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Chunghwa Telecom Co., Ltd.

2014 Annual General Meeting Minutes

I. Time: June 24, 2014, at 9:00 a.m.

II. Venue: No. 168, Minzu Road, Banchiao District, New Taipei City, Taiwan, R.O.C.
(Chunghwa Telecom Training Institute)

III. Number of shares represented by shareholders present: Shares represented by the shareholders present and proxies totaled 5,606,419,358 (including the 2,187,472,283 shares represented by shareholders executing voting rights through e-voting), accounting for 72.27% of the total shares issued by the Company, i.e. 7,757,446,545 shares.

IV. Chairman: Lih-Shyng Tsai, Chairman and CEO Minute taker: Hsiun-Chuan Lee
Ping-Chuan Huang
Yu-Ching Cho

Directors: Lih-Shyng Tsai, Mu-Piao Shih, Zse-Hong Tsai, Chung-Yu Wang, Chung-Fern Wu, Yu-Fen Hong, Hui-Ling Wu, Yi-Bing Lin, Su-Ghen Huang

Attendees: Steven S.K. Chen, Attorney, Tsar & Tsai Law Firm
Sandra Chen, CPA, Deloitte & Touche Taiwan

V. Chairman's address: (omitted)

Shareholder special motion:

Shareholder Mr. Chang (Account No. 48777) asked to change the meeting agenda: asking the Chairman to suspend the annual general meeting and meet first with the employee representative of the subsidiary Honghwa.

The Chairman decided to vote for the special motion.

Resolution: The Proposal to maintain the original agenda resolved by the board of directors was approved upon voting (upon "for" votes of 3,098,567,388 voting rights representing 55.27% of the present voting rights at the time of voting; "against" votes of 264,125 voting rights ; "abstain" votes of 2,187,472,283 voting rights executed through e-voting; "invalid" votes of 3,070,144 voting rights).

VI. Reports:

1. The Company's 2013 Business Report (Note: Appendix I of the Minutes).

2. 2013 Audit Committee's audit report concerning the Company's financial statements (Note: Appendix II of the Minutes).
3. Report on the amendment to the "Meeting Rules of Order of the Board of Directors" (Note: Appendix III of the Minutes).
4. Report on the amendment to the "Ethical Corporate Management Best Practice Principles" (Note: Appendix IV of the Minutes).

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

Summary of Shareholders' Statements:

Shareholder Mr. Yen (Account No. 42213), Ms. Zheng (Account No. 56688), Mr. Huang (Account No. 113975), Mr. Chen (Account No. 87467), Mr. Chang (Account No. 48777), Mr. Lin (Account No. 47650), Mr. Lee (Account No. 105273), Mr. Xu (Account No. 28139), Ms. Liu (Account No. 52047), Mr. Hong (Account No. 85030), Mr. Cheng (Account No. 44689), Ms. Yang (Account No. 107292), Ms. Chiu (Account No. 561092), Mr. Chen (Account No. 89891), Mr. You (Account No. 36977), Mr. Lin (Presence No. 8000015), Mr. Liu - Lian Sheng Technology Co., Ltd. (Account No. 587500), Mr. Wang (Account No. 41762), Mr. Zeng (Account No. 50815), Mr. Tsai (Account No. 40638), Mr. Su (Account No. 40602), Mr. Tao (Account No. 57799), Mr. Lee (Presence No. 8000012), Ms. Hsu (Account No. 99043) and Mr. Lu (Account No. 635009): questioned on the loss in investments, the loss of the investment in China Airline, the issue of focus on revenue instead of profit, board directors' and senior managements' shareholdings, the issue of employee behavior after the privatization of the Company, the handling of the issues raised by employees on the interactive platform of the Company, the responsibility for occupational injury, the Chairman's reason to join the Company and his vision and goal, reminding the Chairman of choosing right people as staff members, encourage shareholders to support the Chairman for improvement of the Company, the issue of labor contract with industrial high school students, the necessity of manpower outsourcing, opposing the appointments of certain employees as the supervisors of subsidiaries, the loss of investment in mainland China of Senao, the release of non-compete restrictions, the exact fulfilling of corporate governance, 4G plan and the competition confronted, recruiting staff from the outsourcing manpower, the issue of working over-time before retirement, the caring for retired staff, the compatibility of fiber optic network equipment, the competence of managers, the necessities of the positions of president and vice president in branch offices, the issues of undisciplined manager who rejected the appointment to change the position, the relation with the outsource manpower company, the performance and management of branch offices, set up an office responsible for handling the complaints raised by employees, the disclosure of spokesperson in the annual report, the competition of Senao's new business, the reason for reducing the forecast, the audit fees, recruiting high-performance staffs in the customer care department into subsidiary, recruiting all the outsourcing staff into Honghwa, the issue of laying off in Chunghwa System Integration, the outflow of staff in the customer care department, the overuse of travelling expense of the labor union, the issue of same work but be paid differently, Honghwa providing commute vehicle for female staff on night job, Honghwa improving working conditions, checking sales

performance of FTTB of the branch offices, the schedule and numbers for recruiting outsourcing staff, the promotion of the employee-representative director, the procurement of optical cable joint box, dissolving the business groups and streamlining the organization, product test-launch-retire mechanism, terminating outsourcing, the capex efficiency, resolving the difficulties of MOD business, countering the joint monopoly of cable TV operators, the appropriateness of marketing expenses, the information disclosure of the annual report, reasons for the loss in investments, transferring the staff of customer access department to Honghwa, the 3G connection influenced by 4G network; and suggested that the appeals raised by employees should not be treated at shareholders' meeting, raising salary, the procurement of security services should be processed through "rational bid", the old vehicles used for installation and engineering work should be replaced °

The Chairman and the persons designated by the Chairman responded to the above statements made by the said shareholders.

VII. Matters for Ratification

1. Ratification of 2013 business report and financial statements (Proposed by the Board of Directors)

Explanation:

- 1) The Company's 2013 financial statements (including balance sheets, statements of comprehensive income, statements of changes in equity, and statements of cash flows, please refer to Pages 10-16 and Pages 18-23 of the Handbook) have been audited by E. M. Wu and Sandra Chen of Deloitte & Touche, who have issued an unqualified opinion in their audit report (please refer to Pages 9 and 17 of the Handbook). At the 6th meeting of the Company's 7th Board of Directors held on March 25, 2014, the Company's 2013 financial statements together with the Company's business report (please refer to Page 2-4 of the Handbook) were approved, and the financial statements and business report were forwarded to the Audit Committee for audit. The Audit Committee found no unconformities, and their audit report (please refer to Page 5 of the Handbook) is submitted for examination. (Note: Appendix I of the Minutes is the business report; Appendix V to XIV are the independent auditors' report and the financial statements)
- 2) The aforementioned statements and report are submitted to the annual general meeting for ratification.

Summary of Shareholders Statements:

Shareholder Mr. Huang (Account No. 113975), Mr. Chang (Account No. 48777) , Mr. Lin (Account No. 47650), Mr. Tao (Account No. 57799), Mr. Wang (Account No. 41762), Mr. You (Account No. 36977), Mr. Tsai (Account No. 40638): questioned on the reasons for the large increase of intangible assets on the balance sheet, the R&D and the patents, the loss of Senao's investments in mainland China, the issues of the sales performance of branch offices, the disclosure about the employee share ownership trust, the issue about the branch of labor union, the former director being independent director of the other company, the audit methods conducted by the Audit Committee, the

appropriateness of marketing expenses, the reason for investments in the companies not listed and the evaluation methods, what are the acquisitions of property and intangible assets, the usage of R&D expenses, the audit fees, the procurement of optical cable joint box, the dividend policy, the issue about MOD household TV usage rate, the other information regarding the investments besides the gain and loss disclosed in the financial report, the issue of non-compete restrictions after quit the job, items to be included in the business report, product test-launch-retire mechanism, the countermeasures to regulation amendment by NCC; and suggested that the Company should import and sell handsets and their peripheral units, the quality of networks will be influenced by the capex reduction °

The Chairman and the persons designated by the Chairman responded to the above statements made by the said shareholders.

Resolution: The Proposal made by the Board of Directors was approved upon voting (upon “for” votes of 4,964,814,996 voting rights (among which 1,586,976,558 voting rights were executed through e-voting), representing 88.56% of the present voting rights at the time of voting; “against” votes of 661,888 voting rights (among which 237,827 voting rights were executed through e-voting); “abstain” votes of 600,257,898 voting rights executed through e-voting; “invalid” votes of 1,000 voting rights).

2. Ratification of the proposal for the distribution of 2013 earnings (Proposed by the Board of Directors)

Explanation:

- 1) The Company's 2013 financial statements have been finalized, and earnings shall be distributed as stipulated in the Profit Allocation Proposal (Note: Appendix XV of the Minute). It is proposed that directors and supervisors be issued a total cash remuneration of NT\$19,303,489, employees be issued cash bonuses of NT\$758,627,105, and shareholders be issued cash dividends of NT\$18,525,558,094. Common stock shareholders will receive cash dividends of NT\$2.3881 per share based on their number of shares held as recorded on the ex-dividend base day (specified below). The aforementioned cash dividends will be distributed to shareholders from the 2013 earnings as a priority.
- 2) Each shareholder's cash dividend shall be issued to the rounded-down full NT dollar (fractional amount be ignored). After which, the Chairman shall be authorized to distribute or reallocate any remaining amount. The ex-dividend base date shall be July 23, 2014.
- 3) Should the Company's capital position change in the future, requiring adjustments in the cash distribution ratio, the Chairman shall be authorized to manage the change in the cash distribution ratio.
- 4) This proposal has been approved by resolution at the 6th and 7th meeting of the Company's 7th Board of Directors, and is hereby submitted to the shareholders at the Annual General Meeting for approval.

Summary of Shareholder Statement:

Shareholder Mr. Wang (Account No. 41762), Mr. You (Account No. 36977): questioned on the procurement of optical cable joint box, the reasons for the loss of Senao's investments and the poor performances of both Chunghwa Investment and Light Era Development.

The Chairman and the persons designated by the Chairman responded to the above statements made by the said shareholders.

Resolution: The Proposal made by the Board of Directors was approved upon voting (upon "for" votes of 4,970,622,630 voting rights (among which 1,592,768,156 voting rights were executed through e-voting), representing 88.66% of the present voting rights at the time of voting; "against" votes of 774,645 voting rights (among which 346,775 voting rights were executed through e-voting); "abstain" votes of 594,357,352 voting rights executed through e-voting; "invalid" votes of 0 voting rights).

VIII. Matters for Discussion

1. The proposal for cash distribution from capital surplus (Proposed by the Board of Directors)

Explanation:

- 1) In order to cope with the adjustments of unappropriated retained earnings due to the initial adoption of T-IFRSs, the Company proposed a cash distribution of NT\$16,577,663,267 from the capital surplus, or the excess paid over the par value of common shares issued, in accordance with Article 241 of the Company Act. The distribution will be NT\$2.1370 per share to shareholders recorded on the ex-dividend base day.
- 2) Each shareholder's cash distribution shall be rounded down to the full NT dollar (fractional amount be ignored) , and the Chairman shall be authorized to distribute or reallocate the remaining amount. The ex-dividend base date shall be July 23, 2014.
- 3) Should the Company's capital position change in the future, requiring adjustments in the cash distribution ratio, the Chairman shall be authorized to manage the change in the cash distribution ratio.
- 4) Should the cash distribution be changed due to the amendment of laws, the mandate from relevant authorities or any changes beyond the Company's control, the Board of Directors shall be authorized to manage the changes in cash distribution.
- 5) For 2013, the total distribution of NT\$4.5251 per share is composed of a cash distribution of NT\$2.1370 per share from capital surplus as proposed, and a cash dividend of NT\$2.3881 per share distributed from earnings.
- 6) This proposal has been approved by resolution at the 6th and 7th meeting of the Company's 7th Board of Directors, and is hereby submitted to the shareholders at the Annual General Meeting for approval.

Resolution: The Proposal made by the Board of Directors was approved upon voting (upon "for" votes of 4,970,543,923 voting rights (among which 1,592,795,583 voting rights were executed through e-voting), representing 88.66% of the present voting rights at the time of voting; "against" votes of 516,130 voting rights (among which 322,345 voting rights were executed

through e-voting); “abstain” votes of 594,354,355 voting rights executed through e-voting; “invalid” votes of 0 voting rights).

2. The amendment to the “Articles of Incorporation” (Proposed by the Board of Directors)

Explanation:

- 1) The proposed amendment to the Articles of Incorporation is to amend Article 2 and Article 15, which are summarized as follows:
 - (1) The scope of business of the Company provided by Paragraph 1 of Article 2 shall be amended as follows:
 - a. The Ministry of the Economic Affairs issued a ruling on October 23, 2013 and revised the business item number of “Telecommunication Engineering Business” to “E701010”. The business item number of “Telecommunication Engineering Business” provided by Subsection 6 hereunder shall be amended accordingly.
 - b. In response to the business operation of the Company, “The Third Party Payment Business” (I301040) and “Water Pipe Construction Business” (E501011) shall be added respectively under Subsections 57 and 58 hereunder.
 - (2) In response to accounting schedule of the Company and according to Article 3 of the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies”, the board of the directors shall be convened at least one time a quarter. Article 15 shall be amended accordingly.
- 2) The Comparison Table of the proposed amendments to Article 2 and Article 15 of the Articles of Incorporation of Chunghwa Telecom Co., Ltd. is attached hereto. (Note: Appendix XVI of the Minute)
- 3) This proposal has been resolved in the 6th meeting of the 7th Board of Directors and is hereby submitted for resolution by the Annual General Meeting of shareholders.

Resolution: The Proposal made by the Board of Directors was approved upon voting (upon “for” votes of 4,843,728,449 voting rights (among which 1,465,982,581 voting rights were executed through e-voting), representing 86.4% of the present voting rights at the time of voting; “against” votes of 887,187 voting rights (among which 710,142 voting rights were executed through e-voting); “abstain” votes of 720,779,560 voting rights executed through e-voting; “invalid” votes of 0 voting rights).

3. The amendment to the “Procedures for Acquisition or Disposal of Assets” (Proposed by the Board of Directors)

Explanation:

- 1) The proposed revision is to be in accordance with the amendment of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies (herein referred to as the ‘Regulations’)” announced by the Financial Supervisory Commission on December 30, 2013, and to assist with the hedging need of the Company.
- 2) The main amendments are summarized as follows:
 - (1) Article 3, 4, 11~13, and the heading of Chapter 3 are amended:
 - a. Broaden the scope of “real estate”.
 - b. The term “other fixed assets” is adjusted to “equipment”.

(2) Article 14 is amended:

It is specified that it is not necessary for the Company to engage a CPA for an opinion on the reasonableness of the transaction price when participating in transactions regarding telecommunications licenses and spectrum with a government agency.

(3) Article 16 is amended:

It is specified that it not necessary for the Company to get approval from the Audit Committee and the Board of Directors when trading government bonds and similar securities with a related party.

(4) Article 17 is amended:

It is specified that the means of evaluating the reasonableness of the transaction costs stated under this article do not apply when the Company engages a related party to build real estate on the Company's own land or on rented land.

(5) Article 22 is amended:

To cope with the hedging need of the Company, the target of hedging is changed from "the estimated foreign currency amount for the subsequent six months" to "the demand for foreign currency under business contracts".

(6) Article 30 is amended:

For those derivatives trading handled by authorized personnel in accordance with this Procedures, it is specified that the Company shall report to the Board of Directors in the soonest subsequent board meeting after the transactions.

(7) Article 39 is amended:

It is specified that the provision for public disclosure of information does not apply to subscription or redemption of domestic money market funds.

- 3) The comparison table for the amendment proposal to certain provisions of the Procedures is attached hereto. (Note: Appendix XVII of the Minute)
- 4) This proposal has been approved by resolution of the 6th meeting of the Company's 7th Board of Directors, and is hereby submitted for resolution by the Annual General Meeting of shareholders.

