures and	not exceed the Company's	article is changed to
authorized amount limits shall	total paid-in equity, and	Paragraph 1 of the
be determined on the basis of the Company's	cumulative total investment in non-telecommunications	amended article.
Inter-Company's Investment	enterprises may not exceed	3. Paragraph 3 of the current article is changed to
Operating Guidelines and	20% of the Company's total	Paragraph 2 of the
regulations governing	paid-in equity.	amended article, textual
apportionment of duties and	When the Company	revision made.
powers.	engages in mergers and	Tevision made.
When the Company	consolidations, splits,	
engages in a merger or	acquisitions, and strategic	
consolidation, split,	investments, relevant	
acquisition, or assignment of	operating procedures and	
shares, the responsible	authorized amount limits shall	
department shall, prior to	be determined on the basis	
meeting with the Board to	of the Company's	
deliberate on the matter,	Inter-Company's Investment	
engage a CPA, attorney, or	Operating Guidelines and	
securities underwriter to	regulations governing	
express an opinion on the	apportionment of duties and	
reasonableness of the share	powers.	
exchange ratio, acquisition	When the Company	
price, or distribution of cash or other property to	engages in a merger or consolidation, split,	
shareholders, and such	acquisition, or assignment of	
opinion shall be submitted to	shares, the responsible unit	
the Board for discussion and	shall, prior to meeting with	
approval.	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	
Article 32 When	approval. Article 32 When	A textual revision has been
participating in a merger or	participating in a merger or	made to Paragraph 1 of the
Participating in a merger of	Participating in a merger of	Image to raidgraph i of the

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

Amendment

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.

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.

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.

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,

Existing Articles

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.

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.

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.

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

Explanatory Note

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."

Amendment	Existing Articles	Explanatory Note
full name, ID number	should include occupation,	
(passport number in the	full name, ID number	
case of a foreign	(passport number in the	
national).	case of a foreign	
2. Important dates: includes	national).	
dates of signing of letters	2. Important dates: includes	
of intent and	dates of signing of letters	
memorandums;	of intent and	
commissioning of financial	memorandums;	
services or legal advisors;	commissioning of financial	
signing of contracts and	services or legal advisors;	
Board of Directors	signing of contracts and	
meetings.	Board of Directors	
3. Important documents and	meetings.	
meeting minutes: includes	3. Important documents and	
plans regarding mergers,	meeting minutes: includes	
splits, acquisitions or	plans regarding mergers,	
assignment of shares;	splits, acquisitions or	
letters of intent or	assignment of shares;	
memorandums, important	letters of intent or	
contracts, and Board of	memorandums, important	
Directors meeting minutes.	contracts, and Board of	
When the Company	Directors meeting minutes.	
participates in a merger,	When the Company	
split, acquisition, or	participates in a merger,	
assignment of shares, it shall,	split, acquisition, or	
before the start of trading	assignment of shares, it	
hours on the next business	shall, within two days after	
day after the Board passes	the Board passes the	
the proposal, report and	proposal, report and submit	
submit the information	the information according to	
according to prescribed	prescribed format from	
format from Subparagraphs	Subparagraphs 1 and 2 of	
1 and 2 of the foregoing	the foregoing paragraph to	
paragraph to the Financial	the Financial Supervisory	
Supervisory Commission for	Commission for reference via	
reference via an Internet	an Internet data system.	
data system.	When the Company	
When the Company	engages in a merger, split,	
engages in a merger, split,	acquisition, or assignment of	
acquisition, or assignment of	shares with a company that is	
shares with a company that is	not listed on the stock	
not listed on the stock	exchange or whose stock is	
exchange or whose stock is	not sold at securities	
not sold at securities	brokerages, the Company	
brokerages, the Company	shall sign an agreement with	
shall sign an agreement with	the said company, and	
the said company, and	implement the transaction	
implement the transaction	according to Paragraphs 3	
according to Paragraphs 3	and 4.	
and 4.	A 1 . 0.7 . A.C	
Article 37 After public	Article 37 After public	Relevant wording is added to

