

TSE:2412
NYSE:CHT

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Chunghwa Telecom Co., Ltd. 2012 Annual General Meeting Handbook

(For 2011 Financial related informaton, please refer to F pages
of Form 20-F, <http://www.cht.com.tw/ir>)

Date: June 22, 2012

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

Chunghwa Telecom Co., Ltd.
2012 Annual General Meeting Handbook

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Chunghwa Telecom Co., Ltd. 2012 Annual General Meeting

Time: June 22, 2012, at 9:00 a.m.

Venue: Chunghwa Telecom Training Institute

No. 168, Minzu Road, Banchiao District, New Taipei City, Taiwan, R.O.C.

Agenda

The Chairman calls the meeting to order

Chairman's address

Report items

- I. The Company's 2011 business report
- II. 2011 supervisors' audit report
- III. Report on amendment to the "Meeting Rules of Order of the Board of Directors"

Matters for Ratification

- I. Ratification of 2011 business report and financial statements
- II. Ratification of the proposal for the distribution of 2011 earnings

Matters for Discussion

- I. The amendment to the "Articles of Incorporation"
- II. The amendment to the "Directors and Supervisors Election Regulations"
- III. The amendment to the "Ordinance of Shareholders Meetings"
- IV. The amendment to the "Procedures for Acquisition and Disposal of Assets"

Other business and special motions

Meeting adjourned

Report Items

I. The Company's 2011 business report

1. Report on Operations

The Company has completed the preparation of the financial statements for 2011 (from 1 January 2011 to 31 December 2011) in accordance with the applicable regulations. The business is reported in the following summary:

Financial Analysis of Income/Expense and Profitability

(unit: Million NT\$)

Analysis Item		Year	2011	2010
Income/Expense	Net revenues		217,493	202,430
	Operating costs		131,531	115,332
	Gross profit		85,962	87,098
	Operating expenses		30,877	29,731
	Income from operations		55,085	57,367
	Non-operating income and gains		1,881	1,032
	Non-operating expenses and losses		267	712
	Income before income tax		56,699	57,687
	Income tax expenses		8,604	9,129
	Consolidated net income		48,095	48,558
	Net income attributable to parent company's shareholders		47,068	47,609
Profitability	ROA (%)		10.73	10.77
	ROE (%)		12.84	12.87
	Income from operations to common stock (%)		71.01	73.95
	Income before income tax to common stock (%)		73.09	74.36
	Net income ratio (%)		22.11	23.99
	Earnings per share (in NT\$)		6.04	4.91

Note: The amounts in the above table are from consolidated financial statements of the Company and its subsidiaries.

- (1) Consolidated net revenues increased by 15.063 billion from 2010, mainly contributed by an increase in fixed line revenue resulting from the pricing right shift for fixed to mobile calls, as well as rises in mobile VAS revenue and handset sales due to hot sales of smart phones and the active promotion of mobile Internet use.
- (2) Consolidated operating costs and expenses increased by 17.345 billion from 2010, mainly due to the increased cost of goods sold causing by hot sales of smart phones, interconnection costs and transition fees resulting from the shift in pricing right of fixed-to-mobile calls, as well as increase of the relevant costs and expenses from the

continuous promotion of mobile Internet use and the acceleration of broadband.

- (3) Consolidated non-operating income and gains increased by 849 million from 2010, mainly contributed by increases of the gain on the disposal of fixed assets in 2011, interest income and equity in earnings of equity method investees.
- (4) Consolidated non-operating expenses and losses decreased by 445 million from 2010, mainly due to the disposal of fixed assets in 2010 and net losses from financial instruments. Also in 2011, the company and its subsidiaries invested in financial assets that are carried at cost. Following evaluation, the Company recognized impairment losses of 148 million due to poor operational performance or adverse changes in the market.

2. Retrospective and Perspective

Despite the intense competition and regulations in the telecom market, the Company's consolidated revenue in 2011 reached NT\$217.49 billion, representing an increase of NT\$15.06 billion from NT\$202.43 billion in 2010. The consolidated net income was NT\$48.1 billion and EPS NT\$6.04. These results were mainly attributed to the local service revenue growth following the return of fixed to mobile pricing right to fixed line operators as well as the efforts made by all the employees of the Company.

In addition, the Company also contributed to corporate governance, social caring and environmental protection activities and has been given various awards by professional media, government departments and renowned civil organizations, improving the Company's professional and enterprise image.

In the area of mobile telecommunications business, where competition is keen, the active introduction of smart phones brought strong growth in the number of mobile Internet subscribers. At the end of 2011, the total number of mobile customers exceeded 10 million, reaching 10.07million, among which, 2G and 3G subscribers represented 4.02 million and 6.05 million, respectively. The number of mobile Internet subscribers also reached 1.5 million, the highest in the industry. To meet the customers' expectation for better connection quality and to reduce the network traffic, we offered a discount to 3G mobile Internet customers using less than 1GB since August 2011.

The broadband service price reduction in mid 2011 brought significant subscription of higher speed fiber services of 20Mbps and 50Mbps. This also stimulated the growth of MOD subscribers. At the end of 2011, the number of broadband subscribers reached 4.5 million, among which 2.4 million were fiber customers and 430,000 were using 50Mbps and even higher speed services, significantly ahead of other service providers in the industry. For MOD, the Company continuously introduces high quality audio and video contents and popular overseas channels, introduces premium Family packages and co-markets broadband & MOD services to customers. At the end of 2011, MOD had 42 high-definition channels and 91 standard-definition channels. The number of customers exceeded 1 million, reaching 1.06 million.

For fixed line voice service, local and long-distance calls continue to be pressured by mobile substitution and the disconnection of local lines for ADSL service. International calls were facing strong competition in calling card and wholesale businesses. As a result, the business sees a declining trend. However, at the end of 2011, the market share for local call subscriber was 95.3%, for local call minutes 86.8%, for domestic long-distance call minutes 74.1% and for international call minutes 54.9%, still commanding the leadership.

The Company's effort in promoting business operation and corporate social responsibility in 2011 were confirmed by various organizations, such as the first place for the "Best Reputable Benchmark Enterprise" in the telecommunications service industry by the CommonWealth Magazine in six consecutive years, the double platinum award for "Voice Communications Service (Fixed Line/Mobile Communications)" and "Internet Service Provider Group" by the "Readers' Digest Reputable Brands" big survey in Taiwan in two consecutive years, first place in the telecommunications category in the "2011 (Service Industry) First Line Service Quality Bid

Survey” by the Global Views Monthly Magazine in two consecutive years, “Best Service Enterprise” in the category of “First Service Price – Mobile Phone and Fixed Line Communications” by Next Media in seven consecutive years, first place in the telecommunications category of “Businessmen’s Ideal Brand” by Business Today in four consecutive years, the only telecommunications Company in the “2011 Top 20 Innovative Enterprises in Taiwan” by the Ministry of Economic Affairs, A+ highest level evaluation for disclosure of information by listed (OTC) companies by the Securities and Futures Bureau in six consecutive years, Best Financial Disclosure Award in Asia Pacific Region and Greater China Region by IR Global Rankings, “2011 CommonWealth Enterprise Citizen Award” by the CommonWealth Magazine, certification for CG6006 advanced version of corporate governance system by Taiwan Corporate Governance Association, First (2011) Energy Technical Service Company Energy Saving Outstanding Award, “Seventh Golden Map Award Best Application System Award” (development of “Disaster Emergency Reaction System”) by the Taiwan Geographic Information Society, an award granted by the APEC Digital Opportunity Center (for support and contribution to the ADOC 2.0 plan), etc.

The operating environment is full of challenges in 2012 for telecom operators: the slowdown of economic growth, fierce competition among peers, consecutive tariff reductions by the regulator, the implementation of the same tariff for local and domestic long distance calls requested by the legislative authorities, and complaints and criticism by consumers on the broadband service price. All these oppress the revenue growth. Also, in response to market competition, the Company implemented several preferential measures in 2011, which will continue their impacts in 2012. It is expected that operating revenue in 2012 will be relatively lower than that in 2011 and this is the operational challenge of the Company.

Facing the difficult operating environment, the Company will maintain its existing business footprint and stabilize the leading market position through development and growth, such as promoting forward-looking business, reinforcing service quality, introducing new mobile terminal devices and seeking ICT projects. In 2012, the Company will introduce new motivators, such as two-way 100Mbps service and 1Gbps trial service, increase fiber broadband coverage, expand mobile network capacity and Wi-Fi facilities, thus leading Taiwan’s fixed and mobile broadband services into a new generation. The Company will also leverage its broadband capacity to proactively deploy business with strong potential, such as cloud computing, to secure the leading position in addition to the major growth areas such as fiber, mobile Internet, MOD, value-added service as well as the key products for corporate customers and ICT projects, while actively establishing advanced network deployment, value-added service development, MOD high definition content strengthening, promotional project packaging and customer service enhancement required to drive this growth blueprint are all included as 2012’s key tasks. The Company will also enact its operational strategy to lead and attract customers to utilize advanced, convenient and economic ICT services in order to further strengthen the Company’s market leadership.

In the following year, the Company will continue to dedicate itself to providing high quality customer service, enhancing operational efficiency, responding to competition rapidly, implementing cost saving initiatives, as well as maintaining dialogue with regulatory authorities and relevant industries. The Company will also abide by corporate governance and reinforce social caring and environmental protection activities to strengthen its professional and corporate image, allowing it to continuously create company and shareholder value.

Shyue-Ching Lu, Chairman and CEO

Shaio-Tung Chang, President

Shui-Yi Kuo, Accounting Officer

March 27, 2012

II. 2011 supervisors' audit report

The Board of Directors has compiled and submitted the Company's 2011 financial statements, and independent auditors E. M. Wu and Sandra Chen of Deloitte & Touche have issued an audit report. The financial statements and audit report, together with the business report and proposed distribution of earnings, have been audited by the supervisors, who found no unconformities. We have accordingly issued this report as prescribed in Article 219 of the Company Act. Please examine.

Chunghwa Telecom Co., Ltd. 2012 Annual General Meeting

Supervisors : Su-Ghen Huang
Shwu-Fen Chao
I-Hwa Wu

March 27, 2012

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

1. The amendment to “Meeting Rules of Order of the Board of Directors” was approved at the 14th Meeting of the 6th Board of Directors, pursuant to the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter”, and the “Organizational Rules of BOD Salary & Compensation Committee” approved at the 10th Meeting of the Sixth Board of Directors.
2. The key amendments are as follows:
 - (1) Amend the matters shall be submitted to the Board of Directors for discussion (Article 12, paragraph 1) as follows:
 - a. delete Article 12, paragraph 1, subparagraph 10, “Approval of the Company's annual operating budget and closing report”, and combine the approval of operating budget into the first subparagraph. (Subparagraph 1)
 - b. adopt the approval of financial forecast and internal control statement (Subparagraph 2 and 5)
 - c. adopt the salary compensation of the directors, supervisors and management proposed by the Salary & Compensation Committee, with further consideration of the compensation amount, payment methods and the Company's potential future risks, etc. (Subparagraph 21)
 - d. adopt the salary compensation of directors and management of the various subsidiaries, in accordance with its Powers and Duties Chart of that subsidiary . (Subparagraph 22)
 - e. adopt the matters for BOD discussion be submitted in accordance to the Powers and Duties of BOD and the Management. (Subparagraph 23)
 - (2) Adopt the resolution of 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 are attend and more than 50% of the attending Directors approve of the resolution. The difference of opinions and the relevant reasons shall be recorded and set forth in the Board of Directors meeting minutes. (Article 16)
 - (3) Amend to adopt the BOD resolution matters, including Independent Directors' opposed or qualified opinions concerning the resolutions, with proper records or written statements; salary compensation approved by the Board of Directors is higher than the proposed amount by the Salary & Compensation Committee. In addition to the meeting minute recording, these resolutions must be filed and publicly disclosed onto Market Observation Post system, designated by the Financial Supervisory Commission, Executive Yuan, within two days of the Board of Directors Meeting.

Matters for Ratification

I. Ratification of 2011 business report and financial statements

Proposed by the Board of Directors

Explanation:

1. The Company's 2011 financial statements (including balance sheets, statements of income, statements of changes in stockholders' equity, and statements of cash flows, please refer to Pages 9-14 and Pages 16-23 of this Handbook, or Pages 2-7 of the Company's financial reports (English version) and Pages 2-9 of the Company and subsidiaries' consolidated financial statements (English version)) have been audited and attested by E. M. Wu and Sandra Chen of Deloitte & Touche, who have issued an unqualified opinion in their audit report (please refer to Pages 8 and 15 of this Handbook). At the 14th meeting of the Company's 6th Board of Directors held on March 27, 2012, the Company's 2011 financial statements together with the Company's operational report (please refer to Page 2-4 of this Handbook) were passed, and the financial statements and operational report were forwarded to the supervisors for audit. The supervisors found no unconformities, and their audit report (please refer to Page 5 of this Handbook) is submitted for examination.
2. The aforementioned statements and report are submitted to the annual general meeting for ratification.

Resolution:

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, 2011 and 2010, and the related statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to first paragraph present fairly, in all material respects, the financial position of the Company as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with the Securities and Exchange Act, the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

We have also audited the consolidated financial statements of the Company and its subsidiaries as of and for the years ended December 31, 2011 and 2010, and have expressed a unqualified opinion on those consolidated financial statements.

/s/ DELOITTE & TOUCHE

Deloitte & Touche
Taipei, Taiwan
The Republic of China

March 27, 2012

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations 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 accepted and applied in the Republic of China.

For the convenience of readers, the 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 auditors' report and financial statements shall prevail.

CHUNGHWA TELECOM CO., LTD.

BALANCE SHEETS DECEMBER 31, 2011 AND 2010

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

ASSETS	2011		2010		LIABILITIES AND STOCKHOLDERS' EQUITY	2011		2010	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 61,283,240	14	\$ 84,700,525	19	Financial liabilities at fair value through profit or loss (Notes 2 and 5)	\$ 3,665	-	\$ -	-
Financial assets at fair value through profit or loss (Notes 2 and 5)	6,094	-	34,278	-	Trade notes and accounts payable	11,425,662	3	8,754,445	2
Available-for-sale financial assets (Notes 2 and 6)	1,974,606	1	1,030,500	-	Payables to related parties (Note 23)	3,456,719	1	2,407,985	-
Held-to-maturity financial assets (Notes 2 and 7)	1,201,301	-	1,963,608	-	Income tax payable (Notes 2 and 20)	3,336,087	1	4,411,541	1
Trade notes and accounts receivable, net of allowance for doubtful accounts of \$2,398,470 thousand in 2011 and \$2,528,044 thousand in 2010 (Notes 2 and 8)	20,526,988	5	12,948,183	3	Accrued expenses (Note 16)	17,165,393	4	17,262,155	4
Receivables from related parties (Note 23)	867,782	-	466,422	-	Due to stockholders for capital reduction (Note 18)	-	-	19,393,617	4
Other monetary assets (Note 9)	1,913,684	1	2,094,714	1	Other current liabilities (Note 17)	19,242,436	4	16,051,057	4
Inventories, net (Notes 2 and 10)	1,451,778	-	1,120,024	-	Total current liabilities	54,629,962	13	68,280,800	15
Deferred income tax assets (Notes 2 and 20)	51,846	-	53,838	-	DEFERRED INCOME	2,577,462	-	2,588,910	1
Other current assets (Notes 11 and 23)	4,342,301	1	3,489,243	1	RESERVE FOR LAND VALUE INCREMENTAL TAX (Note 15)	94,986	-	94,986	-
Total current assets	93,619,620	22	107,901,335	24	OTHER LIABILITIES				
LONG-TERM INVESTMENTS					Accrued pension liabilities (Notes 2 and 22)	1,437,136	1	1,283,022	-
Investments accounted for using equity method (Notes 2 and 12)	12,756,948	3	11,066,543	2	Customers' deposits (Note 23)	4,967,605	1	5,853,704	1
Financial assets carried at cost (Notes 2 and 13)	2,244,593	1	2,305,354	1	Deferred credits - profit on intercompany transactions (Note 23)	539,243	-	1,440,007	1
Held-to-maturity financial assets (Notes 2 and 7)	13,494,891	3	8,408,090	2	Others	320,450	-	266,808	-
Other monetary assets (Notes 14 and 24)	1,000,000	-	1,000,000	-	Total other liabilities	7,264,434	2	8,843,541	2
Total long-term investments	29,496,432	7	22,779,987	5	Total liabilities	64,566,844	15	79,808,237	18
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 15 and 23)					STOCKHOLDERS' EQUITY (Notes 2, 6, 15 and 18)				
Cost					Common stock - \$10 par value;				
Land	101,386,926	23	101,709,013	23	Authorized: 12,000,000 thousand shares				
Land improvements	1,552,549	-	1,554,776	-	Issued: 7,757,447 thousand shares	77,574,465	18	77,574,465	18
Buildings	65,954,833	15	65,720,709	15	Additional paid-in capital				
Computer equipment	14,435,797	3	15,422,954	3	Capital surplus	169,496,289	39	169,496,289	38
Telecommunications equipment	653,730,240	151	654,890,287	147	Donated capital	13,170	-	13,170	-
Transportation equipment	2,524,245	1	2,371,493	1	Equity in additional paid-in capital reported by equity-method investees	26,830	-	5,643	-
Miscellaneous equipment	6,584,655	2	6,968,946	2	Total additional paid-in capital	169,536,289	39	169,515,102	38
Total cost	846,169,245	195	848,638,178	191	Retained earnings				
Revaluation increment on land	5,762,535	2	5,800,701	1	Legal reserve	66,122,145	15	61,361,255	14
	851,931,780	197	854,438,879	192	Special reserve	2,675,894	1	2,675,894	-
Less: Accumulated depreciation	568,061,502	131	565,756,859	127	Unappropriated earnings	47,068,830	11	47,615,807	11
	283,870,278	66	288,682,020	65	Total retained earnings	115,866,869	27	111,652,956	25
Construction in progress and advances related to acquisition of equipment	13,459,107	3	12,014,639	3	Other adjustments				
Property, plant and equipment, net	297,329,385	69	300,696,659	68	Cumulative translation adjustments	(38,918)	-	(102,885)	-
INTANGIBLE ASSETS (Note 2)					Unrecognized net loss of pension	(38,106)	-	(40,182)	-
3G concession	5,240,262	1	5,988,870	1	Unrealized gain on financial instruments	67,674	-	176,048	-
Others	722,749	-	447,294	-	Unrealized revaluation increment	5,762,753	1	5,803,238	1
Total intangible assets	5,963,011	1	6,436,164	1	Total other adjustments	5,753,403	1	5,836,219	1
OTHER ASSETS					Total stockholders' equity	368,731,026	85	364,578,742	82
Idle assets (Note 2)	878,896	-	878,896	-					
Refundable deposits	1,656,096	-	1,478,342	1					
Deferred income tax assets (Notes 2 and 20)	254,934	-	398,050	-					
Others (Note 23)	4,099,496	1	3,817,546	1					
Total other assets	6,889,422	1	6,572,834	2					
TOTAL	\$ 433,297,870	100	\$ 444,386,979	100	TOTAL	\$ 433,297,870	100	\$ 444,386,979	100

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

CHUNGHWA TELECOM CO., LTD.**STATEMENTS OF INCOME****FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010****(Amounts in Thousands of New Taiwan Dollars, Except Earnings Per Share Data)**

	2011		2010	
	Amount	%	Amount	%
NET REVENUES (Note 23)	\$192,462,104	100	\$186,410,943	100
OPERATING COSTS (Note 23)	<u>106,887,392</u>	<u>55</u>	<u>98,675,571</u>	<u>53</u>
GROSS PROFIT	<u>85,574,712</u>	<u>45</u>	<u>87,735,372</u>	<u>47</u>
OPERATING EXPENSES (Note 23)				
Marketing	27,472,129	14	25,325,544	13
General and administrative	3,449,054	2	3,396,438	2
Research and development	<u>3,413,032</u>	<u>2</u>	<u>3,261,176</u>	<u>2</u>
Total operating expenses	<u>34,334,215</u>	<u>18</u>	<u>31,983,158</u>	<u>17</u>
INCOME FROM OPERATIONS	<u>51,240,497</u>	<u>27</u>	<u>55,752,214</u>	<u>30</u>
NON-OPERATING INCOME AND GAINS				
Equity in earnings of equity method investees, net	2,097,064	1	778,664	1
Gain on disposal of property, plant and equipment, net	1,207,582	1	-	-
Interest income	655,080	-	445,894	-
Foreign exchange gain, net	63,033	-	6,798	-
Dividend income	15,378	-	17,156	-
Others	<u>312,433</u>	<u>-</u>	<u>236,679</u>	<u>-</u>
Total non-operating income and gains	<u>4,350,570</u>	<u>2</u>	<u>1,485,191</u>	<u>1</u>
NON-OPERATING EXPENSES AND LOSSES				
Impairment loss on assets	98,500	-	61,323	-
Loss on disposal of financial instruments, net	56,016	-	385,544	-
Valuation loss on financial instruments, net	31,849	-	11,626	-
Interest expense	222	-	75,458	-
Loss on disposal of property, plant and equipment, net	-	-	208,878	-
Others	<u>25,842</u>	<u>-</u>	<u>56,511</u>	<u>-</u>
Total non-operating expenses and losses	<u>212,429</u>	<u>-</u>	<u>799,340</u>	<u>-</u>
INCOME BEFORE INCOME TAX	55,378,638	29	56,438,065	31
INCOME TAX EXPENSE (Notes 2 and 20)	<u>8,310,263</u>	<u>5</u>	<u>8,829,165</u>	<u>5</u>
NET INCOME	<u>\$ 47,068,375</u>	<u>24</u>	<u>\$ 47,608,900</u>	<u>26</u>

(Continued)

CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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

	2011		2010	
	Income Before Income Tax	Net Income	Income Before Income Tax	Net Income
EARNINGS PER SHARE (Note 21)				
Basic earnings per share	<u>\$ 7.11</u>	<u>\$ 6.04</u>	<u>\$ 5.82</u>	<u>\$ 4.91</u>
Diluted earnings per share	<u>\$ 7.09</u>	<u>\$ 6.03</u>	<u>\$ 5.80</u>	<u>\$ 4.89</u>

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

(Concluded)

CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2011 AND 2010
(Amounts in Thousands of New Taiwan Dollars)

	Common Stock		Additional Paid-in Capital	Retained Earnings			Other Adjustments				Total Stockholders' Equity
	Shares (Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Cumulative Translation Adjustments	Unrecognized Net Loss of Pension	Unrealized Gain (Loss) on Financial Instruments	Unrealized Revaluation Increment	
BALANCE, JANUARY 1, 2010	9,696,808	\$ 96,968,082	\$ 169,509,763	\$ 56,987,241	\$ 2,675,894	\$ 43,749,962	\$ 7,626	\$ (43,750)	\$ (447,129)	\$ 5,803,446	\$ 375,211,135
Transfer of unrealized revaluation increment to income upon disposal of revalued assets	-	-	-	-	-	-	-	-	-	(208)	(208)
Appropriation of 2009 earnings											
Legal reserve	-	-	-	4,374,014	-	(4,374,014)	-	-	-	-	-
Cash dividends - NT\$4.06 per share	-	-	-	-	-	(39,369,041)	-	-	-	-	(39,369,041)
Capital reduction (Note 18)	(1,939,361)	(19,393,617)	-	-	-	-	-	-	-	-	(19,393,617)
Net income in 2010	-	-	-	-	-	47,608,900	-	-	-	-	47,608,900
Unrealized loss on financial instruments held by investees	-	-	-	-	-	-	-	-	176,916	-	176,916
Equity adjustments in investees	-	-	5,339	-	-	-	-	-	-	-	5,339
Cumulative translation adjustment for foreign-currency investments held by investees	-	-	-	-	-	-	(110,511)	-	-	-	(110,511)
Defined benefit pension plan adjustments of investees	-	-	-	-	-	-	-	3,568	-	-	3,568
Unrealized gain on financial instruments	-	-	-	-	-	-	-	-	446,261	-	446,261
BALANCE, DECEMBER 31, 2010	7,757,447	77,574,465	169,515,102	61,361,255	2,675,894	47,615,807	(102,885)	(40,182)	176,048	5,803,238	364,578,742
Transfer of unrealized revaluation increment to income upon disposal of revalued assets	-	-	-	-	-	-	-	-	-	(40,485)	(40,485)
Appropriation of 2010 earnings											
Legal reserve	-	-	-	4,760,890	-	(4,760,890)	-	-	-	-	-
Cash dividends - NT\$5.52 per share	-	-	-	-	-	(42,854,462)	-	-	-	-	(42,854,462)
Net income in 2011	-	-	-	-	-	47,068,375	-	-	-	-	47,068,375
Unrealized gain on financial instruments held by investees	-	-	-	-	-	-	-	-	(204,555)	-	(204,555)
Equity adjustments in investees	-	-	21,187	-	-	-	-	-	-	-	21,187
Cumulative translation adjustment for foreign-currency investments held by investees	-	-	-	-	-	-	63,967	-	-	-	63,967
Defined benefit pension plan adjustments of investees	-	-	-	-	-	-	-	2,076	-	-	2,076
Unrealized gain on financial instruments	-	-	-	-	-	-	-	-	96,181	-	96,181
BALANCE, DECEMBER 31, 2011	7,757,447	\$ 77,574,465	\$ 169,536,289	\$ 66,122,145	\$ 2,675,894	\$ 47,068,830	\$ (38,918)	\$ (38,106)	\$ 67,674	\$ 5,762,753	\$ 368,731,026

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

CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010 (Amounts in Thousands of New Taiwan Dollars)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 47,068,375	\$ 47,608,900
Impairment loss on assets	98,500	61,323
Provision for doubtful accounts	109,292	227,057
Depreciation and amortization	31,914,060	33,647,930
Amortization of premium of financial assets	60,047	37,200
Loss on disposal of financial instruments, net	56,016	385,544
Valuation loss on financial instruments, net	31,849	11,626
Loss (gain) on disposal of property, plant and equipment, net	(1,207,582)	208,878
Loss arising from natural calamities	985	18,553
Equity in earnings of equity method investees, net	(2,097,064)	(778,664)
Dividends received from equity investees	532,857	278,677
Deferred income taxes	145,108	7,235
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Financial assets held for trading	(52,997)	33,173
Trade notes and accounts receivable	(7,677,485)	(2,095,986)
Receivables from related parties	(401,360)	(83,204)
Other monetary assets	170,419	(336,694)
Inventories	(331,754)	66,499
Other current assets	(279,830)	(394,960)
Increase (decrease) in:		
Trade notes and accounts payable	2,302,505	1,230,002
Payables to related parties	1,052,073	484,481
Income tax payable	(1,075,454)	253,555
Accrued expenses	(98,177)	762,095
Other current liabilities	1,829,477	1,470,186
Deferred income	(11,448)	105,146
Accrued pension liabilities	<u>154,114</u>	<u>75,065</u>
Net cash provided by operating activities	<u>72,292,526</u>	<u>83,283,617</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(3,113,994)	(2,289,718)
Proceeds from disposal of available-for-sale financial assets	2,263,889	17,931,915
Acquisition of held-to-maturity financial assets	(6,543,575)	(6,917,141)
Proceeds from disposal of held-to-maturity financial assets	2,159,034	1,537,500
Acquisition of financial assets carried at cost	(45,239)	(79,306)
Capital reduction of financial assets carried at cost	7,500	-
Acquisition of investments accounted for using equity method	(1,060,192)	(320,740)
Proceeds from capital reduction of investments accounted for using equity method	815,827	-
Acquisition of property, plant and equipment	(26,484,469)	(24,303,478)
Proceeds from disposal of property, plant and equipment	648,629	21,029

(Continued)

CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010 (Amounts in Thousands of New Taiwan Dollars)

	2011	2010
Increase in intangible assets	\$ (538,599)	\$ (265,374)
Increase in other assets	<u>(736,345)</u>	<u>(3,233,515)</u>
Net cash used in investing activities	<u>(32,627,534)</u>	<u>(17,918,828)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in customers' deposits	(887,839)	(33,489)
Increase in other liabilities	53,641	41,695
Cash dividends paid	(42,854,462)	(39,369,041)
Capital reduction	<u>(19,393,617)</u>	<u>(9,696,808)</u>
Net cash used in financing activities	<u>(63,082,277)</u>	<u>(49,057,643)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(23,417,285)	16,307,146
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>84,700,525</u>	<u>68,393,379</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 61,283,240</u>	<u>\$ 84,700,525</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ 222</u>	<u>\$ 68,766</u>
Income tax paid	<u>\$ 9,240,609</u>	<u>\$ 8,568,375</u>
NON-CASH FINANCING ACTIVITIES		
Reclassification from common capital stock to due to stockholders for capital reduction	<u>\$ -</u>	<u>\$ 19,393,617</u>
CASH AND NON-CASH INVESTING ACTIVITIES		
Increase in property, plant and equipment	\$ 27,846,188	\$ 22,945,900
Decrease (increase) in payables to suppliers	<u>(1,361,719)</u>	<u>1,357,578</u>
	<u>\$ 26,484,469</u>	<u>\$ 24,303,478</u>

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheet of Chunghwa Telecom Co., Ltd. and subsidiaries ("the Company") as of December 31, 2011 and 2010, and the related consolidated statements of income, changes in stockholders' equity, and cash flows then ended. 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 standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Chunghwa Telecom Co., Ltd. and subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and accounting principles generally accepted in the Republic of China.