Summary of Shareholder Statement:

Shareholder Mr. Deng (Account No. 103811) questioned if the Company used or not the equipment of Huawei or ZTE and the way to compete for business customers projects.

The Chairman and the persons designated by the Chairman responded to the above statements made by the said shareholder.

Resolution: The Proposal made by the Board of Directors was approved upon voting (upon "for" votes of 4,844,080,475 voting rights (among which 1,466,334,607 voting rights were executed through e-voting), representing 86.4% of the present voting rights at the time of voting; "against" votes of 569,999 voting rights (among which 316,326 voting rights were executed through e-voting); "abstain" votes of 720,821,350 voting rights executed through e-voting; "invalid" votes of 0 voting rights).

4. The proposal to release non-compete restrictions on directors (Proposed by the Board of Directors)

Explanation:

- 1) According to Article 209 of the Company Act, if a director acts for himself or on behalf of others regarding activities that are within the scope of the company's business, the director shall explain the essential content of such an act and secure shareholders' approval at the general meeting of shareholders.
- 2) It is proposed to release Director Chich-Chiang Fan and Chairman Lih-Shyng Tsai from non-compete restrictions for that they assumed positions at the following companies:

Director	Non-compete company	Same or similar businesses
<p style="text-align: center;">Representative of MOTC Chich-Chiang Fan</p>	<p style="text-align: center;">Taiwan High Speed Rail Corporation</p>	<p>I401010 General Advertising Services Business</p>
		<p>JE01010 Rental Business</p>
		<p>H701010 Residential and Commercial Building Development, Rental and Sales Businesses</p>
		<p>H701040 Development of Special District/Zone Businesses</p>
<p style="text-align: center;">Representative of MOTC Lih-Shyng Tsai</p>	<p style="text-align: center;">NXP Semiconductors N.V.</p>	<p>Computer and Accessories Manufacturing Service, Electronic Component Manufacturing Businesses, Information Storage and Process Equipment Manufacturing Businesses, Other Electrical and Electronic Machinery & Equipment Manufacturing Businesses, Energy Service Business, Automatic Control Equipment Engineering Business, Lighting Equipment Installation Business, Other Designer Businesses (Reference source: products and service information on NXP website http://www.nxp.com)</p>

- 3) This proposal has been resolved in the 6th meeting of the 7th Board of Directors and is hereby submitted for resolution by the Annual General Meeting of shareholders.

Summary of Shareholder Statement:

Shareholder Mr. You (Account No. 36977) suggested to sign non-compete contract with managers quit the job.

The Chairman and the persons designated by the Chairman responded to the above statements made by the said shareholders.

Resolution: The Proposal made by the Board of Directors was approved upon voting (Director Chich-Chiang Fan -- upon “for” votes of 4,843,621,779 voting rights (among which 1,465,875,911 voting rights were executed through e-voting), representing 86.39% of the present voting rights at the time of voting; “against” votes of 1,010,262 voting rights (among which 741,683 voting rights were executed through e-voting); “abstain” votes of 720,854,689 voting rights executed through e-voting; “invalid” votes of 0 voting rights; Chairman Lih-Shyng Tsai -- upon “for” votes of 4,838,875,247 voting rights (among which 1,461,129,379 voting rights were executed through e-voting), representing 86.31% of the present voting rights at the time of voting; “against” votes of 1,019,654 voting rights (among which 751,075 voting rights were executed through e-voting); “abstain” votes of 725,591,829 voting rights executed through e-voting; “invalid” votes of 0 voting rights).

XI. Other business and special motions

1. About the operation of the Company: Shareholder Mr. Tsai (Account No.40638), Mr. Su (Account no. 40602) suggested the Company to release capex limit for circuits in accordance with its necessity; resolve the difficulties of MOD business operation ; product test-launch-retire mechanism and the quality control of customer terminal equipment (6 suggestions).
2. About the organization of the Company: Shareholder Mr. Tsai (Account No.40638), Mr. Zeng (Account No. 50815) : request the Company to raise the levels of managers of the branch offices in the five main cities; to dissolve the business groups and streamline the organization; to enlarge the levels of positions entitled to transfer jobs for training purposes; disinvest from Senao and set up an ICT subsidiary (4 suggestions).
3. About employees’ rights and benefits: Shareholder Mr. Zhao (Account No. 38175), Mr. Tsai (Account No.40638), Mr. Wang (Account No. 41762): suggested the Company to raise salaries in response to the government’s policy (2 suggestions); to improve performance evaluation methods(5 suggestions); to solve the problem of manpower supply and working hours (5 suggestions); to help with the employees’ appeal for transferring jobs (4 suggestions); to provide early retirement program (1suggestion); and to secure the employees responsible for procurement against the threats from suppliers (1suggestion).
4. About outsourcing manpower: Shareholder Mr. Tsai (Account No.40638) suggested to process the procurement of security service for Ren-ai Hsin-YiHsin-Yi district through “rational bid”; to recruit directly the outsourcing staff of high performance into Honghwa; to solve the problem of

holidays allowance of some outsourcing staff; and to cease outsourcing manpower (5 suggestions).

5. Shareholder Mr. Wang (Account No. 41762) requested the Company to care for retired employees.

The Chairman stated the above shareholders' suggestions would be handled by the managers of the level of vice president and above, and would be submitted to the board of directors for discussion when it is necessary.

X. The meeting was adjourned at 17:48 p.m. of the same day.

Appendix

I. The Company's 2013 business report

In 2013, smartphones and new mobile application products and services became increasingly pervasive, driving users' demands for faster and higher quality telecom services. However, Chunghwa Telecom faced severe challenges in the Taiwanese telecom market, as major players all vying for greater market penetration. Under such situation, we spared no efforts to enhance mobile internet and broadband services and unveiled new value-added products and services. Benefiting from these efforts, we were able to further solidify our market leadership while delivering strong financial results for 2013.

Having focused heavily on promoting our mobile value-added services (VAS) and upgrading our broadband services, we grew our mobile internet subscribers to 3.94 million, and expanded our market share for 2013 to 34.8%. FTTx subscribers increased to 2.96 million, with 1.14 million users signing up for 60Mbps or faster services. Thanks to our vast network infrastructure and capabilities, cloud and ICT business also achieved healthy growth. Our ability to successfully execute ICT projects for enterprise and government clients is a testament to our competitive advantages in this emerging market.

Financial Highlights

For 2013, Chunghwa's consolidated revenues increased by 3% year over year to NT\$227.98 billion, exceeding our prior full year guidance by 4.7%. Mobile VAS and handset sales both delivered strong growth as a result of further smartphone penetration in the Taiwan market. The uptick in these two revenue lines, along with the growth in ICT revenues, offset the decline in voice business revenues. The consolidated costs and expenses amounted to NT\$ 18.04 billion, which increased by 5.2% year over year. In addition, Chunghwa Telecom recognized impairment loss, amounting to NT\$ 0.27 billion, resulting from phasing out equipment and group restructuring. However, there was a reversal gain on investment properties of NT\$ 0.25 billion recognized in 2013, because of increasing fair value of some investment properties. Net income attributable to stockholders of the parent company was NT\$39.72 billion or NT\$5.12 per share, which also exceeded our prior guidance by 5.6%. In addition, we continue to tap into emerging businesses, the value-added business, as well as opportunities in overseas market and investment. The total investment for 2013 was NT\$17.23 billion, and generated a return of NT\$1.1 billion. Total revenues from subsidiaries included on the consolidated financial statements were NT\$33.8 billion, up 13% from a year ago.

Mobile VAS Outperformed Peers

In 2013, Chunghwa Telecom remained focused on strengthening its high-end smartphone user base, increasing penetration in low- and mid-end market, and accelerating user migration from 2G to 3G services. With strong functionality being embedded in low- and mid-end smartphones, we introduced promotional plans combined with voice and data services. Benefiting from these promotional activities, as well as our expanded offering of popular handset models, we have seen a significant increase in sales revenue coming from low- and mid-end smartphones.

With the advent of fast-speed 4G service, we focused on driving user migration from 2G to 3G services. Of the 740 thousand users who migrated to our 3G services, 40% of them have subscribed to additional mobile data plans. In addition, supported by the successful execution of our mobile strategies, we attracted a significant number of additional mobile internet users, resulting in a 38.4% year-over-year increase in mobile VAS revenues.

To further support this endeavor, we began offering plans that enable our mPro subscribers to use LINE, a popular instant messaging app, to transmit text, images, voice and video without incurring

additional data charges. This partnership with LINE marked the first occurrence of a telecom carrier cooperating with a social messaging app in the Taiwan market. We expect this partnership will help boost our mobile internet subscribers, while significantly strengthening their loyalty and satisfaction with our services.

For mobile VAS business, we continued to promote our diversified content offering including Hami+ cloud, e-books, digital music, and app store, solidifying market position in terms of user base and downloads. By the end of 2013, we were able to boost Hami+ subscribers to 1.47 million, and expanded our offerings of e-books to 52,800 titles, and mobile apps to over 7,500 apps, which achieved 3.75 million downloads from our app store.

Quality FTTx and MOD Services

In 2013, we continued to facilitate user migration to higher-speed services. As of the end of 2013, there were over 1.14 million users subscribed to 60Mbps or faster speed services. We enabled our MOD service subscribers to enjoy “TV everywhere” with a seamless and user-friendly viewing experience across smartphones, tablets, and PCs. Benefiting from rich content offering, diversified services and pricing packages, our MOD services have been well-received by our subscribers. As of December 31, 2013, we offered 160 channels, 87 of which were HD channels, to a total of 1.24 million viewers.

Continuous Innovation in ICT and Cloud

Leveraging our extensive broadband network infrastructure, which provides us a solid foundation for developing our ICT and cloud business, we landed a number of ICT projects for enterprises and governmental agencies in 2013 including the installation for CTBC’s public welfare and sports lottery network, Taipei city video monitoring network, and the cloud services platform build-out for the National Fire Agency, etc. Although our revenues from cloud services are still limited, the strong year-over-year growth of 220% demonstrates this segment’s potential.

Awards

Our consistent efforts in operating business have been widely recognized by the market and press throughout Taiwan. Some of the awards we received in 2013 include:

- Golden Service Awards in the Telecom Sector granted by the CommonWealth magazine;
- Trusted Brand Platinum Award for the category of telecom service granted by Reader's Digest;
- Number 1 telecom operator among top 5,000 large enterprises in Taiwan granted by China Credit Information Service Ltd.; and
- Golden awards for broadband services and titles of quality service provider of cloud and the Internet of Things, etc. granted by 2013 Taiwan International Broadband exhibit.

We also upheld high standards of corporate social responsibility and strengthening our corporate governance. Relevant recognitions include:

- The inclusion in the Dow Jones Sustainability Index (DJSI) for both World and Emerging Markets categories, the indices that capture the sustainability champions in worldwide and the emerging market sectors, respectively;
- The top corporate disclosure award for the eighth year in a row by the Securities and Futures Institute; and
- No.1 CSR award in the telecom industry granted by CommonWealth for the seventh consecutive year.

In addition, recognizing our healthy financials, Standard & Poor’s rated Chunghwa Telecom with AA

and twAAA/twA-1+ ratings for long- and short-term credibility, respectively.

Outlook

In 2014, we aim to be the first company to roll out 4G services, allowing us to benefit from the first mover advantage. With faster broadband speed, we will not only strengthen our broadband market leadership, but will also be able to significantly enhance our MOD service quality and expand our ICT business. Recognizing the promising business prospects of 4G, we were actively involved in the spectrum auction in the fourth quarter of 2013, and won the rights to operate the most premium blocks of 4G frequency available in Taiwan at a cost of NT\$39.1 billion. To accommodate to the market demand, we plan to introduce 300Mbps broadband services as we continue to enhance our network build-out. We expect these initiatives to further solidify our market leadership by strengthening technological advantages, which will enhance our capabilities to tap demand for non-traditional telecom services for incremental business opportunities. These would include fast-growing businesses such as cloud computing and ICT in the overseas markets. Leveraging our leadership as an integrated telecom services provider, we will bring our customers a refreshing viewing experience on a platform seamlessly integrated across mobile internet, broadband and MOD, allowing Chunghwa to remain at the forefront of the on-going trend of digital convergence.

In conclusion, Chunghwa Telecom continues to maintain our high standard in corporate social responsibility through strong contributions to society and environment, while we strive to improve our operational efficiency utilizing technology as well as management process optimization. We are dedicated to maximizing values to our shareholders, customers and employees.

Lih-Shyng Tsai, Chairman and CEO

Mu-Piao Shih, President

Bao-Jin Chang, Accounting Officer

March 25, 2014

II. 2013 Audit Committee's audit report

The Board of Directors compiled the Company's 2013 business report, financial statements (including consolidated and standalone statements), and proposal of earnings distribution. The independent auditors E. M. Wu and Sandra Chen of Deloitte & Touche have audited the financial statements and issued an audit report. The audit committee audited the aforementioned business report, financial statements, and proposal of earnings distribution and found no unconformities. As such, the audit committee issued this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please examine.

Chunghwa Telecom Co., Ltd.

Zse-hong Tsai

Chairman of the Audit Committee

March 25, 2014

III. Report on the amendment to the “Meeting Rules of Order of the Board of Directors”

1. In accordance with Article 12 of the Company’s Articles of Incorporation, which prescribes the audit committee taking over the supervisors’ duties starting from the 7th Board of Directors, and the supervisory system ceasing operation at the end of the 6th Board of Directors, the provisions related to supervisors in these Meeting Rules of Order were deleted. The following articles were amended:
 - 1) Article 3, Paragraph 1
 - 2) Article 12, Paragraph 1, Subparagraph 21, and the addition of Subparagraph 22
 - 3) Article 18, Paragraph 1 , and Subparagraph 7 and 8 of Paragraph 2
2. The wording of Article 12, Paragraph 1 and 3 were amended for consistency.
3. Article 18, Paragraph 4 was amended:
 - 1) The former “Financial Supervisory Commission, Executive Yuan” was reorganized as “Financial Supervisory Commission” following the reorganization of the Executive Yuan. Paragraph 4 was amended accordingly.
 - 2) In compliance with the Article17, Paragraph 2, Subparagraph 2 of the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies”, added the provision of Subparagraph 2 “A resolution is adopted with the approval of two-thirds or more of all directors, without having been passed by the audit committee of this Corporation.” and adjusted the sequence accordingly.
4. Article 19 was amended:

Originally the adoption and amendment of these Rules of Order shall be approved by the Board of Directors, and reported to the Shareholders' Meeting. Following the amended Article 19 of the “Sample Template for XXX Co., Ltd. Rules of Procedure for Board of Directors Meetings” announced by the Taiwan Stock Exchange, the amendment of Article 19 at this time prescribes that the Board of Directors is authorized to resolve any future amendments to these Rules and that there is no need to report to the Shareholders’ Meeting any more.

Meeting Rules of Order of the Board of Directors

of Chunghwa Telecom Co., Ltd.

1. The total 17 articles approved at the BOD Meeting on August 19, 2003.
2. Amendment approved at the BOD Meeting on December 26, 2006 and reported at the 2006 Annual General Meeting.
3. Amendment approved at the BOD Meeting on March 25, 2008 and reported at the 2008 Annual General Meeting.
4. Amendment approved at the BOD Meeting on March 27, 2012 and reported at the 2012 Annual General Meeting.
5. Amendment approved at the BOD Meeting on January 29, 2013 and reported at the 2013 Annual General Meeting.
6. Amendment approved at the BOD Meeting on August 13, 2013.
7. Amendment approved at the BOD Meeting on December 17, 2013.

Article 1

Chunghwa Telecom Co. Ltd. (herein referred to as the "Company") has

determined these Rules of Order in accordance to the "Regulations Governing Procedures for Board of Directors Meetings of Public Companies" in order to establish a sound Board governance system and to strengthen the Board's supervisory and management functions.