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

Amendment	Existing Articles	Explanatory Note
	intangible assets through	
	court auction procedures,	
	verifying documentation	
	issued by the court may be	
	substituted for the appraisal	
	report or CPA opinion.	
Chapter 7 Public Disclosure	Chapter 7 Public Disclosure	
of Information	of Information	
Article 40 When acquiring or	Article 40 When acquiring or	The content of Paragraph 1,
disposing of assets, the	disposing of assets, the	Subparagraph 5, Item 2 of the
Company shall publicly	Company shall publicly	current article is deleted
announce and report	announce and report	because the Company is not a
relevant information in	relevant information in	company specialized in
accordance with its type on	accordance with its type on	investment. In addition,
the Financial Supervisory	the Financial Supervisory	Paragraph 1, Subparagraph
Commission's designated	Commission's designated	5, items 3-5 of the current
web site in the prescribed	web site in the prescribed	article have been changed to
format before the start of	format before the start of	Paragraph 1, Subparagraph
trading hours on the next	trading hours on the next	5, items 2-4 of the amended
business day after the event	business day after the event	article.
in any of the following	in any of the following	
circumstances:	circumstances:	
1. Acquisition of real estate	1. Acquisition of real estate	
from a related party.	from a related party.	
2. Investment in the Mainland	2. Investment in the Mainland	
China area.	China area.	
3. Merger or consolidation, split, acquisition, or	3. Merger or consolidation, split, acquisition, or	
assignment of shares.	assignment of shares.	
4. Losses from derivative	4. Losses from derivative	
trading exceeding the	trading exceeding the	
overall limit or individual	overall limit or individual	
contract limit specified in	contract limit specified in	
these Procedures.	these Procedures.	
5. When asset transactions	5. When asset transactions	
other than those referred	other than those referred	
to in the preceding four	to in the preceding four	
subparagraphs amount to	subparagraphs amount to	
NT\$300 million or more;	NT\$300 million or more;	
this shall not apply,	this shall not apply,	
however, in the following	however, in the following	
circumstances:	circumstances:	
(1) Trading of government	(1) Trading of government	
bonds.	bonds.	
(2) Trading of bonds under	(2) In the case of an	
repurchase/resale	investment specialist,	
agreements.	securities trading on	
	_	
	_	
(3) The type of asset acquired or disposed is equipment/machinery used for operating purposes, the transaction	domestic and foreign stock exchanges or at securities brokers' business offices. (3) Trading of bonds under repurchase/resale	

Amendment	Existing Articles	Explanatory Note
counterparty is not a	agreements.	-
related party, and the	(4) The type of asset	
transaction amount does	acquired or disposed is	
not exceed NT\$500	equipment/machinery	
million.	used for operating	
(4) Acquisition of real estate	purposes, the transaction	
for commissioned	counterparty is not a	
construction on self-owned	related party, and the	
land, joint construction and	transaction amount does	
allocation of housing units,	not exceed NT\$500	
joint construction and	million.	
allocation of ownership	(5) Acquisition of real estate	
percentages, or joint	for commissioned	
construction and separate	construction on self-owned	
sale, and the amount the	land, joint construction and	
Company expects to invest	allocation of housing units,	
in the transaction does not	joint construction and	
exceed NT\$500 million.	allocation of ownership	
The amounts of the	percentages, or joint	
transactions in the foregoing	construction and separate	
paragraph shall be	sale, and the amount the	
calculated as follows:	Company expects to invest	
1. The amount of any	in the transaction does not	
individual transaction.	exceed NT\$500 million.	
2. The cumulative transaction	The amounts of the	
amount of acquisitions and	transactions in the foregoing	
dispositions of the same	paragraph shall be	
type of target with the	calculated as follows:	
same transaction	 The amount of any 	
counterparty within one	individual transaction.	
year.	2. The cumulative transaction	
3. The cumulative transaction	amount of acquisitions and	
amount of real estate	dispositions of the same	
acquisitions and	type of target with the	
dispositions (cumulative	same transaction	
acquisitions and	counterparty within one	
dispositions, respectively)	year.	
within the same	3. The cumulative transaction	
development project	amount of real estate	
during one year.	acquisitions and	
4. The cumulative amount of	dispositions (cumulative	
acquisitions and	acquisitions and	
dispositions (cumulative	dispositions, respectively)	
acquisitions and	within the same	
dispositions, respectively)	development project	
of the same security	during one year. 4. The cumulative amount of	
during one year.		
As used in Paragraph 2	acquisitions and	
above, during one year	dispositions (cumulative	
refers to a period of one year after the date on which	acquisitions and dispositions, respectively)	
1		
the transaction took place.	of the same security	