/s/ DELOITTE & TOUCHE

Deloitte & Touche
Taipei, Taiwan
The Republic of China

March 27, 2012

Notice to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations 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 accepted and applied in the Republic of China.

For the convenience of readers, the 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 auditors' report and consolidated financial statements shall prevail.

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2011 AND 2010

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

ASSETS	2011		2010		LIABILITIES AND STOCKHOLDERS' EQUITY	2011		2010	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 67,389,556	15	\$ 90,875,222	20	Short-term loans (Note 16)	\$ 75,000	-	\$ 115,000	-
Financial assets at fair value through profit or loss (Notes 2 and 5)	45,750	-	77,322	-	Short-term bills payable (Note 17)	-	-	229,896	-
Available-for-sale financial assets (Notes 2 and 6)	2,498,712	1	2,190,674	1	Financial liabilities at fair value through profit or loss (Notes 2 and 5)	3,987	-	-	-
Held-to-maturity financial assets (Notes 2 and 7)	1,201,301	-	1,963,608	-	Trade notes and accounts payable (Note 21)	14,264,769	3	11,554,887	3
Trade notes and accounts receivable, net of allowance for doubtful accounts of \$2,423,012 in 2011 and \$2,551,464 in 2010 (Notes 2, 8 and 21)	22,396,071	5	14,502,507	3	Payables to related parties (Note 28)	788,147	-	139,660	-
Receivables from related parties (Note 28)	34,064	-	63,858	-	Income tax payable (Notes 2 and 25)	3,538,742	1	4,567,944	1
Other monetary assets (Note 9)	2,068,388	1	2,139,662	1	Accrued expenses (Notes 18 and 21)	18,571,544	4	18,404,002	4
Inventories (Notes 2, 10, 21 and 30)	5,214,194	1	4,560,803	1	Due to stockholders for capital reduction (Note 22)	-	-	19,393,617	4
Deferred income taxes assets (Notes 2 and 25)	115,464	-	90,881	-	Current portion of long-term loans (Note 20)	701,887	-	308,896	-
Restricted assets (Notes 21, 29 and 30)	56,725	-	204,606	-	Other current liabilities (Notes 10, 19, 21 and 28)	21,336,732	5	17,626,527	4
Other current assets (Notes 10, 11, 21 and 28)	5,518,760	1	4,121,381	1	Total current liabilities	59,280,808	13	72,340,429	16
Total current assets	106,538,985	24	120,790,524	27	NONCURRENT LIABILITIES				
LONG-TERM INVESTMENTS					Long-term loans (Note 20)	1,058,372	-	3,148,259	1
Investments accounted for using equity method (Notes 2 and 12)	2,563,636	1	1,724,927	-	Deferred income (Note 2)	2,577,463	1	2,588,910	-
Financial assets carried at cost (Notes 2 and 13)	2,760,225	1	2,734,187	1	Total noncurrent liabilities	3,635,835	1	5,737,169	1
Available-for-sale financial assets (Notes 2 and 6)	57,739	-	-	-	RESERVE FOR LAND VALUE INCREMENTAL TAX (Note 15)	94,986	-	94,986	-
Held-to-maturity financial assets (Notes 2 and 7)	13,494,891	3	8,408,090	2	OTHER LIABILITIES				
Other monetary assets (Notes 14 and 30)	1,000,000	-	1,000,000	-	Accrued pension liabilities (Notes 2 and 27)	1,444,207	1	1,290,783	1
Total long-term investment	19,876,491	5	13,867,204	3	Customers' deposits (Note 28)	5,013,981	1	5,780,746	1
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 15, 28 and 29)					Others	407,817	-	463,505	-
Cost					Total other liabilities	6,866,005	2	7,535,034	2
Land	103,813,966	24	104,136,053	23	Total liabilities	69,877,634	16	85,707,618	19
Land improvements	1,552,549	-	1,554,776	-	EQUITY ATTRIBUTABLE TO STOCKHOLDERS OF THE PARENT (Notes 2, 6, 15 and 22)				
Buildings	67,692,355	15	67,457,269	15	Common stock - \$10 par value;				
Computer equipment	14,951,351	3	16,085,635	4	Authorized: 12,000,000 thousand shares				
Telecommunications equipment	655,287,093	148	656,300,682	144	Issued: 7,757,447 thousand shares	77,574,465	18	77,574,465	17
Transportation equipment	2,526,674	1	2,372,673	-	Additional paid-in capital				
Miscellaneous equipment	6,973,939	2	7,155,083	2	Capital surplus	169,496,289	38	169,496,289	37
Total cost	852,797,927	193	855,062,171	188	Donated capital	13,170	-	13,170	-
Revaluation increment on land	5,762,535	1	5,800,701	1	Equity in additional paid-in capital reported by equity-method investees	26,830	-	5,643	-
Less: Accumulated depreciation	569,636,996	129	567,192,234	125	Total additional paid-in capital	169,536,289	38	169,515,102	37
Construction in progress and advances related to acquisition of equipment	13,688,548	3	12,058,972	3	Retained earnings				
Property, plant and equipment, net	302,612,014	68	305,729,610	67	Legal reserve	66,122,145	15	61,361,255	14
INTANGIBLE ASSETS (Note 2)					Special reserve	2,675,894	-	2,675,894	1
3G concession	5,240,262	1	5,988,870	1	Unappropriated earnings	47,068,830	11	47,615,807	10
Goodwill	245,184	-	283,054	-	Total retained earnings	115,866,869	26	111,652,956	25
Others	844,807	-	583,669	-	Other adjustments				
Total intangible assets	6,330,253	1	6,855,593	1	Cumulative translation adjustments	(38,918)	-	(102,885)	-
OTHER ASSETS					Unrecognized net loss of pension	(38,106)	-	(40,182)	-
Leased assets	400,453	-	411,374	-	Unrealized loss on financial instruments	67,674	-	176,048	-
Idle assets (Note 2)	900,036	-	902,412	-	Unrealized revaluation increment	5,762,753	1	5,803,238	1
Refundable deposits (Note 28)	1,760,149	1	1,462,011	1	Total other adjustments	5,753,403	1	5,836,219	1
Deferred income taxes assets (Notes 2 and 25)	339,757	-	472,260	-	Total equity attributable to stockholders of the parent	368,731,026	83	364,578,742	80
Restricted assets (Note 29)	8,093	-	34,731	-	MINORITY INTERESTS IN SUBSIDIARIES	4,311,622	1	4,024,372	1
Others (Notes 27 and 28)	4,154,051	1	3,785,013	1	Total stockholders' equity	373,042,648	84	368,603,114	81
Total other assets	7,562,539	2	7,067,801	2	TOTAL	\$ 442,920,282	100	\$ 454,310,732	100
TOTAL	\$ 442,920,282	100	\$ 454,310,732	100					

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

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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

	2011		2010	
	Amount	%	Amount	%
NET REVENUES (Note 28)	\$217,493,067	100	\$202,430,022	100
OPERATING COSTS (Note 28)	<u>131,531,201</u>	<u>61</u>	<u>115,332,391</u>	<u>57</u>
GROSS PROFIT	<u>85,961,866</u>	<u>39</u>	<u>87,097,631</u>	<u>43</u>
OPERATING EXPENSES (Note 28)				
Marketing	23,172,063	11	22,469,186	11
General and administrative	4,179,856	2	4,012,099	2
Research and development	<u>3,525,230</u>	<u>1</u>	<u>3,249,895</u>	<u>2</u>
Total operating expenses	<u>30,877,149</u>	<u>14</u>	<u>29,731,180</u>	<u>15</u>
INCOME FROM OPERATIONS	<u>55,084,717</u>	<u>25</u>	<u>57,366,451</u>	<u>28</u>
NON-OPERATING INCOME AND GAINS (Note 28)				
Interest income	681,855	1	475,462	1
Equity in earnings of equity method investees, net	364,004	-	150,683	-
Gain on disposal of property, plant and equipment, net	297,625	-	-	-
Foreign exchange gain, net	80,883	-	-	-
Dividend income	34,021	-	26,202	-
Gain on disposal of financial instruments, net	19,986	-	-	-
Others	<u>401,990</u>	<u>-</u>	<u>380,592</u>	<u>-</u>
Total non-operating income and gains	<u>1,880,364</u>	<u>1</u>	<u>1,032,939</u>	<u>1</u>
NON-OPERATING EXPENSES AND LOSSES				
Impairment loss on assets	148,404	-	125,416	-
Valuation loss on financial instruments, net	37,068	-	11,375	-
Interest expense	30,713	-	107,246	-
Loss on disposal of property, plant and equipment, net	-	-	216,124	-
Loss on disposal of financial instruments, net	-	-	157,143	-
Foreign exchange loss, net	-	-	16,781	-
Others	<u>50,329</u>	<u>-</u>	<u>77,900</u>	<u>-</u>
Total non-operating expenses and losses	<u>266,514</u>	<u>-</u>	<u>711,985</u>	<u>-</u>
INCOME BEFORE INCOME TAX	56,698,567	26	57,687,405	29
INCOME TAX EXPENSE (Notes 2 and 25)	<u>8,603,371</u>	<u>4</u>	<u>9,129,106</u>	<u>5</u>
CONSOLIDATED NET INCOME	<u>\$ 48,095,196</u>	<u>22</u>	<u>\$ 48,558,299</u>	<u>24</u>

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2011		2010	
	Amount	%	Amount	%
ATTRIBUTABLE TO				
Stockholders of the parent	\$ 47,068,375	22	\$ 47,608,900	24
Minority interests	<u>1,026,821</u>	<u>-</u>	<u>949,399</u>	<u>-</u>
	<u>\$ 48,095,196</u>	<u>22</u>	<u>\$ 48,558,299</u>	<u>24</u>
	2011		2010	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (Note 26)				
Basic earnings per share	<u>\$ 7.11</u>	<u>\$ 6.04</u>	<u>\$ 5.82</u>	<u>\$ 4.91</u>
Diluted earnings per share	<u>\$ 7.09</u>	<u>\$ 6.03</u>	<u>\$ 5.80</u>	<u>\$ 4.89</u>

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

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

(In Thousands of New Taiwan Dollars)

	Common Stock		Additional Paid-in Capital	Retained Earnings			Other Adjustments			Minority Interests in Subsidiaries	Total Stockholders' Equity	
	Shares (Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Gain (Loss) on Financial Instruments			Unrealized Revaluation Increment
BALANCE, JANUARY 1, 2010	9,696,808	\$ 96,968,082	\$ 169,509,763	\$ 56,987,241	\$ 2,675,894	\$ 43,749,962	\$ 7,626	\$ (43,750)	\$ (447,129)	\$ 5,803,446	\$ 3,752,479	\$ 378,963,614
Transfer of unrealized revaluation increment to income upon disposal of revalued assets	-	-	-	-	-	-	-	-	-	(208)	-	(208)
Appropriation of 2009 earnings												
Legal reserve	-	-	-	4,374,014	-	(4,374,014)	-	-	-	-	-	-
Cash dividend - NT\$4.06 per share	-	-	-	-	-	(39,369,041)	-	-	-	-	-	(39,369,041)
Decrease in minority interests	-	-	-	-	-	-	-	-	-	-	(695,797)	(695,797)
Capital reduction (Note 22)	(1,939,361)	(19,393,617)	-	-	-	-	-	-	-	-	-	(19,393,617)
Consolidated net income in 2010	-	-	-	-	-	47,608,900	-	-	-	-	949,399	48,558,299
Equity adjustments in investees	-	-	5,339	-	-	-	-	-	-	-	-	5,339
Cumulative translation adjustment for foreign-currency investments held by investees	-	-	-	-	-	-	(110,511)	-	-	-	(9,257)	(119,768)
Defined benefit pension plan adjustments of investees	-	-	-	-	-	-	-	3,568	-	-	1,526	5,094
Unrealized gain on financial instruments	-	-	-	-	-	-	-	-	623,177	-	26,022	649,199
BALANCE, DECEMBER 31, 2010	7,757,447	77,574,465	169,515,102	61,361,255	2,675,894	47,615,807	(102,885)	(40,182)	176,048	5,803,238	4,024,372	368,603,114
Transfer of unrealized revaluation increment to income upon disposal of revalued assets	-	-	-	-	-	-	-	-	-	(40,485)	-	(40,485)
Appropriation of 2010 earnings												
Legal reserve	-	-	-	4,760,890	-	(4,760,890)	-	-	-	-	-	-
Cash dividend - NT\$5.52 per share	-	-	-	-	-	(42,854,462)	-	-	-	-	-	(42,854,462)
Decrease in minority interests	-	-	-	-	-	-	-	-	-	-	(726,595)	(726,595)
Consolidated net income in 2011	-	-	-	-	-	47,068,375	-	-	-	-	1,026,821	48,095,196
Equity adjustments in investees	-	-	21,187	-	-	-	-	-	-	-	-	21,187
Cumulative translation adjustment for foreign-currency investments held by investees	-	-	-	-	-	-	63,967	-	-	-	18,221	82,188
Defined benefit pension plan adjustments of investees	-	-	-	-	-	-	-	2,076	-	-	(126)	1,950
Unrealized loss on financial instruments	-	-	-	-	-	-	-	-	(108,374)	-	(31,071)	(139,445)
BALANCE, DECEMBER 31, 2011	7,757,447	\$ 77,574,465	\$ 169,536,289	\$ 66,122,145	\$ 2,675,894	\$ 47,068,830	\$ (38,918)	\$ (38,106)	\$ 67,674	\$ 5,762,753	\$ 4,311,622	\$ 373,042,648

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

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010 (Amounts in Thousands of New Taiwan Dollars)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 48,095,196	\$ 48,558,299
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for doubtful accounts	113,353	229,583
Depreciation and amortization	32,306,348	34,063,939
Amortization of premium of financial assets	60,985	38,227
Loss (gain) on disposal of financial instruments, net	(19,986)	157,143
Valuation loss on financial instruments, net	37,068	11,375
Loss (gain) on disposal of property, plant and equipment, net	(297,625)	216,124
Loss on disposal of leased assets, net	7	-
Equity in earnings of equity investees, net	(364,004)	(150,683)
Dividends received from equity investees	157,809	35,862
Loss arising from natural calamities	985	18,553
Impairment loss on assets	148,404	125,416
Deferred income taxes	56,183	26,568
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Financial assets held for trading	(52,742)	32,040
Trade notes and accounts receivable	(8,313,302)	(2,748,979)
Receivables from related parties	143,485	(36,063)
Other monetary assets	57,739	(288,397)
Inventories	(665,056)	(474,783)
Other current assets	(1,046,473)	(857,594)
Increase (decrease) in:		
Trade notes and accounts payable	2,377,287	2,236,752
Payables to related parties	649,442	(259,591)
Income tax payable	(1,028,476)	256,538
Accrued expenses	196,136	953,866
Other current liabilities	2,608,870	2,446,547
Deferred income	(13,687)	105,146
Accrued pension liabilities	150,745	73,023
Net cash provided by operating activities	<u>75,358,691</u>	<u>84,768,911</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of designated financial assets at fair value through profit or loss	(113,012)	(33,503)
Proceeds from disposal of designated financial assets at fair value through profit or loss	146,948	20,519
Acquisition of available-for-sale financial assets	(4,325,193)	(3,341,890)
Proceeds from disposal of available-for-sale financial assets	3,945,091	19,195,145
Acquisition of held-to-maturity financial assets	(6,543,575)	(6,917,141)
Proceeds from disposal of held-to-maturity financial assets	2,159,034	1,537,500
Acquisition of financial assets carried at cost	(235,998)	(317,924)

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010 (Amounts in Thousands of New Taiwan Dollars)

	2011	2010
Proceeds from disposal of financial assets carried at cost	\$ 66,130	\$ 59,384
Capital reduction of financial assets carried at cost	7,500	-
Liquidating dividend	5,779	-
Capital reduction of equity investees	6,852	-
Prepaid long-term investment	(84,058)	(66,150)
Acquisition of investments accounted for using equity method	(364,640)	(35,039)
Acquisition of property, plant and equipment	(26,876,436)	(24,617,158)
Proceeds from disposal of property, plant and equipment	655,543	82,282
Increase in intangible assets	(556,097)	(277,778)
Decrease in restricted assets	11,738	30,586
Increase in other assets	<u>(1,010,474)</u>	<u>(2,681,748)</u>
Net cash used in investing activities	<u>(33,104,868)</u>	<u>(17,362,915)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	(40,000)	(648,000)
Increase (decrease) in short-term bills payable	(229,896)	229,896
Increase in long-term loans	-	3,238,000
Repayment of long-term loans	(1,696,896)	(119,424)
Decrease in customers' deposits	(895,159)	(81,123)
Increase in other liabilities	48,308	61,554
Cash dividends paid	(42,854,462)	(39,369,041)
Capital reduction	(19,393,617)	(9,696,808)
Proceeds from exercise of employee stock option granted by subsidiary	93,984	97,073
Decrease in minority interests	<u>(769,783)</u>	<u>(674,877)</u>
Net cash used in financing activities	<u>(65,737,521)</u>	<u>(46,962,750)</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>110,738</u>	<u>(63,533)</u>
EFFECT OF CHANGE ON CONSOLIDATED SUBSIDIARIES	<u>(112,706)</u>	<u>(2,763,981)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(23,485,666)	17,615,732
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>90,875,222</u>	<u>73,259,490</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 67,389,556</u>	<u>\$ 90,875,222</u>
SUPPLEMENTAL INFORMATION		
Interest paid (excluding capitalized interest expense)	<u>\$ 40,636</u>	<u>\$ 98,484</u>
Income tax paid	<u>\$ 9,573,796</u>	<u>\$ 8,841,027</u>

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010 (Amounts in Thousands of New Taiwan Dollars)

	2011	2010
NON-CASH FINANCING ACTIVITIES		
Current portion of long-term loans	\$ <u>701,887</u>	\$ <u>308,896</u>
Reclassification from common capital stock to due to stockholders for capital reduction	\$ <u>-</u>	\$ <u>19,393,617</u>
CASH AND NON-CASH INVESTING ACTIVITIES		
Increase in property, plant and equipment	\$ 28,257,915	\$ 23,250,030
Decrease (increase) in payables to suppliers	(1,354,232)	1,356,316
Prepayments for equipment	<u>(27,247)</u>	<u>10,812</u>
	<u>\$ 26,876,436</u>	<u>\$ 24,617,158</u>

InfoExplorer Co., Ltd. ("IFE") merged with International Integrated System, Inc. and e-ToYou International, Inc. on April 1, 2011. After the merger, IFE became the surviving entity and was renamed as International Integrated System, Inc. ("IISI"). International Integrated System, Inc. and e-ToYou International, Inc. were dissolved. As IFE issued new shares for the aforementioned share swap, the following table presents the allocation of acquisition costs of International Integrated System Inc. and e-ToYou International Inc. to assets acquired and liabilities assumed based on their fair values:

Cash and cash equivalents	\$ 46,592
Accounts receivables	199,592
Financial assets at fair value through profit and loss	38,073
Other current assets	17,822
Long-term investments	34,051
Property, plant, and equipment	4,996
Refundable deposits	43,553
Other assets	4,472
Accounts payables	(79,713)
Other current liabilities	(25,145)
Other liabilities	<u>(38,480)</u>
Common stock issued by IFE	<u>\$ 245,813</u>

Chunghwa has lost control over International Integrated System Inc. ("IISI") on June 24, 2011. The following table presents assets and liabilities of IISI based on their fair values:

Current assets (excluding cash)	\$ 591,925
Long-term investments	64,219
Property, plant, and equipment	59,891
Intangible assets	2,679
Other assets	130,173
Current liabilities	(276,356)
Other liabilities	(102,917)
Net assets	<u>(628,912)</u>
Cash balance upon deconsolidation	<u>\$(159,298)</u>

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010 (Amounts in Thousands of New Taiwan Dollars)

The acquisition of Yao Yong Real Property Co., Ltd. (“YYRP”) by Light Era Development Co., Ltd. (LED) was made on March 1, 2010. The following table presents the allocation of acquisition costs of YYRP to assets acquired and liabilities assumed based on their fair values:

Cash and cash equivalents	\$ 29,686
Other monetary assets	13,439
Deferred income tax assets	5,603
Property, plant, and equipment	2,781,547
Customers’ deposits	(34,857)
Accrued expenses	(1,312)
Other current liabilities	<u>(1,311)</u>
Total	2,792,795
Percentage of ownership	<u>100%</u>
	2,792,795
Goodwill	872
Acquisition costs of acquired subsidiary	<u>\$ 2,793,667</u>

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

II. Ratification of 2011 earnings distribution

Proposed by the Board of Directors

Explanation:

1. The Company's 2011 financial statements have been finalized, and earnings shall be distributed as specified in the proposed statement of retained earnings. It is proposed that directors and supervisors be issued cash remuneration of NT\$44,446,400, employees be issued cash bonuses of NT\$2,040,089,772, and common stock shareholders receive cash dividends of NT\$5.4608 per share; shareholders shall receive a total of NT\$42,361,864,093 as cash dividends. The aforementioned cash dividends will be distributed to shareholders from the 2011 earnings as a priority.
2. Each shareholder's cash dividends shall be issued to the rounded-down full NT dollar, and the Chairman shall be authorized to dispose of the remainder; after approval at the 2012 annual general meeting, the Board of Directors shall additionally be authorized to set a record date to distribute cash dividends.
3. This proposal has been approved by resolution of the 14th meeting of the Company's 6th Board of Directors, and is hereby submitted to the shareholders at the annual general meeting for ratification.

Resolution:

Chunghwa Telecom Co., Ltd.
2011 Profit Allocation Proposal

Units: NT\$

Source items:	
Unappropriated Retained Earnings of Pervious Years (Note 1)	454,702
Net Income of 2011	47,068,375,199
Subtract: 10% Legal Reserve	(4,706,837,520)
Retained earnings available for distribution for 2011	42,361,992,381
Distribution items:	
Shareholders' cash dividends (total of 7,757,446,545 shares x NT\$5.4608 per share)	(42,361,864,093)
Unappropriated Retained Earnings	128,288
Notes:	
<p>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 2011 annual general meeting.</p>	
2. Employees' cash bonuses expensed	2,040,089,772
Director and supervisor remuneration expensed	44,446,400

Shyue-Ching Lu, Chairman and CEO
 Shaio-Tong Chang, President
 Shui-Yi Kuo, Accounting Officer

Matters for Discussion

I. The amendment to the “Articles of Incorporation”

Proposed by the Board of Directors

Explanation:

1. The proposed amendment to the Articles of Incorporations is to add Paragraphs 3 and 5 of Article 12, amend Paragraph 4 of Article 12, Paragraph 2 of Article 12-1, Item 12 of Article 14, Paragraph 2 of Article 19, Paragraph 1 of Article 20, Paragraph 1 of Article 22, delete Paragraph 2 and the provision of Paragraph 4 of Article 22, which are summarized as follows:
 - (1) Add Paragraph 3 of Article 12 to carry out the corporate governance policy by establishing functional committees to provide specialized assigned services and assist the Board of Directors in decision making process.
 - (2) Amend the title of Chapter IV and Paragraph 4 of Article 12 and add Paragraph 5 of Article 12 as the Company has opted to establish an audit committee starting from the 7th Board of Directors pursuant to Article 14-4 of the Securities and Exchange Act and the supervisory system will cease operation since the end of the 6th Board of Directors.
 - (3) Amend Paragraph 2 of Article 12-1 pursuant to Paragraph 1, Article 192-1 of the Company Act to comply with the mandatory electronic voting system requested by the securities competent authority.
 - (4) Amend Item 12 of Article 14, Paragraph 2 of Article 19 and Paragraph 1 of Article 20 to adjust relevant job titles so as to ensure the duties of the managers of the Company are consistent with their job titles.
 - (5) Amend Article 22 of the Articles of Incorporation of the Company:
 - a. Amend Paragraph 1 of Article 22 in respect of the handling of special reserve with reference to Articles 26 and 44 of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies", and Articles 26 and 44 of the Code of Corporate Governance of the Company.
 - b. Delete Paragraph 2 of this Article in respect of privatization and move Paragraphs 3 and 4 of the current Article to be Paragraphs 2 and 3.
 - c. Delete the provision of Paragraph 3 of this Article to be in line with the amendment to Article 232 of the Company Act announced on January 4, 2011.
 - d. Add Paragraph 4 of this Article to with reference to the amendment to Article 241 of the Company Act announced on January 4, 2012.
2. The comparison table of the proposed amendments to the Articles of Incorporation of Chunghwa Telecom Co., Ltd is attached hereto.
3. This matter has been resolved by the 6th Board of Directors in the 13th meeting and is hereby presented for resolution by the Annual General Meeting of shareholders.