Article 2

The Board meeting agenda, working procedures, items to be explicitly stated in the minutes, announcements, and other matters requiring compliance shall be handled as prescribed in the Rules of Order.

Article 3

The Board shall meet once every two months. All directors shall be notified seven days in advance when a meeting is to be convened, and shall be explicitly informed of the meeting time, location, and agenda. Board meetings may be held at any time, however, when emergency situations arise.

The notice to be given under the preceding paragraph may be effected by means of electronic transmission with the prior consent of the recipients.

Except unforeseen emergency situation or other legitimate reasons, the circumstances regulated in Article 12, Paragraph 1, Subparagraph 1 through 8, 24 and 25 of the Rules of Order, shall be listed on the meeting agenda, and may not be proposed as extraordinary motions; the remaining circumstances, however, shall not be subjected to this restriction.

Article 4

The Company's Board has designated the Secretary of the Board of Directors as the meeting affairs unit.

The meeting affairs unit shall draft Board meeting agenda, gather sufficient and relevant meeting information, and distribute meeting notification, agenda and information to all directors and supervisors.

Directors may request additional information from the meeting affairs unit if they feel that the information provided is insufficient. The directors may choose to delay deliberation via a Board resolution if they feel that the information is insufficient for decision making.

Article 5

An attendance book shall be provided at Board meetings for attending directors to sign in.

Directors shall personally attend Board meetings, and if a director is unable to attend in person, such director may designate another director to attend as a proxy in accordance to the Company's Articles of Incorporation. Attending a meeting via videoconferencing shall be regarded as attending in person.

An absent director who delegates another director to act as a proxy, shall provide a letter of authorization at such meeting; the said letter shall list authorization with regard to the agenda items.

A proxy in the foregoing paragraphs may act on behalf of only one director.

Article 6

The Board meetings' location and time shall be held at the Company's premises during business hours or at any suitable place and time in order to properly accommodate the directors.

Article 7

The Chairman shall convene Board meetings and serve as chairman of the meeting. However, the director receiving the ballots representing the most voting rights at the Shareholders' Meeting shall convene the first meeting of the new Board, and that convener shall also serve as the chairman of the meeting. When there are two or more directors with convening rights, they shall nominate one of them to serve as chairman.

If the Chairman cannot attend a Board meeting for some reason, the Vice Chairman shall attend in his place, and if there is no Vice Chairman or the Vice Chairman cannot attend, the Chairman shall designate one director to attend in his place; if the Chairman has not designated a representative, the directors shall nominate one director to serve in place of the Chairman.

Article 8

During each Board meeting, personnel from the meeting affair unit shall report previous Board meeting's resolution implementation status. The managers of relevant departments or subsidiaries shall attend the Board meetings in a non-voting capacity in order to report on the Company's current business operation and answer questions from the directors, enabling the directors to better understand the Company's current status and to conduct appropriate resolutions. The Chairman of the meeting may also invite accountants, legal advisors, or other professionals to attend the meeting and to make explanatory statements in a non-voting capacity in order to provide professional opinions for the Board's reference, provided that they shall leave the meeting when deliberation or voting takes place.

The Chairman shall promptly announce the start of a meeting if majority of all directors attend at the designated meeting time. The Chairman may announce a delay of the meeting if one-half or more of all directors are absent. However, a meeting may not be delayed more than twice. If a quorum still does not exist after two delays, the Chairman shall re-convene the meeting in accordance to the procedures in Article 3, Paragraph 2 of the Rules of Order.

If, due to force majeure or other special circumstances, the Chairman cannot convene the meeting at the designated time, the Chairman may inquire the directors' opinions one-by-one and with the consent of majority directors, the Chairman may hold the meeting later at another location and/or by videoconferencing. The time of the meeting should not be rescheduled past 12:00 p.m. midnight of the same day.

The so-stated "all directors" under Paragraph 2 shall be counted as the actual number of serving directors.

Article 9

The Company shall make full audio or video recordings of Board meetings, and shall preserve such recordings for at least five years. Recordings may be preserved via any electronic methods.

If a lawsuit concerning a related Board resolution occurs before the end of the preservation period stated in the foregoing paragraph, the related audio or video recordings shall be preserved until the completion of the lawsuit.

When a Board meeting is held by means of videoconferencing, audio and video recordings of the meeting shall be part of the meeting minutes, and shall be preserved as long as the Company is in existence.

Article 10

The agenda of the Company's regular Board meetings shall include at least the following matters:

1. Reporting matters:
 - (1) A report of the previous Board meeting minutes and implementation status;
 - (2) A report of major financial and operational matters (inclusive the first and the third quarter financial reports/statements);
 - (3) A report of internal audit matters; and
 - (4) Other important reporting matters
2. Discussion matters:
 - (1) Discussion issues held over from the previous Board meeting; and
 - (2) Discussion issues planned for the current Board meeting
3. Extraordinary motions

Article 11

Proposals from directors shall not be included in the agenda unless received by the meeting affair unit at least three days prior to meeting notification being sent out.

Board meetings shall proceed in accordance to the agenda specified in the meeting notification. The agenda may be changed, however, with the consent of a majority of the attending directors.

During the meeting proceeding, the Chairman may not arbitrarily announce adjournment without the consent of a majority of the attending directors.

If, during a Board meeting, the number of directors present does not constitute a majority of the attending directors, the Chairman shall announce a recess of the meeting following a proposal to that effect by either of the presenting directors; Article 8, Paragraph 2 shall apply mutatis mutandis herein. During a meeting, the Chairman may announce a specific time to call a recess or consultation period.

Article 12

The following matters shall be submitted to the Board for discussion:

1. Approval of the Company's operating plan and budget;
2. Approval of the Company's financial forecast;
3. Approval of semi-annual and annual financial reports/statements and business report;
4. Approval of personnel, procurement, accounting, and internal control standards and procedures;
5. Approval of Internal Control Statement;
6. Adoption or amendment in accordance with Article 36-1 of the Securities and Exchange Act of procedures for handling major financial actions such as acquisition or disposal of assets, engaging in derivative trading, extension of monetary loans to others, endorsements or guarantees for others;
7. Offering, issuance, or private placement of equity-type securities;
8. Appointment and dismissal of finance, accounting, and internal audit executives;
9. Capital increases or decreases;
10. Approval of the Company's organizational regulations;
11. Establishment, alteration, or revocation of domestic or foreign branches;
12. Distribution of profits or off-set of deficit.;

13. Approval of the amounts and terms of domestic and foreign debt;
14. Approval of the amounts of re-investments;
15. Approval of the issuance of corporate bonds;
16. Adoption or amendment of organizational regulations for the Board and functional committees;
17. Adoption or amendment of regulations governing the scope of independent directors' duties;
18. Approval of employee salaries standard;
19. Appointment and dismissal of the President, Senior Executive Vice Presidents, Presidents of Business Groups and Presidents of the Telecommunication Laboratories and Telecommunication Training Institute;
20. Approval of persons recommended by the Company to serve as the chairmen and presidents of re-investment companies;
21. The salary compensation of the directors and management proposed by the Salary & Compensation Committee members, with further consideration of the compensation amount, payment methods and the Company's potential future risks, etc.
22. Matters that should be submitted for Board's resolution in accordance to the Organizational Regulations for Audit Committee;
23. The salary compensation of directors and management of the various subsidiaries, in accordance with its Powers and Duties Chart of that subsidiary;
24. Matters that should be submitted for Board's resolution in accordance to the Powers and Duties Chart of BOD and the Management;
25. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
26. Matters that must be decided by a resolution of the Shareholders' Meeting or by the Board pursuant to Article 14-3 of the Securities and Exchange Act, to other laws and regulations or to the Articles of Incorporation, or material matters designated by the competent authority.

The term "related party" in subparagraph 25 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

Independent directors shall attend in person, or appoint other independent directors to attend in their place, when the Board discusses matters pursuant to Article 14-3 of the Securities and Exchange Act. Independent directors' opposing or qualified opinions shall be explicitly noted in the Board meeting minutes. If an independent director cannot attend a Board meeting in person to express an opposing or qualified opinion, unless he has a legitimate reason, the independent

director shall submit a written opinion in advance; the said opinion shall be explicitly noted in the Board meeting minutes.

Article 13

A director who wishes to revise or replace any proposals listed on the Agenda, or who wishes to submit another proposal as an extraordinary motion, must be seconded by another director.

Article 14

A director who has raised specific reasons for objection to a resolution approved by the Board may submit a written statement. The reasons shall be explicitly stated in the Board meeting minutes.

Article 15

The Chairman may announce an end to discussion and call for a vote when he perceives that the discussion of a proposal has progressed to the point that a vote is warranted.

When a proposal is put to a vote, the proposal shall be considered approved if no attending directors voice objections in response to the Chairman's inquiries. A proposal shall be put to a vote when attending directors voice objections in response to the Chairman's inquiries.

The said attending directors do not include those without voting capacity in accordance to Article 17 Paragraph 1.

The Chairman shall choose one of the voting methods specified in the followings; however, the voting method shall be decided by majority opinion, if any of the attending directors voices any objection:

1. Voting by show of hands;
2. Voting by roll call; a roll-call vote shall be taken when proposed by an attending director and supported by at least one-fifth of the directors present;
3. Voting by ballot; or
4. A voting method chosen by the Company.

Article 16

Each director shall have one voting right.

Except where prescribed by law or other regulations in the Articles of Incorporation, a majority of directors must attend whenever a proposal is put to a vote, and the passage of a resolution requires the approval of a majority of those directors present. In regards to Article 12, Paragraph 1, Subparagraph 21, if the Board does not adopt or amend the proposals of the Salary & Compensation Committee, then the resolution shall only be passed if more than two-thirds of the Directors attend and more than 50% of the attending Directors approve of the resolution. The difference of opinions and the relevant reasons shall be recorded in the Board of Directors meeting minutes.

When a resolution has amendments or alternative proposals, the chairman of the meeting must determine the voting priority of each; if any of the proposals is passed, then all other proposals are considered denied and will not be voted upon.

If the voting requires necessary supervisor and counter, then such personnel must be designated by the chairman of meeting, and the voting supervisor must be one of the attending directors.

The voting results shall be reported during the meeting and recorded into the

meeting minutes accordingly.

Article 17

If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this Corporation, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.

Pursuant to Company Act, Article 206, Paragraph 2, the provisions of Article 180, Paragraph 2 shall apply mutatis mutandis to the resolution of aforesaid matters.

Article 18

Board meeting proceedings shall be recorded into meeting minutes, which shall be signed or chopped by the Chairman. Board meeting minutes shall be distributed to all directors and persons who attended in a non-voting capacity within twenty (20) days of each meeting. The minutes shall be deemed important corporate records and appropriately preserved during the existence of this Corporation. The minutes may be produced and distributed by electronic means.

The minutes shall fully and accurately state the matters listed below:

1. The meeting session (or year) and the time and place of the meeting.
2. The name of the chair.
3. The directors' attendance at the meeting, including the names and the number of directors in attendance, excused, and absent.
4. The names and titles of those attending the meeting as non-voting participants.
5. The name of the minute taker.
6. The matters reported at the meeting.
7. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Article 12, paragraph 4.
8. Extraordinary motions: The name of the mover, the method of resolution and the result, a summary of the comments of any director, expert, or other person; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and their objections or reservations and any recorded or written statements.
9. Other matters required to be recorded.

The Board's attendance book is a part of the minutes and shall be preserved as long as the Company is in existence.

Any resolution with the following issues, in addition to the meeting minute recording, must be filed and publicly disclosed onto Market Observation Post system, designated by the Financial Supervisory Commission, within two days of the Board of Directors meeting:

1. When independent directors express opposed or qualified opinions concerning the resolutions, with proper records or written statements;
2. A resolution is adopted with the approval of two-thirds or more of all directors, without having been passed by the audit committee of this Corporation.
3. Salary compensation approved by the Board of Directors is higher than the proposed amount by the Remuneration Committee.

Article 19

These Meeting Rules of Order shall be adopted by the approval of meeting of the Board of Directors and shall be reported to the shareholders meeting. The Board of Directors is authorized to resolve any future amendments to these Rules.

IV. Report on the amendment to the “Ethical Corporate Management Best Practice Principles”

1. In order to prevent unethical conduct, the Company has adopted the Procedures for Ethical Management and Guidelines for Conduct upon the approval of the 20th meeting of the 6th Board of Directors in accordance with Article 6 and 18 of the Company’s Ethical Corporate Management Best Practice Principles and as reference to the “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct” announced by the authority.
2. The amendment of the Company’s Articles of Incorporation to establish an audit committee starting from the 7th Board of Directors and to cease operation of the supervisory system at the end of the term of the 6th Board of Directors pursuant to Article 14-4 of the Securities and Exchange Act, has been approved at the 21st meeting of the 6th Board of Directors and at the 2013 Annual General Meeting of shareholders on June 25, 2013.
3. According to the above mentioned resolutions, the Company’s Ethical Corporate Management Best Practice Principles was amended. The main amendments are summarized as follows:
 - 1) Article 2, 10 to 13, 15, 16, 18, 19, 22, and 23: delete “supervisors”
 - 2) Article 6: "Guidelines for Prevention of Unethical Conduct of Chunghwa Telecom (hereinafter referred to as the Prevention Guidelines)" was amended to "Chunghwa Telecom Co.Ltd. Procedures for Ethical Management and Guidelines for Conduct (hereinafter referred to as the Guidelines for Conduct)"; and Article 7, 14, 15, 18 and 19: "Prevention Guidelines" was amended to "Guidelines for Conduct ".
4. This amendment has been approved at the 2nd meeting of the 7th Board of Directors on Aug. 13, 2013.

Ethical Corporate Management Best Practice Principles for Chunghwa Telecom Co., Ltd.

1. All articles adopted by the 5th special meeting of the Company's 6th Board of Directors on December 28, 2010.
2. The amendment approved by the 2nd meeting of the Company’s 7th Board of Directors on August 13, 2013.

Article 1 (Purpose of enactment and applicable scope)

The Ethical Corporate Management Best Practice Principles ("Principles") is enacted to assist Chunghwa Telecom Co., Ltd. and its affiliated institutions (hereinafter referred to as the “Company”) to establish a corporate culture of ethical management and sound development.

The applicable scope of the Principles covers the Company’s subsidiaries, any foundation constituted as a juristic person to which the Company's direct or indirect accumulated contribution of funds exceeds 50% of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company (hereinafter referred to as the "Business Group").

Article 2 (Prohibition of Unethical Conducts)

When engaging in commercial activities, directors, managers, employees of the Company or persons having substantial control over such companies (hereinafter referred to as the "Substantial Controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty (hereinafter referred to as the "Unethical Conduct") for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and directors, supervisors, managers, employees or Substantial Controllers or other interested parties of the same.

Article 3 (The type of benefits)

The "Benefits" mentioned in the Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4 (Legal compliance)

The Company shall comply with the Company Act, Securities and Exchange Act, Business Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM-listing related rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 5 (Policy)

The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

Article 6 (Guidelines for Conduct)

The Company has established the "Chunghwa Telecom Co. Ltd. Procedures for Ethical Management and Guidelines for Conduct " (hereinafter referred to as the " Guidelines for Conduct ") in order to implement the operational philosophies and policies prescribed in the preceding

article .

The Guidelines for Conduct established in accordance with the previous paragraph shall comply with relevant laws and regulations of the territory where the Company and its Business Group are operating.

Article 7 (The scope of the Guidelines for Conduct)

When establishing the Guidelines for Conduct, the Company shall analyze which business activities within their business scope may be at a higher risk of being involved in Unethical Conduct, and strengthen relevant preventive measures.

The Guidelines for Conduct under the previous paragraph shall include preventive measures against the following:

1. Offering and acceptance of bribes.
2. Offering illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.

Article 8 (The promises and executions)

The Company and its Business Group shall clearly specify ethical corporate management policies in their internal rules and relevant external documents. The board of directors and the management level shall promise to undertake rigorously and thoroughly enforce such policies for internal management and external commercial activities.