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

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

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
Article 1 (purpose of	Article 1 (purpose of	Some content of
formulation and legal	determination and legal	paragraph 1 of current
basis)	basis)	article is moved to
Chunghwa Telecom Co.,	Chunghwa Telecom Co.,	paragraph 2 of amended
Ltd. (herein referred to as	Ltd. (herein referred to as	article, and textual revisions
"The Company") has	"The Company") has	made.
formulated these Operating	determined these Operating	
Procedures pursuant to the	Procedures pursuant to the	
"Regulations Governing	"Regulations Governing	
Loaning of Funds and Making	Loaning of Funds and Making	
of Endorsements /	of Endorsements /	
Guarantees by Public	Guarantees by Public	
Companies" (herein referred	Companies" (herein referred	
to as "Regulations Governing	to as "Regulations Governing	
Loaning of Funds and Making	Loaning of Funds and Making	
of	of	
Endorsements/Guarantees")	Endorsements/Guarantee")	
and Article 2, Paragraph 2	and Article 2, Paragraph 2	
of the Company's Articles of	of the Company's Articles of	
Incorporation in order to	Incorporation in order to	
manage the loans of funds to	manage loan of funds to	
others and comply with laws	other parties and comply	
and regulations.	with law.	
All of the unspecified	All of the unspecified	
matters in these Operating	matters in these Operating	
Procedures shall uniformly be	Procedures shall uniformly be	
handled in accordance with	handled in accordance with	
relevant laws and	relevant laws and	
regulations.	regulations.	
Article 3 (loan recipients)	Article 3 (loan recipients)	1. To ensure closely
The Company's Ioan	The Company's Ioan	monitoring the borrowers'
recipients (herein referred to	recipients (herein referred to	operating and financial
as "borrowers") shall comply	as "borrowers") may not	status, the entities to which
with the circumstances in any	consist of shareholders or	the Company may loan
of the following	other parties unless they	funds are limited in
subparagraphs:	comply with the circumstances	paragraph 1 to the
1. A subsidiary in which the	in any of the following	Company's 100%
Company directly holds	subparagraphs:	subsidiaries , and textual
100% of voting shares,	1. Those with inter-company	revisions made.
and with which the	or inter-business	2. Limit the term "short-term"
Company has a business	relationships.	in paragraph 2 of current
relationship.	2. Those with inter-company	article to one year, and

Amendment	Existing Articles	Explanatory Note
2. A subsidiary in which the	or inter-business	move the content to
Company directly holds	short-term financing	paragraph 1,
100% of voting shares,	funds needs.	subparagraph 2 in
and requiring short-term	"Short-term" refers to one	amended article.
financing funds.	year in the preceding	
"Short-term" refers to	paragraph, but shall refer to	
one year in this	the operating cycle when a	
subparagraph.	company's operating cycle is	
	longer than one year.	
Article 4 (assessment	Article 4 (assessment	1. Revise the assessment
standards for loaning	standards for loaning	standards on paragraph 1
funds to others)	funds to others)	and paragraph 2 of
Apart from conducting a	When the Company	current article and move
careful assessment as	engages in loaning funds to a	the relevant content to
prescribed in Articles 5 and	borrower due to a business	paragraph 1 of amended
7, the Company shall ensure	relationship, the maximum	article.
that the loans complies with	loan amount to this type of	2. The content of paragraph
the following standards	single borrower shall not	3 of current article is
before loaning funds to	exceed five times the total	moved to Amended article
others :	business transaction amount	5, paragraph 2,
1. When loaning funds due	during the most recent year.	subparagraph 2, item 2
to a business relationship,	This restriction shall not	and paragraph 3,
the Company shall	apply, however, if the Board	subparagraph 2, item 2.
examine whether the loan	passes a resolution stating	
amount and business	otherwise.	
transaction amount are	When the Company must	
equivalent.	provide short-term financing	
2. When loaning funds to	funds, loans shall be limited	
meet borrowers'	to the following reasons and	
short-term financing	circumstances:	
needs, the purpose of	1. In order to help a	
such loans shall be limited	subsidiary lower	
to helping subsidiaries	financing cost or replenish	
reduce their financing	its operating funds.	
costs.	2. Other circumstances	
	pursuant to a Board resolution.	
	The financing amount for	
	each borrower in Paragraph	
	2 of this article may not	
	exceed 40% of the	
	borrower's net worth.	
Article 5 (total amount of	Article 5 (total amount of	1. The total amount of the
loans and limit of loans to	loans and limit of loans to	Company's
a single borrower)	a single borrower)	endorsements/guarantees
The total amount of loans	The total amount of the	and loans of funds in
of funds shall be limited to	Company's endorsements /	current paragraph 1 is
4% of shareholder's equity	guarantees and loans of	reduced to 5% of the
on the Company's latest	funds shall be limited to 30%	Company's shareholder's
financial statement.	of net worth on the	equity and the content is
Loaning funds based on	Company's latest financial	moved to paragraph 4 of
business relationship:	statement.	the amended article.
business relationship :	statement.	the amended article.