**The comparison table of the proposed amendment to 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 inserted 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 inserted 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.

Amended Article	Current Article	Explanation
<u>Chapter IV – Directors, Supervisors and Audit Committee</u>	Chapter IV - Directors and Supervisors	The title of the Chapter is changed due to the establishment of an audit committee.
<p>Article 12 The Company shall have seven (7) to fifteen (15) directors to form the Board of Directors, one-fifth (1/5) of whom shall be expert representatives. The Board of Directors shall have one (1) chairman elected by and from among the directors with the concurrence of a general majority of the directors present at a meeting attended by at least two-thirds (2/3) of the directors and shall have one (1) vice-chairman elected in the same way.</p> <p><u>The Board of Directors may establish various functional committees according to the laws and regulations or business needs.</u></p> <p>The Company shall have three (3) to five (5) supervisors <u>till the end of the 6th Board of Directors.</u></p> <p><u>The Company shall establish an audit committee starting from the 7th</u></p>	<p>Article 12 The Company shall have seven (7) to fifteen (15) directors to form the Board of Directors, one-fifth (1/5) of whom shall be expert representatives. The Board of Directors shall have one (1) chairman elected by and from among the directors with the concurrence of a general majority of the directors present at a meeting attended by at least two-thirds (2/3) of the directors and shall have one (1) vice-chairman elected in the same way. The Company shall have three (3) to five (5) supervisors.</p>	<p>1. Add Paragraph 3 to establish functional committees to provide specialized assigned services and assist the Board of Directors in decision making process and move the current Paragraph 3 to Paragraph 4.</p> <p>2. Amend Paragraph 4 and add Paragraph 5 to establish an audit committee starting from the 7th Board of Directors pursuant to Paragraph 1,</p>

Amended Article	Current Article	Explanation
<p><u>Board of Directors. The provisions related to supervisors under the Company Act, Securities and Exchange Act and other laws shall apply mutatis mutandis to the audit committee.</u></p>		<p>Article 14-4 of the Securities and Exchange Act and the supervisory system will cease operation since the end of the 6th Board of Directors.</p>
<p>Article 12-1 In accordance with Articles 181-2 and 183 of the Securities and Exchange Law, the Company shall, beginning in the fifth commencement, establish at least three (3) independent directors to be included in the number of directors designated in the preceding Article.</p> <p>The elections for directors <u>of the Company</u> shall proceed with the candidate nomination system; the shareholders shall elect the independent directors from among the nominees listed in the roster of candidates.</p> <p>Elections for independent and non-independent directors shall proceed concurrently, and the number of elected directors shall be calculated separately.</p> <p>The professional qualifications, restrictions on shareholding and concurrent post, affirmation of independence, nomination and election processes, exercise of authority and other requirements of independent directors shall be determined and executed in accordance with the Securities and Exchange Act and related regulations.</p>	<p>Article 12-1 In accordance with Articles 181-2 and 183 of the Securities and Exchange Law, the Company shall, beginning in the fifth commencement, establish at least three (3) independent directors to be included in the number of directors designated in the preceding Article.</p> <p>The elections for <u>independent</u> directors shall proceed with the candidate nomination system; the shareholders shall elect the independent directors from among the nominees listed in the roster of <u>independent director</u> candidates.</p> <p>Elections for independent and non-independent directors shall proceed concurrently, and the number of elected directors shall be calculated separately.</p> <p>The professional qualifications, restrictions on shareholding and concurrent post, affirmation of independence, nomination and election processes, exercise of authority and other requirements of independent directors shall be determined and executed in accordance with the Securities and Exchange Law and related regulations.</p>	<p>Amend Paragraph 2 of this Article 12-1 pursuant to Paragraph 1, Article 192-1 of the Company Act to comply with the mandatory electronic voting system requested by the securities competent authority.</p>
<p>Article 14 The following items shall be decided by the Board of Directors: (1) Increase or reduction of capital of the Company. (2) Regulations with regard to the organization of the Company.</p>	<p>Article 14 The following items shall be decided by the Board of Directors: (1) Increase or reduction of capital of the Company. (2) Regulations with regard to the organization of the Company.</p>	<p>Amend Item 12 regarding relevant job titles of the managers whose appointment and discharge of is determined by the</p>

Amended Article	Current Article	Explanation
<p>(3) Establishment, amendment, and abolishment of the branch offices within or outside the territory of the Republic of China.</p> <p>(4) Examination of annual business budgets and final budgets.</p> <p>(5) Distribution of profits or off-set of deficit.</p> <p>(6) The amount and term of domestic and foreign loan.</p> <p>(7) The amount of Investment.</p> <p>(8) Issuance of corporate bonds.</p> <p>(9) Policies regarding personnel matters, material purchase, accounting, and internal control.</p> <p>(10) Amendment and modifications of regulations of organization of the Board of Directors and the functional committee.</p> <p>(11) Amendment and modification of regulations with regard to the scope of duties of independent directors.</p> <p>(12) Appointment and removal of the president, <u>executive vice presidents, presidents of branch offices, president of Telecommunication Laboratories, and president of Telecommunication Training Institute.</u></p> <p>(13) Appointment and removal of the chiefs of finance, accounting and internal audit.</p> <p>(14) The remuneration standard for employees.</p> <p>(15) Policies regarding recommendation of chairman and president to subsidiaries.</p> <p>(16) Other duties and powers granted by the law or by shareholders' meeting.</p>	<p>(3) Establishment, amendment, and abolishment of the branch offices within or outside the territory of the Republic of China.</p> <p>(4) Examination of annual business budgets and final budgets.</p> <p>(5) Distribution of profits or off-set of deficit.</p> <p>(6) The amount and term of domestic and foreign loan.</p> <p>(7) The amount of Investment.</p> <p>(8) Issuance of corporate bonds.</p> <p>(9) Policies regarding personnel matters, material purchase, accounting, and internal control.</p> <p>(10) Amendment and modifications of regulations of organization of the Board of Directors and the functional committee.</p> <p>(11) Amendment and modification of regulations with regard to the scope of duties of independent directors.</p> <p>(12) Appointment and removal of the president, vice presidents, presidents of Telecommunication Laboratories and Telecommunication Training Institute.</p> <p>(13) Appointment and removal of the chiefs of finance, accounting and internal audit.</p> <p>(14) The remuneration standard for employees.</p> <p>(15) Policies regarding recommendation of chairman and president to subsidiaries.</p> <p>(16) Other duties and powers granted by the law or by shareholders' meeting.</p>	<p>Board of Directors to be accord with the amendment to Paragraph 2 of Article 19.</p>
<p>Article 19 The Company shall have one (1) chief executive officer, to be served as a concurrent post by the chairman or by the president, to lead the</p>	<p>Article 19 The Company shall have one (1) chief executive officer, to be served as a concurrent post by the chairman or by the president, to lead the</p>	<p>Amend Paragraph 2 to adjust relevant job titles so as to ensure the duties of the managers are</p>

Amended Article	Current Article	Explanation
<p>managers in proposing and making significant policy decisions regarding to the Company and all affiliates of the Company.</p> <p>The Company shall have one (1) president, several executive vice presidents <u>and presidents of branch offices, and one (1) president for each of Telecommunication Laboratories and Telecommunication Training Institute.</u></p> <p>The president shall be a director with professional knowledge in telecommunication business.</p>	<p>managers in proposing and making significant policy decisions regarding to the Company and all affiliates of the Company.</p> <p>The Company shall have one (1) president, several executive vice presidents, senior vice presidents, and the presidents of laboratory and institute.</p> <p>The president shall be a director with professional knowledge in telecommunication business.</p>	<p>consistent with their job titles:</p> <ol style="list-style-type: none"> 1. The title of the current vice present is adjusted to be the executive vice president and the president of branch office. 2. Add the presidents of Telecommunication Laboratories and Telecommunication Training Institute.
<p>Article 20</p> <p>The president shall, in accordance with the decision made by the Board of Directors and with instruction from the chief executive officer, take charge of the affairs of the Company, and shall have the authority to sign on behalf of the Company; the executive vice presidents, <u>presidents of branch offices, president of Telecommunication Laboratories, and president of Telecommunication Training Institute</u> shall assist the president in all affairs, and shall have the power to sign on behalf of the Company within the scope set by rules decided by the president or authorized in writing by the president.</p> <p>The division of powers and duties between the Board of Directors and the president shall be determined in accordance with the Powers and Duties Chart.</p>	<p>Article 20</p> <p>The president shall, in accordance with the decision made by the Board of Directors and with instruction from the chief executive officer, take charge of the affairs of the Company, and shall have the authority to sign on behalf of the Company; the executive vice presidents and senior vice presidents shall assist the president in all affairs, and shall have the power to sign on behalf of the Company within the scope set by rules decided by the president or authorized in writing by the president.</p> <p>The division of powers and duties between the Board of Directors and the president shall be determined in accordance with the Powers and Duties Chart.</p>	<p>Amend Paragraph 1 regarding relevant job titles to be accord with the amendment to Item 12 of Article 14 and Paragraph 2 of Article 19.</p>
<p>Article 22</p> <p>After the Company has paid all taxes due at the end of each fiscal year, the Company shall offset its</p>	<p>Article 22</p> <p>After the Company has paid all taxes due at the end of each fiscal year, the Company shall offset its</p>	<ol style="list-style-type: none"> 1. Amend Paragraph 1 with reference to Articles 26

Amended Article	Current Article	Explanation
<p>accumulated losses and set aside ten percent (10 %) of the net profit as the statutory revenue reserve before distribution of profits, except when the accumulated amount of such legal reserve equals to the Company's total authorized capital. The Company may also set aside or reverse special reserve(s) according to the business need or laws and regulations. A minimum of fifty percent (50%) of the total amount of the balance, including the accumulated retained profits from the previous year, shall be distributed in the following manner:</p> <p>(1) Employee bonuses between two percent (2%) to five percent (5%);</p> <p>(2) Remuneration for directors and supervisors not higher than 0.2%.</p> <p>(3) The remainder after deducting amounts in subparagraphs (1) and (2) shall be shareholders' dividends. Cash dividends shall not be below fifty percent (50%) of the total dividends, but when the cash dividends fall below NT\$0.1 per share, dividends shall be distributed in the form of stocks.</p> <p>The percentage of distribution stipulated in the presiding paragraph 1 shall take into consideration of the actual profitability of the year, capital budgeting, and status of finance, and shall be executed following the resolution of shareholders' meeting.</p> <p>Dividends and bonuses shall not be distributed where the Company has no profits.</p> <p><u>Where the Company has no loss, it may distribute the capital reserve derived from the income of issuance of new shares at a premium, in whole or in part, by issuing new shares or by cash to shareholders in proportion to the number of their original shares being held by each of them.</u></p>	<p>accumulated losses and set aside ten percent (10 %) of the net profit as the statutory revenue reserve before distribution of profits, except when the accumulated amount of such legal reserve equals to the Company's total authorized capital. The Company may also set aside special reserve(s) according to the business need or laws and regulations. A minimum of fifty percent (50%) of the total amount of the balance, including the accumulated retained profits from the previous year, shall be distributed in the following manner:</p> <p>(1) Employee bonuses between two percent (2%) to five percent (5%);</p> <p>(2) Remuneration for directors and supervisors not higher than 0.2%.</p> <p>(3) The remainder after deducting amounts in subparagraphs (1) and (2) shall be shareholders' dividends. Cash dividends shall not be below fifty percent (50%) of the total dividends, but when the cash dividends fall below NT\$0.1 per share, dividends shall be distributed in the form of stocks.</p> <p><u>Subparagraphs (1) and (2) of the preceding paragraph shall apply upon the privatization of the Company, however, with respect to the year in which privatization occurred; the dividends shall be distributed based on the profits derived during the period after privatization.</u></p> <p>The percentage of distribution stipulated in paragraph 1 shall take into consideration of the actual profitability of the year, capital budgeting, and status of finance, and shall be executed following the resolution of shareholders' meeting.</p> <p>Dividends and bonuses shall not be distributed where the Company has no profits, <u>provided that where</u></p>	<p>and 44 of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and Articles 26 and 44 of the Code of Corporate Governance of the Company.</p> <p>2. Delete Paragraph 2 in respect of privatization.</p> <p>3. Move Paragraph 3 to be Paragraph 2 and delete the provision of Paragraph 3 to be accord with the amendment to Article 232 of the Company Act announced on January 4, 2011.</p> <p>4. Add Paragraph 4 with reference to the amendment to Article 241 of the Company Act announced on January 4, 2012.</p>

Amended Article	Current Article	Explanation
	<u>the statutory revenues reserve exceeds fifty percent (50%) of paid-up capital of the Company, the portion in excess may be distributed as shareholders' dividends.</u>	

Resolution:

II. The amendment to the “Directors and Supervisors Election Regulations”

Proposed by the Board of Directors

Explanation:

1. Pursuant to Article 12, Paragraph 4 of the amended Articles of Incorporation of the Company, the the supervisory system will cease operation since the end of the 6th Board of Directors. The Company shall also adopt the electronic voting in accordance with the announcement of Financial Supervisory Commission, Executive Yuan dated February 20, 2012, and hold the election for the members of the 7th Board of Directors in the next year (2013). The “Regulations of Election of Chunghwa Telecom Directors and Supervisors”, as reviewed, is no longer relevant with applicable laws and practices and therefore subject to amendment. The existing provisions and the draft amendment of the regulation are shown in the table below. the supervisory system will cease operation since the end of the 6th Board
2. The amendment is summarized as follows:
 - (1) Pursuant to Article 12, Paragraph 4 of the Articles of Incorporation of the Company, the office of the supervisors shall end with the expiration of the term of the 6th Board of Directors, the name of this regulation is amended to “Directors Election Regulations of Chunghwa Telecom” (previously: “Directors and Supervisors Election Regulations of Chunghwa Telecom”).
 - (2) Related rules of the regulation governing the office of the supervisors shall be deleted accord with the termination of the office of the supervisors at the expiration of the term of the 6th Board of Directors. The article numbers of the regulation are recoded accordingly. Highlights of articles are applied to new provisions of the regulation. (Amendment to Article 1, Article 5, Paragraph 1, Article 6, Paragraph 1 and Article 8, Paragraph 1, and deletion of Article 3.)
 - (3) Pursuant to Article 12 – 1, Paragraph 2 of the Articles of Incorporation of the Company, the members of the Board of Directors shall be elected according to the candidate nomination system. As such, related rule is amended accordingly (Amendment to Article 4).
 - (4) Independent directors and non-independent directors shall be elected at the same time and the votes shall be calculated separately. Directors shall be elected in accordance with the Articles of Incorporation of the Company and the resolution of the Board on the number of directors. (Amendment to Article 6, Paragraph 1)
 - (5) The followings are the addition to comply with the execution of the electronic voting:
 - a. Shareholders may vote to elect directors through electronic voting. (Amendment to Article 5, Paragraph 2)
 - b. Shareholders who exercise their voting rights through electronic voting, shall exercise such right at the designated electronic voting platform by the Company. (Amendment to Article 5 -3)
 - c. The number of votes cast in the election shall include the votes cast electronically. (Amendment to Article 6, Paragraph 2)

- d. The right of electronic votes shall be determined before the shareholders meeting through the confirmation of the identities of shareholders and the entitlement of votes by mandatory functional unit, and the total number of votes will be verified as well. (Amendment to Article 6, Paragraph 3)
 - e. The distribution of voting rights. (Amendment to Article 9, Paragraph 4)
 - f. Amendment to the wording about on-site voting. (Amendment to Article 7 to Article 10)
 - g. The sealing and retention of ballots. (Amendment to Article 12)
3. The comparison table of the proposed amendments to the Directors Election Regulations of Chunghwa Telecom Co., Ltd is attached hereto.
 4. This proposal has been approved by resolution of the 15th meeting of the Company's 6th Board of Directors, and is hereby submitted to the shareholders at the annual general meeting for resolution.

**The comparison table of the proposed amendment to the
Directors Election Regulations of Chunghwa Telecom Co., Ltd.**

1. All 10 articles adopted by Annual General Meeting on June 4, 2001.
2. Articles 2, 3, 5, 6, 7, 8 and 9 amended by Annual General Meeting on June 21, 2002.
3. All 14 articles amended by Annual General Meeting on June 15, 2007.
4. All 13 articles and the title of the regulation amended by Annual General Meeting on June 22, 2012
(the previous title: Directors and Supervisors Regulations of Chunghwa Telecom)

Amended Articles	Current Articles	Explanation
Title: Directors Election Regulations of Chunghwa Telecom	Title: <u>Directors and Supervisors</u> Regulations of Chunghwa Telecom	Pursuant to Article 12, Paragraph 4 of the Articles of Incorporation of the Company, the office of supervisors shall end with the expiration of the term of the 6 th Board of Directors thereby the title of this regulation is amended accordingly.
Article 1 (<u>Principle of application</u>) Except where prescribed by laws and regulations or the Articles of Incorporation of Chunghwa Telecom Co., Ltd. (herein referred to as "the Company"), the election of directors shall in all cases be conducted in accordance with these Regulations.	Article 1 Except where prescribed by laws and regulations or the Articles of Incorporation of Chunghwa Telecom Co., Ltd. (herein referred to as "the Company"), the election of directors <u>and supervisors</u> shall in all cases be conducted in accordance with these Regulations.	1. The title is added to the article. 2. The wording of supervisors was deleted in line with the termination of the office of supervisors at the expiration of the term of the 6 th Board of Directors.
Article 2 (<u>The abilities of Directors</u>) The election of this	Article 2 The election of this Company's directors shall take into consideration the	The title is added to the article.

<p>Company's directors shall take into consideration the overall composition of the board of directors. Board members shall possess the knowledge, skills, and qualifications required to perform their duties. The board as a whole shall possess the following abilities:</p> <ol style="list-style-type: none"> 1. Ability to judge business operations; 2. Accounting and financial analysis capability; 3. Administrative and management ability; 4. Crisis management ability; 5. Industry knowledge; 6. International market outlook; 7. Leadership skills; and 8. Decision-making ability. 	<p>overall composition of the board of directors. Board members shall possess the knowledge, skills, and qualifications required to perform their duties. The board as a whole shall possess the following abilities:</p> <ol style="list-style-type: none"> 1. Ability to judge business operations; 2. Accounting and financial analysis capability; 3. Administrative and management ability; 4. Crisis management ability; 5. Industry knowledge; 6. International market outlook; 7. Leadership skills; and 8. Decision-making ability. 	
<p>Article 3(Delete)</p>	<p>Article 3 The Company's supervisors shall possess the following qualities:</p> <ol style="list-style-type: none"> 1. Trustworthiness and pragmatism 2. Impartial judgment 3. Professional knowledge 4. Abundance of professional or business experience 5. The ability to read financial statements 	<ol style="list-style-type: none"> 1. <u>This article is deleted</u> 2. <u>This article is deleted in line with the termination of the office of supervisors at the expiration of the term of the 6th Board of Directors.</u>
<p>Article 3 (<u>Qualification of Independent Directors</u>) The qualifications and selection of the Company's independent directors shall comply with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and shall be implemented in accordance with Article 24 of the Company's "Code of Corporate Governance."</p>	<p>Article 4 The qualifications and selection of the Company's independent directors shall comply with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and shall be implemented in accordance with Article 24 of the Company's "Code of Corporate Governance."</p>	<p>Recoding of the article and added the title to the article.</p>

<p><u>Article 4 (Nomination System)</u></p> <p>Directors shall be elected employing the candidate nomination system and procedures prescribed in Article 192-1 of the Company Law.</p>	<p><u>Article 5</u></p> <p><u>Independent</u> directors shall be elected employing the candidate nomination system and procedures prescribed in Article 192-1 of the Company Law.</p>	<ol style="list-style-type: none"> 1. Recoding of the article and added the title to the article. 2. Pursuant to Article 12-1, Paragraph 2 of the Articles of Incorporation of the Company, the directors will be elected employing the candidate nomination system. Relevant change is made accordingly.
<p><u>Article 5 (Election Method)</u></p> <p>The election of directors shall adopt a disclosed cumulative voting method. Each share represents a weighted number of voting rights equivalent to the number of directors to be elected; such voting rights may be exercised to collectively elect a single candidate or may be distributed among several candidates.</p> <p><u>Shareholders may exercise their voting rights in the election of the directors through electronic voting or on-site voting.</u></p> <p><u>The aforementioned voting through electronic voting by shareholders shall be made at the designated electronic voting platform of the Company.</u></p>	<p><u>Article 6</u></p> <p>The election of directors <u>or supervisors</u> shall adopt a disclosed cumulative voting method. Each share represents a weighted number of voting rights equivalent to the number of directors <u>and supervisors</u> to be elected; such voting rights may be exercised to collectively elect a single candidate or may be distributed among several candidates.</p>	<ol style="list-style-type: none"> 1. Recoding of the article and added the title to the article. 2. The wording of supervisors was deleted in line with the termination of the office of supervisors at the expiration of the term of the 6th Board of Directors. 3. Addition of Paragraph 2 about election method to this article due to the inception of the electronic voting. 4. Addition of the regulation about electronic voting platform due to the inception of the electronic voting.
<p><u>Article 6 (Calculation of votes and being elected to office)</u></p> <p><u>Independent directors and non-independent directors</u> of the Company shall be elected at the same time and the votes shall be calculated separately. Directors shall be elected in accordance with the Articles of Incorporation of the Company and the resolution of the Board on the number of directors. Candidates who</p>	<p><u>Article 8</u></p> <p>The number of voting rights of <u>independent and non-independent directors</u> shall be separately calculated in accordance with the number of available seats prescribed in the Articles of Incorporation. Those persons with the greatest numbers of ballots representing voting rights shall be elected in order of number of ballots received.</p>	<ol style="list-style-type: none"> 1. The order of Article 7 and Article 8 is interchanged and the number of the article is recoded accordingly with the title added to the article. 2. Particulars of supervisors were deleted in line with the termination of the office of supervisors at the expiration of the term of the 6th Board of Directors. 3. Amendment to the numbers of the seats of

<p>get more votes representing corresponding voting rights shall be elected directors in the order of number of ballots received. If two or more persons have received the same number of voting rights, and the number of persons would exceed the prescribed number of available seats, the persons with the same number of voting rights shall draw lots to decide election; the chairman shall draw lots on behalf of any selected persons who are not present.</p> <p><u>The aforementioned number of votes cast in the election shall include the votes cast on-site in the shareholders' meeting and via electronic voting.</u></p> <p><u>For the electronic votes referred in the preceding paragraph, the shareholders' identity and the entitlement of votes and calculation validation shall be identified and completed by a functional unit which meets the requirements provided in Article 44 – 6 of Regulations Governing the Administration of Shareholder Services before the shareholders' meeting.</u></p>	<p><u>The same natural person may not simultaneously serve as a director and a supervisor; when one person is simultaneously elected a director and a supervisor, he/she shall decide whether to serve as director or supervisor by himself/herself, and the vacant position shall be filled by the person receiving the next highest weighted number of voting rights.</u></p>	<p>directors as determined by the resolution of the Board for reflecting the actual operation.</p> <p>4. Addition of Paragraph 2 for specifying the method of calculation of voting rights in conjunction with the practice of electronic voting.</p> <p>5. Addition of paragraph 3, on the verification of the statistics of the votes cast through electronic voting in conjunction with the practice of electronic voting and pursuant to the Ordinance of Shareholders Meetings.</p>
<p><u>Article 7 (Preparing the ballot)</u></p> <p>The ballots <u>for on-site voting in the shareholders' meeting</u> shall be prepared by the Company, and the elector's attendance card number and the weighted number of voting rights shall be stated on the ballots bearing the Company's seal.</p>	<p>Article 7</p> <p>The ballots shall be prepared by the Company, and the elector's attendance card number and the weighted number of voting rights shall be stated on the ballots bearing the Company's seal.</p>	<p>1. The title is added to the article.</p> <p>2. The addition of the wording "on-site voting in the shareholders' meeting" in line with the practice of electronic voting.</p>
<p><u>Article 8 (The ballot box)</u></p>	<p>Article 9</p>	<p>1. Recoding of the article</p>

<p><u>The Company shall prepare a ballot box for on-site voting in the shareholders' meeting. The chairman of the meeting shall appoint two watchers for monitoring the voting and a number of counting officers to read and count the votes. The watchers shall open the ballot box publicly to make sure it is empty.</u></p> <p><u>The watchers shall be shareholders of the Company.</u></p>	<p><u>At the beginning of election, the chairman shall appoint a number of ballot supervising and counting staff to perform relevant electoral tasks. Ballot supervising personnel shall be shareholders.</u></p> <p>Article 12</p> <p>The Company shall set out <u>separate ballot boxes for directors and supervisors elections</u>, and ballot supervising personnel shall open to inspect the boxes in front of the legally convened shareholders.</p>	<p>and added the title to the article.</p> <ol style="list-style-type: none"> 2. This amended article combines the regulations about ballot box stated in Article 9 and Article 12 currently in effect, into two paragraphs of this article. 3. Amendment to the number of monitors of voting in line with the Ordinance of Shareholders Meetings. 4. Wording about supervisors were deleted in line with the termination of the office of supervisors at the expiration of the term of the 6th Board of Directors. Amendment to paragraph 1 of this article by adding the wording of "on-site voting at shareholders' meeting" in line with the practice of electronic voting.
<p>Article 9 (<u>Particulars for inscription in the ballot</u>)</p> <p><u>For on-site voting in the shareholders' meeting, when the persons to be elected are natural persons, the voters shall fill in the followings in the ballot and put it into the ballot box:</u></p> <ol style="list-style-type: none"> 1.The name of the person to be elected. 2.The shareholder account number or ID card number of the person to be elected. <p><u>For on-site voting in the shareholders' meeting, when the persons to be elceted are juristic persons, the voters shall fill in the followings in the ballot and put it into the ballot box:</u></p> <ol style="list-style-type: none"> 1. The full name of the juristic person, or the full 	<p>Article 10</p> <p>When casting vote for a natural person, the elector's ballot shall <u>explicitly specify</u> the following items before being placed into the ballot box:</p> <ol style="list-style-type: none"> 1.The name of the natural person receiving the vote. 2.The shareholder account number or ID card number of the selected natural person. 3.The weighted number of voting rights allotted to one or more natural persons. <p>When casting votes for a juristic person, the elector's ballot shall <u>explicitly specify</u> the following items before being placed in the ballot</p>	<ol style="list-style-type: none"> 1. Recoding of the article and added the title to the article. 2. Amendment to the wording of ballot box as stated in Paragraph 1 and Paragraph 2 of this article. 3. Amendment to Paragraph 1 and Paragraph 2 of this article in line with the practice of electronic voting with the addition of the wording "on-site voting at the shareholders' meeting". 4. Addition of Paragraph 4 to this article about the distribution of voting rights for reflecting the actual operation. Deletion of Item3 in paragraph 1 and Item3 in paragraph 2.