Article 9 (Engaging in commercial activities under ethics)

The Company shall engage in commercial activities in a fair and transparent manner. Prior to conclusion of any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients or other trading counterparties, and their records of Unethical Conduct, if any. It is advisable not to have any dealings with persons who have any records of Unethical Conduct.

When entering into contracts with other parties, the Company shall include in such contracts provisions for ethical corporate management policy compliance and a provision that in the event the trading counterparties are suspected of engaging in Unethical Conduct, the Company may at any time terminate or revoke the contracts.

Article 10 (Prohibition of offering and acceptance of bribery)

When conducting business, the Company and its directors, managers, employees and Substantial

Controllers, shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, including rebates, commissions, grease payments, or offer or accept improper benefits in other ways to or from clients, agents, contractors, suppliers, public servants, or other interested parties, unless otherwise the laws of the territories where the Company operates permit so.

Article 11 (Prohibition of offering illegal political donations)

When directly or indirectly offering a donation to political parties, or organizations or individuals participating in political activities, the Company and its directors, managers, employees and Substantial Controllers, shall comply with the Political Donations Act and the Company's own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12 (Prohibition of improper charitable donation or sponsorship)

When making or offering charitable donations and sponsorship, the Company and its directors, managers, employees and Substantial Controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 13 (Prohibition of unreasonable presents, hospitality or other improper benefits)

The Company and its directors, managers, employees and Substantial Controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits in order to establish business relationship or influence commercial transactions.

Article 14 (Organization and responsibility)

The board of directors of the Company shall exercise the due care of good administrators to urge the Company to prevent from Unethical Conduct and review the results of the preventive measures at any time as well as continuously make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the human resources department of the Company shall be in charge of enacting and enforcing the ethical corporate management policies and Guidelines for Conduct and reporting to the board of directors periodically.

Article 15 (Legal compliance for business operation)

The Company and its directors, managers, employees and Substantial Controllers shall comply with laws and regulations and the Guidelines for Conduct when carrying out the business.

Article 16 (The avoidance of conflicts of interests of directors and managers)

The Company shall establish policies to avoid conflicts of interest and offer appropriate means for directors and managers to voluntarily explain whether they have any potential conflict of interest with the Company.

The Company's directors shall exercise a high degree of self-discipline. The director may present his opinion and answer relevant questions of but is prohibited from participating in discussion of or voting on any proposal where the director or the juristic person that the director represents is an interested party and where such participation is likely to prejudice the interests of the Company. The director shall not vote on such proposal as a proxy of another director in such circumstances as well. The directors shall practice self-discipline and must not support one another in improper ways.

The Company's directors and managers shall not take advantage of their positions in the Company to obtain improper benefits for themselves, their spouses, parents, children or any other persons.

Article 17 (Accounting and internal control)

The Company shall establish effective accounting systems and internal control systems for business activities which may be at a higher risk of being involved in Unethical Conduct, not have under-the-table accounts or maintain secret accounts, and conduct reviews from time to time so as to ensure that the design and enforcement of the systems will continue to be effective.

The Company's internal auditors shall periodically examine the Company's compliance with the systems mentioned in the previous paragraph and prepare audit reports to be submitted to the board of directors.

Article 18 (Operation procedures and guidelines of conduct)

The Guidelines for Conduct established by the Company in accordance with Article 6 hereof shall provide concrete rules about the operation procedures and guidelines of conduct for directors, managers, employees and Substantial Controllers which shall contain the following contents:

1. The offer or acceptance of benefits must be consistent with normal social customs, be of occasional nature, and not be likely to affect specific rights or obligations.
2. Handling procedures for offering legitimate political donations.
3. Handling procedures and the standard rates for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interest and reporting and handling procedures thereof.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and handling procedures for dealing with suppliers, clients and business

- transaction counterparties suspected of Unethical Conduct.
7. Handling procedures for violations of the Principles of the Company.
 8. Disciplinary measures for offenders.

Article 19 (Education training and review)

The Company shall periodically organize education training and awareness programs for directors, managers, employees and Substantial Controllers so they can fully understand the Company's resolve to implement ethical corporate management, the related policies, Guidelines for Conduct and the consequences of committing Unethical Conduct.

The Company shall combine the policies of ethical corporate management with its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 20 (Report and discipline)

The Company shall have in place a formal channel for receiving reports on Unethical Conduct and keep the reporter's identity and content of the report confidential.

The Company shall enact a well-defined disciplinary and complaint system to handle violation of the ethical corporate management rules, and immediately disclose the information on the Company's internal website the offender's job title, name, and the date when the violation was committed, violating act and how the matter was handled.

Article 21 (Disclosure of information)

The Company shall disclose the status of the enforcement of the Principles on the websites, annual reports and prospectuses of the Company.

Article 22 (Review and amendment to the Principles)

The Company shall monitor the development of relevant local and international regulations concerning ethical corporate management from time to time, and encourage directors, managers and employees to make suggestions so as to review and improve the Principles enacted by the Company and enhance the achievement of ethical corporate management.

Article 23 (Enforcement)

The Principles of the Company shall be implemented after the board of directors grants the approval, and shall be reported at a shareholders' meeting. The same shall apply to any amendment thereto.

V.
INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of Chunghwa Telecom Co., Ltd. and its subsidiaries ("the Company") as of December 31, 2013, December 31, 2012 and January 1, 2012, the related consolidated statements of comprehensive income and change in stockholders' equity and cash flows for the years ended December 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2013, December 31, 2012 and January 1, 2012, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2013 and 2012, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of Chunghwa Telecom Co., Ltd. as of and for the years ended December 31, 2013 and 2012 on which we have issued an unqualified report.

/s/ DELOITTE & TOUCHE

Deloitte & Touche
Taipei, Taiwan
The Republic of China

March 25, 2014

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

VI.

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 3 and 6)	\$ 14,585,105	3	\$ 30,938,472	7	\$ 26,407,196	6
Financial assets at fair value through profit or loss (Notes 3 and 7)	337	-	2,994	-	45,750	-
Available-for-sale financial assets (Notes 3 and 8)	24,267	-	2,250,260	-	2,498,712	1
Held-to-maturity financial assets (Notes 3 and 9)	4,264,104	1	4,250,146	1	1,201,301	-
Trade notes and accounts receivable, net (Notes 3, 4 and 10)	22,900,902	5	24,354,817	6	22,396,071	5
Accounts receivable from related parties (Note 37)	69,304	-	43,937	-	34,064	-
Inventories (Notes 3, 4, 11 and 38)	7,848,087	2	7,196,101	2	4,822,154	1
Prepayments (Notes 12 and 37)	2,224,130	1	1,985,706	-	1,888,643	-
Other current monetary assets (Notes 13 and 26)	4,636,305	1	24,449,195	6	43,050,748	10
Other current assets (Notes 7 and 19)	3,960,798	1	4,474,595	1	3,039,836	1
Total current assets	60,513,339	14	99,946,223	23	105,384,475	24
NONCURRENT ASSETS						
Available-for-sale financial assets (Notes 3 and 8)	3,046,182	1	3,278,315	1	242,934	-
Financial assets carried at cost (Notes 3 and 14)	2,423,646	-	2,467,861	-	2,575,030	1
Held-to-maturity financial assets (Notes 3 and 9)	7,501,743	2	11,796,144	3	13,494,891	3
Investments accounted for using equity method (Notes 3 and 15)	2,562,293	-	2,240,292	-	2,556,017	-
Property, plant and equipment (Notes 3, 4, 16, 37 and 38)	302,714,116	69	297,342,349	68	295,031,831	67
Investment properties (Notes 3, 4 and 17)	8,018,031	2	7,788,898	2	9,060,081	2
Intangible assets (Notes 3, 4 and 18)	44,398,888	10	5,781,803	1	6,278,175	1
Deferred income tax assets (Notes 3 and 30)	1,515,408	-	1,315,874	-	1,067,871	-
Prepayments (Notes 12 and 37)	3,608,487	1	3,554,235	1	3,546,976	1
Other noncurrent assets (Notes 19, 26 and 38)	4,882,974	1	4,596,529	1	3,858,165	1
Total noncurrent assets	380,671,768	86	340,162,300	77	337,711,971	76
TOTAL	\$ 441,185,107	100	\$ 440,108,523	100	\$ 443,096,446	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term loans (Note 20)	\$ 254,357	-	\$ 111,473	-	\$ 75,000	-
Financial liabilities at fair value through profit or loss (Notes 3 and 7)	246	-	1,959	-	3,987	-
Trade notes and accounts payable (Note 22)	15,589,108	4	13,513,437	3	14,264,769	3
Payables to related parties (Note 37)	556,809	-	837,330	-	788,147	-
Current tax liabilities (Notes 3 and 30)	4,144,076	1	3,320,329	1	3,538,742	1
Other payables (Note 23)	26,791,769	6	26,101,780	6	26,302,261	6
Provisions (Notes 3 and 24)	129,341	-	221,245	-	148,050	-
Advance receipts (Note 25)	9,463,535	2	10,193,988	2	11,501,721	3
Current portion of long-term loans (Note 21)	300,000	-	8,372	-	701,887	-
Other current liabilities	1,598,017	-	1,597,476	1	1,954,963	1
Total current liabilities	58,827,258	13	55,907,389	13	59,279,527	14
NONCURRENT LIABILITIES						
Long-term loans (Note 21)	1,400,000	1	2,050,000	1	1,058,372	-
Deferred income tax liabilities (Notes 3 and 30)	101,379	-	98,392	-	111,365	-
Provisions (Notes 3 and 24)	123,464	-	44,909	-	34,002	-
Customers' deposits (Note 37)	4,834,580	1	4,911,010	1	5,013,981	1
Accrued pension liabilities (Notes 3, 4 and 26)	5,519,103	1	4,616,803	1	2,994,079	1
Deferred revenue	3,700,949	1	3,838,854	1	3,887,813	1
Other noncurrent liabilities	1,334,220	-	1,312,630	-	865,644	-
Total noncurrent liabilities	17,013,695	4	16,872,598	4	13,965,256	3
Total liabilities	75,840,953	17	72,779,987	17	73,244,783	17
EQUITY ATTRIBUTABLE TO OF THE PARENT (Note 27)						
Common stock	77,574,465	18	77,574,465	18	77,574,465	17
Additional paid-in capital	184,620,065	42	190,162,430	43	190,157,537	43
Retained earnings						
Legal reserve	74,819,380	17	70,828,983	16	66,122,145	15
Special reserve	2,675,894	-	2,675,894	-	2,675,894	1
Unappropriated earnings	20,744,024	5	21,483,854	5	29,016,482	6
Total retained earnings	98,239,298	22	94,988,731	21	97,814,521	22
Other adjustments	(144,005)	-	161,061	-	28,756	-
Total equity attributable to of the parent	360,289,823	82	362,886,687	82	365,575,279	82
NONCONTROLLING INTERESTS	5,054,331	1	4,441,849	1	4,276,384	1
Total equity	365,344,154	83	367,328,536	83	369,851,663	83
TOTAL	\$ 441,185,107	100	\$ 440,108,523	100	\$ 443,096,446	100

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

VII.

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Years Ended December 31			
	2013		2012	
	Amount	%	Amount	%
REVENUES (Notes 28 and 37)	\$ 227,981,307	100	\$ 221,419,829	100
OPERATING COSTS (Notes 11 and 37)	<u>147,289,195</u>	<u>65</u>	<u>141,512,808</u>	<u>64</u>
GROSS PROFIT	<u>80,692,112</u>	<u>35</u>	<u>79,907,021</u>	<u>36</u>
OPERATING EXPENSES (Note 37)				
Marketing	25,160,434	11	22,246,206	10
General and administrative	4,190,347	2	4,021,184	2
Research and development	<u>3,724,903</u>	<u>1</u>	<u>3,698,110</u>	<u>1</u>
Total operating expenses	<u>33,075,684</u>	<u>14</u>	<u>29,965,500</u>	<u>13</u>
OTHER INCOME AND EXPENSES (Note 29)	<u>58,955</u>	<u>-</u>	<u>(1,569,217)</u>	<u>(1)</u>
INCOME FROM OPERATIONS	<u>47,675,383</u>	<u>21</u>	<u>48,372,304</u>	<u>22</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	562,808	-	741,937	1
Other income (Notes 29 and 37)	356,528	-	440,609	-
Other gains and losses (Notes 29 and 37)	(122,911)	-	(138,524)	-
Finance costs (Note 29)	(36,412)	-	(22,033)	-
Share of the profit of associates and jointly controlled entities accounted for by equity method (Note 15)	<u>674,977</u>	<u>1</u>	<u>533,358</u>	<u>-</u>
Total non-operating income and expenses	<u>1,434,990</u>	<u>1</u>	<u>1,555,347</u>	<u>1</u>
INCOME BEFORE INCOME TAX	49,110,373	22	49,927,651	23
INCOME TAX EXPENSE (Notes 3 and 30)	<u>8,270,746</u>	<u>4</u>	<u>8,011,771</u>	<u>4</u>
NET INCOME	<u>40,839,627</u>	<u>18</u>	<u>41,915,880</u>	<u>19</u>
OTHER COMPREHENSIVE INCOME (LOSS), NET				
Exchange differences arising from the translation of the foreign operations	129,318	-	(57,959)	-
Unrealized gain (loss) on available-for-sale financial assets	(392,685)	-	192,114	-
Actuarial loss arising from defined benefit plan	(617,049)	-	(1,496,742)	(1)

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Years Ended December 31			
	2013		2012	
	Amount	%	Amount	%
Share of other comprehensive income of associates and jointly controlled entities accounted for by equity method	\$ (34,566)	-	\$ (26,373)	-
Income tax relating to each component of other comprehensive income (Note 30)	<u>98,567</u>	<u>-</u>	<u>254,446</u>	<u>-</u>
Total other comprehensive income (loss), net of income tax	<u>(816,415)</u>	<u>-</u>	<u>(1,134,514)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 40,023,212</u>	<u>18</u>	<u>\$ 40,781,366</u>	<u>18</u>
NET INCOME ATTRIBUTABLE TO				
Stockholders of the parent	\$ 39,715,693	17	\$ 40,779,726	18
Noncontrolling interests	<u>1,123,934</u>	<u>1</u>	<u>1,136,154</u>	<u>1</u>
	<u>\$ 40,839,627</u>	<u>18</u>	<u>\$ 41,915,880</u>	<u>19</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Stockholders of the parent	\$ 38,858,600	17	\$ 39,668,379	18
Noncontrolling interests	<u>1,164,612</u>	<u>1</u>	<u>1,112,987</u>	<u>-</u>
	<u>\$ 40,023,212</u>	<u>18</u>	<u>\$ 40,781,366</u>	<u>18</u>
EARNINGS PER SHARE (Note 31)				
Basic	<u>\$ 5.12</u>		<u>\$ 5.26</u>	
Diluted	<u>\$ 5.11</u>		<u>\$ 5.24</u>	