- Total loans shall be limited to 2% of shareholder's equity on the Company's latest financial statement.
- Loans to a single borrower shall be limited to the lowest of the following amounts:
 - 0.2% of shareholder's equity on the Company's latest financial statement.
 - (2) 40% of shareholder's equity on the borrower's latest financial statement.
- (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.

Loaning funds based on short-term financing:

- Total loans shall be limited to 2% of shareholder's equity on the Company's latest financial statement.
- 2. Loans to a single borrower shall be limited to the lowest of the following amounts:
 - 0.2% of shareholder's equity on the Company's latest financial statement.
 - (2) 40% of shareholder's equity on the borrower's latest financial statement.

The total amount of the Company's loans of funds and endorsements / guarantees shall be limited

Existing Articles

The Company's total loans of funds shall be limited to 15% of net worth on the Company's latest financial statement.

The limit of loans of funds to any single borrower specified in Article 3 shall be as follows:

- 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.
- 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.
- 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.
- 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.

Explanatory Note

- 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.
- 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.
- 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.
- 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.
- 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.

A a durant	Facilities of Australia	Familian atama Nata
Amendment to 5% of shareholder's	Existing Articles	Explanatory Note
equity on the Company's latest financial statement.		
	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
Article 6 (Duration of loans	Article 6 (Duration of loans	1. Content concerning loan
and calculation of interest)	and calculation of interest)	extension in Paragraph 1
The duration of the	As a rule, the duration of	of the current article is
Company's loans of funds	the Company's loans of funds	changed to Paragraph 2
may not exceed one year	shall not exceed one year	of the amended article. In
from the lending date.	from the lending date, but	addition, in conjunction with
When the Company loans funds to others due to a	one extension (limited to one	the "Commonly Seen Problems with Loans and
	year) may be allowed when real need exists. A loan	
business relationship, the loan		Endorsements/Guarantees of TSEC and GTSM Listed
duration may be extended	period may be extended only after approval by the	Companies" issued by the
after approval by the Board, and the restriction of the	Board.	Financial Supervisory
preceding paragraph shall	Except when special	Commission in June 2008,
not apply; each extension	regulations exist, as a rule,	the article explicitly states
shall be limited to one year,	interest shall be paid on a	that only loans connected
however.	monthly basis, and the end of	with a business relationship
As a rule, interest shall be	each month shall be the	may be extended, and
paid on a monthly basis. This	interest calculation base	eases regulations
restriction shall not apply,	date.	governing extension.
however, after approval by	The annual interest rate	2. Paragraph 2 of the current
the Board.	standards for the Company's	article is changed to
Annual interest rate	loans of funds shall be as	Paragraph 3 of the
standards for the Company's	follows:	amended article and
loans of funds shall be	1. In the case of a company	revised to state that, as a
determined on the basis of	receiving a credit rating	rule, interest shall be paid
the interest rate of the	"A" or above from the	on a monthly basis, unless
Company's bank deposits	Taiwan Ratings Corp. or	the Board has otherwise
and loans. When the	at least the same rating	approved.
Company has bank loans,	from another credit	3. Revise the interest rate
however, the annual interest	rating company, the	standard in current
rate for the Company's loans	interest rate shall be the	paragraph 3, and
of funds shall not be less than	weighted average	relevant content is moved
the maximum interest rate of	interest rate for one-year	to paragraph 4 of
the Company's short-term bank loans .	treasury bills issued	amended article.
bank loans .	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	

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:

- 1. The necessity and reasonableness of extending loans, the reasons for and conditions of extending loans.
- Credit investigation and risk assessment of the borrower.
- Effect on the Company's operating risk, financial status, and shareholder's equity.
- 4. Assessment of the collateral's value.

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.

The management shall be authorized to separately determine the Company's Standard Operation Procedures (SOP) on loans of funds to others.

Existing Articles

borrower.

- Effect on the Company's operating risk, financial status, and shareholder's equity.
- Whether collateral should be obtained and assessed value of collateral.

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.

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.