<p>name of the juristic person and the name of its representative.</p> <p>2. The shareholder account number or the uniform number of corporation of the person to be elected.</p> <p>The persons to be elected shall have legal capacity.</p> <p><u>Where the voters deem it necessary, they may distribute the voting rights in compliance with applicable laws and regulations and the Handling Guidelines of Stock Affairs of the Company.</u></p>	<p>box:</p> <ol style="list-style-type: none"> 1. The full name of the juristic person, or the full name of the juristic person and the name of its representative. 2. The shareholder account number or unified business number of the selected juristic person. 3. The weighted number of voting rights allotted to one or more juristic persons. <p>The selected persons shall have legal capacity.</p>	
<p><u>Article 10 (Invalid ballot)</u></p> <p><u>If any of the followings applies to on-site voting in shareholders' meeting, the ballot shall be counted as invalid:</u></p> <ol style="list-style-type: none"> 1. The ballot was not prepared as prescribed in Article 7 of these regulations. 2. The ballot was not placed into the ballot box. 3. The ballot was blank when placed into the ballot box. 4. <u>The ballot is inscribed with the name of a candidate not nominated in accordance with Article 4 of this regulation, or the number of candidates nominated exceeds the mandatory number of seats for election.</u> 5. <u>There is incomplete information, writing error, correction, blurred wording that cannot be identified, inscription of other symbols, graphics,</u> 	<p><u>Article 11</u></p> <p>A ballot shall be invalid when any one of the following situations occurs:</p> <ol style="list-style-type: none"> 1. The ballot was not prepared as prescribed in Article 7 of these regulations. 2. The ballot was not placed into the ballot box. 3. The ballot was blank when placed into the ballot box. 4. The number of selected persons stated on the ballot exceeds the prescribed number of available seats. 5. Items that shall be explicitly specified as prescribed in Paragraphs 1 and 2 of Article 10 are incomplete on the ballot. 6. Either of the natural person's name, full name of the juristic person, or shareholder account number of the selected natural person or juristic 	<ol style="list-style-type: none"> 1. Recoding of the article and added the title to the article. 2. Amendment to Paragraph 1 of this article in conformity to the practice of electronic voting with the addition of the wording of "o-site voting at shareholders' meeting 3. Amendment to the wording in Paragraph 2 on ballot box. 4. Addition of the former paragraph of Paragraph 4 on invalid ballot in conjunction with the candidate nomination system for Directors election stated in Article 4. 5. Simplification of the wording on invalid ballots with the combination of Item 5 to Item 10 into Item 5 in line with the actual operation of shareholders' meeting. 6. Item 11 is recoded as Item 6.

<p><u>or wording in the ballot for the particulars required to fill in pursuant to Paragraphs 1 and 2 of Article 9.</u></p> <p>6. <u>The total number of voting rights exercised by the voters exceeds the total number of voting rights the voters entitled to.</u></p>	<p>person on the ballot is inconsistent with the stock ledger.</p> <p>7. Either of the natural person's name, full name of juristic person, or ID card number of the selected natural person or unified business number of juristic person stated on the ballot is inconsistent with the records of competent authority.</p> <p>8. The elector has written extraneous symbols, pictures, or text on the ballot apart from the items that shall be explicitly specified as prescribed in Paragraphs 1 and 2 of Article 10.</p> <p>9. Any content of the items that must be explicitly specified as prescribed in Paragraphs 1 and 2 of Article 10 has been altered.</p> <p>10. The handwriting on the ballot is too obscure to be recognized.</p> <p>11. The total weighted number of voting rights allotted by the elector exceeds his/her total weighted number of voting rights.</p>	
	<p>Article 12</p> <p>The Company shall set out separate ballot boxes for directors and supervisors elections, and ballot supervising personnel shall open to inspect the boxes in front of the legally convened shareholders.</p>	<p><u>The requirement as stated in Article 12 currently in effect was moved to the amended Article 9.</u></p>
<p><u>Article 11 (Announcement of the election result)</u></p>	<p>Article 13</p> <p>Following an election,</p>	<p>Recoding of the article and added the title to the article.</p>

<p>Following an election, the chairman shall announce the list of elected persons in the meeting.</p>	<p>the chairman shall announce the list of elected persons in the meeting.</p>	
<p>Article 12 (<u>Sealing and retention of the ballots</u>) <u>The watchers shall keep all counted ballot cast on-site together with the document stating the result of electronic voting in a package, and affix their signatures or seals to the package, and forward the package to the Company for retention of at least one year or as long as the conclusion of legal action instituted pursuant to Article 189 of the Company Act, where applicable.</u></p>		<p>Addition of this article to the regulation and added the title to the article in line with the amendment to the Ordinance of Shareholders Meetings.</p>
<p>Article 13 (<u>Implementation</u>) These regulations shall be effective upon approval of the shareholders meeting. Any amendment hereof shall require the same process.</p>	<p>Article 14 These regulations shall be effective upon approval of the shareholders meeting. Any amendment hereof shall require the same process.</p>	<p>Recoding of the article and added the title to the article.</p>

Resolution:

III. The amendment to the “Ordinance of Shareholders Meetings”

Proposed by the Board of Directors

Explanation:

1. The Company meets the conditions that should adopt electronic voting required by the Financial Supervisory Commission, Executive Yuan in its announcement dated February 20, 2012 and thereby is required to amend relevant internal rules and regulations for the exercise of voting rights through electronic voting. And pursuant to the amendment dated June 29, 2011 of Article 183 -2 of the Company Act on the method of releasing meeting minutes , and in conformity with the trend in corporate governance about voting by poll in the shareholders meeting, the Company hereby elects to amend the Ordinance of Shareholders Meetings.
2. Amendment for this instance covers the content of twelve provisions, including Article 2, Article 2-1, Article 2-2, Article 4, Article 5, Article 8, Article 12, Article 13, Article 13-1, Article 14, Article 15, and Article 19, which are elaborated as follows:
 - (1) Addition of the content specifying any other issues prohibited by law from being proposed as special motions in the shareholders meeting shall not be proposed as special motion. (Amendment to Article 2)
 - (2) Amendment to the requirement for the preparation and announcement of the handbook for shareholders meeting. (Amendment to Article 2-1)
 - (3) Amendment to the provision that shareholders' proposals of the same kind may be joined as a whole to be included in the agenda.(Amendment to Article 2-2)
 - (4) Addition of the content governing electronic voting and amendment to the requirement of the timing for the withdrawal of proxy letter. (Amendment to Article 4)
 - (5) Amendment to the requirement for registration of shareholders for attendance. (Amendment to Article 5)
 - (6) Amendment to the method for the calculation of shares represented by shareholders present in the shareholders meeting in line with electronic voting. (Amendment to Article 8)
 - (7) Amendment to the requirement of voting by poll, and the requirement for the calculation of voting right of shareholders present. (Amendment to Article 12)
 - (8) Addition of content governing the inclusion of votes cast through electronic voting for resolutions, the requirement of the sealing and retention of the document stating the result of electronic voting in line with the practice of electronic voting, and also the requirement for verification of voting result of electronic voting before the shareholders meeting. (Amendment to Article 13)
 - (9) Amendment to the requirement governing invalid votes, and addition of content that the ballots put in the ballot box but not designated for voting on specific proposal and the ballots not being put into the ballot box shall be deemed invalid votes. (Amendment to Article 13-1)
 - (10) Revision of wording in line with the amendment to the Articles of Incorporation of the Company, and the amendment to the title of the “Regulations of Election of Chunghwa Telecom Directors and Supervisors”, and addition of content

governing the sealing and retention of votes cast electronically on proposal about election. (Amendment to Article 14)

(11) Amendment to the release of the minutes of shareholders meeting that the Company may release through public announcement. (Amendment to Article 15)

(12) Amendment to the supplementary provisions about the handling procedure regarding any matters not prescribed in these rules. (Amendment to Article 19)

3. The comparison table of the proposed amendment to the Ordinance of Shareholders Meetings is attached hereto.
4. This proposal has been approved by resolution of the 15th meeting of the Company's 6th Board of Directors, and is hereby submitted to the shareholders at the annual general meeting for ratification.

The comparison table of the proposed amendment to the Ordinance of Shareholders Meetings of Chunghwa Telecom Co., Ltd.

1. All 25 articles adopted by the 1997 Annual General Meeting on December 26, 1997.
2. Articles 3, 4, 8, 11, 12, and 13 amended by the 2001 Annual General Meeting on June 4, 2001.
3. Articles 4, 5, 9, 12, 13, and 15 amended by the 2002 Annual General Meeting on June 21, 2002.
4. All 18 articles amended by 2004 Annual General Meeting on June 25, 2004.
5. Articles 2, 4, 10, 12, and 15 amended, and articles 2-1, 2-2, 13, 13-1, 13-2, and 19 added by the 2006 Annual General Meeting on May 30, 2006.
6. Articles 2, 2-1, 2-2, 4, 5, 8, 12, 13, 13-1, 14, 15 and 19 amended by the 2012 Annual General Meeting on June 22, 2012.

Amended Article	Current Article	Explanation
<p>Article 2 (Convening a shareholders meeting and notification)</p> <p style="text-align: center;">Except where prescribed by laws and regulations, the Board of Directors shall convene shareholders meetings.</p> <p style="text-align: center;">All shareholders shall be notified 30 days in advance of a shareholders meeting. Those shareholders who hold less than 1,000 shares of registered stock may be notified 30 days in advance by means of posting a public announcement on the Market Observation Post System website. All shareholders shall be notified 15 days in advance when a special shareholders meeting is convened. Those shareholders who hold less</p>	<p>Article 2 (Convening a shareholders meeting and notification)</p> <p style="text-align: center;">Except where prescribed by laws and regulations, the Board of Directors shall convene shareholders meetings.</p> <p style="text-align: center;">All shareholders shall be notified 30 days in advance of a shareholders meeting. Those shareholders who hold less than 1,000 shares of registered stock may be notified 30 days in advance by means of posting a public announcement on the Market Observation Post System website. All shareholders shall be notified 15 days in advance when a special shareholders meeting is convened. Those shareholders who hold less</p>	<p>Add the content specifying any other issues prohibited by law from being proposed as special motions in the shareholders meeting shall not be proposed as special motion to avoid any miss and conform to the reality.</p>

<p>than 1,000 shares of registered stock may be notified 15 days in advance by means of posting a public announcement on the Market Observation Post System website.</p> <p>The subject of the meeting shall be explicitly stated in notices and public announcements. When the relevant parties grant their consent, notification may be performed using electronics means.</p> <p>The election or dismissal of directors, supervisors, amendment to the Articles of Incorporation, the dissolution, merger, split up of the Company, or anything as stated in Article 185, Paragraph 1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, or <u>any other issues prohibited by law from being proposed as special motions in the shareholders meeting</u> shall be stated as the causes of convention and shall not be proposed as special motions in the meeting.</p>	<p>than 1,000 shares of registered stock may be notified 15 days in advance by means of posting a public announcement on the Market Observation Post System website.</p> <p>The subject of the meeting shall be explicitly stated in notices and public announcements. When the relevant parties grant their consent, notification may be performed using electronics means.</p> <p>The election or dismissal of directors or supervisors; amendment of the Articles of Incorporation; dissolution, merger, or split of the Company; or matters specified in the subparagraphs of Article 185, Paragraph 1 of the Company Act or Articles 26-1 or 43-6 of the Securities and Exchange Law shall be listed in the subject of the meeting, and may not be proposed as extraordinary motions.</p>	
<p>Article 2-1 (Preparation and public announcement of the shareholders meeting handbook)</p> <p>A handbook shall be prepared for the convention of shareholders meeting. This handbook and other materials for the meeting shall be publicly announced <u>in compliance with the regulations of the competent authority.</u></p> <p>The time and method of</p>	<p>Article 2-1 (Preparation and public announcement of the shareholders meeting handbook)</p> <p>A meeting handbook shall be prepared when a shareholders meeting is convened. The meeting handbook and other relevant information concerning the meeting <u>shall be publicly announced 10 days before the meeting is to be held.</u></p>	<p>1. In Paragraph 2 of this article currently in effect, the time and method for the announcement of the meeting handbook and related materials, and the main items to be stated in the handbook and other compliance requirements have been as prescribed by the “Regulations Governing Content and Compliance Requirements for Shareholders Meeting Handbook of Public Companies”. Yet, in</p>

<p>the public announcement mentioned in the foregoing paragraph, the main items stated in the meeting handbook, and other compliance requirements shall in all cases be as prescribed by the "Regulations Governing Content and Compliance Requirements for Shareholders Meeting Handbooks of Public Companies."</p>	<p>The time and method of the public announcement mentioned in the foregoing paragraph, the main items stated in the meeting handbook, and other compliance requirements shall in all cases be as prescribed by the "Regulations Governing Content and Compliance Requirements for Shareholders Meeting Handbooks of Public Companies."</p>	<p>Paragraph 1 of the article currently in effect, it is stated that "the handbook and other materials for the shareholders meeting shall be announced 10 days before the meeting". This requirement is not congruent with the aforementioned regulation that "The company shall, 21 days before the general shareholders meeting or 15 days before the extraordinary shareholders meeting, prepare the meeting handbook and supplementary materials for the meeting in electronic format and upload to Market Observation Post System website".</p> <p>2. In practice, the Company has started to announce the meeting handbook on the Market Observation Post System website and the official website of the Company in both Chinese and English 30 days before the meeting since 2009.</p> <p>3. In summation, the wording "10 days before the shareholders meeting" stated in Paragraph 1 of this article is deleted to avoid controversy or any miss.</p>
<p>Article 2-2 (Handling of proposals made before the shareholders meeting)</p> <p>Shareholders holding at least 1% of the total number of issued shares may submit shareholders meeting</p>	<p>Article 2-2 (Handling of proposals made before the shareholders meeting)</p> <p>Shareholders holding at least 1% of the total number of issued shares may submit shareholders meeting</p>	<p>Paragraph 5 of this article currently in effect states that proposals of the same kind inscribed in the meeting agenda shall be determined by the chairman of the meeting on the scene for joint and combined</p>

<p>proposals to the Company in writing; such proposals shall be formally included among discussion proposals after approval by the board of directors.</p> <p>The company shall publicly announce acceptance of shareholders' proposals, the place of acceptance, and the acceptance period before the book closure date prior to the shareholders meeting. The acceptance period may be no shorter than 10 days.</p> <p>Shareholders' proposals shall be included in the agenda and stated in the subject of the meeting when, following review by the board, none of the following circumstances apply:</p> <ol style="list-style-type: none"> 1. The proposal is not a matter that may be resolved at the shareholders meeting. 2. The proposing shareholder holds less than 1% of issued shares at the time of book closure date prior to that shareholders meeting. 3. The proposal was not submitted during the publicly announced acceptance period in the foregoing paragraph. 4. The proposing shareholder has submitted more than one proposal, the proposal exceeds 300 characters in length (including punctuation marks), or the proposal was not 	<p>proposals to the Company in writing; such proposals shall be formally included among discussion proposals after approval by the board of directors.</p> <p>The company shall publicly announce acceptance of shareholders' proposals, the place of acceptance, and the acceptance period before the book closure date prior to the shareholders meeting. The acceptance period may be no shorter than 10 days.</p> <p>Shareholders' proposals shall be included in the agenda and stated in the subject of the meeting when, following review by the board, none of the following circumstances apply:</p> <ol style="list-style-type: none"> 1. The proposal is not a matter that may be resolved at the shareholders meeting. 2. The proposing shareholder holds less than 1% of issued shares at the time of book closure date prior to that shareholders meeting. 3. The proposal was not submitted during the publicly announced acceptance period in the foregoing paragraph. 4. The proposing shareholder has submitted more than one proposal, the proposal exceeds 300 characters in length (including punctuation marks), or the proposal was not 	<p>processing in the meeting. However, the agenda of the meeting shall be determined in advance. Also, the letter issued by the Ministry of Economic Affairs also stated that "The discussion on proposals of the same kind in the meeting is an internal issue under full autonomy of the Company and thereby shall be at the full discretion of the Company". As such, the Company may combine such proposals for processing. Accordingly, the wording in Paragraph 5 of this article is subject to amendment.</p>
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<p>submitted in writing.</p> <p>The Company shall notify those shareholders who submitted proposals of the results of process of the proposals prior to the notification of shareholders meeting. With regard to any shareholder proposals not included in the meeting agenda, the Board shall include in the meeting handbook an explanation of why each proposal was not included; such proposals shall not be included in the agenda, and shall not be mentioned in the minutes.</p> <p>If the shareholders' proposals to be included in the meeting agenda according to Paragraph 3 are of the same kind, they <u>may be</u> joined as a whole.</p>	<p>submitted in writing.</p> <p>The Company shall notify those shareholders who submitted proposals of the results of process of the proposals prior to the notification of shareholders meeting. With regard to any shareholder proposals not included in the meeting agenda, the Board shall include in the meeting handbook an explanation of why each proposal was not included; such proposals shall not be included in the agenda, and shall not be mentioned in the minutes.</p> <p>If the shareholder proposals included in the meeting agenda according to Paragraph 3 <u>can be</u> classified into same type, <u>the chairman shall handle the proposals together to be discussed, and the regulation of Article 12, Paragraph 7, of this ordinance shall apply.</u></p>	
<p>Article 4 (<u>The exercise of voting rights</u> and attendance by proxy)</p> <p><u>When the Company calls for shareholders' meeting, shareholders may elect to exercise the voting right through electronic voting or on the site.</u></p> <p><u>The aforementioned excise of voting right through electronic voting by shareholders shall be made at the designated electronic voting platform of the Company in compliance with the Company Act, Securities and Exchange Act, and Regulations Governing the Administration of</u></p>	<p>Article 4 (Proxies and <u>authorization</u>)</p> <p>A shareholder who cannot attend a shareholders meeting in person may present a proxy letter issued by the Company, stating scope of authorization and designating a proxy.</p> <p>One shareholder may present one proxy letter and appoint only one proxy. A proxy letter must be delivered to the Company at least five days before the shareholders meeting. The first proxy letter shall have precedence if repeated proxy letters are delivered. This restriction shall not</p>	<p>1. The Company meets the conditions that should adopt electronic voting stated under the exceptions paragraph of Article 177-1 Paragraph 1 of the Company Act following the command of securities authority. Paragraph 1 of this article specified that shareholders may elect to vote on the site of the meeting or through electronic voting.</p> <p>2. Addition of the content of Paragraph 2 pursuant to Article 177-1 and 2 of the Company Act, and Chapter 2-1 of the Regulations Governing</p>

<p><u>shareholders services of Public Companies (hereinafter, "Regulations Governing the Administration of shareholders services")</u>.</p> <p>A shareholder who cannot attend a shareholders meeting in person may present a proxy letter issued by the Company, stating scope of authorization and designating a proxy.</p> <p>One shareholder may present one proxy letter and appoint only one proxy. A proxy letter must be delivered to the Company at least five days before the shareholders meeting. The first proxy letter shall have precedence if repeated proxy letters are delivered. This restriction shall not apply, however, to those shareholders who declare to retract their prior appointment of a proxy.</p> <p>If a shareholder wishes to attend the shareholders meeting in person after delivering a proxy letter to the Company, the shareholder shall, <u>no later than 2 days before the shareholders' meeting</u> , notify the Company in writing to retract his or her proxy appointment. In the case a shareholder fails to make a retraction before the deadline, the vote cast by the proxy in the meeting under authorization shall stand.</p> <p><u>Where specific shareholder exercises voting right through electronic voting and also</u></p>	<p>apply, however, to those shareholders who declare to retract their prior appointment of a proxy.</p> <p>If a shareholder wishes to attend the shareholders meeting in person after delivering a proxy letter to the Company, the shareholder must, <u>on the day before</u> the shareholders meeting at the latest, notify the Company in writing to retract his or her proxy appointment. In the case a shareholder fails to make a retraction before the deadline, the voting rights exercised by the proxy shall be counted instead.</p>	<p>the Administration of shareholders services of Public Companies.</p> <p>3. Amendment to Paragraph 5 of this article about the timing requirement for withdrawal of the proxy letter in line with the amendment to Article 177 Paragraph 4 of the Company Act dated June 29, 2011 .</p> <p>4. Addition of the content of Paragraph 6 pursuant to Article 177-2 of the Company Act.</p>
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<p><u>appoints a proxy with proxy letter to attend the shareholders' meeting, the vote cast by the proxy in the meeting under authorization shall stand.</u></p>		
<p>Article 5 (<u>Registration of shareholders for attendance</u>)</p> <p>Shareholders or their proxies shall be admitted to the shareholders meeting on the basis of attendance passes, attendance sign-in cards, or other attendance verification. Those persons soliciting proxy letters shall carry other personal identification to facilitate checking.</p> <p>The Company shall set up a <u>registration desk</u> for the registration of the shareholders or proxies to the meeting by presenting the <u>attendance sign-in cards</u>.</p> <p>Government or juristic shareholders may send more than one representative to a shareholders meeting. However, a juristic person attending a shareholders meeting as a proxy may send only one representative to attend.</p>	<p>Article 5 (<u>Preparation of attendance book and other materials</u>)</p> <p>The Company shall set out <u>an attendance book so that shareholders or their proxies may sign in, or attending shareholders shall hand over attendance cards in lieu of signing in.</u></p> <p>Shareholders or their proxies shall be admitted to the shareholders meeting on the basis of attendance passes, attendance sign-in cards, or other attendance verification. Those persons soliciting proxy letters shall carry other personal identification to facilitate checking.</p> <p>Government or juristic shareholders may send more than one representative to a shareholders meeting. However, a juristic person attending a shareholders meeting as a proxy may send only one representative to attend.</p>	<p>Amendment to the requirement in Paragraph 1 on the registration of shareholders for attendance to meeting, and readjustment of the order of Paragraph 1 and Paragraph 2 for reflecting actual operation.</p>
<p>Article 8 (Calculation of number of shares present, holding of meeting)</p> <p>The calculation of attendance to shareholders' meeting of the Company shall be based on the quantity of shares being represented. The number of shares present shall include the <u>quantity of shares represented by the shareholders present as</u></p>	<p>Article 8 (Calculation of number of shares present, holding of meeting)</p> <p>The presence of shareholders at a shareholders meeting shall be calculated on the basis of shares. The number of shares present shall be calculated from the <u>attendance book</u> or the turned-in attendance cards.</p>	<p>Amendment to the method of calculation of the attending number of shares represented in the meeting as stated in Paragraph 1 of this article in line with the addition of the adoption of electronic voting in the shareholders meeting as stated in Article 5 Paragraph 1.</p>

<p><u>stated in the attendance sign-in cards and the quantity of shares represented through electronic voting. There shall be no double counting of the shares for shareholders present in the meeting but elect to exercise their voting rights through electronic voting.</u></p> <p>When the designated time arrives, the chairman shall immediately call the meeting to order if shareholders representing a majority of the total number of issued shares are in attendance. The chairman may announce a delay in the start of the meeting, however, if the statutory number of shares is not present. The meeting may be delayed no more than twice, and the total delay may not exceed one hour.</p> <p>If the number of shares present is still insufficient after two delays, but shareholders representing at least one-third of all issued shares are present, the meeting may make tentative resolutions with the consent of a majority of the voting rights in attendance. The Company shall then notify all shareholders of the tentative resolutions, and another shareholders meeting shall be convened within one month.</p> <p>If, after making a tentative resolution according to the procedures in the foregoing paragraph, shareholders representing a majority of issued shares become present at an in-progress meeting, the</p>	<p>When the designated time arrives, the chairman shall immediately call the meeting to order if shareholders representing a majority of the total number of issued shares are in attendance. The chairman may announce a delay in the start of the meeting, however, if the statutory number of shares is not present. The meeting may be delayed no more than twice, and the total delay may not exceed one hour.</p> <p>If the number of shares present is still insufficient after two delays, but shareholders representing at least one-third of all issued shares are present, the meeting may make tentative resolutions with the consent of a majority of the voting rights in attendance. The Company shall then notify all shareholders of the tentative resolutions, and another shareholders meeting shall be convened within one month.</p> <p>If, after making a tentative resolution according to the procedures in the foregoing paragraph, shareholders representing a majority of issued shares become present at an in-progress meeting, the chairman may, in accordance with Article 174 of the Company Law, resubmit any tentative resolutions already made at the meeting for another vote.</p>	
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<p>chairman may, in accordance with Article 174 of the Company Law, resubmit any tentative resolutions already made at the meeting for another vote.</p>		
<p>Article 12 (Voting on resolutions)</p> <p>A shareholder shall receive one voting right for each share. However, this rule shall not apply to those shareholders with restricted or no voting rights.</p> <p>Although a government or juristic shareholder may appoint more than one person as a representative, the shareholder's voting rights are still calculated on the basis of the total number of shares held by that shareholder.</p> <p>If, in the foregoing paragraph, a shareholder has sent two or more representatives, the representatives shall jointly exercise the shareholder's voting rights.</p> <p>Proposals shall be <u>resolved by voting by poll</u>. Unless otherwise specified by the Company Act and the Articles of Incorporation of the Company, resolution in favor of the proposal may be made with a simple majority of the voting rights represented by the total votes of on-site voting and electronic voting.</p> <p><u>The result of the voting for or against or abstained from the proposals shall be upload to Market Observation Post System</u> –</p>	<p>Article 12 (Voting on resolutions)</p> <p>A shareholder shall receive one voting right for each share. However, this rule shall not apply to those shareholders with restricted or no voting rights.</p> <p>Although a government or juristic shareholder may appoint more than one person as a representative, the shareholder's voting rights are still calculated on the basis of the total number of shares held by that shareholder.</p> <p>If, in the foregoing paragraph, a shareholder has sent two or more representatives, the representatives shall jointly exercise the shareholder's voting rights.</p> <p>Unless otherwise specifically provided for in the Company Act and the Company's Articles of Incorporation, a <u>resolution</u> shall be adopted by a majority vote by attending shareholders.</p> <p><u>A resolution originally listed on the agenda shall be deemed to have been passed if no attending shareholder raises any oral objection during the time allotted for discussing that resolution.</u></p> <p><u>The chairman rules that a resolution may be decided</u></p>	<p>1. In compliance with Article 7-2 of “Code of Corporate Governance for Chungghwa Telecom Co., Ltd.” about “Resolution of proposals in shareholders meeting shall be subject to voting by poll in principle”, and with the adoption of electronic voting, Paragraph 5 and Paragraph 6 of this article currently in effect are deleted. The addition of the content governing the resolution of proposals in the meeting is subject to voting by poll and the public announcement of the voting result is stated as Paragraph 4 and Paragraph 5.</p> <p>2. Paragraph 7 and Paragraph 8 of this article currently in effect were re-coded as Paragraph 6 and Paragraph 7, respectively.</p>