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

VIII.
CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to of the Parent (Note 27)					Other Adjustments		Total Equity Attributable to Stockholders of the Parent	Noncontrolling Interests (Note 27)	Total Equity
	Common Stock	Additional Paid-in Capital	Retained Earnings		Unappropriated Earnings	Exchange Differences Arising from the Translation of the Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets			
			Legal Reserve	Special Reserve						
BALANCE, JANUARY 1, 2012	\$ 77,574,465	\$ 190,157,537	\$ 66,122,145	\$ 2,675,894	\$ 29,016,482	\$ (38,918)	\$ 67,674	\$ 365,575,279	\$ 4,276,384	\$ 369,851,663
Appropriation of 2011 earnings										
Legal reserve	-	-	4,706,838	-	(4,706,838)	-	-	-	-	-
Cash dividends paid by Chunghwa	-	-	-	-	(42,361,864)	-	-	(42,361,864)	-	(42,361,864)
Cash dividends paid by subsidiaries to noncontrolling interests	-	-	-	-	-	-	-	-	(892,904)	(892,904)
Net income for the year ended December 31, 2012	-	-	-	-	40,779,726	-	-	40,779,726	1,136,154	41,915,880
Other comprehensive income for the year ended December 31, 2012	-	-	-	-	(1,243,652)	(58,012)	190,317	(1,111,347)	(23,167)	(1,134,514)
Total comprehensive income for the year ended December 31, 2012	-	-	-	-	39,536,074	(58,012)	190,317	39,668,379	1,112,987	40,781,366
Exercise of employee stock option of subsidiaries	-	4,893	-	-	-	-	-	4,893	38,767	43,660
Decrease in noncontrolling interests	-	-	-	-	-	-	-	-	(93,385)	(93,385)
BALANCE, DECEMBER 31, 2012	77,574,465	190,162,430	70,828,983	2,675,894	21,483,854	(96,930)	257,991	362,886,687	4,441,849	367,328,536
Appropriation of 2012 earnings										
Legal reserve	-	-	3,990,397	-	(3,990,397)	-	-	-	-	-
Cash dividends paid by Chunghwa	-	-	-	-	(35,913,099)	-	-	(35,913,099)	-	(35,913,099)
Cash dividends paid by subsidiaries to noncontrolling interests	-	-	-	-	-	-	-	-	(811,296)	(811,296)
Other changes in capital surplus										
Cash distributed from capital surplus	-	(5,589,240)	-	-	-	-	-	(5,589,240)	-	(5,589,240)
Change in capital surplus from investments in associates accounted for using equity method	-	41,973	-	-	-	-	-	41,973	103,320	145,293
Disposal of investments accounted for by equity method using subsidiaries	-	(577)	-	-	-	-	-	(577)	(1,501)	(2,078)
Net income for the year ended December 31, 2013	-	-	-	-	39,715,693	-	-	39,715,693	1,123,934	40,839,627
Other comprehensive income for the year ended December 31, 2013	-	-	-	-	(552,027)	102,672	(407,738)	(857,093)	40,678	(816,415)
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	39,163,666	102,672	(407,738)	38,858,600	1,164,612	40,023,212
Exercise of employee stock option of subsidiaries	-	5,498	-	-	-	-	-	5,498	44,438	49,936
Compensation cost of employee stock options of a subsidiary	-	-	-	-	-	-	-	-	69,579	69,579
Employee stock bonus issued by a subsidiary	-	(19)	-	-	-	-	-	(19)	2,468	2,449
Increase in noncontrolling interests	-	-	-	-	-	-	-	-	40,862	40,862
BALANCE, DECEMBER 31, 2013	\$ 77,574,465	\$ 184,620,065	\$ 74,819,380	\$ 2,675,894	\$ 20,744,024	\$ 5,742	\$ (149,747)	\$ 360,289,823	\$ 5,054,331	\$ 365,344,154

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

IX.

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS****(In Thousands of New Taiwan Dollars)**

	Years Ended December 31	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 49,110,373	\$ 49,927,651
Adjustments to reconcile income before income tax to net cash provided by operating activities:		
Depreciation	30,954,469	31,037,506
Amortization	1,237,820	1,123,962
Provision for (reversal of) doubtful accounts	253,090	(1,451,384)
Interest expenses	36,412	22,033
Interest income	(562,808)	(741,937)
Dividend income	(78,612)	(20,606)
Compensation cost of employee stock options	69,579	-
Share of the profit of associates and jointly controlled entities accounted for by equity method	(674,977)	(533,358)
Impairment loss on available-for-sale financial assets	-	26,779
Impairment loss on financial assets carried at cost	66,342	176,374
Provision for inventory and obsolescence	202,707	112,562
Impairment loss on property, plant and equipment	254,210	300,989
Impairment loss on (reversal of) investment properties	(245,708)	1,261,365
Impairment loss on intangible assets	18,055	4,770
Gain on disposal of financial instruments	(76,291)	(113,100)
Loss (gain) on disposal of property, plant and equipment	(85,512)	2,093
Gain on disposal of investments accounted for using equity method	(15,425)	-
Valuation loss on financial assets and liabilities at fair value through profit or loss, net	676	1,394
Loss (gain) on foreign exchange	20,728	(20,720)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Financial assets held for trading	9,097	73,638
Trade notes and accounts receivable	1,219,112	(508,973)
Receivables from related parties	(25,366)	(9,873)
Inventories	(854,692)	(2,486,509)
Other current monetary assets	(1,283)	(117,967)
Prepayment	(286,905)	(104,322)
Other current assets	589,110	(1,516,291)
Increase (decrease) in:		
Trade notes and accounts payable	2,075,671	(803,959)
Payables to related parties	(280,521)	49,183
Other payables	447,383	(262,870)
Provisions	(13,349)	84,102
Advance receipts	(730,453)	(1,307,733)
Other current liabilities	88,473	(383,014)
Deferred revenue	(137,905)	(48,959)
Accrued pension liabilities	285,251	125,982
Cash generated from operations	<u>82,868,751</u>	<u>73,898,808</u>

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	Years Ended December 31	
	2013	2012
Interest paid	\$ (36,361)	\$ (28,759)
Income tax paid	<u>(7,544,166)</u>	<u>(8,212,990)</u>
Net cash provided by operating activities	<u>75,288,224</u>	<u>65,657,059</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of designated financial assets at fair value through profit or loss	-	(29,548)
Proceeds from disposal of designated financial assets at fair value through profit or loss	-	57,362
Acquisition of available-for-sale financial assets	(1,762,132)	(4,452,278)
Proceeds from disposal of available-for-sale financial assets	3,984,458	1,792,612
Acquisition of time deposits and negotiable certificate of deposit with maturities of more than three months	(18,198,714)	(32,933,663)
Proceeds from disposal of time deposits and negotiable certificate of deposit with maturities of more than three months	37,927,854	51,653,183
Acquisition of held-to-maturity financial assets	-	(3,865,173)
Proceeds from disposal of held-to-maturity financial assets	4,236,182	2,450,896
Acquisition of financial assets carried at cost	(60,127)	(49,856)
Proceeds from disposal of financial assets carried at cost	4,985	31,162
Capital reduction of financial assets carried at cost	36,000	35,000
Proceeds from disposal of hedging derivative assets	15,288	-
Derecognition of hedging derivative liabilities	(108,433)	-
Acquisition of investments accounted for using equity method	(90,000)	(25,912)
Proceeds from disposal of investments accounted for using equity method	24,182	-
Capital reduction of investments accounted for using equity method	16,387	64,500
Acquisition of property, plant and equipment	(36,381,555)	(33,280,278)
Proceeds from disposal of property, plant and equipment	204,519	32,968
Acquisition of intangible assets	(39,871,850)	(632,420)
Increase in noncurrent assets	(290,818)	(623,565)
Interest received	672,249	853,220
Cash dividends received	<u>474,905</u>	<u>315,464</u>
Net cash used in investing activities	<u>(49,166,620)</u>	<u>(18,606,326)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term loans	1,398,522	857,473
Repayment of short-term loans	(1,255,638)	(821,000)
Proceeds from long-term loans	-	400,000
Repayment of long-term loans	(358,372)	(101,887)
Increase (decrease) in customers' deposits	(49,979)	62,582
Increase in other liabilities	21,590	446,986

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	Years Ended December 31	
	2013	2012
Cash dividends and cash distributed from additional paid-in capital	\$(41,502,339)	\$(42,361,864)
Proceeds from exercise of employee stock option granted by subsidiaries	49,936	43,660
Dividends paid into noncontrolling interests	(811,296)	(892,904)
Other change in noncontrolling interests	<u>41,764</u>	<u>(102,782)</u>
Net cash used in financing activities	<u>(42,465,812)</u>	<u>(42,469,736)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(9,159)</u>	<u>(49,721)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(16,353,367)	4,531,276
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>30,938,472</u>	<u>26,407,196</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 14,585,105</u>	<u>\$ 30,938,472</u>

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

X.
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, 2013, December 31, 2012 and January 1, 2012, the related statements of comprehensive income and change in equity and cash flows for the years ended December 31, 2013 and 2012. 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 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 above present fairly, in all material respects, the financial position of the Company as of December 31, 2013, December 31, 2012 and January 1, 2012, and its financial performance and its cash flows for the years ended December 31, 2013 and 2012, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

/s/ DELOITTE & TOUCHE

Deloitte & Touche
Taipei, Taiwan
The Republic of China

March 25, 2014

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

XI.
CHUNGHWA TELECOM CO., LTD.

BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 3 and 6)	\$ 11,590,905	3	\$ 26,569,111	6	\$ 20,833,240	5
Financial assets at fair value through profit or loss (Notes 3 and 7)	-	-	2,702	-	6,094	-
Available-for-sale financial assets (Notes 3 and 8)	-	-	2,190,392	1	1,974,606	1
Held-to-maturity financial assets (Notes 3 and 9)	4,264,104	1	4,250,146	1	1,201,301	-
Trade notes and accounts receivable, net (Notes 3, 4 and 10)	21,647,860	5	22,789,253	5	20,526,988	5
Accounts receivable from related parties (Note 34)	676,870	-	1,668,584	-	867,782	-
Inventories (Notes 3, 4, and 11)	1,940,305	-	1,905,698	1	1,451,778	-
Prepayments (Notes 12 and 34)	1,655,940	-	1,718,203	-	1,668,257	-
Other current monetary assets (Notes 13 and 24)	3,652,337	1	23,746,341	6	42,363,684	10
Other current assets (Note 19)	3,600,113	1	4,252,029	1	2,674,044	1
Total current assets	49,028,434	11	89,092,459	21	93,567,774	22
NONCURRENT ASSETS						
Available-for-sale financial assets (Notes 3 and 8)	2,886,662	1	3,163,465	1	-	-
Financial assets carried at cost (Notes 3 and 14)	2,271,293	-	2,242,665	-	2,244,593	-
Held-to-maturity financial assets (Notes 3 and 9)	7,501,743	2	11,796,144	3	13,494,891	3
Investments accounted for using equity method (Notes 3 and 15)	12,078,536	3	11,194,049	2	12,490,019	3
Property, plant and equipment (Notes 3, 4, 16 and 34)	296,558,810	69	291,623,800	68	289,862,328	67
Investment properties (Notes 3, 4 and 17)	7,331,372	2	7,099,444	2	8,367,833	2
Intangible assets (Notes 3, 4 and 18)	44,139,498	10	5,469,109	1	5,963,011	1
Deferred income tax assets (Notes 3 and 28)	1,235,031	-	1,120,499	-	895,321	-
Prepayments (Notes 12 and 34)	2,435,609	1	2,647,335	1	2,857,720	1
Other noncurrent assets (Note 19)	4,695,978	1	4,433,188	1	3,875,992	1
Total noncurrent assets	381,134,532	89	340,789,698	79	340,051,708	78
TOTAL	\$ 430,162,966	100	\$ 429,882,157	100	\$ 433,619,482	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Financial liabilities at fair value through profit or loss (Notes 3 and 7)	\$ -	-	\$ 1,935	-	\$ 3,665	-
Trade notes and accounts payable (Note 20)	12,326,921	3	10,512,771	3	11,425,662	3
Payables to related parties (Note 34)	3,978,417	1	3,780,563	1	3,456,719	1
Current tax liabilities (Notes 3 and 28)	3,807,043	1	3,096,706	1	3,336,087	1
Other payables (Note 21)	24,656,238	6	24,394,847	6	24,471,757	6
Provisions (Notes 3 and 22)	778	-	112,242	-	22,825	-
Advance receipts (Note 23)	9,025,212	2	9,603,502	2	10,538,171	2
Other current liabilities	1,598,016	-	1,557,556	-	1,944,748	-
Total current liabilities	55,392,625	13	53,060,122	13	55,199,634	13
NONCURRENT LIABILITIES						
Deferred income tax liabilities (Notes 3 and 28)	94,986	-	95,116	-	108,058	-
Provisions (Notes 3 and 22)	123,463	-	44,909	-	34,002	-
Customers' deposits (Note 34)	4,809,692	1	4,910,221	1	4,967,605	1
Accrued pension liabilities (Notes 3, 4 and 24)	5,441,091	1	4,534,483	1	2,930,765	1
Deferred revenue	3,659,029	1	3,838,854	1	3,887,813	1
Other noncurrent liabilities (Note 34)	352,257	-	511,765	-	916,326	-
Total noncurrent liabilities	14,480,518	3	13,935,348	3	12,844,569	3
Total liabilities	69,873,143	16	66,995,470	16	68,044,203	16
EQUITY						
Common stock	77,574,465	18	77,574,465	18	77,574,465	18
Additional paid-in capital	184,620,065	43	190,162,430	44	190,157,537	44
Retained earnings						
Legal reserve	74,819,380	17	70,828,983	16	66,122,145	15
Special reserve	2,675,894	1	2,675,894	1	2,675,894	-
Unappropriated earnings	20,744,024	5	21,483,854	5	29,016,482	7
Total retained earnings	98,239,298	23	94,988,731	22	97,814,521	22
Other adjustments	(144,005)	-	161,061	-	28,756	-
Total equity	360,289,823	84	362,886,687	84	365,575,279	84
TOTAL	\$ 430,162,966	100	\$ 429,882,157	100	\$ 433,619,482	100

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

XII.

CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Years Ended December 31			
	2013		2012	
	Amount	%	Amount	%
REVENUES (Notes 26 and 34)	\$ 194,172,517	100	\$ 191,542,686	100
OPERATING COSTS (Notes 11 and 34)	<u>119,007,191</u>	<u>62</u>	<u>117,700,311</u>	<u>61</u>
GROSS PROFIT	<u>75,165,326</u>	<u>38</u>	<u>73,842,375</u>	<u>39</u>
OPERATING EXPENSES (Note 34)				
Marketing	22,547,384	11	20,148,153	10
General and administrative	3,398,291	2	3,367,777	2
Research and development	<u>3,581,281</u>	<u>2</u>	<u>3,585,239</u>	<u>2</u>
Total operating expenses	<u>29,526,956</u>	<u>15</u>	<u>27,101,169</u>	<u>14</u>
OTHER INCOME AND EXPENSES (Note 27)	<u>145,618</u>	<u>-</u>	<u>(1,248,290)</u>	<u>(1)</u>
INCOME FROM OPERATIONS	<u>45,783,988</u>	<u>23</u>	<u>45,492,916</u>	<u>24</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	538,432	-	707,771	-
Other income (Notes 27 and 34)	211,636	-	303,834	-
Other gains and losses (Notes 27 and 34)	(89,151)	-	69,576	-
Finance costs (Note 27)	(3,301)	-	(230)	-
Share of the profit of subsidiaries, associates and jointly controlled entities accounted for using equity method (Note 15)	<u>1,095,098</u>	<u>1</u>	<u>1,786,936</u>	<u>1</u>
Total non-operating income and expenses	<u>1,752,714</u>	<u>1</u>	<u>2,867,887</u>	<u>1</u>
INCOME BEFORE INCOME TAX	47,536,702	24	48,360,803	25
INCOME TAX EXPENSE (Notes 3 and 28)	<u>7,821,009</u>	<u>4</u>	<u>7,581,077</u>	<u>4</u>
NET INCOME	<u>39,715,693</u>	<u>20</u>	<u>40,779,726</u>	<u>21</u>
OTHER COMPREHENSIVE INCOME (LOSS), NET				
Exchange differences arising from the translation of the foreign operations	88,096	-	(51,108)	-
Unrealized gain (loss) on available-for-sale financial assets	(452,227)	-	170,964	-
Actuarial loss arising from defined benefit plan	(620,052)	-	(1,469,359)	-

(Continued)

CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Years Ended December 31			
	2013		2012	
	Amount	%	Amount	%
Share of other comprehensive income of subsidiaries, associates and jointly controlled entities accounted for using equity method	\$ 21,681	-	\$ (11,635)	-
Income tax relating to each component of other comprehensive income (Note 28)	<u>105,409</u>	<u>-</u>	<u>249,791</u>	<u>-</u>
Total other comprehensive income (loss), net of income tax	<u>(857,093)</u>	<u>-</u>	<u>(1,111,347)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 38,858,600</u>	<u>20</u>	<u>\$ 39,668,379</u>	<u>21</u>
EARNINGS PER SHARE (Note 29)				
Basic	<u>\$ 5.12</u>		<u>\$ 5.26</u>	
Diluted	<u>\$ 5.11</u>		<u>\$ 5.24</u>	

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

(Concluded)

XIII.
CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Common Stock (Note 25)	Additional Paid-in Capital (Note 25)	Retained Earnings (Note 25)			Other Adjustments (Note 25)		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences Arising from the Translation of the Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	
BALANCE, JANUARY 1, 2012	\$ 77,574,465	\$ 190,157,537	\$ 66,122,145	\$ 2,675,894	\$ 29,016,482	\$ (38,918)	\$ 67,674	\$ 365,575,279
Appropriation of 2011 earnings								
Legal reserve	-	-	4,706,838	-	(4,706,838)	-	-	-
Cash dividends	-	-	-	-	(42,361,864)	-	-	(42,361,864)
Other changes in capital surplus								
Change in capital surplus from investments in subsidiaries, associates and jointly controlled entities accounted for using equity method	-	4,893	-	-	-	-	-	4,893
Net income for the year ended December 31, 2012	-	-	-	-	40,779,726	-	-	40,779,726
Other comprehensive income (loss) for the year ended December 31, 2012	-	-	-	-	(1,243,652)	(58,012)	190,317	(1,111,347)
Total comprehensive income for the year ended December 31, 2012	-	-	-	-	39,536,074	(58,012)	190,317	39,668,379
BALANCE, DECEMBER 31, 2012	77,574,465	190,162,430	70,828,983	2,675,894	21,483,854	(96,930)	257,991	362,886,687
Appropriation of 2012 earnings								
Legal reserve	-	-	3,990,397	-	(3,990,397)	-	-	-
Cash dividends	-	-	-	-	(35,913,099)	-	-	(35,913,099)
Other changes in capital surplus								
Cash distributed from capital surplus	-	(5,589,240)	-	-	-	-	-	(5,589,240)
Change in capital surplus from investments in subsidiaries, associates and jointly controlled entities accounted for using equity method	-	46,875	-	-	-	-	-	46,875
Net income for the year ended December 31, 2013	-	-	-	-	39,715,693	-	-	39,715,693
Other comprehensive income (loss) for the year ended December 31, 2013	-	-	-	-	(552,027)	102,672	(407,738)	(857,093)
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	39,163,666	102,672	(407,738)	38,858,600
BALANCE, DECEMBER 31, 2013	\$ 77,574,465	\$ 184,620,065	\$ 74,819,380	\$ 2,675,894	\$ 20,744,024	\$ 5,742	\$ (149,747)	\$ 360,289,823

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

XIV.

CHUNGHWA TELECOM CO., LTD.**STATEMENTS OF CASH FLOWS****(In Thousands of New Taiwan Dollars)**

	Years Ended December 31	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 47,536,702	\$ 48,360,803
Adjustments to reconcile income before income tax to net cash provided by operating activities:		
Depreciation	30,475,972	30,752,352
Amortization	1,199,927	1,082,008
Provision for (reversal of) doubtful accounts	249,796	(1,459,039)
Interest expenses	3,301	230
Interest income	(538,432)	(707,771)
Dividend income	(69,723)	(7,217)
Share of the profit of subsidiaries, associates and jointly controlled entities accounted for using equity method	(1,095,098)	(1,786,936)
Impairment loss on investments accounted for using equity method	18,055	-
Impairment loss on financial assets carried at cost	-	6,000
Provision for inventory and obsolescence	184,032	31,903
Impairment loss on property, plant and equipment	253,085	300,743
Impairment loss on (reversal of) investment properties	(245,708)	1,261,365
Gain on disposal of financial instruments	(73,042)	(80,949)
Gain on disposal of property, plant and equipment	(152,995)	(313,818)
Valuation loss on financial assets and liabilities at fair value through profit or loss, net	767	1,662
Loss on foreign exchange	63,760	101,925
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Financial assets held for trading	8,829	73,711
Trade notes and accounts receivable	909,884	(782,211)
Receivables from related parties	991,714	(800,802)
Inventories	(218,639)	(485,823)
Other current monetary assets	(92,254)	(103,864)
Prepayment	273,989	160,439
Other current assets	651,916	(1,577,985)
Increase (decrease) in:		
Trade notes and accounts payable	1,835,936	(965,518)
Payables to related parties	197,854	323,844
Other payables	(292,093)	(1,033,099)
Provisions	(32,910)	100,324
Advance receipts	(578,290)	(934,669)
Other current liabilities	199,375	(57,022)
Deferred revenue	(179,825)	(48,959)
Accrued pension liabilities	286,556	134,359
Cash generated from operations	81,772,441	71,545,986
Interest paid	(3,301)	(7,066)
Income tax paid	(7,119,906)	(7,808,786)
Net cash provided by operating activities	<u>74,649,234</u>	<u>63,730,134</u>

(Continued)

CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	Years Ended December 31	
	2013	2012
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	\$ (1,762,132)	\$ (3,864,812)
Proceeds from disposal of available-for-sale financial assets	3,934,458	662,527
Acquisition of time deposits and negotiable certificate of deposit with maturities of more than three months	(17,450,000)	(32,500,000)
Proceeds from disposal of time deposits and negotiable certificate of deposit with maturities of more than three months	37,550,000	51,200,000
Acquisition of held-to-maturity financial assets	-	(3,865,173)
Proceeds from disposal of held-to-maturity financial assets	4,236,182	2,450,896
Acquisition of financial assets carried at cost	(60,128)	(35,322)
Capital reduction of financial assets carried at cost	31,500	31,250
Proceeds from disposal of hedging derivative assets	15,288	-
Derecognition of hedging derivative liabilities	(108,433)	-
Acquisition of investments accounted for using equity method	(804,874)	(365,900)
Capital reduction of investments accounted for using equity method	136,537	1,043,500
Acquisition of property, plant and equipment	(35,486,427)	(32,374,650)
Proceeds from disposal of property, plant and equipment	199,969	32,337
Acquisition of intangible assets	(39,870,316)	(588,106)
Increase in noncurrent assets	(258,249)	(734,335)
Interest received	655,042	775,773
Cash dividends received from subsidiaries, associates and jointly controlled entities accounted for using equity method	1,017,545	2,348,693
Cash dividends received from others	<u>69,723</u>	<u>7,217</u>
Net cash used in investing activities	<u>(47,954,315)</u>	<u>(15,776,105)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in customers' deposits	(74,078)	66,788
Increase (decrease) in other liabilities	(96,708)	76,918
Cash dividends and cash distributed from additional paid-in capital	<u>(41,502,339)</u>	<u>(42,361,864)</u>
Net cash used in financing activities	<u>(41,673,125)</u>	<u>(42,218,158)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(14,978,206)	5,735,871
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>26,569,111</u>	<u>20,833,240</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 11,590,905</u>	<u>\$ 26,569,111</u>

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

(Concluded)

XV.

**Chunghwa Telecom Co., Ltd.
2013 Profit Allocation Proposal**

Units: NT\$

Source items:		
Unappropriated retained earnings of pervious years		605,819
Adjustment due to the initial adoption of TIFRS		(18,420,248,570)
Unappropriated retained earnings of previous years after adjustment		(18,419,642,751)
Adjustment due to changes from long-term investments accounted for using equity method	(37,383,861)	
Pension actuarial gains (losses) recognized in retained earnings	(514,643,175)	
Net Income of 2013	39,715,693,215	39,163,666,179
Appropriation of 10% Legal reserve		(2,074,341,761)
Appropriation of special reserves		(144,004,699)
Distributable retained earnings for 2013		18,525,676,968
Distribution items:		
Shareholders' cash dividends (total of 7,757,446,545 shares x NT\$2.3881 per share)		(18,525,558,094)
Unappropriated Retained Earnings		118,874
Notes:		
1. The amount of "Unappropriated Retained Earnings of Pervious Years" is the same as the amount of "Unappropriated Retained Earnings" on the Profit Allocation Proposal approved at the 2013 annual general meeting.		
2. Employees' cash bonuses expensed		758,627,105
Director and supervisor cash remuneration expensed		19,303,489

Lih-Shyng Tsai, Chairman and CEO

Mu-Piao Shih, President

Bao-Jin Chang, Accounting Officer

XVI.

The comparison table of the proposed amendment to Article 2 and Article 15 of the Articles of Incorporation of Chunghwa Telecom Co., Ltd.

1. All 26 articles adopted by Promoters Meeting on June 11, 1996.
2. Article 15 amended by Annual General Meeting on December 26, 1997.
3. Articles 2 and 22 amended by Annual General Meeting on November 25, 1998.
4. Paragraph 1 of Article 21, amended by Extraordinary General Meeting on July 13, 1999.
5. Articles 2, 3, 6, 7, 10, 12, 13, 19, 21, and 22 amended, and Articles 6-1 and 7-1 added by Annual General Meeting on June 4, 2001.
6. Articles 2, 7, 8, 9, 10, 19, 21, and 22 amended and Article 5 deleted by Annual General Meeting on June 21, 2002.
7. Article 2 amended by Annual General Meeting on June 17, 2003.
8. Articles 2 and 22 amended by Annual General Meeting on June 25, 2004.
9. 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 added by Annual General Meeting on May 30, 2006.
10. Articles 2, 12-1, 14, 22, and 23 amended, and Article 18-1 deleted by Annual General Meeting on June 15, 2007.
11. Articles 2, 6, and 14 amended by Annual General Meeting on June 19, 2008.
12. Articles 2, 6,12 and 13 amended, and Article 6-1 deleted by Annual General Meeting on June 19, 2009.
13. Article 2 amended by Annual General Meeting on June 18, 2010.
14. The title of Chapter IV and Articles 12, 12-1, 14, 19, 20, and 22 amended by Annual General Meeting on June 22, 2012.
15. The title of Chapter IV, Articles 2, 12, 13, 18-2, 21 and 22 amended; Article 17 and 18 deleted, and Article 13-1 added by Annual General Meeting on June 25, 2013.
16. Articles 2 and 15 amended by Annual General Meeting on June 24, 2014.

Draft Amendment	Existing Articles	Explanatory Note
<p>Article 2 - The scope of business of the Company shall be as follows: 1) Telecommunications Enterprise of Type 1 (G901011); 2) Telecommunications Enterprise of Type 2 (G902011); 3) Installation of the Computer Equipment Business (E605010); 4) Telecommunication Equipment Wholesale Business (F113070); 5) Telecommunication Equipment Retail Business (F213060); 6) Telecommunication Engineering Business (<u>E701010</u>); 7) Installation of the Radio-Frequency Equipment whose operation is controlled by the Telecommunication</p>	<p>Article 2 - The scope of business of the Company shall be as follows: 1) Telecommunications Enterprise of Type 1 (G901011); 2) Telecommunications Enterprise of Type 2 (G902011); 3) Installation of the Computer Equipment Business (E605010); 4) Telecommunication Equipment Wholesale Business (F113070); 5) Telecommunication Equipment Retail Business (F213060); 6) Telecommunication Engineering Business (E701011); 7) Installation of the Radio-Frequency Equipment whose operation is controlled by the Telecommunication</p>	<ol style="list-style-type: none"> 1. The Ministry of the Economic Affairs issued a ruling on October 23, 2013 and revised the business item number of “Telecommunication Engineering Business” to “E701010”. The business item number of “Telecommunication Engineering Business” provided by Subsection 6, Paragraph 1 of this Article shall be amended accordingly. 2. In response to the business operation of the Company, “The Third Party Payment

Draft Amendment	Existing Articles	Explanatory Note
<p>Business (E701030);</p> <p>8) Information Software Service Business (I301010);</p> <p>9) Other Designer Businesses 【the design of the computer information hardware】 (I599990);</p> <p>10) Rental Business (JE01010);</p> <p>11) Publishing Business (J304010);</p> <p>12) Other Wholesale Businesses 【telephone card and IC card】 (F199990);</p> <p>13) Management and Consulting Service Business (I103060);</p> <p>14) Other Corporation Service Businesses 【telephone card, IC card, the research and development of the telecommunication facilities and devices, accepting payment on behalf of businesses and institutions, telecommunication equipment inspection services, and agency sale of entry tickets and travel fares】 (IZ99990);</p> <p>15) Other Retail Businesses 【telephone card and IC card】 (F299990);</p> <p>16) Online Certification Service Businesses (IZ13010);</p> <p>17) Supply of Electronic Information Service Businesses (I301030);</p> <p>18) Information Process Service Business (I301020);</p> <p>19) Telecommunication Account Application Agency Businesses (IE01010);</p> <p>20) Residential and Commercial Building Development, Rental and Sales Businesses (H701010);</p> <p>21) Development of Special District/Zone Businesses (H701040);</p>	<p>Business (E701030);</p> <p>8) Information Software Service Business (I301010);</p> <p>9) Other Designer Businesses 【the design of the computer information hardware】 (I599990);</p> <p>10) Rental Business (JE01010);</p> <p>11) Publishing Business (J304010);</p> <p>12) Other Wholesale Businesses 【telephone card and IC card】 (F199990);</p> <p>13) Management and Consulting Service Business (I103060);</p> <p>14) Other Corporation Service Businesses 【telephone card, IC card, the research and development of the telecommunication facilities and devices, accepting payment on behalf of businesses and institutions, telecommunication equipment inspection services, and agency sale of entry tickets and travel fares】 (IZ99990);</p> <p>15) Other Retail Businesses 【telephone card and IC card】 (F299990);</p> <p>16) Online Certification Service Businesses (IZ13010);</p> <p>17) Supply of Electronic Information Service Businesses (I301030);</p> <p>18) Information Process Service Business (I301020);</p> <p>19) Telecommunication Account Application Agency Businesses (IE01010);</p> <p>20) Residential and Commercial Building Development, Rental and Sales Businesses (H701010);</p> <p>21) Development of Special District/Zone Businesses (H701040);</p>	<p>Business” (I301040) and “Water Pipe Construction Business” (E501011) shall be added respectively under Subsections 57 and 58 hereunder.</p> <p>3. Subsection 57 hereunder has been maintained and deferred in order to Subsection 59.</p>

Draft Amendment	Existing Articles	Explanatory Note
<p>22) Real Estate Sales Businesses (H703090);</p> <p>23) Real Estate Rental Businesses (H703100);</p> <p>24) Waste Disposal Businesses (J101040);</p> <p>25) Community Common Cable Television Equipment Businesses (J502020);</p> <p>26) Exhibition Service Businesses (JB01010);</p> <p>27) General Advertising Service Businesses (I401010);</p> <p>28) Department Store Businesses (F301010);</p> <p>29) Communication Newsletter Businesses (J302010);</p> <p>30) Industry and Commerce Credit Investigation Service Businesses (JD01010);</p> <p>31) Public Notarization Businesses (IZ07010);</p> <p>32) Parking Lot Operation Businesses (G202010);</p> <p>33) Environmental Assessment Service Businesses (J101050);</p> <p>34) Computer and Accessories Manufacturing Service (CC01110);</p> <p>35) Information Storage and Process Equipment Manufacturing Businesses (CC01120);</p> <p>36) Electronic Component Manufacturing Businesses (CC01080);</p> <p>37) Other Electrical and Electronic Machinery & Equipment Manufacturing Businesses 【IC or Optical Card Scanners】 (CC01990);</p> <p>38) Radio-Frequency Equipment Import Business (F401021);</p> <p>39) General Hotel Business (J901020);</p> <p>40) Computer and Administrative</p>	<p>22) Real Estate Sales Businesses (H703090);</p> <p>23) Real Estate Rental Businesses (H703100);</p> <p>24) Waste Disposal Businesses (J101040);</p> <p>25) Community Common Cable Television Equipment Businesses (J502020);</p> <p>26) Exhibition Service Businesses (JB01010);</p> <p>27) General Advertising Service Businesses (I401010);</p> <p>28) Department Store Businesses (F301010);</p> <p>29) Communication Newsletter Businesses (J302010);</p> <p>30) Industry and Commerce Credit Investigation Service Businesses (JD01010);</p> <p>31) Public Notarization Businesses (IZ07010);</p> <p>32) Parking Lot Operation Businesses (G202010);</p> <p>33) Environmental Assessment Service Businesses (J101050);</p> <p>34) Computer and Accessories Manufacturing Service (CC01110);</p> <p>35) Information Storage and Process Equipment Manufacturing Businesses (CC01120);</p> <p>36) Electronic Component Manufacturing Businesses (CC01080);</p> <p>37) Other Electrical and Electronic Machinery & Equipment Manufacturing Businesses 【IC or Optical Card Scanners】 (CC01990);</p> <p>38) Radio-Frequency Equipment Import Business (F401021);</p> <p>39) General Hotel Business (J901020);</p> <p>40) Computer and Administrative</p>	