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

Explanatory Note

- "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees" and the Company's operating procedures before extending loans.
- 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.
- 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	Article 8 (announcement and	1. Revises reporting date in
reporting procedures)	reporting procedures)	Paragraph 2.
The Company shall, before	The Company shall, before	2. Pursuant to the regulation
the tenth day of each month,	the tenth day of each month,	of article 22 of
report its subsidiaries'	report the balance of loans	"Regulations Governing
balance of loans during the	of the Company and its	Loaning of Funds and
previous month.	subsidiaries during the	Making of Endorsements /
The Company whose	previous month.	Guarantees", the following
balance of loans of funds	When its loan balance	changes are made:
reaches one of the following	reaches one of the following	(1) Revises the reporting
levels shall perform announce	levels, the Company shall	standards in Paragraph 2
and reporting before the	make an announcement	and 3 accordingly.
start of trading hours on the	within two days after the	(2) Delete paragraph 4 of
next business day after the	date of the event:	current article.
event:	1. The Company's Ioan	
1. The aggregate balance	balance exceeds 20% of	
of loans of funds from the	the net value on the	
Company and its	Company's most recent	
subsidiaries to others has	financial statement, or,	
reached 20% or more of	after the Company has	
the shareholder's equity	performed public	
on the Company's latest	reporting in accordance	
financial statement.	with regulations, each	
2. The aggregate balance	time the loan balance	
of loans of funds from the	increases more than 2%	
Company and its	of the new value on the	
subsidiaries to a single	Company's most recent	
company has reached	financial statement.	
10% or more of the	2. The balance of loans to a	
shareholder's equity on	single company exceeds 10% of the net value on	
the Company's latest financial statement.	the Company's most	
3. The amount of a new	recent financial	
loan of funds to others	statement.	
from the Company or a	3. When loaning funds to a	
subsidiary reaches	company due to a	
NT\$10 million and	business relationship, the	
simultaneously reached	loan balance exceeds the	
2% of the shareholder's	total amount of	
equity on the Company's	transactions with that	
latest financial statement.	company during the most	
When a subsidiary of the	recent year.	
Company is not a domestic	4. When the Company has	
public company, the	performed public	
Company shall perform the	reporting due to the	
announcement and reporting	circumstances in the two	

Amendment	Existing Articles	Explanatory Note
tasks for that subsidiary in	preceding	
Subparagraph 3 of the	subparagraphs, each	
preceding paragraph.	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.	
	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.	
	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.	
Article 9 (subsequent	Article 9 (subsequent	1. The following revisions are
measures for control and	measures for control and	made in paragraph 1 in
management of loans, and	management of loans, and	view of the fact that
procedures for handling	procedures for handling	amended Article 3 restricts
delinquent creditor's rights)	delinquent creditor's rights)	loan recipients to
After loans have been	After loans have been	100%-owned subsidiaries:
issued, the Investment	issued, the Finance	(1) Adds that the Investment
Department shall assist the	Department shall track	Department shall assist the
Finance Department to track	borrower and guarantor	Finance Department to
borrower finances, business,	finances, business, and credit	track borrower's status.
and credit on a monthly	on a monthly basis. When	(2) Deletes guarantor
basis. When necessary, a	necessary, a borrower may	regulations.
borrower may be required to	be required to provide	2. In conjunction with the
provide financial data at any	financial data at any time. If	Company's "Policy for
time. Attention shall also be	collateral has been provided,	loaning funds to others and
paid to changes in the value	attention shall also be paid	making ,
of collateral; any major	to changes in the value of the	endorsement/guarantees,
changes shall be immediately	collateral; any major	the Company shall require
reported to the Chairman &	changes shall be immediately	borrowers to provide
CEO, and appropriate action	reported to the Chairman	collateral when extending
taken in accordance with	and CEO, and appropriate	loans. As a result, some
instructions.	action taken in accordance with instructions.	revisions are made as
When a borrower repays		below: :
an expired loan, the borrower must pay any owed	When a borrower repays	(1) Deletes wording "if collateral has been
interest together with the	an expired loan, the borrower must pay any owed	provided" In paragraph 1.
principal before the	interest together with the	(2) The word "promissory
Company registers	principal before the	notes" is deleted from
cancellation of its collateral	Company cancels and returns	Paragraph 2 and 3.
cancenation of its conditional	Company curices and returns	raragrapii z alia 3.