<p><u>on the day after the adjournment of the shareholders meeting.</u></p> <p>If there shall be an amendment or alternative to one motion, the chairman may combine the amendment or alternative into the original motion, and determine their orders for resolution. If any one of the above shall be resolved, the others shall be considered as rejected, upon which no further resolution shall be required.</p> <p>The chairman shall determine the order for discussion and vote for the proposals made during the extraordinary motion session. The chairman may also combine proposals that</p>	<p><u>by either a vote or by asking for objections. A resolution shall be deemed to have been passed when any of the following circumstances occur after the chairman has asked for objections, and shall have force equal to that of a resolution passed in a vote:</u></p> <ol style="list-style-type: none"> <u>1. No shareholder with voting rights expresses any objection.</u> <u>2. Although shareholders with voting rights have expressed objections, the resolution has, in accordance with the foregoing paragraph, been deemed to have received a sufficient number of assenting voting rights to pass as prescribed by law or the Articles of Incorporation.</u> <p>If there shall be an amendment or alternative to one motion, the chairman may combine the amendment or alternative into the original motion, and determine their orders for resolution. If any one of the above shall be resolved, the others shall be considered as rejected, upon which no further resolution shall be required.</p> <p>The chairman shall determine the order for discussion and vote for the proposals made during the extraordinary motion session. The chairman may also combine proposals that are of the same type.</p>	
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<p>are of the same type.</p>		
<p>Article 13 (Monitoring the voting, counting, and retention of ballots)</p> <p>When a proposal is put to a vote <u>on the scene of the shareholders meeting</u>, the chairman of the meeting shall appoint two watchers for monitoring the voting and a number of counting officers to read and count the votes. Only shareholders may act as the watchers.</p> <p>The votes on the proposals shall be <u>counted</u> in silence. The voting result on <u>proposals, including votes cast on the site and through electronic voting</u>, shall be announced on the site and kept as minutes on record. The watchers shall <u>keep all counted ballot cast on the site together with the document stating the result of electronic voting in a package</u>, affix their signatures or seals to the <u>package</u>, and forward the <u>package</u> to the Company for retention.</p> <p><u>The calculation of aforementioned voting result through electronic voting shall be varified by a functional unit which meets the requirements provided in Article 44 – 6 of Regulations Governing the Administration of Shareholder Services before the shareholders meeting.</u></p>	<p>Article 13 (Supervising the casting, counting, and preservation of ballots)</p> <p>When a motion is <u>put to a vote</u>, the chairman shall direct two ballot supervising personnel and several ballot <u>counting personnel</u> to perform relevant matters. However, ballot <u>supervising personnel</u> must be shareholders.</p> <p>Voting on a <u>resolution</u> shall be conducted without calling out the names on the ballots. The results of voting shall be reported on the spot and recorded. Ballot supervising personnel shall seal the ballots, and shall turn them over to the Company for preservation after signing or affixing their seals on them.</p>	<ol style="list-style-type: none"> 1. Addition of the content to Paragraph 2 that the voting result shall include the votes cast through the electronic voting, and the ballot cast on the site together with the <u>document stating the result of electronic voting shall be sealed for retention.</u> 2. Addition of the content governing the verification of voting result of the electronic voting.
<p>Article 13-1 (Determine the validity of the ballots cast on the site)</p> <p>If any of the following applies to a ballot <u>cast for</u></p>	<p>Article 13-1 (Determination of ballot validity)</p> <p>A ballot <u>shall be deemed invalid</u> when all ballot supervising personnel</p>	<ol style="list-style-type: none"> 1. Amendment to the wording in Paragraph 1 of this article in line with the inception of the electronic voting in the shareholders meeting,

<p><u>voting on the site of the shareholders meeting as determined by all watchers of voting, such ballot shall be deemed invalid:</u></p> <ol style="list-style-type: none"> 1. The ballot is not prepared <u>by the Company.</u> 2. The ballot in the ballot box is left blank <u>or not the one designated for voting on specific proposals.</u> 3. <u>The ballot is not being put in the ballot box.</u> 4. The ballot is illegible due to damage or indistinct writing. 5. The ballot bears corrections or extraneous written text or symbols. 6. Both consent and oppose have been marked. 	<p>concur that one of the following situations applies:</p> <ol style="list-style-type: none"> 1. The <u>ballot used was not prepared by the Board.</u> 2. A blank ballot has been placed in the <u>ballot box.</u> 3. The ballot is illegible due to damage or indistinct writing. 4. The ballot has been altered or bears extraneous written text or symbols. 5. Both consent and <u>oppose</u> have been marked. 	<p>and the change from “deemed invalid” to “invalid” in compliance with applicable rules.</p> <ol style="list-style-type: none"> 2. Addition of content to paragraph 2 of part 1 in this article thereby ballot cast not for the resolution of specific motion shall be invalid. 3. Addition of content to Item 3 of Paragraph 1 in this article thereby ballots not properly put into the ballot box are invalid.
<p>Article 14 (Matters concerning elections)</p> <p>The <u>proposal</u> for the election of directors in the shareholders meeting shall be processed in compliance with the Directors Election Regulations of Chunghwa Telecom and the result of which shall be announced on the scene.</p> <p>In the process of aforementioned proposal for election, watchers <u>shall keep the ballots cast on the site together with the document stating the result of electronic voting in a package, affix their signatures or seals to the</u></p>	<p>Article 14 (Matters concerning elections)</p> <p>When directors <u>or supervisors</u> are elected at a shareholders meeting, the election shall be conducted in accordance with the Company's Regulations of Election of Director <u>and Supervisor</u> Election results shall be announced on the spot.</p> <p>After being <u>sealed and signed</u> by ballot supervising personnel, the election ballots used in the elections mentioned in the foregoing paragraph shall be subjected to satisfactory preservation and kept for at</p>	<ol style="list-style-type: none"> 1. Amendment to the wording in Paragraph 1 of this article in line with the amendment to the Articles of Incorporation of the Company that effective from the 7th Board of Directors, the office of supervisors shall come to an end with the replacement of an Audit Committee; and also in line with the amendment to change the title of the Directors and Supervisors Election Regulations of Chunghwa Telecom. 2. Amendment to the wording in line with the inception of the electronic

<p><u>package, and forward the package to the Company</u> for retention of at least one year, or as long as the conclusion of legal action instituted pursuant to Article 189 of the Company Act, where applicable.</p>	<p>least one year. If, however, a shareholder initiates a lawsuit in accordance with Article 189 of the Company Act, such ballots shall be preserved until the conclusion of the lawsuit.</p>	<p>voting in shareholders meeting.</p>
<p>Article 15 (Meeting minutes and signing)</p> <p>The deliberation conducted at a shareholders meeting shall be recorded in the meeting minutes. The chairman shall sign or affix his or her seal to the minutes. The minutes shall be issued to all shareholders within 20 days after the shareholders meeting. The production and distribution of minutes may be performed using electronic means.</p> <p>The release of the minutes of meeting on record as aforementioned may be announced by <u>the Company</u> through posting at Market Observation Post System. °</p> <p>The minutes shall record the year, month, day, and place of the meeting, the name of the chairman, the resolution method, a summary of deliberation, and the results of deliberation. The minutes of shareholders meetings must be preserved for as long as the company is in existence.</p>	<p>Article 15 (Meeting minutes and signing)</p> <p>The deliberation conducted at a shareholders meeting shall be recorded in the meeting minutes. The chairman shall sign or affix his or her seal to the minutes. The minutes shall be issued to all shareholders within 20 days after the shareholders meeting. The production and distribution of minutes may be performed using electronic means.</p> <p>The company may provide the minutes in the foregoing paragraph <u>to shareholders holding less than 1,000 shares</u> of registered stock via an announcement posted on the Market Observation Post System.</p> <p>The minutes shall record the year, month, day, and place of the meeting, the name of the chairman, the resolution method, a summary of deliberation, and the results of deliberation. The minutes of shareholders meetings must be preserved for as long as the company is in existence.</p>	<p>Amendment to Paragraph 2 of this article in compliance with the amendment to Article 183-3 of the Company Act on June 29 2011, whereby the minutes of the shareholders meeting may be released through public announcement.</p>
<p>Article 19 (Supplementary provisions)</p> <p>Except where explicitly prescribed in the laws and regulations and the Company's Articles of</p>	<p>Article 19 (Supplementary provisions)</p> <p>Except where explicitly prescribed in the <u>Company Act</u> and the Company's Articles of Incorporation, the</p>	<p>Inasmuch as the requirement of the competent authority on general meeting of shareholders, including the "Company Act" for general companies to be in comply with, the "Rules Governing</p>

<p>Incorporation, the chairman shall decide any matters not prescribed in these rules. Any matters still disputed by shareholders shall be handled in accordance with appropriate legal procedures, and shall not constitute a pretext for obstructing or disturbing deliberative procedures.</p>	<p>chairman shall decide any matters not prescribed in these rules. Any matters still disputed by shareholders shall be handled in accordance with appropriate legal procedures, and shall not constitute a pretext for obstructing or disturbing deliberative procedures.</p>	<p>the Conduct of Shareholders Meetings by Public Companies” for public companies to follow and the frequently updated executive interpretation of law through routine newsletters, the related wording about the legal sources of this articles is subject to change.</p>
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Resolution:

IV. The amendment to the “Procedures for Acquisition and Disposal of Assets”

Proposed by the Board of Directors

Explanation:

1. The main additions and amendments are summarized as follows:
 - (1) Article 5-1 is added:

The calculation method of amount threshold for important asset transaction requiring expert opinion is specified.
 - (2) Article 13 is amended:

It is specified that the Company’s procedure for acquisition or disposal of real estate or other fixed assets should be in accordance with the Company’s relevant operating guidelines and the Powers and Duties Chart of BOD and the Management.
 - (3) In accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies ” promulgated by the Financial Supervisory Commission of the Executive Yuan on February 13, 2012 (hereinafter the “Regulations”), the scope of related transactions is expanded. Thus, a chapter for related party transactions is added in the Company’s “Procedures for Acquisition or Disposal of Assets” (hereinafter the “Procedures”).
 - (4) Article 15 is amended:

The scope of related party transactions is expanded from real property to assets under Chapters II to IV.
 - (5) Article 16 is amended:
 - a. The procedure to be carried out for disposal of real property to related parties, and acquisition or disposal of assets other than real properties from or to related parties with transaction amounts reaching NT\$300 Million or more is added.
 - b. The rules of authorization for acquisition or disposal of business-use machinery and equipment are added.
 - (6) Article 39 is amended:

In accordance with the Regulations, the standard of public announcement and filing by the Company is amended.
2. The comparison table for amendment proposal to certain provisions of the Procedures is attached hereto.
3. This proposal has been approved by resolution of the 14th meeting of the Company's 6th Board of Directors, and is hereby submitted to the shareholders at the annual general meeting for ratification.

The comparison table of the proposed amendment to the Procedures for the Acquisition and 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.

Amended Articles	Current Articles	Explanation
Chapter 1 General Principles	Chapter 1 General Principles	Title of the chapter remains unchanged.
<p>Article 2</p> <p>Except when prescribed by other laws, <u>regulations</u>, or the Company's Articles of Incorporation, in which case, such Regulations shall take precedence, the acquisition or disposal of assets by the Company shall be conducted in accordance with these Procedures.</p>	<p>Article 2</p> <p>Except when prescribed by other laws or the Company's Articles of Incorporation, in which case, such Regulations shall take precedence, the acquisition or disposal of assets by the Company shall be conducted in accordance with these Procedures.</p>	Wording amended in accordance with Article 2 of the Regulations.
<p><u>Article 5-1</u></p> <p><u>The calculation of the transaction amounts referred to in Article 8, Article 12 and Article 14 shall be done 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 for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</u></p>		<ol style="list-style-type: none"> 1. <u>This article is newly added.</u> 2. In accordance with Article 11-1 of the Regulations, the calculation method of amount threshold for important asset transactions requiring expert opinion is specified.
Chapter 2 Acquisition or Disposal of Securities	Chapter 2 Acquisition or Disposal of Securities	Title of the chapter remains unchanged.
<p>Article 8</p> <p>Appraisal procedures for the Company's acquisition or disposal of securities are as follows:</p> <ol style="list-style-type: none"> 1. Before acquiring securities, the responsible department shall perform relevant financial analysis of the investment target, forecast returns that may be generated, and assess possible investment risk. 2. Method of determining prices when acquiring or disposing of securities and reference basis: <ol style="list-style-type: none"> (1) When the Company acquires 	<p>Article 8</p> <p>Appraisal procedures for the Company's acquisition or disposal of securities are as follows:</p> <ol style="list-style-type: none"> 1. Before acquiring securities, the responsible department shall perform relevant financial analysis of the investment target, forecast returns that may be generated, and assess possible investment risk. 2. Method of determining prices when acquiring or disposing of securities and reference basis: <ol style="list-style-type: none"> (1) When the Company acquires 	<p>The following amendments are made in accordance with Article 10 of the Regulations:</p> <ol style="list-style-type: none"> (1) Items 2 and 3, Subparagraph 2, Paragraph 1, specify the timing at which the financial statements or accountant's opinion should be obtained. (2) Item 3, Subparagraph 2, Paragraph 1, is added to provide that if the accountant needs

Amended Articles	Current Articles	Explanation
<p>or disposes of securities that are already traded on the stock exchange or at securities brokers' business offices, transactions shall be determined on the basis of market prices.</p> <p>(2) When the Company acquires or disposes of securities that are not traded on the stock exchange or at securities brokers' business offices, the Company shall, <u>prior to the date of occurrence of the event</u>, refer to the target company's financial statement for the most recent period that has been audited or revised by a CPA. If the securities consist of bonds that are not traded on the stock exchange or at securities brokers' business offices, the Company shall determine whether to perform the transaction after referring to the market price and interest rate at that time, and the debtor's credit.</p> <p>(3) When the value of a transaction in which the Company acquires or disposes of securities exceeds NT\$300 million, <u>prior to the date of occurrence of the event</u>, the Company shall request a CPA to express an opinion concerning the reasonableness of the transaction price. <u>If the CPA needs to use the report of an expert as evidence, the Company shall require the CPA to do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> The case shall not be subject to this restriction, however, if the</p>	<p>or disposes of securities that are already traded on the stock exchange or at securities brokers' business offices, transactions shall be determined on the basis of market prices.</p> <p>(2) When the Company acquires or disposes of securities that are not traded on the stock exchange or at securities brokers' business offices, the Company shall refer to the target company's financial statement for the most recent period that has been audited or revised by a CPA. If the securities consist of bonds that are not traded on the stock exchange or at securities brokers' business offices, the Company shall determine whether to perform the transaction after referring to the market price and interest rate at that time, and the debtor's credit.</p> <p>(3) When the value of a transaction in which the Company acquires or disposes of securities exceeds NT\$300 million, the Company shall request a CPA to express an opinion concerning the reasonableness of the transaction price. The case shall not be subject to this restriction, however, if the securities in question have quoted prices in active markets, or other regulations of the Financial Supervisory Commission apply.</p> <p>When the Company engages in a discretionary investment, it shall proceed in accordance with the Company's discretionary investment guidelines, and the regulations in the foregoing paragraph shall not apply.</p>	<p>to adopt an expert report, it should be done in accordance with the Statement of Auditing Standards No. 20 published by the ARDF.</p>

Amended Articles	Current Articles	Explanation
<p>securities in question have quoted prices in active markets, or other regulations of the Financial Supervisory Commission apply.</p> <p>When the Company engages in a discretionary investment, it shall proceed in accordance with the Company's discretionary investment guidelines, and the regulations in the foregoing paragraph shall not apply.</p>		
<p>Article 10</p> <p>The Company's operating procedures for the acquisition or disposal of securities shall be implemented in accordance with the Company's relevant operating guidelines and <u>the Powers and Duties by the board of directors and management departments.</u></p>	<p>Article 10</p> <p>The Company's operating procedures for the acquisition or disposal of securities shall be implemented in accordance with the Company's relevant operating guidelines and <u>regulations governing apportionment of duties and powers.</u></p>	<p>To reinforce the management of the company's procedure for acquisition or disposal of assets, it is clearly specified that the Company's relevant activities should be in accordance with the Company's relevant operating guidelines and the Powers and Duties Chart of BOD and the Management.</p>
<p>Chapter 3 Acquisition or Disposal of Real Estate and Other Fixed Assets</p>	<p>Chapter 3 Acquisition or Disposal of Real Estate and Other Fixed Assets</p>	<p>Title of the chapter remains unchanged.</p>
<p>Article 11</p> <p>When the Company acquires or disposes of real estate or other fixed assets, the responsible department shall be charged with prudently assessing the necessity and reasonableness of the transaction based on the Company's current state of operations, financial status, and future development plans.</p> <p>When acquiring or disposing of real estate, the Company shall refer to the real estate's publicly announced current value, appraised value, actual transaction prices of nearby real estate, or appraisal report provided by a professional appraisal organization.</p> <p>When acquiring or disposing of other fixed assets, the Company shall proceed by means</p>	<p>Article 11</p> <p>When the Company acquires or disposes of real estate or other fixed assets, the responsible department shall be charged with prudently assessing the necessity and reasonableness of the transaction based on the Company's current state of operations, financial status, and future development plans.</p> <p>When acquiring or disposing of real estate, the Company shall refer to the real estate's publicly announced current value, appraised value, actual transaction prices of nearby real estate, or appraisal report provided by a professional appraisal organization.</p> <p>When acquiring or disposing of other fixed assets, the Company shall proceed by means</p>	<p>Current Article 12 is incorporated into Paragraph 4 of this article.</p>

Amended Articles	Current Articles	Explanation
<p>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>of price inquiries, price comparison, price negotiation, or request for bids.</p> <p><u>Article 12</u></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><u>Article 12</u></p> <p>When the transaction amount for the acquisition or disposal of real estate or other fixed assets reaches NT\$300 million or more, the Company, unless transacting with a government agency, commissioning others to build on its own land, commissioning others to build on leased land, or acquiring machinery and equipment for operating use, shall obtain an appraisal report <u>using the format requested by the Financial Supervisory Commission prior to the date of occurrence of the event</u> , and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> 1. In the event of special circumstances such as limited price, specified price, or a special price which must be given as a reference basis for the transaction price, such a transaction shall be submitted in advance to 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, <u>unless all the appraisal results for the assets</u> 	<p><u>Article 13</u></p> <p>When the transaction amount for the acquisition or disposal of real estate or other fixed assets reaches NT\$300 million or more, the Company, unless transacting with a government agency, commissioning others to build on its own land, commissioning others to build on leased land, or acquiring machinery and equipment for operating use, shall obtain an appraisal report <u>(as in Attachment 1)</u>, and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> 1. In the event of special circumstances such as limited price, specified price, or a special price which must be given as a reference basis for the transaction price, such a transaction shall be submitted in advance to 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 NT1 billion or more. 3. When the professional appraiser's appraisal results in any one of the following circumstances, a CPA shall be engaged to perform the appraisal in accordance with the provisions of Statements of Auditing Standards No. 20, 	<ol style="list-style-type: none"> 1. The number of the article is changed. 2. It is specified that the format of the appraisal report should be consistent with the requirement of the Financial Supervisory Commission. 3. In accordance with Article 9 of the Regulations, the provisions about the timing at which the evaluation report should be obtained and the exception for CPA opinion under Subparagraph 3 are added.

Amended Articles	Current Articles	Explanation
<p><u>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</u>, a CPA shall be engaged to perform the appraisal in accordance with the provisions of Statements of Auditing Standards No. 20, published by the ARDF, and to provide an opinion regarding the reason for the discrepancy and appropriateness of the transaction price:</p> <p>(1) When the discrepancy the appraisal and the transaction amount is 20% or more of the transaction amount.</p> <p>(2) When the discrepancy between the appraisals of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>4. 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>published by the ARDF, and to provide an opinion regarding the reason for the discrepancy and appropriateness of the transaction price:</p> <p>(1) When the discrepancy the appraisal and the transaction amount is 20% or more of the transaction amount.</p> <p>(2) When the discrepancy between the appraisals of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>4. <u>When an appraisal is conducted before a contract establishment date</u>, 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 <u>13</u></p> <p>The Company's acquisition or disposal of real estate or other fixed assets shall be performed in accordance with the <u>Company's relevant operating guidelines and the Powers and Duties Chart of BOD and the Management.</u></p>	<p>Article <u>14</u></p> <p>The Company's acquisition or disposal of real estate or other fixed assets shall be performed in accordance with the <u>Company's regulations governing duties and powers. The relevant department in charge shall report all matters, meeting public reporting standards, and perform implementation, after submitting relevant information to the Board for approval. When the time is insufficient to obtain the Board's approval, the CEO and president shall be authorized to approve in</u></p>	<p>1. The number of the article is changed.</p> <p>2. To reinforce the management of the company's procedure for acquisition or disposal of assets, it is clearly specified that the Company's relevant activities should be in accordance with the Company's relevant operating guidelines and the Powers and Duties Chart of BOD and the Management.</p>

Amended Articles	Current Articles	Explanation
	<p><u>accordance with their respective authorized powers, and the case shall uniformly be presented at the first Board meeting after the transaction for ratification.</u></p>	
<p>Chapter 4 Acquisition or Disposal of <u>Memberships and Intangible Assets</u></p>	<p>Chapter 6 Acquisition or Disposal of Intangible Assets</p>	<p>The number and the title of the chapter are changed.</p>
<p>Article <u>14</u> 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 <u>prior to the date of occurrence of the event</u> 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. <u>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.</u></p>	<p>Article <u>39</u> 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 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>	<ol style="list-style-type: none"> 1. The number of the article is changed. In accordance with the number of the chapter, current Article 39 is moved to the amended Article 14. 2. In accordance with Article 11 of the Regulations, the timing at which the CPA opinion should be obtained is added under Paragraph 1. 3. To reinforce the management of the company's procedure for acquisition or disposal of assets, it is added under Paragraph 2 that the company's acquisition or disposal of membership or intangible asset should be in accordance with the company's relevant operating guidelines and the Powers and Duties Chart of BOD and the Management.
<p>Chapter 5 <u>Related Party Transactions</u></p>		<ol style="list-style-type: none"> 1. <u>This chapter is newly added.</u> 2. In accordance with the chapter structure of the Regulations, the new chapter of related party transactions is added.
<p>Article 15 When acquiring <u>or disposing assets from or to a related party</u>, the Company shall perform relevant resolution procedures and assess the reasonableness of the transaction terms in accordance with <u>Chapter 2, Chapter 3, Chapter 4 and this</u></p>	<p>Article 15 When acquiring <u>real estate from a related party through purchase or exchange</u>, the Company shall perform relevant resolution procedures and assess the reasonableness of the transaction terms in accordance with <u>Article 11, Article 13, and</u></p>	<p>In accordance with Article 13 of the Regulations, it is specified under Paragraph 1 that related party transactions should be done in accordance with Chapters 2 to 4 and this chapter, regarding the relevant resolution</p>

Amended Articles	Current Articles	Explanation
<p><u>Chapter.</u> When determining whether a transaction counterpart is a related party, in addition to legal formalities, the substantive relationship shall also be considered.</p>	<p><u>Articles 16 through 19.</u> When determining whether a transaction counterpart is a related party, in addition to legal formalities, the substantive relationship shall also be considered.</p>	<p>procedure and the evaluation of the reasonableness of the transaction conditions.</p>
<p><u>Article 16</u> When acquiring or <u>disposing</u> real estate from <u>or to</u> a related party, <u>or when acquiring or disposing assets other than real estate from or to a related party and the transaction amount reaches NT\$300millins or more,</u> the Company <u>may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</u></p> <ol style="list-style-type: none"> 1. The purpose, necessity, and anticipated benefit of the acquisition <u>or disposal of assets;</u> 2. The reason for choosing the related party as a transaction counterpart; 3. <u>With respect to the acquisition of real estate from a related party,</u> 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 	<p><u>Article 16</u> When acquiring real estate from a related party, the Company <u>shall perform the transaction only after submitting the following information to the Board for approval and to the supervisors for acknowledgement:</u></p> <ol style="list-style-type: none"> 1. The purpose, necessity, and anticipated benefit of the <u>real estate acquisition;</u> 2. The reason for choosing the related party as a transaction counterpart; 3. 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; <u>and</u> <u>6. Restrictive conditions and other important stipulations associated with the transaction.</u> <p>When the foregoing information is submitted to the Board for discussion, the Board shall take into full consideration each independent director's opinions. Independent directors'</p>	<p>In accordance with Article 14 of the Regulations, the following amendments are made:</p> <ol style="list-style-type: none"> (1) The scope of the related party transaction is expanded under Paragraph 1. (2) The Subparagraphs of Paragraph 1 about information to be submitted to the board of directors are amended. (3) The calculation method of the transaction amount for cases requiring submission to the board of directors is added under Paragraph 2. (4) The rules of authorization for the company's acquisition and disposal of business-use machinery and equipment is added under Paragraph 3.