Draft Amendment	Existing Articles	Explanatory Note
<p>Device Wholesale Businesses (F113050);</p> <p>41) Information Software Wholesale Businesses (F118010);</p> <p>42) Computer and Administrative Device Retail Businesses (F213030);</p> <p>43) Information Software Rental Businesses (F218010);</p> <p>44) Energy Service Business (IG03010);</p> <p>45) Engineering Consulting Business (I101061);</p> <p>46) Refrigeration and Air-Conditioning Consulting Business (E602011);</p> <p>47) Automatic Control Equipment Engineering Business (E603050);</p> <p>48) Lighting Equipment Installation Business (E603090);</p> <p>49) Non-store Retailer Business (F399040);</p> <p>50) Power Equipment Installation and Maintenance Business (E601010) ;</p> <p>51) Electrical Appliance Installation Business (E601020) ;</p> <p>52) Instrument Installation Engineering Business (EZ05010) ;</p> <p>53) Television Program Production Business (J503021) ;</p> <p>54) Broadcasting and Television Program Launch Business (J503031) ;</p> <p>55) Broadcasting and Television Advertising Business (J503041) ;</p> <p>56) Production, Licensed Recording and Supply of Videotape Program Business (J503051) ;</p> <p>57) <u>The Third Party Payment Business (I301040);</u></p> <p>58) <u>Water Pipe Construction</u></p>	<p>Device Wholesale Businesses (F113050);</p> <p>41) Information Software Wholesale Businesses (F118010);</p> <p>42) Computer and Administrative Device Retail Businesses (F213030);</p> <p>43) Information Software Rental Businesses (F218010);</p> <p>44) Energy Service Business (IG03010);</p> <p>45) Engineering Consulting Business (I101061);</p> <p>46) Refrigeration and Air-Conditioning Consulting Business (E602011);</p> <p>47) Automatic Control Equipment Engineering Business (E603050);</p> <p>48) Lighting Equipment Installation Business (E603090);</p> <p>49) Non-store Retailer Business (F399040);</p> <p>50) Power Equipment Installation and Maintenance Business (E601010) ;</p> <p>51) Electrical Appliance Installation Business (E601020) ;</p> <p>52) Instrument Installation Engineering Business (EZ05010) ;</p> <p>53) Television Program Production Business (J503021) ;</p> <p>54) Broadcasting and Television Program Launch Business (J503031) ;</p> <p>55) Broadcasting and Television Advertising Business (J503041) ;</p> <p>56) Production, Licensed Recording and Supply of Videotape Program Business (J503051) ;</p> <p>57) Except the permitted business, the Company may engage in</p> <p>58) other businesses not prohibited</p>	

Draft Amendment	Existing Articles	Explanatory Note
<p><u>Business (E501011);</u> <u>59)</u> Except the permitted business, the Company may engage in other businesses not prohibited or restricted by laws and regulations (ZZ99999).</p> <p>The Company may handle endorsement and guaranty affairs in accordance with the Operation Procedures for the Endorsement and Guaranty of the Company if there is any business need.</p>	<p>or restricted by laws and regulations (ZZ99999).</p> <p>The Company may handle endorsement and guaranty affairs in accordance with the Operation Procedures for the Endorsement and Guaranty of the Company if there is any business need.</p>	
<p>Article 15 -</p> <p>The Board of Directors' meeting shall be convened <u>at least one time a quarter</u>. The special Board of Directors' meeting shall be convened at such time as may be deemed necessary. Both meetings shall be convened by the chairman of the Company and such chairman shall act as the chairman of the meeting. In the event that the chairman cannot attend the meeting for any cause whatsoever, the vice-chairman, or where the chairman and the vice-chairman are both to be on leave of absence or cannot attend the meeting for any cause whatsoever, one of the directors appointed by the chairman, or, where there is no appointment, a director elected among all the directors, may act on behalf of the chairman.</p>	<p>Article 15 -</p> <p>The Board of Directors' meeting shall be convened every two (2) months. The special Board of Directors' meeting shall be convened at such time as may be deemed necessary. Both meetings shall be convened by the chairman of the Company and such chairman shall act as the chairman of the meeting. In the event that the chairman cannot attend the meeting for any cause whatsoever, the vice-chairman, or where the chairman and the vice-chairman are both to be on leave of absence or cannot attend the meeting for any cause whatsoever, one of the directors appointed by the chairman, or, where there is no appointment, a director elected among all the directors, may act on behalf of the chairman.</p>	<p>In response to accounting schedule of the Company and according to Article 3 of the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies”, the board of the directors shall be convened at least one time a quarter.</p> <p>This Article shall be amended accordingly.</p>

XVII.

**The comparison table of the proposed amendment to the
Procedures for the Acquisition or Disposal of Assets of Chunghwa Telecom Co., Ltd.**

1. All 38 articles adopted by Annual General Meeting on June 25, 2004.
2. Articles 1, 3, 4, 5, 6, 7, 8, 11, 12, 18, 19, 20, 21, 22, 24, 30, 31, 33, 36, and 38 amended by Annual General Meeting on May 30, 2006.
3. Articles 1, 3, 6, 8, 11, 14, 17, 18, 22, 24, 31, 33, and 37 amended by Annual General Meeting on June 15, 2007.
4. 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 by Annual General Meeting on June 19, 2008.
5. 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 by Annual General Meeting on June 19, 2009.
6. Articles 2, 8, 10, 11, 12, 13, 14, 15, 16, 31, 33, 39, 40, 41, 42, 43 and 44 and the titles of Chapter 4 and 5 amended by Annual General Meeting on June 22, 2012.
7. Articles 4, 7, 8, 16, 19, 23, 25, 26, 29, 31 and 44 amended by Annual General Meeting on June 25, 2013.
8. Articles 1, 3, 4, 11, 12, 13, 14, 16, 17, 22, 30, 39 and the heading of Chapter 3 amended by Annual General Meeting on June 24, 2014.

Amended Articles	Current Articles	Explanation
Chapter 1 General Principles	Chapter 1 General Principles	Title of the chapter remains unchanged.
<p>Article 1</p> <p>The Company has determined the Procedures for Acquisition and Disposal of Assets of Chunghwa Telecom Co., Ltd. (herein referred to as the "Procedures") in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies (herein referred to as the "Regulations") of the Financial Supervisory Commission.</p>	<p>Article 1</p> <p>The Company has determined the Procedures for Acquisition and Disposal of Assets of Chunghwa Telecom Co., Ltd. (herein referred to as the "Procedures") in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies (herein referred to as the "Regulations") of the Financial Supervisory Commission, <u>Executive Yuan</u> (herein referred to as the "<u>Financial Supervisory Commission</u>").</p>	Starting from July 1, 2012, the "Financial Supervisory Commission, Executive Yuan" has been renamed to "Financial Supervisory Commission" due to organizational restructure. Therefore, some wording in current article is deleted accordingly.
<p>Article 3</p> <p>The scope of applicability of the term "assets" as used in these Procedures shall be as follows:</p> <ol style="list-style-type: none"> 1. Long-term and short-term investments including stocks, government bonds, corporate bonds, financial bonds, negotiable securities in funds, depositary receipts, call (put) warrants, beneficiary securities, asset-backed securities, and etc.; 2. Real estate <u>(including land,</u> 	<p>Article 3</p> <p>The scope of applicability of the term "assets" as used in these Procedures shall be as follows:</p> <ol style="list-style-type: none"> 1. Long-term and short-term investments including stocks, government bonds, corporate bonds, financial bonds, negotiable securities in funds, depositary receipts, call (put) warrants, beneficiary securities, asset-backed securities, and etc.; 2. Real estate <u>and other fixed</u> 	In accordance with Subparagraph 2, Article 3 of amended "Regulations", the scope of "real estate" is broadened, and the term "other fixed assets" is adjusted to "equipment" in Subparagraph 2 accordingly.

Amended Articles	Current Articles	Explanation
<p><u>houses and buildings, investment property, and rights to use land) and equipment;</u></p> <p>3. Memberships;</p> <p>4. Intangible assets including patents, copyrights, trademarks, concession rights, and etc.;</p> <p>5. Derivatives;</p> <p>6. Assets acquired or disposed through mergers or consolidations, splits, acquisitions, or assignment of shares in accordance with law; and</p> <p>7. Other major assets.</p>	<p><u>assets;</u></p> <p>3. Memberships;</p> <p>4. Intangible assets including patents, copyrights, trademarks, concession rights, and etc.;</p> <p>5. Derivatives;</p> <p>6. Assets acquired or disposed through mergers or consolidations, splits, acquisitions, or assignment of shares in accordance with law; and</p> <p>7. Other major assets.</p>	
<p>Article 4</p> <p>Terms used in these procedures are defined as follows:</p> <p>1. Derivatives: Forward contracts, options contracts, futures contracts, leveraged guarantee contracts and swaps, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "<i>forward contracts</i>" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</p> <p>2. Acquisitions or assignment of shares in accordance with law: Assets acquired or disposed through mergers, splits, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act, or other laws, or the acquisition of shares of another company through issuance of new shares of its own as the consideration therefore (herein referred to as "<i>Assignment of shares</i>") under Article 156, Paragraph 8 of the Company Act.</p> <p>3. Related party or <u>subsidiary</u>: As</p>	<p>Article 4</p> <p>Terms used in these procedures are defined as follows:</p> <p>1. Derivatives: Forward contracts, options contracts, futures contracts, leveraged guarantee contracts and swaps, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "<i>forward contracts</i>" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</p> <p>2. Acquisitions or assignment of shares in accordance with law: Assets acquired or disposed through mergers, splits, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act, or other laws, or the acquisition of shares of another company through issuance of new shares of its own as the consideration therefore (herein referred to as "<i>Assignment of shares</i>") under Article 156, Paragraph 6 of the Company Act.</p>	<p>1. In accordance with Subparagraphs 2&4, Article 4 of amended "Regulations", some wording in current Subparagraphs 2 and 5 are amended accordingly.</p> <p>2. The content in current Subparagraph 4 is moved to current Subparagraph 3. Besides, current Subparagraphs 5 to 10 are moved to amended Subparagraphs 4 to 9.</p>

Amended Articles	Current Articles	Explanation
<p>defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: A real estate appraiser, intangible asset appraiser, or other persons authorized by law to engage in the value appraisal of real estate, <u>equipment</u> or intangible assets.</p> <p>5. Date of occurrence: The date of transaction contract signing, date of payment, date of consignment trade, date of transfer, dates of Board of Directors resolutions, or other date sufficient to confirm the counterpart and amount of the transaction, whichever date is earlier. However, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval from the competent authority shall apply.</p> <p>6. Mainland area investment: Investments in China approved by the Investment Commission, Ministry of Economic Affairs or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>7. Shareholder's equity: Means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>8. All audit committee members: Should be counted as the actual number of persons currently holding those positions.</p> <p>9. All directors: Should be counted as the actual number of persons currently holding those positions.</p>	<p>3. Related party: As defined in Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. <u>Subsidiary: As defined in Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p> <p>5. Professional appraiser: A real estate appraiser, intangible asset appraiser, or other persons authorized by law to engage in the value appraisal of real estate, <u>other fixed</u> or intangible assets.</p> <p>6. Date of occurrence: The date of transaction contract signing, date of payment, date of consignment trade, date of transfer, dates of Board of Directors resolutions, or other date sufficient to confirm the counterpart and amount of the transaction, whichever date is earlier. However, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval from the competent authority shall apply.</p> <p>7. Mainland area investment: Investments in China approved by the Investment Commission, Ministry of Economic Affairs or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>8. Shareholder's equity: Means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>9. All audit committee members: Should be counted as the actual number of persons currently holding those positions.</p>	

Amended Articles	Current Articles	Explanation
	10. All directors: Should be counted as the actual number of persons currently holding those positions.	
Chapter 3 Acquisition or Disposal of Real Estate and <u>Equipment</u>	Chapter 3 Acquisition or Disposal of Real Estate and <u>Other Fixed Assets</u>	The term “other fixed assets” is adjusted to “equipment” in Subparagraph 2, Article 3. As a result, the heading of Chapter 3 is amended accordingly.
<p>Article 11</p> <p>When the Company acquires or disposes of real estate or <u>equipment</u>, the responsible department shall be charged with prudently assessing the necessity and reasonableness of the transaction based on the Company's current state of operations and finances and future development plans.</p> <p>When acquiring or disposing of real estate, the Company shall refer to the real estate's publicly announced current value, appraised value, actual transaction prices of nearby real estate, or appraisal report provided by a professional appraisal organization.</p> <p>When acquiring or disposing of <u>equipment</u>, the Company shall proceed by means of price inquiries, price comparison, price negotiation, or request for bids.</p> <p>The total value of real estate acquired by the Company for non-operating use may not exceed 3% of shareholder's equity on the Company's most recent financial statement.</p>	<p>Article 11</p> <p>When the Company acquires or disposes of real estate or <u>other fixed assets</u>, the responsible department shall be charged with prudently assessing the necessity and reasonableness of the transaction based on the Company's current state of operations and finances and future development plans.</p> <p>When acquiring or disposing of real estate, the Company shall refer to the real estate's publicly announced current value, appraised value, actual transaction prices of nearby real estate, or appraisal report provided by a professional appraisal organization.</p> <p>When acquiring or disposing of <u>other fixed assets</u>, the Company shall proceed by means of price inquiries, price comparison, price negotiation, or request for bids.</p> <p>The total value of real estate acquired by the Company for non-operating use may not exceed 3% of shareholder's equity on the Company's most recent financial statement.</p>	In accordance with the amended title of Chapter 3, some wording in Paragraphs 1 and 2 is revised accordingly.
<p>Article 12</p> <p>When the transaction amount for the acquisition or disposal of real estate or <u>equipment</u> reaches NT\$300 million or more, the Company, unless transacting with a government agency, commissioning others to build on its own land, commissioning others to build on leased land, or acquiring equipment for operating use, shall obtain an</p>	<p>Article 12</p> <p>When the transaction amount for the acquisition or disposal of real estate or <u>other fixed assets</u> reaches NT\$300 million or more, the Company, unless transacting with a government agency, commissioning others to build on its own land, commissioning others to build on leased land, or acquiring <u>machinery and equipment</u> for</p>	In accordance with Paragraphs 1, Article 9 of amended "Regulations", some wording in Paragraph 1 is amended accordingly.