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

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

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

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
Article 1 (Purpose of	Article 1 (Purpose of	1. Textual revision made to
Determination and	Determination and	Paragraph 1.
Statutory Basis)	Statutory Basis)	2. New Paragraph 2 added
Chunghwa Telecom Co., Ltd.	Chunghwa Telecom Co. Ltd.	to the amended article.
(herein referred to as "The	(the "Company"), in the	
Company") has determined	interests of protection of	
these Operating Procedures	shareholders' rights and	
pursuant to the "Regulations	interests, sound financial	
Governing Loaning of Funds	management and	
and Making of Endorsements	minimization of operating risk,	
/ Guarantees by Public	has determined this	
Companies" (herein referred	procedure in accordance with	
to as "Regulations Governing	"Regulations Governing	
Loaning of Funds and Making	Loaning of Funds and Making	
of	of Endorsements /	
Endorsements/Guarantees")	Guarantees by Public	
and Article 2, Paragraph 2 of	Companies" and Article 2,	
the Company's Articles of	Paragraph 2 of the	
Incorporation in order to	Company's Articles of	
manage endorsement /	Incorporation.	
guarantee matters and		
comply with laws and		
regulations.		
All of the unspecified		
matters in these Operating		
Procedures shall uniformly be		
handled in accordance with		
relevant laws and regulations.	A 1 . 0 /D . ft	
Article 2 (Definitions)	Article 2 (Definitions)	Textual revision made to
"Endorsement /	"Endorse and guarantee,"	Paragraph 1, Subparagraph
guarantee," as used in these	as used in these procedures,	1.
Operating Procedures, refer	means the following:	
to the following:	1. Financing endorsements /	
1. Financing endorsements /	guarantees: Including, bill	
guarantees include:	discount financing,	
(1) Bill discount financing.	endorsements or	
(2) Endorsements or	guarantees made to meet	
guarantees made to meet	the financing needs of	
the financing needs of	other companies and	

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

Amendment	Existing Articles	Explanatory Note
only to subsidiaries in which	for the following companies:	guaranteed companies, the
the Company directly holds	1. Companies in which the	beneficiaries of endorsements
100% of voting shares.	Company directly holds	/ guarantees are limited to
	over 50% of stock with	subsidiaries in which the
	voting rights.	Company directly holds 100%
	2. Companies in which the	of voting shares.
	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.	
	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.	
Article 4	Article 4 (Endorsements/	1. The total amount of
(Endorsements/Guarantee	Guarantees Limits)	endorsements and
limits)	The overall amount of the	guarantees is reduced to
The total amount of the	Company's endorsements and	1% in Paragraph 1, and
Company's endorsements and	guarantees shall be limited to	textual revisions made.
guarantees shall be limited to	15 percent of the net asset	2. Since amended Article 3
1% of the shareholder's	stated in the most recent	limits beneficiaries of
equity on the Company's	financial statement.	endorsements and
latest financial statement.	The quota for a single	guarantees to subsidiaries
The total amount of	business beneficiary of an	in which the Company holds
endorsements and guarantees	endorsement or guarantee as	100% of shares,
extended by the Company to	determined in Subparagraph	paragraphs 2 and 3 are deleted from the current
a single beneficiary company shall be limited to 0.1% of	1 or 2 of Paragraph 1 or in Paragraph 2 of the foregoing	article. In addition, the limit
shareholder's equity on the	article may not exceed 10	of endorsements and
Company's latest financial	percent of the net value	guarantees that can be
statement.	stated in the Company's most	extended to a single
The total amount of the	recent financial statement.	subsidiary is provided in
Company's loans of funds to	The quota for a single	Paragraph 2 of the
others and	business beneficiary of an	amended article.
endorsements/guarantees	endorsement or guarantee	3. Pursuant to Article 5,
shall be limited to 5% of	determined in Subparagraph	Paragraph 1 of the