Amended Articles	Current Articles	Explanation
<p>use of funds;</p> <p><u>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</u></p> <p><u>Z. Restrictive conditions and other important stipulations associated with the transaction.</u></p> <p><u>The calculation of the transaction amounts referred to in the preceding paragraph 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.</u></p> <p><u>With respect to the acquisition or disposal of business-use machinery and 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.</u></p> <p>When the foregoing information is submitted to the Board for discussion, the Board shall take into full consideration each independent director's opinions. Independent directors' opposed or qualified opinions shall be explicitly noted in the Board meeting minutes.</p>	<p>opposed or qualified opinions shall be explicitly noted in the Board meeting minutes.</p>	
<p>Chapter <u>6</u> Derivative Trading</p>	<p>Chapter <u>4</u> Derivative Trading</p>	<p>The number of the chapter is changed.</p>
<p>Chapter <u>7</u> Mergers and Consolidations, Splits,</p>	<p>Chapter <u>5</u> Mergers and Consolidations, Splits,</p>	<p>The number of the chapter is changed.</p>

Amended Articles	Current Articles	Explanation
Acquisitions, and Assignment of Shares	Acquisitions, and Assignment of Shares	
<p>Article 31</p> <p>When the Company engages in mergers and consolidations, splits, acquisitions, and strategic investments, relevant operating procedures and authorized amount limits shall be determined on the basis of the Company's Inter-Company's Investment Operating Guidelines and <u>the Powers and Duties Chart of BOD and the Management .</u></p> <p>When the Company engages in a merger or consolidation, split, acquisition, or assignment of shares, the responsible department shall, prior to meeting with the Board to deliberate on the matter, engage a CPA, attorney, or securities underwriter to express an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and such opinion shall be submitted to the Board for discussion and approval.</p>	<p>Article 31</p> <p>When the Company engages in mergers and consolidations, splits, acquisitions, and strategic investments, relevant operating procedures and authorized amount limits shall be determined on the basis of the Company's Inter-Company's Investment Operating Guidelines and <u>regulations governing apportionment of duties and powers.</u></p> <p>When the Company engages in a merger or consolidation, split, acquisition, or assignment of shares, the responsible department shall, prior to meeting with the Board to deliberate on the matter, engage a CPA, attorney, or securities underwriter to express an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and such opinion shall be submitted to the Board for discussion and approval.</p>	<p>To reinforce the management of the company's procedure for acquisition or disposal of assets, it is clearly specified that the Company's relevant activities should be in accordance with the company's relevant operating guidelines and the Powers and Duties Chart of BOD and the Management.</p>
<p>Article 33</p> <p>When participating in a merger or consolidation, split, or acquisition, except when another law prescribes otherwise or special factors must be reported in advance to the Financial Supervisory Commission for approval, the Company shall conduct Board meetings and shareholders meetings on the same day as the company that participates in the merger or consolidation, split, or acquisition, and shall resolve matters concerning the merger or consolidation, split, or acquisition.</p> <p>When participating in an assignment of shares, the Company shall call a Board</p>	<p>Article 33</p> <p>When participating in a merger or consolidation, split, or acquisition, except when another law prescribes otherwise or special factors must be reported in advance to the Financial Supervisory Commission for approval, the Company shall conduct Board meetings and shareholders meetings on the same day as the company that participates in the merger or consolidation, split, or acquisition, and shall resolve matters concerning the merger or consolidation, split, or acquisition.</p> <p>When participating in an assignment of shares, the Company shall call a Board</p>	<p>The punctuation marks are amended in accordance with Article 24 of the Regulations.</p>

Amended Articles	Current Articles	Explanation
<p>meeting the same day as the other company participating in the assignment of shares, except another law prescribes otherwise or special factors must be reported in advance to the Financial Supervisory Commission for approval.</p> <p>When the Company participates in a merger, split, acquisition, or assignment of shares, the following information in its entirety shall be recorded in writing, preserved for five years, and made available for inspection:</p> <ol style="list-style-type: none"> 1. Basic information on personnel: includes persons who, prior to public knowledge thereof, participated in plans to carry out mergers, splits, acquisition, or assignment of shares, or those persons implementing the plan. Details of each person should include occupation, full name, ID number (passport number in the case of a foreign national). 2. Important dates: includes dates of signing of letters of intent and memorandums; commissioning of financial services or legal advisors; signing of contracts and Board of Directors meetings. 3. Important documents and meeting minutes: includes plans regarding mergers, splits, acquisitions or assignment of shares; letters of intent or memorandums, important contracts, and Board of Directors meeting minutes. <p>When the Company participates in a merger, split, acquisition, or assignment of shares, it shall, before the start of trading hours on the next business day after the Board passes the proposal, report and submit the information according to</p>	<p>meeting the same day as the other company participating in the assignment of shares, except another law prescribes otherwise or special factors must be reported in advance to the Financial Supervisory Commission for approval.</p> <p>When the Company participates in a merger, split, acquisition, or assignment of shares, the following information in its entirety shall be recorded in writing, preserved for five years, and made available for inspection.</p> <ol style="list-style-type: none"> 1. Basic information on personnel: includes persons who, prior to public knowledge thereof, participated in plans to carry out mergers, splits, acquisition, or assignment of shares, or those persons implementing the plan. Details of each person should include occupation, full name, ID number (passport number in the case of a foreign national). 2. Important dates: includes dates of signing of letters of intent and memorandums; commissioning of financial services or legal advisors; signing of contracts and Board of Directors meetings. 3. Important documents and meeting minutes: includes plans regarding mergers, splits, acquisitions or assignment of shares; letters of intent or memorandums, important contracts, and Board of Directors meeting minutes. <p>When the Company participates in a merger, split, acquisition, or assignment of shares, it shall, before the start of trading hours on the next business day after the Board passes the proposal, report and submit the information according to</p>	

Amended Articles	Current Articles	Explanation
<p>prescribed format from Subparagraphs 1 and 2 of the foregoing paragraph to the Financial Supervisory Commission for reference via an Internet data system.</p> <p>When the Company engages in a merger, split, acquisition, or assignment of shares with a company that is not listed on the stock exchange or whose stock is not sold at securities brokerages, the Company shall sign an agreement with the said company, and implement the transaction according to Paragraphs 3 and 4.</p>	<p>prescribed format from Subparagraphs 1 and 2 of the foregoing paragraph to the Financial Supervisory Commission for reference via an Internet data system.</p> <p>When the Company engages in a merger, split, acquisition, or assignment of shares with a company that is not listed on the stock exchange or whose stock is not sold at securities brokerages, the Company shall sign an agreement with the said company, and implement the transaction according to Paragraphs 3 and 4.</p>	
	<p><u>Chapter 6 Acquisition or Disposal of Intangible Assets</u></p>	<p>The current Chapter 6 is moved to the amended Chapter 4.</p>
	<p><u>Article 39</u> <u>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 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.</u></p>	<p>With the change of the number of chapters, the current Article 39 is changed to amended Article 14.</p>
<p><u>Chapter 8 Public Disclosure of Information</u></p>	<p><u>Chapter 7 Public Disclosure of Information</u></p>	<p>The number of the chapter is changed.</p>
<p><u>Article 39</u> 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: 1. <u>Acquisition or disposal of real estate from a related party, or acquisition or disposal of assets</u></p>	<p><u>Article 40</u> 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: 1. <u>Acquisition of real estate from a related party.</u> 2. <u>Investment in the Mainland</u></p>	<p>1. The number of the article is changed. 2. In accordance with Article 30 of the Regulations, the company's standard for public announcement and filing is amended.</p>

Amended Articles	Current Articles	Explanation
<p><u>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></p> <p>2. Merger or consolidation, split, acquisition, or assignment of shares.</p> <p>3. Losses from derivative trading exceeding the overall limit or individual contract limit specified in these Procedures.</p> <p>4. When asset transactions other than those referred to in the preceding <u>three</u> subparagraphs, <u>or an investment in the mainland China area reaches NT\$300 million or more; this shall not apply, however, in the following circumstances:</u></p> <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/machinery used for operating purposes, the transaction counterparty is not a related party, and the transaction amount does not exceed NT\$500 million.</p> <p>(4) Acquisition of real estate for commissioned construction on self-owned land, commissioned <u>construction on leased land</u>, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction does not exceed NT\$500 million.</p> <p>The amounts of the transactions in the foregoing paragraph shall be calculated as follows:</p>	<p><u>China area.</u></p> <p>3. Merger or consolidation, split, acquisition, or assignment of shares.</p> <p>4. Losses from derivative trading exceeding the overall limit or individual contract limit specified in these Procedures.</p> <p>5. When asset transactions other than those referred to in the preceding <u>four</u> subparagraphs <u>amount to NT\$300 million or more; this shall not apply, however, in the following circumstances:</u></p> <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/machinery used for operating purposes, the transaction counterparty is not a related party, and the transaction amount does not exceed NT\$500 million.</p> <p>(4) Acquisition of real estate for commissioned construction on self-owned land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction does not exceed NT\$500 million.</p> <p>The amounts of the transactions in the foregoing paragraph shall be calculated as follows:</p> <p>1. The amount of any individual transaction.</p> <p>2. The cumulative transaction amount of acquisitions and disposals of the same type of target with the same transaction counterparty within one year.</p> <p>3. The cumulative transaction amount of real estate acquisitions and disposals</p>	

Amended Articles	Current Articles	Explanation
<p>1. The amount of any individual transaction.</p> <p>2. The cumulative transaction amount of acquisitions and disposals of the same type of target with the same transaction counterparty within one year.</p> <p>3. The cumulative transaction amount of real estate acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project during one year.</p> <p>4. The cumulative amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security during one year. As used in <u>preceding paragraph</u>, 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>(cumulative acquisitions and disposals, respectively) within the same development project during one year.</p> <p>4. The cumulative amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security during one year. As used in Paragraph 2 above, during one year refers to a period of one year after the date on which the transaction took place. Items announced in accordance with regulations need not be included.</p>	
<p>Article <u>40</u></p> <p>The Company shall compile monthly reports on the status of derivative trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies, and shall enter the information in the prescribed format into the information reporting website designated by the Financial Supervisory Commission by the tenth day of each month.</p> <p>When the Company at the time of public announcement makes an error or omission concerning an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.</p> <p>When any of the following circumstances occurs with respect</p>	<p>Article <u>41</u></p> <p>The Company shall compile monthly reports on the status of derivative trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies, and shall enter the information in the prescribed format into the information reporting website designated by the Financial Supervisory Commission by the tenth day of each month.</p> <p>When the Company at the time of public announcement makes an error or omission concerning an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.</p> <p>When any of the following circumstances occurs with respect</p>	<p>1. The number of the article is changed.</p> <p>2. In accordance with Article 31 of the Regulations, it is added under Subparagraph 3, Paragraph 3, that when there is any change in the original public announcement and filing, new public announcements and filing should be done again in accordance with the rules.</p>

Amended Articles	Current Articles	Explanation
<p>to a transaction that the Company has already publicly announced and reported in accordance with the foregoing paragraph, a public report of relevant information shall be made on the information reporting website designated by the Financial Supervisory Commission before the start of trading time on the following business day after the day of occurrence of the fact:</p> <ol style="list-style-type: none"> 1. Change, termination, or dissolution of a contract signed in connection with the original transaction. 2. The merger or consolidation, split, acquisition, or assignment of shares is not completed by the scheduled date set forth in the contract. 3. <u>Change to the originally publicly announced and filed information.</u> 	<p>to a transaction that the Company has already publicly announced and reported in accordance with the foregoing paragraph, a public report of relevant information shall be made on the information reporting website designated by the Financial Supervisory Commission before the start of trading time on the following business day after the day of occurrence of the fact:</p> <ol style="list-style-type: none"> 1. Change, termination, or dissolution of a contract signed in connection with the original transaction. 2. The merger or consolidation, split, acquisition, or assignment of shares is not completed by the scheduled date set forth in the contract. 	
	<p><u>Article 42</u> <u>The public announcement of acquisition or disposal of assets by the Company shall be in the following format:</u></p> <ol style="list-style-type: none"> 1. <u>The Company shall use the public announcement format in Appendix 2 for announcement items and content when trading securities on a domestic and foreign stock exchanges or the ROC Over-the-Counter Securities Exchange.</u> 2. <u>The Company shall use the public announcement format in Appendix 3 for announcement items and content when acquiring real estate via commissioned construction on Company-owned land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale.</u> 3. <u>The Company shall use the public announcement format in</u> 	<ol style="list-style-type: none"> 1. This article is deleted. 2. The amended Paragraph 1, Article 39, already states that the company should make public announcements and filing for acquisition or disposal of assets in the prescribed format, so this article is deleted._

Amended Articles	Current Articles	Explanation
	<p><u>Appendix 4 when acquiring or disposing of real estate or other fixed assets, or acquiring real estate from a related party.</u></p> <p><u>4. The Company shall use the public announcement format in Appendix 5 when trading securities, memberships, or intangible assets not on the stock exchanges or over-the-counter market.</u></p> <p><u>5. The Company shall use the public announcement format in Appendix 6 when making investments in the Mainland area.</u></p> <p><u>6. The Company shall use the public announcement format in Appendix 7-1 when engaging in derivative trading and the announcement shall be made before the start of trading time on the following business day after the day of occurrence of the fact.</u></p> <p><u>7. The Company shall use the public announcement format in Appendix 7-2 when engaging in derivative trading and the announcement shall be made before the tenth day of each month.</u></p> <p><u>8. The Company shall use the public announcement format in Appendix 8 when engaging in a merger or consolidation, split, acquisition, or assignment of shares.</u></p>	
Chapter 9 Supplemental Provisions	Chapter 8 Supplemental Provisions	The title of the chapter is changed.
<p><u>Article 41</u> When the Company acquires or disposes of assets, it shall keep all relevant contracts, meeting minutes, memorandum books, appraisal reports, and CPA, attorney, securities underwriter, or intangible asset appraisal organization opinions at the Company headquarters, where</p>	<p><u>Article 43</u> When the Company acquires or disposes of assets, it shall keep all relevant contracts, meeting minutes, memorandum books, appraisal reports, and CPA, attorney, securities underwriter, or intangible asset appraisal organization opinions at the Company headquarters, where</p>	The number of the article is changed, without changing the contents of the provision.

Amended Articles	Current Articles	Explanation
they shall be preserved for at least five years except when other laws stipulate otherwise.	they shall be preserved for at least five years except when other laws stipulate otherwise.	
<p>Article <u>42</u></p> <p>The acquisition or disposal of assets by a subsidiary of the Company shall be conducted in accordance with the following regulations:</p> <ol style="list-style-type: none"> 1. A subsidiary shall determine its asset acquisition and disposal procedures on the basis of the “Regulations”, and shall submit its procedures to the Company for future reference after approval by its board and shareholders’ meeting; likewise in the case of amendments. 2. <u>A subsidiary’s acquisition or disposal of assets should be performed in accordance with the “Regulation” and its asset acquisition and disposal procedures, and the relevant matters to be carried out should be included in the self-inspection items under the annual internal control project.</u> The Company’s Audit Department shall check the self-inspection report submitted by each subsidiary. 3. Total amount of non-operating real property and securities, and limit amount on each individual security acquired by the subsidiary company shall be determined by each subsidiary itself. 4. When a subsidiary is not a domestic public company, the Company shall publicly announce the subsidiary’s acquisition or disposal of assets requiring public announcement as prescribed in Chapter <u>8</u>. 	<p>Article <u>44</u></p> <p>The acquisition or disposal of assets by a subsidiary of the Company shall be conducted in accordance with the following regulations:</p> <ol style="list-style-type: none"> 1. A subsidiary shall determine its asset acquisition and disposal procedures on the basis of the “Regulations”, and shall submit its procedures to the Company for future reference after approval by its board and shareholders’ meeting; likewise in the case of revisions. 2. <u>When a subsidiary performs its annual internal control self-assessment, it shall include matters concerning the acquisition or disposal of assets as self-assessment items, and shall present a self-assessment report to the Company.</u> The Company’s Audit Department shall check the self-assessment report submitted by each subsidiary. 3. Total amount of non-operating real property and securities, and limit amount on each individual security acquired by the subsidiary company shall be determined by each subsidiary itself. 4. When a subsidiary is not a domestic public company, the Company shall publicly announce the subsidiary’s acquisition or disposal of assets requiring public announcement as prescribed in Chapter <u>7</u>. 	<ol style="list-style-type: none"> 1. The number of the article is changed. 2. In order to make the Company’s monitoring procedures for the acquisition and disposal of assets by subsidiaries better, the wording under Subparagraph 2 is amended. 3. With the change of the number of the chapter, the reference under Subparagraph 4 is amended.
<p>Article <u>43</u></p> <p>If managers or relevant implementing personnel of the Company violate the Regulations or the Procedures while engaging</p>	<p>Article <u>45</u></p> <p>If managers or relevant implementing personnel of the Company violate the Regulations or the Procedures while engaging</p>	<p>The number of the article is changed, without changing the contents of the provision.</p>

Amended Articles	Current Articles	Explanation
in matters connected with the acquisition or disposal of assets, disciplinary action shall be taken in accordance with the Company's personnel regulations.	in matters connected with the acquisition or disposal of assets, disciplinary action shall be taken in accordance with the Company's personnel regulations.	
<p>Article <u>44</u></p> <p>After receiving approval of the Board of Directors, these procedures shall be distributed to each supervisor and submitted to the shareholders meeting for approval. Any amendment hereof shall require the same process. Full consideration shall be to the opinions of all independent directors when these procedures are discussed by the Board of Directors, and any dissenting or qualified opinions stated by independent directors shall be explicitly noted in the minutes of the Board Meeting. If any director expresses dissenting opinions and these are recorded or declared in writing, the Company shall send such dissenting opinions to each supervisor and submit them to shareholders meeting for discussion.</p>	<p>Article <u>46</u></p> <p>After receiving approval of the Board of Directors, these procedures shall be distributed to each supervisor and submitted to the shareholders meeting for approval. Any amendment hereof shall require the same process. Full consideration shall be to the opinions of all independent directors when these procedures are discussed by the Board of Directors, and any dissenting or qualified opinions stated by independent directors shall be explicitly noted in the minutes of the Board Meeting. If any director expresses dissenting opinions and these are recorded or declared in writing, the Company shall send such dissenting opinions to each supervisor and submit them to shareholders meeting for discussion.</p>	<p>The number of the article is changed, without changing the contents of the provision.</p>

Resolution:

Other business and special motions

Meeting adjourned

The Company Rules

I. 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 inserted 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. Articles 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 inserted 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. Articles 2 amended by Annual General Meeting on June 19, 2010.

Chapter I - General Provisions

- Article 1 - The Company is promoted by the Ministry of Transportation and Communications ("MOTC") and others and organized under the Telecommunication Law, the Statute of Chunghwa Telecom Co., Ltd. (hereinafter referred to as the "Corporation Statute") and the provisions of the Company Law pertaining to companies limited by shares and is named "Chunghwa Telecom Co., Ltd.".
The English name of the Company is "Chunghwa Telecom Co., Ltd."
- 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 Business (E701030);
 - 8) Information Software Service Business (I301010);
 - 9) Other Designer Businesses 【the design of the computer information hardware】 (I599990);
 - 10) Rental Business (JE01010);
 - 11) Publishing Business (J304010);
 - 12) Other Wholesale Businesses 【telephone card and IC card】 (F199990);
 - 13) Management and Consulting Service Business (I103060);
 - 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);
- 15) Other Retail Businesses 【telephone card and IC card】 (F299990);
 - 16) Online Certification Service Businesses (IZ13010);
 - 17) Supply of Electronic Information Service Businesses (I301030);
 - 18) Information Process Service Business (I301020);
 - 19) Telecommunication Account Application Agency Businesses (IE01010);
 - 20) Residential and Commercial Building Development, Rental and Sales
 - 21) Businesses (H701010);
 - 22) Development of Special District/Zone Businesses (H701040);
 - 23) Real Estate Sales Businesses (H703090);
 - 24) Real Estate Rental Businesses (H703100);
 - 25) Technique and Performing Arts Training (J201031)
 - 26) Waste Disposal Businesses (J101040);
 - 27) Community Common Cable Television Equipment Businesses (J502020);
 - 28) Exhibition Service Businesses (JB01010);
 - 29) General Advertising Service Businesses (I401010);
 - 30) Department Store Businesses (F301010);
 - 31) Communication Newsletter Businesses (J302010);
 - 32) Industry and Commerce Credit Investigation Service Businesses (JD01010);
 - 33) Public Notarization Businesses (IZ07010);
 - 34) Parking Lot Operation Businesses (G202010);
 - 35) Environmental Assessment Service Businesses (J101050);
 - 36) Computer and Accessories Manufacturing Service (CC01110);
 - 37) Information Storage and Process Equipment Manufacturing Businesses
 - 38) (CC01120);
 - 39) Electronic Component Manufacturing Businesses (CC01080);
 - 40) Other Electrical and Electronic Machinery & Equipment
 - 41) Manufacturing Businesses 【IC or Optical Card Scanners】 (CC01990);
 - 42) Radio-Frequency Equipment Import Business (F401021);
 - 43) General Hotel Business (J901020);
 - 44) Computer and Administrative Device Wholesale Businesses (F113050);
 - 45) Information Software Wholesale Businesses (F118010);
 - 46) Computer and Administrative Device Retail Businesses (F213030);
 - 47) Information Software Rental Businesses (F218010);
 - 48) Energy Service Business (IG03010);
 - 49) Engineering Consulting Business (I101061);
 - 50) Refrigeration and Air-Conditioning Consulting Business (E602011);
 - 51) Automatic Control Equipment Engineering Business (E603050);
 - 52) Lighting Equipment Installation Business (E603090);
 - 53) Non-store Retailer Business (F399040);
 - 54) Power Equipment Installation and Maintenance Business (E601010);
 - 55) Electrical Appliance Installation Business (E601020);

- 56) Instrument Installation Engineering Business (EZ05010) ;
- 57) Television Program Production Business (J503021) ;
- 58) Broadcasting and Television Program Launch Business (J503031) ;
- 59) Broadcasting and Television Advertising Business (J503041) ;
- 60) Production, Licensed Recording and Supply of Videotape Program Business (J503051) ;
- 61) Except the permitted business, the Company may engage in other businesses not prohibited or restricted by laws and regulations (ZZ99999).

The Company may handle endorsement and guaranty affairs in accordance with the Operation Procedures for the Endorsement and Guaranty of the Company if there is any business need.

Article 3 - In the event that the Company invests in another business as a limited-liability shareholder, the total investment amount may not exceed the total paid-in capital of the Company. Investment not related to telecommunications may not exceed 20% of the total paid-in capital of the Company.

Article 4 - The head office of the Company is located in Taipei City and the Company may establish branch office(s) and liaison office(s) at appropriate locations within or outside the territory of the Republic of China.

Article 5 - (Deleted)

Chapter II - Shares

Article 6 - The registered capital of the Company shall be One Hundred Twenty Billion New Taiwan Dollars (NT\$120,000,000,000), divided into Twelve Billion (12,000,000,000) common shares with a par value of Ten New Taiwan Dollars (NT\$10) per share. All the shares shall be issued in increments.

Two Hundred Million shares shall be set aside from the aforementioned common shares for the use as Stock Warrants, Preferred Shares with Warrants, and Bonds with Warrants.

For issuance of Stock Warrants where the price is less than the closing price of the Company shares on the date of issuance, or where the price of the treasury stocks to be transferred to the employees is less than the average price of the repurchased shares, shareholders representing the majority of the issued shares shall be present and approval by at least 2/3 of the presenting shareholders shall be required.

Article 6-1 - (Deleted)

Article 7 - The share certificates of the Company shall bear the shareholders' names, be signed or sealed by the Chairman and at least two other directors, be serially numbered, affixed with the corporate seal of the Company, and legalized by the Ministry of Economic Affairs ("MOEA") (hereinafter referred to as the "Competent Authority") or its certified issuance

registration agency before they are issued in accordance with the relevant laws.

When issuing new shares, the Company may print a share certificate in respect of the full number of shares to be issued at that time, and shall arrange for the certificate to be kept by a centralized securities custodian institution, in which case the preceding requirement for serial numbering of share certificates shall not apply.

Shares issued by the Company may also be exempt from printing of share certificates, and the Company shall arrange for such shares to be recorded by a centralized securities custodian institution, in which case the preceding 2 paragraphs shall not apply.

Any affair with regard to the shares of the Company shall be handled in accordance with the Guidelines for Handling Stock Affairs by a Public Issuing Company.

Article 7-1 - The share certificates issued by the Company may be jointly exchanged for the share certificates with a larger par value upon the request of the Taiwan Securities Centralized Depository Company Limited by Shares.

Chapter III - Shareholders' Meeting

Article 8 - Shareholders' meetings shall be of two types: annual general meeting and extraordinary general meeting. Except as otherwise provided in the Company Act, shareholders' meetings shall be convened by the Board of Directors.

The annual general meeting shall be convened at least once every year and shall be convened within six (6) months after the close of each fiscal year except as otherwise approved by the Competent Authority for good cause shown.

The extraordinary general meeting shall be convened at such time as may be deemed necessary pursuant to relevant laws and regulations.

Article 9 - Where a shareholders' meeting is convened by the Board of Directors, the chairman of the Company shall act as the chairman of the shareholders' meeting. In the event that the chairman is to be on leave of absence or 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.

Where a shareholders' meeting is convened by a person with authority other than the Board of Directors, such convener shall act as the chairman of the shareholders' meeting. Where there are two (2) or more conveners, the chairman of the meeting shall be elected amongst such conveners.

Article 10 - Unless otherwise specified by the law, each shareholder of the Company shall be entitled to one vote for each share held.

Article 11 - (Deleted)

Chapter IV - Directors and Supervisors

Article 12 - The Company shall have seven (7) to fifteen (15) directors to form the Board of Directors, one-fifth (1/5) of whom shall be expert representatives.

The Board of Directors shall have one (1) chairman elected by and from among the directors with the concurrence of a general majority of the directors present at a meeting attended by at least two-thirds (2/3) of the directors and shall have one (1) vice-chairman elected in the same way.

The Company shall have three (3) to five (5) supervisors.

Article 12-1 In accordance with Articles 181-2 and 183 of the Securities and Exchange Law, the Company shall, beginning in the fifth commencement, establish at least three (3) independent directors to be included in the number of directors designated in the preceding Article.

The elections for independent directors shall proceed with the candidate nomination system; the shareholders shall elect the independent directors from among the nominees listed in the roster of independent director candidates.

Elections for independent and non-independent directors shall proceed concurrently, and the number of elected directors shall be calculated separately.

The professional qualifications, restrictions on shareholding and concurrent post, affirmation of independence, nomination and election processes, exercise of authority and other requirements of independent directors shall be determined and executed in accordance with the Securities and Exchange Law and related regulations.

Article 13- The tenure of office of the directors and supervisors will be three (3) years and they will be eligible for re-election.

In the event that the representative of a government or corporate body is elected as the director or the supervisor, the government or corporate body may reappoint such representative at anytime to supplement the original tenure.

Article 14 - The following items shall be decided by the Board of Directors:

- (1) Increase or reduction of capital of the Company.
- (2) Regulations with regard to the organization of the Company.
- (3) Establishment, amendment, and abolishment of the branch offices within or outside the territory of the Republic of China.
- (4) Examination of annual business budgets and final budgets.
- (5) Distribution of profits or off-set of deficit.

- (6) The amount and term of domestic and foreign loan.
- (7) The amount of Investment.
- (8) Issuance of corporate bonds.
- (9) Policies regarding personnel matters, material purchase, accounting, and internal control.
- (10) Amendment and modifications of regulations of organization of the Board of Directors and the functional committee.
- (11) Amendment and modification of regulations with regard to the scope of duties of independent directors.
- (12) Appointment and removal of the president, vice presidents, presidents of Telecommunication Laboratories and Telecommunication Training Institute.
- (13) Appointment and removal of the chiefs of finance, accounting and internal audit.
- (14) The remuneration standard for employees.
- (15) Policies regarding recommendation of chairman and president to subsidiaries.
- (16) Other duties and powers granted by the law or by shareholders' meeting.

Article 15 - 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.

Article 16 - All directors shall attend every Board of Directors' meeting; in case any of the directors cannot attend the meeting for any cause whatsoever, he/she may designate the other directors to act on his/her behalf and such agent shall present the proxy setting forth the vested power of the purpose of the meeting each time. However, each agent shall only accept one appointment from the directors.