Amended Articles	Current Articles	Explanation
<p>appraisal report using the format requested by the Financial Supervisory Commission prior to the date of occurrence of the event , and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> 1. In the event of special circumstances such as a limited price, specified price or a special price which must be given as a reference basis for the transaction price, such transaction shall be submitted in advance to the Board for approval. The same procedure shall be followed in the event of future changes to any transaction terms. 2. Appraisals from two or more professional appraisers shall be obtained when the transaction amount is NT\$1 billion or more. 3. When the professional appraiser's appraisal results in any one of the following circumstances, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to perform the appraisal in accordance with the provisions of Statements of Auditing Standards No. 20, published by the ARDF, and to provide an opinion regarding the reason for the discrepancy and appropriateness of the transaction price: <ol style="list-style-type: none"> (1) Where the discrepancy between the appraisal and the transaction amount is 20% or more of the transaction amount. (2) Where the discrepancy between the appraisals of two or more professional appraisers is 10% or more of the transaction amount. 	<p>operating use, shall obtain an appraisal report using the format requested by the Financial Supervisory Commission prior to the date of occurrence of the event , and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> 1. In the event of special circumstances such as a limited price, specified price or a special price which must be given as a reference basis for the transaction price, such transaction shall be submitted in advance to the Board for approval. The same procedure shall be followed in the event of future changes to any transaction terms. 2. Appraisals from two or more professional appraisers shall be obtained when the transaction amount is NT\$1 billion or more. 3. When the professional appraiser's appraisal results in any one of the following circumstances, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to perform the appraisal in accordance with the provisions of Statements of Auditing Standards No. 20, published by the ARDF, and to provide an opinion regarding the reason for the discrepancy and appropriateness of the transaction price: <ol style="list-style-type: none"> (1) Where the discrepancy between the appraisal and the transaction amount is 20% or more of the transaction amount. (2) Where the discrepancy between the appraisals of two or more professional 	

Amended Articles	Current Articles	Explanation
<p>4. When an appraisal is conducted before a contract establishment date, no more than three months may pass between the date of the appraisal report and the contract establishment date. However, when the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p>appraisers is 10% or more of the transaction amount.</p> <p>4. When an appraisal is conducted before a contract establishment date, no more than three months may pass between the date of the appraisal report and the contract establishment date. However, when the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	
<p>Article 13</p> <p>The Company's acquisition or disposal of real estate or <u>equipment</u> shall be performed in accordance with the Company's relevant operating guidelines and the Powers and Duties Chart of BOD and the Management.</p>	<p>Article 13</p> <p>The Company's acquisition or disposal of real estate or <u>other fixed assets</u> shall be performed in accordance with the Company's relevant operating guidelines and the Powers and Duties Chart of BOD and the Management.</p>	<p>In accordance with the amended title of Chapter 3, some wording is revised accordingly.</p>
<p>Chapter 4 Acquisition or Disposal of Memberships and Intangible Assets</p>	<p>Chapter 4 Acquisition or Disposal of Memberships and Intangible Assets</p>	<p>Title of the chapter remains unchanged.</p>
<p>Article 14</p> <p>When the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches NT\$300 million or more, <u>except in transactions of telecommunications licenses and spectrum with a government agency</u>, the Company shall engage a CPA prior to the date of occurrence of the event to provide an opinion on the reasonableness of the transaction price, and the CPA shall comply with the provisions of Statement of General Auditing Procedures No. 20 published by the ARDF.</p> <p>The Company's acquisition or disposal of memberships or intangible assets shall be performed in accordance with the Company's relevant operating guidelines and the Powers and Duties Chart of BOD and the Management.</p>	<p>Article 14</p> <p>When the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches NT\$300 million or more, the Company shall engage a CPA prior to the date of occurrence of the event to provide an opinion on the reasonableness of the transaction price, and the CPA shall comply with the provisions of Statement of General Auditing Procedures No. 20 published by the ARDF.</p> <p>The Company's acquisition or disposal of memberships or intangible assets shall be performed in accordance with the Company's relevant operating guidelines and the Powers and Duties Chart of BOD and the Management.</p>	<p>In accordance with Article 11 of amended "Regulations" and together with the risk control of the Company, it is specified in Paragraph 1 that it is not necessary for the Company to engage a CPA for an opinion on the reasonableness of the transaction price when being in transactions of telecommunications license and spectrum with a government agency.</p>

Amended Articles	Current Articles	Explanation
Chapter 5 Related Party Transactions	Chapter 5 Related Party Transactions	Title of the chapter remains unchanged.
<p data-bbox="225 300 715 943">Article 16 When acquiring or disposing real estate from or to a related party, or when acquiring or disposing assets other than real estate from or to a related party and the transaction amount reaches NT\$300 million or more, <u>except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds</u>, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and the board of directors:</p> <ol data-bbox="225 949 715 2004" style="list-style-type: none"> 1. The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets; 2. The reason for choosing the related party as a transaction counterpart; 3. With respect to the acquisition of real estate from a related party, information regarding assessment of the reasonableness of the anticipated transaction terms in accordance with the provisions of Articles 17 and 18; 4. The date and price at which the related party originally acquired the real estate, the original transaction counterpart, and that transaction counterpart's relationship to the Company and the related party; 5. Monthly cash flow forecasts for the year commencing from the anticipated month of contract signing, and assessment of the necessity of the transaction and the reasonableness of the use of funds; 6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance 	<p data-bbox="719 300 1193 801">Article 16 When acquiring or disposing real estate from or to a related party, or when acquiring or disposing assets other than real estate from or to a related party and the transaction amount reaches NT\$300 million or more, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and the board of directors:</p> <ol data-bbox="719 808 1193 2004" style="list-style-type: none"> 1. The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets; 2. The reason for choosing the related party as a transaction counterpart; 3. With respect to the acquisition of real estate from a related party, information regarding assessment of the reasonableness of the anticipated transaction terms in accordance with the provisions of Articles 17 and 18; 4. The date and price at which the related party originally acquired the real estate, the original transaction counterpart, and that transaction counterpart's relationship to the Company and the related party; 5. Monthly cash flow forecasts for the year commencing from the anticipated month of contract signing, and assessment of the necessity of the transaction and the reasonableness of the use of funds; 6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the Article 8, Article 12 and Article 14; and 7. Restrictive conditions and other 	<ol data-bbox="1198 300 1573 907" style="list-style-type: none"> 1. In accordance with Paragraph 1, Article 14 of amended "Regulations", it is specified in Paragraph 1 that it not necessary for the Company to get approval by the audit committee and the board of directors when trading government bonds and etc. with a related party. 2. In accordance with Paragraph 3, Article 14 of amended "Regulations", the wording "machinery" is deleted accordingly in Paragraph 4.

Amended Articles	Current Articles	Explanation
<p>with the Article 8, Article 12 and Article 14; and</p> <p>7. Restrictive conditions and other important stipulations associated with the transaction.</p> <p>If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the transaction may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p> <p>The calculation of the transaction amounts referred to Paragraph 1 shall be made in accordance with Article 39, Paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p>With respect to the acquisition or disposal of business-use equipment between the Company and its subsidiaries, the Company's board of directors may pursuant to the Powers and Duties Chart of BOD and the Management delegate the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p>	<p>important stipulations associated with the transaction.</p> <p>If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the transaction may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p> <p>The calculation of the transaction amounts referred to Paragraph 1 shall be made in accordance with Article 39, Paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p>With respect to the acquisition or disposal of business-use <u>machinery and</u> equipment between the Company and its subsidiaries, the Company's board of directors may pursuant to the Powers and Duties Chart of BOD and the Management delegate the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p>	
<p>Article 17</p> <p>When acquiring real estate from a related party, the Company shall evaluate the reasonableness of the transaction costs by the following means:</p> <ol style="list-style-type: none"> 1. Based upon the related party's transaction price plus necessary interest on funding and the costs 	<p>Article 17</p> <p>When acquiring real estate from a related party, the Company shall evaluate the reasonableness of the transaction costs by the following means:</p> <ol style="list-style-type: none"> 1. Based upon the related party's transaction price plus necessary interest on funding and the costs 	<p>In accordance with Subparagraph 3, Paragraph 4, Article 15 of amended "Regulations", it is specified in Subparagraph 3, Paragraphs 4 that the means of evaluating the reasonableness of the transaction costs stated in this article do not apply when the</p>

Amended Articles	Current Articles	Explanation
<p>to be duly borne by the buyer in accordance with law.</p> <p>"Necessary interest on funding" is taken as the weighted average interest rate on borrowing in the year the Company purchases the assets. However, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Total appraisal loan value from any financial institutions when the related party has previously created a mortgage on the target as security for a loan. However, the actual cumulative amount loaned by such financial institutions shall have been 70% or more of the financial institutions' appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply when such a financial institution is a related party of one of the transaction counterparts.</p> <p>When land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the foregoing paragraph.</p> <p>The Company shall also engage a CPA to check the appraisal and render a specific opinion when acquiring real estate from a related party and appraising the real estate cost in accordance with the two foregoing paragraphs.</p> <p>When the Company acquires real estate from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the provisions of the foregoing article and the preceding three paragraphs</p>	<p>to be duly borne by the buyer in accordance with law.</p> <p>"Necessary interest on funding" is taken as the weighted average interest rate on borrowing in the year the Company purchases the assets. However, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Total appraisal loan value from any financial institutions when the related party has previously created a mortgage on the target as security for a loan. However, the actual cumulative amount loaned by such financial institutions shall have been 70% or more of the financial institutions' appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply when such a financial institution is a related party of one of the transaction counterparts.</p> <p>When land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the foregoing paragraph.</p> <p>The Company shall also engage a CPA to check the appraisal and render a specific opinion when acquiring real estate from a related party and appraising the real estate cost in accordance with the two foregoing paragraphs.</p> <p>When the Company acquires real estate from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the provisions of the foregoing article</p>	<p>Company engages a related party to build real estate on the Company's own land or on rented land.</p>

Amended Articles	Current Articles	Explanation
<p>do not apply:</p> <ol style="list-style-type: none"> 1. The related party acquired the real estate through inheritance or as a gift. 2. More than five years have elapsed between the time the related party signed the contract to obtain the real estate to the signing date for the current transaction. 3. The real estate is acquired through signing of a joint development contract with the related party, <u>or through engaging a related party to build real estate, either on the company's own land or on rented land.</u> 	<p>and the preceding three paragraphs do not apply:</p> <ol style="list-style-type: none"> 1. The related party acquired the real estate through inheritance or as a gift. 2. More than five years have elapsed between the time the related party signed the contract to obtain the real estate to the signing date for the current transaction. 3. The real estate is acquired through signing of a joint development contract with the related party. 	
<p>Chapter 6 Derivatives Trading</p>	<p>Chapter 6 Derivatives Trading</p>	<p>Title of the chapter remains unchanged.</p>
<p>Article 22</p> <p>When the Company engages in the trading of derivatives for hedging purposes, the target of hedging shall be limited to foreign currency deposits, financial assets already held by the Company, liabilities that have already occurred, and <u>the demand for foreign currency under business contracts.</u></p> <p>The total notional amount of derivative contracts traded by the Company shall not exceed the sum of the Company's recognized foreign currency deposits, financial assets, liabilities, and <u>the demand for foreign currency under business contracts.</u></p>	<p>Article 22</p> <p>When the Company engages in the trading of derivatives for hedging purposes, the target of hedging shall be limited to foreign currency deposits, financial assets already held by the Company, liabilities that have already occurred, and <u>estimated foreign currency amount for the subsequent six months.</u></p> <p>The total notional amount of derivative contracts traded by the Company shall not exceed the sum of the Company's recognized foreign currency deposits, financial assets, liabilities, and <u>estimated foreign currency amount for the subsequent six months.</u></p>	<p>To cope with the hedging need of the Company (e.g. the accounts payable dominated in foreign currency for equipment, the oversea investment, etc.), the content "estimated foreign currency amount for the subsequent six months" in Paragraphs 1 and 2 are changed to "the demand for foreign currency under business contracts".</p>
<p>Article 30</p> <p>The Company shall prepare a memorandum book for transactions of derivative financial products recording the type, amount, date of passage by the Board of Directors, and matters required to be carefully evaluated under Paragraph 1 Subparagraph 7 Item 4 and 5 of Article 29.</p> <p>Where the Company's</p>	<p>Article 30</p> <p>The Company shall prepare a memorandum book for transactions of derivative financial products recording the type, amount, date of passage by the Board of Directors, and matters required to be carefully evaluated under Paragraph 1 Subparagraph 7 Item 4 and 5 of Article 29.</p> <p>Where the Company's</p>	<p>In accordance with Paragraph 3, Article 20 of amended "Regulations", it is specified in Paragraph 2 that the Company shall report the relevant information to the soonest meeting of the board of directors after the derivative transactions are authorized by the relevant personnel.</p>

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<p>transactions of derivative products are authorized by the relevant personnel pursuant to the Procedure, the information relevant to the transactions, including the amounts, contractual period, counterparts, and important trading terms and conditions, shall be reported to <u>the soonest meeting of the Board of Directors</u> after the transactions.</p>	<p>transactions of derivative products are authorized by the relevant personnel pursuant to the Procedure, the information relevant to the transactions, including the amounts, contractual period, counterparts, and important trading terms and conditions, shall be reported to the Board of Directors after the transactions.</p>	
<p>Chapter 8 Public Disclosure of Information</p>	<p>Chapter 8 Public Disclosure of Information</p>	<p>Title of the chapter remains unchanged.</p>
<p>Article 39</p> <p>When acquiring or disposing of assets, the Company shall publicly announce and report relevant information in accordance with its type on the Financial Supervisory Commission's designated web site in the prescribed format before the start of trading hours on the next business day after the event in any of the following circumstances:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of real estate from a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, <u>or subscription or redemption of domestic money market funds.</u> 2. Merger or consolidation, split, acquisition, or assignment of shares. 3. Losses from derivative trading exceeding the overall limit or individual contract limit specified in these Procedures. 4. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, or an investment in the mainland China area reaches NT\$300 million or more; provided, this shall not apply to the following 	<p>Article 39</p> <p>When acquiring or disposing of assets, the Company shall publicly announce and report relevant information in accordance with its type on the Financial Supervisory Commission's designated web site in the prescribed format before the start of trading hours on the next business day after the event in any of the following circumstances:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of real estate from a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements. 2. Merger or consolidation, split, acquisition, or assignment of shares. 3. Losses from derivative trading exceeding the overall limit or individual contract limit specified in these Procedures. 4. When asset transactions other than those referred to in the preceding three subparagraphs, or an investment in the mainland China area reaches NT\$300 million or more; this shall not apply, however, in the following circumstances: 	<ol style="list-style-type: none"> 1. In accordance with Subparagraph 1 and Item 3, Subparagraph 4 under Paragraph 1, Article 30 of amended "Regulations", it is specified in Subparagraph 1 and Item 2, Subparagraph 4 under current Paragraph 1 that the provision for public disclosure of information does not apply to subscription or redemption of domestic money market funds. 2. In accordance with Item 4, Subparagraph 4, Paragraph 1, Article 30 of amended "Regulations", the wording "machinery" is deleted accordingly.

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<p>circumstances:</p> <p>(1) Trading of government bonds.</p> <p>(2) Trading of bonds under repurchase/resale agreements, <u>or subscription or redemption of domestic money market funds.</u></p> <p>(3) The type of asset acquired or disposed is equipment used for operating purposes, the transaction counterparty is not a related party, and the transaction amount does not exceed NT\$500 million.</p> <p>(4) Where real estate is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT\$500 million.</p> <p>The amounts of the transactions in the foregoing paragraph shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of target with the same transaction counterparty within one year. 3. The cumulative transaction amount of real estate acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project during one year. 4. The cumulative amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the 	<p>(1) Trading of government bonds.</p> <p>(2) Trading of bonds under repurchase/resale agreements.</p> <p>(3) The type of asset acquired or disposed is equipment/<u>machinery</u> used for operating purposes, the transaction counterparty is not a related party, and the transaction amount does not exceed NT\$500 million.</p> <p>(4) Where real estate is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT\$500 million.</p> <p>The amounts of the transactions in the foregoing paragraph shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of target with the same transaction counterparty within one year. 3. The cumulative transaction amount of real estate acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project during one year. 4. The cumulative amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the 	

Amended Articles	Current Articles	Explanation
<p>same security during one year. As used in preceding paragraph, 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.</p>	<p>same security during one year. As used in preceding paragraph, 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.</p>	