Amendment	Existing Articles	Explanatory Note
shareholder's equity on the	3 of the foregoing article	Company's current "
Company's latest financial	may not exceed the total	Procedures for lending of
statement.	value of business transactions	Capitals to Others ,"
	between the two parties	Paragraph 3 specifying the
	during the most recent year,	total amount of the
	and may not exceed 10	Company's loans of funds to
	percent of the net value	others and endorsements /
	stated in the Company's most	guarantees, and reducing
	recent financial statement.	this amount to 5%, is added
		to the amended article.
Article 5 (Endorsements /	Article 5 (Procedures for	1. A textual revision is made to
Guarantees	Making Endorsements and	the article heading.
Implementation and Review	Guarantees)	2. Paragraph 1 additionally
Procedures)	When the Company makes	states that the Investment
The company applying for	an endorsement or guarantee	Department shall be the
an endorsement or guarantee	it must evaluate the	application acceptance and
shall submit its basic	beneficiary's business	preliminary review window.
information, latest financial	operations, financial	3. The content of Paragraph 1
statement, and a detailed	condition, debt repayment	of current article is moved
written list including the	ability, profitability, and	to paragraph 2 of
purpose of applying for an	purpose of the endorsement	amended article.
endorsement/guarantee,	or guarantee, and shall draft	4. Since a subsidiary applying
collateral provided, and other	a report after compiling the	to the Company for a loan
information to the Company's	opinions of relevant	may be a
Investment Department.	organizations; the content of	non-telecommunications
After preliminary reviewing	the report shall include:	enterprise, which might
and approval, the Investment	Necessity and reasonableness of the	complicate analysis and
Department shall forward the		assessment of the industry
application to the Company's Finance Department for	guarantee. 2. Credit status and risk	and risk, in order to collect
further assessment.	assessment of the	a broad range of views, Paragraph 2 of the
After accepting a case, the	beneficiary.	amended article adds that
Finance Department shall	3. Influence on the	the Finance Department
convene relevant departments	Company's operating risk,	shall convene relevant
and carefully assess whether	financial status, and	departments to assess
the case complies with the	stockholder's equity.	information concerning the
requirements of the	4. Whether security has	subsidiary applying for an
Regulations Governing	been obtained and the	endorsement or guarantee.
Loaning of Funds and Making	assessed value of the	5. Delete the words "whether
of Endorsements /	security.	security has been obtained"
Guarantees and these	The evaluation report	in Paragraph 1,
Operating Procedures, and	referred to in the previous	subparagraph 4 of current
shall assess the endorsement /	paragraph should have	article.
guarantee recipient's business	attached to it a draft	6.Paragraph 2 of the current
items, financial status,	contract, results of risk	article is moved to
repayment ability,	assessment and related	Paragraph 3 of the
profitability, and purpose of	information; it shall be sent	amended article.
the endorsement/guarantee,	for approval to the Chairman	Besides, when the Company
etc., and draft an assessment	& CEO, and shall be effective	extends an endorsement or
report after compiling the	after approval by the Board	guarantee, regardless of
report after complaing me	and approval by the board	godiainee, regulaless of

opinions of relevant departments; the content of the assessment report shall include at least the following:

- Necessity and reasonableness of the endorsements / guarantees.
- Credit status and risk assessment of the entity for which the endorsements/ guarantees is made.
- Influence on the Company's operating risk, financial status, and shareholder's equity.
- 4. Assessment of the value of collateral.

Before making endorsements / guarantees for others, the Company's Finance Department shall attach the assessment report 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.

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.

The management shall be

Existing Articles

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.

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.

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.

Explanatory Note

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.

- 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 makina 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.
- 8. Addition of Paragraph 5 stating that the management shall be authorized to separately determine Company's Standard Operation Procedures (SOP) for endorsements/guarantee.

Amendment	Existing Articles	Explanatory Note
authorized to separately		
determine the Company's		
Standard Operation		
Procedures (SOP) for		
endorsements/ guarantees.		
	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.	 Paragraph 1 of the current article to Paragraph 1 of amended article 10. Since most overseas companies do not have official seals, relevant content is deleted from Paragraph 2 of the current article.
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	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	 Change the order ofarticles. Textual revisions in Paragraph 2.

Amendment	Existing Articles	Explanatory Note
Company shall be signed by	a person authorized by the	Explanatory (401e
a person authorized by the	Board of Directors.	
Board of Directors.		
Article 7 (Announcing and	Article 8 (Announcing and	1. Change in the order of
Reporting Procedures)	Reporting Procedures)	articles.
The Company must, on the	The Company must, on the	2. The reporting date in
tenth of each month, publicly	10 th of each month, announce	Paragraph 2 of the current
report its own and its	and report its own and its	article is revised pursuant
subsidiaries' balance of	subsidiaries' balance of	to Article 2 of the "Taiwan
endorsements and guarantees	endorsements and guarantees	Stock Exchange
together with its sales for the	together with its turnover for	Corporation Procedures for
previous month.	the previous month.	Verification and Disclosure
The company whose	When the balance of the	of Material Information of
balance of the endorsements	endorsements and guarantees	Listed Companies."
and guarantees reaches one	made by the Company meets	3. In conjunction with the
of the following levels should	the standards below, this must	regulations of Article 25 of
announce and report such event before the start of	be announced and reported	the amended "Regulations
trading hours on the next	within two days of its occurrence:	Governing Loaning of Funds and Making of
business day from its	1. The balance of the	Endorsements/Guarantees"
occurrence:	endorsements and	approved by the Financial
1. The aggregate balance	guarantees reaches 50	Supervisory Commission on
of the endorsements and	percent or more of the	Jan. 15, 2009, revises
guarantees made by the	stockholders' equity	reporting standards in the
Company and its	stated in the Company's	various subparagraphs of
subsidiaries reaches 50%	most recent financial	Paragraph 2 of the current
or more of the	statement, or after	article.
shareholder's equity on	announcement and report	4. Paragraph 3 contains
the Company's latest	in accordance with this	textual revision in
financial statement.	procedure, each increase	conjunction with Paragraph
2. The aggregate balance	in the balance exceeds by	2.
of the endorsements and	5 percent or more of the	5. Since the reporting
guarantees made by the	stockholders' equity	standards in Paragraph 2
Company and its	stated in the Company's	explicitly state that the
subsidiaries to a single	most recent financial	Company's shareholder's
company reaches 20% or	statement.	equity is the basis for
more of the shareholder's	2. The balance of endorsements and	reporting, Paragraph 4 of the current article is
equity on the Company's latest financial statement.	guarantees made to a	deleted in order to avoid
3. The aggregate balance	single business reaches 20	redundancy.
of the endorsements and	percent or more of the	reduitedity.
guarantees made by the	stockholders' equity	
Company and its	stated in the Company's	
subsidiaries to a single	most recent financial	
company reaches NT\$10	statement.	
million or more, and the	3. The balance of	
aggregate amount of all	endorsements and	
endorsements/	guarantees made to a	
guarantees for, long-term	single business reaches	
investment in , and	NT\$10 million or more,	
balance of loans to	and the aggregate	