Except as otherwise provided in the relevant laws or this Articles of Incorporation, any resolution of a Board of Directors' meeting shall be adopted at a meeting which at least general majority of the directors attend and at which meeting a general majority of the directors present vote in favor of such resolution.

Minutes of meetings shall be prepared for all resolutions adopted at a Board of Directors' meeting.

Article 17 - The supervisors shall perform the following functions:

- (1) To investigate the business and financial condition of the Company;
- (2) To inspect the books, records and documents of the Company; and
- (3) Other powers granted by the laws and regulations.

Article 18 - In addition to performing the functions of a supervisor in accordance with the relevant laws, the supervisors may attend the Board of Directors' meeting to express his/her opinion but may not participate in any voting.

Article 18-1 (deleted).

Article 18-2 The Company may purchase liability insurance policies for directors and supervisors during the term of their offices and within the scope of damages results from the performances of their official duties in order to reduce and disperse the risks for the Company and shareholders due to the fault, mistake, violation of duty, and inaccurate or misleading statements on part of the directors and supervisors during the performance of their duties.

Chapter V - Managerial Officers

Article 19 - The Company shall have one (1) chief executive officer, to be served as a concurrent post by the chairman or by the president, to lead the managers in proposing and making significant policy decisions regarding to the Company and all affiliates of the Company.

The Company shall have one (1) president, several executive vice presidents, senior vice presidents, and the presidents of laboratory and institute. The president shall be a director with professional knowledge in telecommunication business.

Article 20 - The president shall, in accordance with the decision made by the Board of Directors and with instruction from the chief executive officer, take charge of the affairs of the Company, and shall have the authority to sign on behalf of the Company; the executive vice presidents and senior vice presidents shall assist the president in all affairs, and shall have the power to sign on behalf of the Company within the scope set by rules decided by the president or authorized in writing by the president.

The division of powers and duties between the Board of Directors and the president shall be determined in accordance with the Powers and Duties Chart.

Chapter VI - Accounting

Article 21 - The fiscal year of the Company shall be from January 1 to December 31 of each year.

At the end of each fiscal year, the Board of Directors shall prepare the following statements and reports, and submit the same to the supervisor(s) for examination thirty (30) days prior to the annual general meeting, and then shall submit the same to the annual general meeting for adoption.

- (1) Report of Operations;
- (2) Financial statements;
- (3) Resolution governing the distribution of profit or the making-up of losses.

Article 22 - After the Company has paid all taxes due at the end of each fiscal year, the Company shall offset its accumulated losses and set aside ten percent (10 %) of the net profit as the statutory revenue reserve before distribution of profits, except when the accumulated amount of such legal reserve equals to the Company's total authorized capital. The Company may also set aside special reserve(s) according to the business need or laws and regulations. A minimum of fifty percent (50%) of the total amount of the balance, including the accumulated retained profits from the previous year, shall be distributed in the following manner:

- 1) Employee bonuses between two percent (2%) to five percent (5%);
- 2) Remuneration for directors and supervisors not higher than 0.2%.
- 3) The remainder after deducting amounts in subparagraphs 1) and 2) shall be shareholders' dividends. Cash dividends shall not be below fifty percent (50%) of the total dividends, but when the cash dividends fall below NT\$0.1 per share, dividends shall be distributed in the form of stocks.

Subparagraphs 1) and 2) of the preceding paragraph shall apply upon the privatization of the Company, however, with respect to the year in which privatization occurred, the dividends shall be distributed based on the profits derived during the period after privatization.

The percentage of distribution stipulated in paragraph 1 shall take into consideration of the actual profitability of the year, capital budgeting, and status of finance, and shall be executed following the resolution of shareholders' meeting.

Dividends and bonuses shall not be distributed where the Company has no profits, provided that where the statutory revenues reserve exceeds fifty percent (50%) of paid-up capital of the Company, the portion in excess may be distributed as shareholders' dividends.

Article 23 - In the event that the Company issues new shares, excluding ad hoc ratification by the central competent authority, the Company shall reserve ten percent (10%) to fifteen percent (15%) of the total newly issued shares for preemptive subscription by employees of the Company.

Chapter VII - Supplementary Provisions

Article 24 - The regulations with regard to the organization of the Board of Directors and the Company shall be separately adopted.

Article 25 - Matters not specified herein shall be resolved in accordance with the Company Law.

Article 26 - This Articles of Incorporation was adopted on June 11, 1996.

II. Ordinance of Shareholders Meetings of Chunghwa Telecom Co., Ltd.

1. All 20 articles adopted by Annual General Meeting on December 26th, 1997.
2. Articles 3, 4, 8, 11, 12, and 13 amended by Annual General Meeting on June 4, 2001.
3. Articles 4, 5, 9, 12, 13, and 15 amended by Annual General Meeting on June 21, 2002.
4. All 18 articles amended by Annual General Meeting on June 25, 2004.
5. Articles 2, 4, 10, 12, and 15 amended, and articles 2-1, 2-2, 13, 13-1, 13-2, and 19 added by Annual General Meeting on May 30, 2006.

Article 1 (Applicable principles)

Except where prescribed by laws and regulations or Articles of Incorporation of Chunghwa Telecom Co., Ltd. (herein referred to as "the Company"), the rules of procedure at shareholders' meetings shall be as prescribed in this ordinance.

Article 2 (Convening a shareholders' meeting and notification)

Except where prescribed by laws and regulations, the Board of Directors shall convene shareholders' meetings.

All shareholders shall be notified 30 days in advance of a annual general meeting. Those shareholders who hold less than 1,000 shares of registered stock may be notified 30 days in advance by means of posting a public announcement on the Market Observation Post System website. All shareholders shall be notified 15 days in advance when a extraordinary general meeting is convened. Those shareholders who hold less than 1,000 shares of registered stock may be notified 15 days in advance by means of posting a public announcement on the Market Observation Post System website.

The subject of the meeting shall be explicitly stated in notices and public announcements. When the relevant parties grant their consent, notification may be performed using electronics means.

The election or dismissal of directors or supervisors; amendment of the Articles of Incorporation; dissolution, merger, or split of the Company; or matters specified in the subparagraphs of Article 185, Paragraph 1 of the Company Act or Articles 26-1 or 43-6 of the Securities and Exchange Law shall be listed in the subject of the meeting, and may not be proposed as extraordinary motions.

Article 2-1 (Preparation and public announcement of the shareholders' meeting handbook)

A meeting handbook shall be prepared when a shareholders' meeting is convened. The meeting handbook and other relevant information concerning the meeting shall be publicly announced 10 days before the meeting is to be held.

The time and method of the public announcement mentioned in the foregoing paragraph, the main items stated in the meeting handbook, and other compliance requirements shall in all cases be as prescribed by the "Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Handbooks of Public Companies."

Article 2-2 (Handling of proposals made before the shareholders' meeting)

Shareholders holding at least 1% of the total number of issued shares may submit annual general meeting proposals to the Company in writing; such proposals shall be formally included among discussion proposals after approval by the Board of Directors.

The company shall publicly announce acceptance of shareholders' proposals, the place of acceptance, and the acceptance period before the book closure date

prior to the annual general meeting. The acceptance period may be no shorter than 10 days.

Shareholders' proposals shall be included in the agenda and stated in the subject of the annual general meeting when, following review by the board, none of the following circumstances apply:

1. The proposal is not a matter that may be resolved at the annual general meeting.
2. The proposing shareholder holds less than 1% of issued shares at the time of book closure date prior to that annual general meeting.
3. The proposal was not submitted during the publicly announced acceptance period in the foregoing paragraph.
4. The proposing shareholder has submitted more than one proposal, the proposal exceeds 300 characters in length (including punctuation marks), or the proposal was not submitted in writing.

The Company shall notify those shareholders who submitted proposals of the results of process of the proposals prior to the notification of annual general meeting. With regard to any shareholder proposals not included in the meeting agenda, the Board shall include in the meeting handbook an explanation of why each proposal was not included; such proposals shall not be included in the agenda, and shall not be mentioned in the minutes.

If the shareholder proposals included in the meeting agenda according to Paragraph 3 can be classified into same type, the chairman shall handle the proposals together to be discussed, and the regulation of Article 12, Paragraph 7, of this ordinance shall apply.

Article 3 (Location and time of meeting)

A shareholders' meeting shall be held at the Company's business premises or at another location convenient for shareholders' attendance and suitable for holding such a meeting. The meeting shall not start earlier than 9:00 a.m. or later than 3:00 p.m.

Article 4 (Proxies and authorization)

A shareholder who cannot attend a shareholders' meeting in person may present a proxy letter issued by the Company, stating scope of authorization and designating a proxy.

One shareholder may present one proxy letter and appoint only one proxy. A proxy letter must be delivered to the Company at least five days before the shareholders' meeting. The first proxy letter shall have precedence if repeated proxy letters are delivered. This restriction shall not apply, however, to those shareholders who declare to retract their prior appointment of a proxy.

If a shareholder wishes to attend the shareholders' meeting in person after delivering a proxy letter to the Company, the shareholder must, on the day before the shareholders' meeting at the latest, notify the Company in writing to retract his or her proxy appointment. In the case a shareholder fails to make a retraction before the deadline, the voting rights exercised by the proxy shall be counted instead.

Article 5 (Preparation of attendance book and other materials)

The Company shall set out an attendance book so that shareholders or their proxies may sign in, or attending shareholders shall hand over attendance cards in lieu of signing in.

Shareholders or their proxies shall be admitted to the shareholders' meeting on the basis of attendance passes, attendance sign-in cards, or other attendance

verification. Those persons soliciting proxy letters shall carry other personal identification to facilitate checking.

Government or juristic shareholders may send more than one representative to a shareholders' meeting. However, a juristic person attending a shareholders' meeting as a proxy may send only one representative to attend.

Article 6 (Chairman, personnel attending in a non-voting capacity)

The Chairman shall serve as chairman of a shareholders' meeting convened by the Board. If the Chairman has taken leave of absence or cannot attend for some reason, the Vice Chairman shall act in his stead. If the Chairman and Vice Chairman have both taken leave of absence or cannot attend for some reason, the Chairman shall designate one director to act in his stead. If the Chairman has not designated anyone to act as chairman, the directors shall jointly elect one from among themselves to serve as meeting chairman.

If a shareholders' meeting has been convened by a person with convening powers other than the Board of Directors, the convener shall serve as the chairman. If there are two or more conveners, they shall jointly elect one from among themselves to serve as the chairman.

The company may designate commissioned lawyers, certified public accountants, or other relevant personnel to attend the shareholders' meeting in a non-voting capacity.

Article 7 (Audio or video recording of shareholders' meeting)

The Company shall make an audio or video recording of the entire proceedings of the shareholders' meeting, and shall preserve the recording for at least one year. If, however, a shareholder initiates a lawsuit in accordance with Article 189 of the Company Act, such a recording shall be preserved until the conclusion of the lawsuit.

Article 8 (Calculation of number of shares present, holding of meeting)

The presence of shareholders at a shareholders' meeting shall be calculated on the basis of shares. The number of shares present shall be calculated from the attendance book or the turned-in attendance cards.

When the designated time arrives, the chairman shall immediately call the meeting to order if shareholders representing a majority of the total number of issued shares are in attendance. The chairman may announce a delay in the start of the meeting, however, if the statutory number of shares is not present. The meeting may be delayed no more than twice, and the total delay may not exceed one hour.

If the number of shares present is still insufficient after two delays, but shareholders representing at least one-third of all issued shares are present, the meeting may make tentative resolutions with the consent of a majority of the voting rights in attendance. The Company shall then notify all shareholders of the tentative resolutions, and another shareholders' meeting shall be convened within one month.

If, after making a tentative resolution according to the procedures in the foregoing paragraph, shareholders representing a majority of issued shares become present at an in-progress meeting, the chairman may, in accordance with Article 174 of the Company Act, resubmit any tentative resolutions already made at the meeting for another vote.

Article 9 (Discussion of proposals)

The Board shall determine the agenda of a shareholders' meeting if it has convened that meeting. The meeting shall proceed in accordance with the agenda.

The agenda may not be changed without a resolution of the shareholders' meeting. If a shareholders' meeting has been convened by some person with convening powers other than the Board, the regulations of the foregoing paragraph shall still apply.

The chairman may not arbitrarily announce adjournment in the absence of a resolution to that effect before the conclusion of deliberation of items (including extraordinary motions) on the agenda determined as prescribed in the two foregoing paragraphs. If the chairman announces adjournment in violation of the rules of procedure, the attending shareholders may select a person to serve as chairman and continue the meeting with the consent of shareholders representing a majority of voting rights present.

Apart from the circumstances in the foregoing paragraph, after a meeting has adjourned, shareholders may not further select a chairman and continue the meeting at the original site or some other location.

The chairman must provide opportunities for adequate explanations and discussion in connection with proposals, revised proposals and extraordinary motions submitted by shareholders. The chairman may announce an end of discussion and put the motion to a vote when he considers it has reached the extent for making a resolution.

Article 10 (Speaking)

Before speaking, an attending shareholder or proxy shall first fill out a speaking slip specifying therein the major points of his or her speech, his or her shareholder account number (or attendance pass number), and account name. The chairman shall determine speaking order.

An attending shareholder or proxy who only submits a speaking slip but fails to actually speak shall be deemed to have not spoken. If the content of a shareholder's speech is inconsistent with that stated on his or her speaking slip, the content actually spoken shall take precedence.

An attending shareholder or proxy may question about report items on the agenda only after the chairman or person designated by the chairman has read or reported all report items. Each speaker may speak no more than twice concerning each motion, and each instance may not exceed 5 minutes. Although a speaker may speak an additional five minutes with the chairman's approval, only one such extension may be given.

When an attending shareholder or proxy gives a speech with regard to the items for ratification and discussion listed on the agenda, and to the proposals made in the extraordinary motion session, the regulations in the foregoing paragraph governing speaking time and number of speaking opportunities shall apply.

When an attending shareholder or proxy gives a speech with regard to non-proposal issues during the extraordinary motion session, the regulations in Paragraph 3 governing speaking time and number of speaking opportunities shall apply.

The chairman may stop an attending shareholder or proxy if the person's speech goes past the prescribed time limit or exceeds the bounds of the issue at hand. The chairman may direct disciplinary personnel (or security personnel) to take necessary measures to maintain order in the meeting place or ensure the smooth progress of the meeting if a speaker still refuses to stop talking or other circumstances interfering with meeting procedures occur.

Other shareholders may not interfere with a speaking shareholder or proxy without obtaining the consent of the chairman and the speaking shareholder or proxy. The chairman shall stop anyone who violates this rule, and the regulations in the foregoing paragraph shall apply.

When a government or juristic shareholder sends two or more representatives to attend the shareholders' meeting, the shareholder may designate only one person

to speak on each occasion.

The chairman may personally respond, or designate another relevant person to do so, after a shareholder has spoken.

Article 11 (Calculation of number of voting shares, recusal system)

Votes at shareholders' meetings shall be calculated on the basis of number of shares.

When votes are taken on resolutions, the number of shares held by shareholders without voting rights shall not be included in the total number of issued shares.

A shareholder may not vote on a matter, and may not appoint another shareholder to exercise his or her voting rights, if the shareholder's conflict of interest with regard the motion may be detrimental to the company's interests.

In the foregoing paragraph, the number of voting rights that may not be exercised shall not be calculated among the total voting rights of the shareholders in attendance.

With the exception of trust enterprises and agents of stock affairs approved by the competent authority in charge of securities, a single person acting as the proxy for two or more shareholders may exercise voting rights not exceeding 3% of the voting rights of total issued shares. Any excess voting rights shall not be counted.

Article 12 (Voting on resolutions)

A shareholder shall receive one voting right for each share. However, this rule shall not apply to those shareholders with restricted or no voting rights.

Although a government or juristic shareholder may appoint more than one person as a representative, the shareholder's voting rights are still calculated on the basis of the total number of shares held by that shareholder.

If, in the foregoing paragraph, a shareholder has sent two or more representatives, the representatives shall jointly exercise the shareholder's voting rights.

Unless otherwise specifically provided for in the Company Act and the Company's Articles of Incorporation, a resolution shall be adopted by a majority vote by attending shareholders.

A resolution originally listed on the agenda shall be deemed to have been passed if no attending shareholder raises any oral objection during the time allotted for discussing that resolution.

The chairman rules that a resolution may be decided by either a vote or by asking for objections. A resolution shall be deemed to have been passed when any of the following circumstances occur after the chairman has asked for objections, and shall have force equal to that of a resolution passed in a vote:

1. No shareholder with voting rights expresses any objection.
2. Although shareholders with voting rights have expressed objections, the resolution has, in accordance with the foregoing paragraph, been deemed to have received a sufficient number of assenting voting rights to pass as prescribed by law or the Articles of Incorporation.

If there shall be an amendment or alternative to one motion, the chairman may combine the amendment or alternative into the original motion, and determine their orders for resolution. If any one of the above shall be resolved, the others shall be considered as rejected, upon which no further resolution shall be required.

The chairman shall determine the order for discussion and vote for the proposals made during the extraordinary motion session. The chairman may also combine proposals that are of the same type.

Article 13 (Supervising the casting, counting, and preservation of ballots)

When a motion is put to a vote, the chairman shall direct two ballot supervising personnel and several ballot counting personnel to perform relevant matters. However, ballot supervising personnel must be shareholders.

Voting on a resolution shall be conducted without calling out the names on the ballots. The results of voting shall be reported on the spot and recorded. Ballot supervising personnel shall seal the ballots, and shall turn them over to the Company for preservation after signing or affixing their seals on them.

Article 13-1 (Determination of ballot validity)

A ballot shall be deemed invalid when all ballot supervising personnel concur that one of the following situations applies:

1. The ballot used was not prepared by the Board.
2. A blank ballot has been placed in the ballot box.
3. The ballot is illegible due to damage or indistinct writing.
4. The ballot has been altered or bears extraneous written text or symbols.
5. Both consent and oppose have been marked.

Article 13-2 (Resolution of disputes)

The chairman shall make a decision if a shareholder disputes any matters such as the voting process, the ballot counting method, or the validity of ballots. As requested by shareholders who dispute any points, the minutes shall state the shareholder's account number and the number of voting rights, and the subject of the dispute.

Article 14 (Matters concerning elections)

When directors or supervisors are elected at a shareholders' meeting, the election shall be conducted in accordance with the Company's Regulations of Election of Director and Supervisor. Election results shall be announced on the spot.

After being sealed and signed by ballot supervising personnel, the election ballots used in the elections mentioned in the foregoing paragraph shall be subjected to satisfactory preservation and kept for at least one year. If, however, a shareholder initiates a lawsuit in accordance with Article 189 of the Company Act, such ballots shall be preserved until the conclusion of the lawsuit.

Article 15 (Meeting minutes and signing)

The deliberation conducted at a shareholders' meeting shall be recorded in the meeting minutes. The chairman shall sign or affix his or her seal to the minutes. The minutes shall be issued to all shareholders within 20 days after the shareholders' meeting. The production and distribution of minutes may be performed using electronic means.

The company may provide the minutes in the foregoing paragraph to shareholders holding less than 1,000 shares of registered stock via an announcement posted on the Market Observation Post System.

The minutes shall record the year, month, day, and place of the meeting, the name of the chairman, the resolution method, a summary of deliberation, and the results of deliberation. The minutes of shareholders' meetings must be preserved for as long as the company is in existence.

Article 16 (Public announcements)

The company shall, on the day of the shareholders' meeting, compile a statistical table in prescribed format of the number of shares obtained by solicitors and by consigned agents on the day of the shareholders' meeting. This table shall be clearly displayed in the meeting venue.

Article 17 (Maintenance of order)

Personnel in charge of running a shareholders' meeting shall wear identification badges or armbands.

The chairman may ask disciplinary or security personnel to help maintain order at a meeting. Such personnel shall wear identification badges or armbands bearing the words "disciplinary personnel" when maintaining order at a meeting.

The meeting premises shall be equipped with loudspeaker equipment. The chairman may stop any shareholder speaking with loudspeaker equipment other than that arranged for by the Company.

The chairman may instruct disciplinary or security personnel to ask that any shareholder who violates the meeting rules of procedure and fails to heed a warning from the chairman, or impedes the progress of the meeting and fails to heed a call for restraint, to leave the premises.

Article 18 (Intermission, resumption)

The chairman may announce an intermission at an appropriate time during a shareholders' meeting. The chairman may also temporarily suspend a shareholders' meeting in the event of Force Majeure, and, if the circumstances permit, shall announce the time at which the meeting will resume.

If the meeting premises can no longer be used for the shareholders' meeting before the conclusion of deliberation of motions on the agenda (including extraordinary motions), the shareholders may make a resolution to seek another venue and continue the meeting.

In accordance with Article 182 of the Company Act, a shareholders' meeting may make a resolution to postpone the meeting until or resume the meeting at some other time within 5 days.

Article 19 (Supplementary provisions)

Except where explicitly prescribed in the Company Act and the Company's Articles of Incorporation, the chairman shall decide any matters not prescribed in these rules. Any matters still disputed by shareholders shall be handled in accordance with appropriate legal procedures, and shall not constitute a pretext for obstructing or disturbing deliberative procedures.

Article 20 (Enforcement)

These meeting rules of procedure shall take effect after being passed by the shareholders' meeting; likewise in the case of revisions.

III. Meeting Rules of Order of the Board of Directors of Chunghua Telecom Co., Ltd.

The total 17 articles approved at the BOD Meeting on August 19, 2003.

Amendment approved at the BOD Meeting on December 26, 2006 and reported at the 2006 Annual General Meeting.

Amendment approved at the BOD Meeting on March 25, 2008 and reported at the 2008 Annual General Meeting.

Amendment approved at the BOD Meeting on March 27, 2012 and reported at the 2012 Annual General Meeting.

Article 1

Chunghua 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 and supervisors 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.

Except unforeseen emergency situation or other legitimate reasons, the circumstances regulated in Article 12, Paragraph 1, Subparagraph 1 through 8 and Subparagraph 24 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' resolution implementation status. The managers of relevant departments 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 in a non-voting capacity in order to provide professional opinions for the Board's reference.

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;
 - (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. Annual and semi-annual financial reports/statements;
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 the Board's organizational regulations and functional committee establishment guidelines;
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 Vice Presidents, and heads 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, supervisors 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. The salary compensation of directors and management of the various subsidiaries, in accordance with its Powers and Duties Chart of that subsidiary;
23. Matters that should be submitted for Board, resolution in accordance to the Powers and Duties Chart of BOD and the Management;
24. 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.

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

On matters connected to a director's personal interest or that of a juridical person he/she represents, that may be detrimental to the Company's interest, the director may express his/her opinion, but shall not participate in discussion of and voting on such matters, and shall not exercise another director's voting rights as a proxy concerning such matters. In addition, the director must be excluded from all discussion and voting of such matters.

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, supervisors and persons who attended in a non-voting capacity within twenty (20) days of each meeting. The minutes may be produced and distributed by electronic means.

The minutes shall record the year, month, day, and location of the meeting, the Chairman's name, the method of resolution, and a summary of the meeting's proceedings and results. The minutes shall be preserved as long as the Company is in existence.

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, Executive Yuan, 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. Salary compensation approved by the Board of Directors is higher than the proposed amount by the Remuneration Committee.

Article 19

The Rules of Order shall be implemented after approval by the Board of Directors, and reported to the Shareholders' Meeting; likewise in the case of any revisions.

IV. Directors and Supervisors Election Regulations of Chunghwa Telecom Co., Ltd.

1. All 10 articles adopted by Annual General Meeting on June 4, 2001
2. Articles 2, 3, 5, 6, 7, 8, 9 amended Annual General Meeting on June 21, 2002
3. All 14 Articles amended by Annual General Meeting on June 15, 2007

Article 1 Except where prescribed by laws and regulations or the Articles of Incorporation of Chunghwa Telecom Co., Ltd. (herein referred to as "the Company"), the election of directors and supervisors shall in all cases be conducted in accordance with these Regulations.

Article 2 The election of this Company's directors shall take into consideration the overall composition of the board of directors. Board members shall possess the knowledge, skills, and qualifications required to perform their duties. The board as a whole shall possess the following abilities:

1. Ability to judge business operations;
2. Accounting and financial analysis capability;
3. Administrative and management ability;
4. Crisis management ability;
5. Industry knowledge;
6. International market outlook;
7. Leadership skills; and
8. Decision-making ability.

Article 3 The Company's supervisors shall possess the following qualities:

1. Trustworthiness and pragmatism
2. Impartial judgment
3. Professional knowledge
4. Abundance of professional or business experience
5. The ability to read financial statements

Article 4 The qualifications and selection of the Company's independent directors shall comply with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and shall be implemented in accordance with Article 24 of the Company's "Code of Corporate Governance."

Article 5 Independent directors shall be elected employing the candidate nomination system and procedures prescribed in Article 192-1 of the Company Law.

Article 6 The election of directors or supervisors shall adopt a disclosed cumulative voting method. Each share represents a weighted number of voting rights equivalent to the number of directors and supervisors to be elected; such voting rights may be exercised to collectively elect a single candidate or may be distributed among several candidates.

Article 7 The ballots shall be prepared by the Company, and the elector's attendance card number and the weighted number of voting rights shall be stated on the ballots bearing the Company's seal.

Article 8 The number of voting rights of independent and non-independent directors shall be separately calculated in accordance with the number of available seats prescribed in the Articles of Incorporation. Those persons with the greatest numbers of ballots representing voting rights shall be elected in order of number of ballots received. If two or more persons have received

the same number of voting rights, and the number of persons would exceed the prescribed number of available seats, the persons with the same number of voting rights shall draw lots to decide election; the chairman shall draw lots on behalf of any selected persons who are not present. The same natural person may not simultaneously serve as a director and a supervisor; when one person is simultaneously elected a director and a supervisor, he/she shall decide whether to serve as director or supervisor by himself/herself, and the vacant position shall be filled by the person receiving the next highest weighted number of voting rights..

Article 9 At the beginning of election, the chairman shall appoint a number of ballot supervising and counting staff to perform relevant electoral tasks. Ballot supervising personnel shall be shareholders.

Article 10 When casting vote for a natural person, the elector's ballot shall explicitly specify the following items before being placed into the ballot box:

1. The name of the natural person receiving the vote.
2. The shareholder account number or ID card number of the selected natural person.
3. The weighted number of voting rights allotted to one or more natural persons.

When casting votes for a juristic person, the elector's ballot shall explicitly specify the following items before being placed in the ballot box:

1. The full name of the juristic person, or the full name of the juristic person and the name of its representative.
2. The shareholder account number or unified business number of the selected juristic person.
3. The weighted number of voting rights allotted to one or more juristic persons.

The selected persons shall have legal capacity.