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

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.

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.

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.

Existing Articles

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.

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.

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.

Explanatory Note

- articles.
- 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.
- 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.
- 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.
- 5. Textual revisions are made to Paragraph 3 of the current article, which is changed to Paragraph 4 of the amended article.

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

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

Amendment	Existing Articles	Explanatory Note
		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.
		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.
Article 11 (Penalties)	Article 11 (Penalties)	Because it is difficult to set
The handling of the	The handling of the	definite penalty standards for
Company's external	Company's endorsements and	violations causing material
endorsements and guarantees	guarantees shall fully comply	losses and severely affecting
shall fully comply with the	with the Regulations	the Company's image, for the
Regulations Governing Loaning of Funds and Making	Governing Loaning of Funds and Making of Endorsements	sake of clarity, the current article is revised to state that
of Endorsements/Guarantees	/ Guarantees by Public	violations of the Regulations
and these Operating	Companies and these	Governing Loaning of Funds
Procedures. Disciplinary	procedures. Managers or	and Making of Endorsements
action shall be taken against	other personnel in charge who	/ Guarantees and these
any managers or other	performed any violation,	Operating Procedures shall
responsible personnel in	which causes the Company	uniformly be subject to
accordance with the	material losses or has	disciplinary action in
Company's personnel rules in	material impacts on the	accordance with Company's
the event of any violations of	Company's reputation or	personnel rules.
regulations.	integrity shall be penalized in	
	accordance with the	
	Company's personnel rules.	

Amendment **Existing Articles Explanatory Note** Article 12 (Determination and Article 12 (Determination and 1. In conformity with Article 11, Paragraph 2 of the Revision) Revision) When these Operating "Regulations Governing When these Operating Procedures are submitted to Procedures are submitted to Loaning of Funds and the Board for discussion, full the Board for discussion, full Making of consideration shall be given consideration shall be given Endorsements/Guarantees, " with regard to revisions to the views of each to the views of each independent director; each independent director; each of these Operating independent director's independent director's Procedures, regardless of assenting or dissenting dissenting or qualified whether the independent opinion, and reasons for opinions shall be explicitly directors concur with or dissent, shall be explicitly noted in the board meeting object to the revisions, in all noted in the board meeting minutes... cases each independent minutes. After approval by the director's concurring or Board, these Operating After approval by the dissenting opinion, and Board, these Operating Procedures shall be reasons for dissent, shall be Procedures shall be distributed to each supervisor explicitly noted in the distributed to each supervisor and submitted to shareholders board meeting minutes; the and submitted to shareholders at the Shareholders Meeting content of Paragraph 1 is at the Shareholders Meeting for approval. If any director accordingly revised. for approval. If any director expresses a dissenting 2. Textual revisions are made expresses a dissenting opinion, and there is a record to Paragraph 2. opinion, and there is a record or written statement, or written statement, the Company shall send the Company shall send the dissenting opinion to each dissenting opinion to each supervisor and submit it to supervisor and submit it to shareholders at the

Shareholders Meeting for

of revisions.

discussion; likewise in the case

shareholders at the

of revisions.

Shareholders Meeting for

discussion; likewise in the case