Article 11 A ballot shall be invalid when any one of the following situations occurs:

1. The ballot was not prepared as prescribed in Article 7 of these regulations.
2. The ballot was not placed into the ballot box.
3. The ballot was blank when placed into the ballot box.
4. The number of selected persons stated on the ballot exceeds the prescribed number of available seats.
5. Items that shall be explicitly specified as prescribed in Paragraphs 1 and 2 of Article 10 are incomplete on the ballot.
6. Either of the natural person's name, full name of the juristic person, or shareholder account number of the selected natural person or juristic person on the ballot is inconsistent with the stock ledger.
7. Either of the natural person's name, full name of juristic person, or ID card number of the selected natural person or unified business number of juristic person stated on the ballot is inconsistent with the records of competent authority.
8. The elector has written extraneous symbols, pictures, or text on the ballot apart from the items that shall be explicitly specified as prescribed in Paragraphs 1 and 2 of Article 10.
9. Any content of the items that must be explicitly specified as prescribed in Paragraphs 1 and 2 of Article 10 has been altered.
10. The handwriting on the ballot is too obscure to be recognized.

11. The total weighted number of voting rights allotted by the elector exceeds his/her total weighted number of voting rights.

Article 12 The Company shall set out separate ballot boxes for directors and supervisors elections, and ballot supervising personnel shall open to inspect the boxes in front of the legally convened shareholders.

Article 13 Following an election, the chairman shall announce the list of elected persons in the meeting.

Article 14 These regulations shall be effective upon approval of the shareholders meeting. Any amendment hereof shall require the same process.

V. Procedures for Acquisition and 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 title of Chapter 3 amended, and Article 47 deleted by Annual General Meeting on June 19, 2009.

Chapter 1 General Principles

Article 1

The Company has determined the Procedures for Acquisition and Disposition of Assets of Chunghwa Telecom Co., Ltd. (herein referred to as the "*Procedures*") in accordance with the Regulations Governing the Acquisition and Disposition of Assets by Public Companies (herein referred to as the "*Regulations*") of the Financial Supervisory Commission, Executive Yuan (herein referred to as the "*Financial Supervisory Commission*") °

Article 2

Except when prescribed by other laws or the Company's Articles of Incorporation, in which case, such Regulations shall take precedence, the acquisition or disposition of assets by the Company shall be conducted in accordance with these Procedures.

Article 3

The scope of applicability of the term "*assets*" as used in these Procedures shall be as follows:

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 and other fixed assets;
3. Memberships;
4. Intangible assets including patents, copyrights, trademarks, concession rights, and etc.;
5. Derivatives;
6. Assets acquired or disposed through mergers or consolidations, splits, acquisitions, or assignment of shares in accordance with law; and
7. Other major assets.

Article 4

Terms used in these procedures are defined as follows:

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 "*forward contracts*" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
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 “Assignment of shares”) under Article 156, Paragraph 6 of the Company Act.

3. Related party: As defined in Statement of Financial Accounting Standards No. 6, published by the ROC Accounting Research and Development Foundation (herein referred to as the “ARDF”).
4. Subsidiary: As defined in Statements of Financial Accounting Standards Nos. 5 and 7, published by the ARDF.
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, other fixed or intangible assets.
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.
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.

Article 5

When the Company obtains an appraisal report or a written opinion from a CPA, attorney, securities underwriter, or intangible asset appraisal organization, the professional appraiser and its appraisal personnel, or the CPA, attorney, securities underwriter, or intangible asset appraisal organization shall not be the related party of any transaction party.

Article 6

When acquiring or disposing of assets through court auction procedures, the Company may employ verification documents provided by the court instead of an appraisal report or CPA's opinion.

Article 7

The Company's acquisition or disposition of assets shall be approved by the Board of Directors in accordance with these Procedures or other laws and Regulations. The Company shall submit the dissenting opinion to each supervisor when any Board of Director expresses dissent and the dissent shall be stated in the minutes or a written statement.

When the Company submits the transactions of asset acquisition or disposition to the Board for discussion in accordance with Regulations, the Board shall take each independent director's opinion into full consideration. Any opposed or qualified opinion stated by any independent director shall be explicitly noted in the Board meeting minutes.

Chapter 2 Acquisition or Disposition of Securities

Article 8

Appraisal procedures for the Company's acquisition or disposition of securities are as follows:

1. Before acquiring securities, the responsible department shall perform relevant financial analysis of the investment target, forecast returns that may be generated, and assess possible investment risk.
2. Method of determining prices when acquiring or disposing of securities and reference basis:
 - (1) When the Company acquires or disposes of securities that are already traded on the stock exchange or at securities brokers' business offices, transactions shall be determined on the basis of market prices.
 - (2) When the Company acquires or disposes of securities that are not traded on the stock exchange or at securities brokers' business offices, the Company shall refer to the target company's financial statement for the most recent period that has been audited or revised by a CPA. If the securities consist of bonds that are not traded on the stock exchange or at securities brokers' business offices, the Company shall determine whether to perform the transaction after referring to the market price and interest rate at that time, and the debtor's credit.
 - (3) When the value of a transaction in which the Company acquires or disposes of securities exceeds NT\$300 million, the Company shall request a CPA to express an opinion concerning the reasonableness of the transaction price. The case shall not be subject to this restriction, however, if the securities in question have quoted prices in active markets, or other regulations of the Financial Supervisory Commission apply.

When the Company engages in a discretionary investment, it shall proceed in accordance with the Company's discretionary investment guidelines, and the regulations in the foregoing paragraph shall not apply.

Article 9

The total value of securities acquired by the Company may not exceed 50% of the shareholder's equity on the Company's financial statement for the most recent period.

The amount of any individual security acquired by the Company may not exceed 5% of the shareholder's equity on the Company's financial statement for the most recent period.

When the Company invests in other companies as a limited liability shareholder, the cumulative total of all investment may not exceed the Company's total paid-in capital, and cumulative total investment in non-telecommunications enterprises may not exceed 20% of the Company's total paid-in capital.

Article 10

The Company's operating procedures for the acquisition or disposition of securities shall be implemented in accordance with the Company's relevant operating guidelines and regulations governing apportionment of duties and powers.

Chapter 3 Acquisition or Disposition of Real Estate and Other Fixed Assets

Article 11

When the Company acquires or disposes of real estate or other fixed assets, the responsible department shall be charged with prudently assessing the necessity and reasonableness of the transaction based on the Company's current state of

operations and finances and future development plans.

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.

When acquiring or disposing of other fixed assets, the Company shall proceed by means of price inquiries, price comparison, price negotiation, or request for bids.

Article 12

The total value of real estate acquired by the Company for non-operating use may not exceed 3% of shareholder's equity on the Company's most recent financial statement.

Article 13

When the transaction amount for the acquisition or disposition of real estate or other fixed assets reaches NT\$300 million or more, the Company, unless transacting with a government agency, commissioning others to build on its own land, commissioning others to build on leased land, or acquiring machinery and equipment for operating use, shall obtain an appraisal report (as Attachment 1) in advance from a professional appraiser and shall further comply with the following provisions:

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, a CPA shall be engaged to perform the appraisal in accordance with the provisions of Statement of General Auditing Procedures No. 20, published by the ARDF, and to provide an opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - (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.
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.

Article 14

The Company's acquisition or disposition of real estate or other fixed assets shall be performed in accordance with the Company's regulations of duties and powers. The relevant department in charge shall report all matters, meeting public reporting standards, after submitting relevant information to the Board for approval. When the time is insufficient to obtain the Board's approval, the CEO and president shall be authorized to approve in accordance with their respective authorized powers, and the case shall uniformly be presented at the first Board meeting after

the transaction for ratification.

Article 15

When acquiring real estate from a related party through purchase or exchange, the Company shall perform relevant resolution procedures and assess the reasonableness of the transaction terms in accordance with Article 11, Article 13, and Articles 16 through 19.

When determining whether a transaction counterpart is a related party, in addition to legal formalities, the substantive relationship shall also be considered.

Article 16

When acquiring real estate from a related party, the Company shall perform the transaction only after submitting the following information to the Board for approval and to the supervisors for acknowledgement:

1. The purpose, necessity, and anticipated benefit of the real estate acquisition;
2. The reason for choosing the related party as a transaction counterpart;
3. 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; and
6. Restrictive conditions and other important stipulations associated with the transaction.

When the foregoing information is submitted to the Board for discussion, the Board shall take into full consideration each independent director's opinions. Independent directors' opposed or qualified opinions shall be explicitly noted in the Board meeting minutes.

Article 17

When acquiring real estate from a related party, the Company shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer in accordance with law. "*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.
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.

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.

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.

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 provisions of the following three paragraphs shall not apply:

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.

Article 18

When the results of the Company's appraisal conducted in accordance with the provisions of Article 17, paragraphs 1 and 2 are uniformly lower than the transaction price, the matter shall be conducted in compliance with the provisions of Article 19. However, when the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA. This preceding restriction shall not apply to the following:

1. When the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (1) When undeveloped land is appraised in accordance with the means in the foregoing article, and the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price, the "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction department over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (2) Completed transactions by other unrelated parties within the preceding year involving other floors of the same asset or neighboring land when the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard asset market practices.
 - (3) Completed leasing transactions by unrelated parties for other floors of the same property within the preceding year when the transaction terms are estimated to be similar after calculation of reasonable price discrepancies among floors in accordance with standard asset leasing market practices.
2. When having acquired real estate from a related party, the Company provides evidence that the transaction terms are similar to the terms of transactions completed for the acquisition of neighboring land of a similar size by unrelated parties within the preceding year.

Completed transactions for neighboring land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value. Similarly sized parcels in principle refers to transactions completed by unrelated

parties for parcels with a land area of no less than 50% of the property in the planned transaction. "Within one year" refers to one year from the date of acquisition of the real estate.

Article 19

When the Company acquires real estate from a related party and the results of appraisals conducted in accordance with the provisions of Article 17 and Article 18 are uniformly lower than the transaction price, the following shall be done:

1. The difference between the real estate transaction price and the appraised costs shall be allocated as special reserve in accordance with the provisions of Article 41, Paragraph 1 of the Securities and Exchange Act and may not be distributed or used for capital increase and issuance of bonus shares. If an invested company appraised by the Company using the equity method has the foregoing circumstances, the Company shall also list as special reserve under Article 41, paragraph 1 of the Securities and Exchange Act its share of the allocated portion in proportion to its shareholding.
2. Supervisors shall comply with the provisions of Article 218 of the Company Act.
3. The circumstances of handling under the foregoing two subparagraphs shall be reported at the shareholders meeting and the detailed content of the transaction shall be disclosed in the annual report and public prospectus.

After allocating a special reserve under the foregoing paragraph, the Company may not utilize such special reserve until it has recognized loss due to price decline for the assets it purchased at a premium, or such assets have been disposed of, or adequate compensation has been made, or the original condition has been restored, or there is other evidence confirming that it is not unreasonable to do so, and the Financial Supervisory Commission (FSC) has given its consent.

The Company shall also adhere to the provisions of the two foregoing paragraphs when acquiring real estate from a related party if there is other evidence indicating that the transaction is in any way inconsistent with regular business practices.

Chapter 4 Derivative Trading

Article 20

The derivative transaction, by trading attributes, can be classified into two types: the hedging-purpose transaction and the trading-purpose transaction. The purpose to engage in the hedging-purpose transaction is to avoid or smooth the price fluctuations incurred by exchange rate or interest rate on the Company's asset or liability. The purpose to engage in trading-purpose transaction is to make a profit through price gaps in products and, meanwhile, shoulder risks.

The derivative transaction the Company can engage in shall be confined to hedging-purpose transaction. The Company shall not engage in trading-purpose derivative transaction.

Article 21

The Company may engage in derivative trading which are confined to only such categories as defined under Article 4, Paragraph 1, Subparagraph 1.

Article 22

When the Company engages in the trading of derivatives for hedging

purposes, the target of hedging shall be limited to foreign currency deposits, financial assets already held by the Company, liabilities that have already occurred, and estimated foreign currency amount for the subsequent six months.

The total notional amount of derivative contracts traded by the Company shall not exceed the sum of the Company's recognized foreign currency deposits, financial assets, liabilities, and estimated foreign currency amount for the subsequent six months.

Article 23

The maximum loss limits on each individual and total derivative contracts traded by the Company are as follows:

1. The maximum loss limit on each individual derivative contract is 15% of each individual contract's notional amount.
2. The maximum loss limit on total derivative contracts is 15% of total contracts' notional amount.

If either individual's or total contracts' maximum loss limit in the foregoing paragraph is reached, CFO or a designee shall immediately convene relevant personnel at a meeting to discuss responses.

Article 24

The derivative trading contract and such documents shall be executed by the CEO or the designee thereof for and on behalf of the Company.

Article 25

When the Company engages in derivative transaction, each department's duties shall be as follows:

1. Finance Department:
 - (1) Regularly tracking the Company's overall demand position and relevant domestic and foreign information concerning traded products, trading within authorized limits at opportune moments, and tracking income from positions resulting from past transactions.
 - (2) Forwarding of receipts from derivative trading and income-related information to the Accounting Department for bookkeeping.
2. Accounting Department: Bookkeeping of receipts from derivative trading and income-related information forwarded by the Finance Department.
3. Audit Department:
 - (1) Conducting regular and irregular audits in accordance with internal audit operating regulations.
 - (2) Periodically making a determination of the suitability of internal controls on derivatives and conducting a monthly audit of how faithfully derivatives trading by the trading department adheres to the Procedures for Engaging in Derivatives Trading, and preparing an audit report. If any material violation is discovered, all independent directors and supervisors shall be notified in writing.

Article 26

The Company shall not engage in derivative trading until each and every case of trading is signed and approved in writing within the limit levels of authorization enumerated below:

Managerial levels	Limit in amounts authorized for each case of trading
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Board of Directors	NT\$2 billion (exclusive) up
CEO	NT\$1.5 billion (exclusive) up, below NT\$2 billion
President	NT\$1 billion (exclusive) up, below NT\$1.5 billion
Vice President of Finance	NT\$500 million (exclusive) up, below NT\$1 billion
Director of Financial Department	Below NT\$500 million

Remarks: The amount of each trading case shall be calculated based on the maximum possible face amount that could be incurred by the derivatives, contract amount or nominal principal.

The amount limit and levels for derivatives which the Company consigns professional investment institutions to invest and operate shall be pursuant to the requirements set forth in "Power & Responsibility Classification table for the Board of Directors and Managerial Departments". The provision set forth in the preceding paragraph is not applicable to such trading.

Article 27

The management department is authorized to formulate the Standard Operation Procedure (SOP) for Handling Derivative Products separately.

Article 28

The performance of derivatives shall be assessed on the basis of the sum of the gains or losses of the derivative position and the gains or losses of the position being hedged.

Article 29

The Company shall adopt the following risk management measures when engaging in derivative trading:

1. Credit risk: Transaction counterparties shall, in principle, consist of organizations with excellent credit.
2. Market price risk: the Company shall constantly undertake to control the risk of changes in the market value of traded derivatives due to interest rate or exchange rate fluctuations or other factors.
3. Liquidity risk: Traded derivatives shall chiefly consist of derivatives with relatively high liquidity; The Company shall maintain sufficient funds and credit to meet the need for funds at time of settlement.
4. Cash flow risk: The Company shall constantly undertake to control the risk of changes in cash flow and gains/losses from the traded derivative at the time of settlement due to interest rate or exchange rate fluctuations or other factors.
5. Operating risk: Relevant departments and personnel shall strictly comply with derivative regulations in these Procedures.
6. Legal risk: All contracts shall be reviewed by legal affairs department before signing with counterparties.
7. Other:
 - (1) Personnel at the Finance Department authorized to perform derivative trading and trade confirmation shall be assigned by CFO.
 - (2) Personnel engaging in derivative trading should not serve concurrently in other operations such as confirmation and settlement.
 - (3) Personnel responsible for assessment, oversight, and control of derivative risk shall belong to a different department than the personnel in Item 2 of this subparagraph, and shall regularly report to senior management

personnel.

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

Article 30

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.

Where the Company's 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.

Chapter 5 Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

Article 31

When the Company engages in mergers and consolidations, splits, acquisitions, and strategic investments, relevant operating procedures and authorized amount limits shall be determined on the basis of the Company's Inter-Company's Investment Operating Guidelines and regulations governing apportionment of duties and powers.

When the Company engages in a merger or consolidation, split, acquisition, or assignment of shares, the responsible department shall, prior to meeting with the Board to deliberate on the matter, engage a CPA, attorney, or securities underwriter to express an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and such opinion shall be submitted to the Board for discussion and approval.

Article 32

When participating in a merger or consolidation, split, or acquisition, the

Company shall, prior to the shareholders' meeting, prepare a public report to shareholders detailing important contractual content and relevant matters concerning the merger or consolidation, split, or acquisition, and include it along with the expert opinion referred to in Paragraph 2 of the foregoing Article when sending shareholders notification of the shareholders meeting. These materials shall provide reference information when shareholders decide whether to approve the merger or consolidation, split, or acquisition. However, this restriction shall not apply when other laws or regulations exempt a company from convening a shareholders meeting to approve the merger or consolidation, split, or acquisition.

When the shareholders meeting of the Company or other company participating in a merger or consolidation, split, or acquisition fails to convene or to approve a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders at the shareholders meeting, the Company shall immediately publicly explain the reason, subsequent handling measures, and the anticipated date of the next shareholders meeting.

Article 33

When participating in a merger or consolidation, split, or acquisition, except when another law prescribes otherwise or special factors must be reported in advance to the Financial Supervisory Commission for approval, the Company shall conduct Board meetings and shareholders meetings on the same day as the company that participates in the merger or consolidation, split, or acquisition, and shall resolve matters concerning the merger or consolidation, split, or acquisition.

When participating in an assignment of shares, the Company shall call a Board meeting the same day as the other company participating in the assignment of shares, except another law prescribes otherwise or special factors must be reported in advance to the Financial Supervisory Commission for approval.

When the Company participates in a merger, split, acquisition, or assignment of shares, the following information in its entirety shall be recorded in writing, preserved for five years, and made available for inspection.

1. Basic information on personnel: includes persons who, prior to public knowledge thereof, participated in plans to carry out mergers, splits, acquisition, or assignment of shares, or those persons implementing the plan. Details of each person should include occupation, full name, ID number (passport number in the case of a foreign national).
2. Important dates: includes dates of signing of letters of intent and memorandums; commissioning of financial services or legal advisors; signing of contracts and Board of Directors meetings.
3. Important documents and meeting minutes: includes plans regarding mergers, splits, acquisitions or assignment of shares; letters of intent or memorandums, important contracts, and Board of Directors meeting minutes.

When the Company participates in a merger, split, acquisition, or assignment of shares, it shall, before the start of trading hours on the next business day after the Board passes the proposal, report and submit the information according to prescribed format from Subparagraphs 1 and 2 of the foregoing paragraph to the Financial Supervisory Commission for reference via an Internet data system.

When the Company engages in a merger, split, acquisition, or assignment of shares with a company that is not listed on the stock exchange or whose stock is not

sold at securities brokerages, the Company shall sign an agreement with the said company, and implement the transaction according to Paragraphs 3 and 4.

Article 34

Every person of the Company who participates in or privy to a plan for merger or consolidation, split, acquisition, or assignment of shares shall complete a confidentiality agreement, may not disclose the content of the plan prior to public disclosure of the information, and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company connected with the plan for merger or consolidation, split, acquisition, or assignment of shares.

Article 35

When the Company participates in a merger or consolidation, split, acquisition, or assignment of shares, the share exchange ratio or acquisition price may not be arbitrarily altered except under the following circumstances, and the merger or consolidation, split, acquisition, or assignment of shares contract shall specify circumstances permitting alteration:

1. Cash capital increase, issuance of convertible corporate bonds, issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, and other equity based securities.
2. Action, such as a disposition of major assets, that affects the Company's financial operations.
3. Event, such as a major disaster or major technological shift, that affects shareholder equity or share price.
4. An adjustment when any party participating in the merger or consolidation, split, acquisition, or assignment of shares buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in.
6. Other conditions that the contract specifies may be altered and that have been publicly disclosed.

Article 36

When the Company participants in a merger or consolidation, split, acquisition, or assignment of shares, the contract shall explicitly state the rights and obligations of all parties, and shall also state the following:

1. Handling of breaches.
2. Principles for the handling of equity-based securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is split off.
3. The amount of treasury stock that participating companies may buy back after the record date of calculation of share exchange ratio calculation, and relevant handling principles.
4. The method of handling increases or decreases in the number of participating entities or companies.
5. A plan implementation progress schedule, and anticipated completion date.
6. The scheduled date of the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 37

After public disclosure of the information, if the Company or any company participating in the merger or consolidation, split, acquisition, or share assignment intends further to carry out a merger or consolidation, split, acquisition, or share assignment with another company, procedures or legal actions that had been

performed for the purpose of the original merger or consolidation, split, acquisition, or share assignment shall be re-implemented by all participating companies; except when the number of participating companies is decreased and a participating company's shareholders meeting has resolved and authorized the Board to change limits of authority, such company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 38

When a company participating in a merger or consolidation, split, acquisition, or assignment of shares is not a public company, the Company shall sign an agreement with the non-public company, and shall comply with the provisions of Articles 33, 34, and 37.

Chapter 6 Acquisition or Disposition of Intangible Assets

Article 39

When the Company acquires or disposes of memberships or intangible assets and the transaction amount is NT\$300 million or more, the Company shall engage a CPA to provide an opinion on the reasonableness of the transaction price, and the CPA shall comply with the provisions of Statement of General Auditing Procedures No. 20 published by the ARDF.

Chapter 7 Public Disclosure of Information

Article 40

When acquiring or disposing of assets, the Company shall publicly announce and report relevant information in accordance with its type on the Financial Supervisory Commission's designated web site in the prescribed format before the start of trading hours on the next business day after the event in any of the following circumstances:

1. Acquisition of real estate from a related party.
2. Investment in the Mainland China area.
3. Merger or consolidation, split, acquisition, or assignment of shares.
4. Losses from derivative trading exceeding the overall limit or individual contract limit specified in these Procedures.
5. When asset transactions other than those referred to in the preceding four subparagraphs amount to NT\$300 million or more; this shall not apply, however, in the following circumstances:
 - (1) Trading of government bonds.
 - (2) Trading of bonds under repurchase/resale agreements.
 - (3) The type of asset acquired or disposed is equipment/machinery used for operating purposes, the transaction counterparty is not a related party, and the transaction amount does not exceed NT\$500 million.
 - (4) Acquisition of real estate for commissioned construction on self-owned land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction does not exceed NT\$500 million.

The amounts of the transactions in the foregoing paragraph shall be calculated as follows:

1. The amount of any individual transaction.

2. The cumulative transaction amount of acquisitions and dispositions of the same type of target with the same transaction counterparty within one year.
3. The cumulative transaction amount of real estate acquisitions and dispositions (cumulative acquisitions and dispositions, respectively) within the same development project during one year.
4. The cumulative amount of acquisitions and dispositions (cumulative acquisitions and dispositions, respectively) of the same security during one year.

As used in Paragraph 2 above, during one year refers to a period of one year after the date on which the transaction took place. Items announced in accordance with regulations need not be included.

Article 41

The Company shall compile monthly reports on the status of derivative trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies, and shall enter the information in the prescribed format into the information reporting website designated by the Financial Supervisory Commission by the tenth day of each month.

When the Company at the time of public announcement makes an error or omission concerning an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.

When any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the foregoing paragraph, a public report of relevant information shall be made on the information reporting website designated by the Financial Supervisory Commission before the start of trading time on the following business day after the day of occurrence of the fact:

1. Change, termination, or dissolution of a contract signed in connection with the original transaction.
2. The merger or consolidation, split, acquisition, or assignment of shares is not completed by the scheduled date set forth in the contract.

Article 42

The public announcement of acquisition or disposition of assets by the Company shall be in the following format:

1. The Company shall use the public announcement format in Appendix 2 for announcement items and content when trading securities on a domestic and foreign stock exchanges or the ROC Over-the-Counter Securities Exchange.
2. The Company shall use the public announcement format in Appendix 3 for announcement items and content when acquiring real estate via commissioned construction on Company-owned land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale.
3. The Company shall use the public announcement format in Appendix 4 when acquiring or disposing of real estate or other fixed assets, or acquiring real estate from a related party.
4. The Company shall use the public announcement format in Appendix 5 when trading securities, memberships, or intangible assets not on the stock exchanges or over-the-counter market.

5. The Company shall use the public announcement format in Appendix 6 when making investments in the Mainland area.
6. The Company shall use the public announcement format in Appendix 7-1 when engaging in derivative trading and the announcement shall be made before the start of trading time on the following business day after the day of occurrence of the fact.
7. The Company shall use the public announcement format in Appendix 7-2 when engaging in derivative trading and the announcement shall be made before the tenth day of each month.
8. The Company shall use the public announcement format in Appendix 8 when engaging in a merger or consolidation, split, acquisition, or assignment of shares.

Chapter 8 Supplemental Provisions

Article 43

When the Company acquires or disposes of assets, it shall keep all relevant contracts, meeting minutes, memorandum books, appraisal reports, and CPA, attorney, securities underwriter, or intangible asset appraisal organization opinions at the Company headquarters, where they shall be preserved for at least five years except when other laws stipulate otherwise.

Article 44

The acquisition or disposition of assets by a subsidiary of the Company shall be conducted in accordance with the following regulations:

1. A subsidiary shall determine its asset acquisition and disposition procedures on the basis of the "Regulations", and shall submit its procedures to the Company for future reference after approval by its board and shareholders' meeting; likewise in the case of revisions.
2. When a subsidiary performs its annual internal control self-assessment, it shall include matters concerning the acquisition or disposition of assets as self-assessment items, and shall present a self-assessment report to the Company. The Company's Audit Department shall check the self-assessment report submitted by each subsidiary.
3. Total amount of non-operating real property and securities, and limit amount on each individual security acquired by the subsidiary company shall be determined by each subsidiary itself.
4. When a subsidiary is not a domestic public company, the Company shall publicly announce the subsidiary's acquisition or disposition of assets requiring public announcement as prescribed in Chapter 7.

Article 45

If managers or relevant implementing personnel of the Company violate the Regulations Governing the Acquisition or Disposition of Assets by Public Companies or these procedures while engaging in matters connected with the acquisition or disposition of assets, disciplinary action shall be taken in accordance with the Company's personnel regulations.

Article 46

After receiving approval of the Board of Directors, these procedures shall be distributed to each supervisor and submitted to the shareholders meeting for

approval. Any amendment hereof shall require the same process. Full consideration shall be to the opinions of all independent directors when these procedures are discussed by the Board of Directors, and any dissenting or qualified opinions stated by independent directors shall be explicitly noted in the minutes of the Board Meeting. If any director expresses dissenting opinions and these are recorded or declared in writing, the Company shall send such dissenting opinions to each supervisor and submit them to shareholders meeting for discussion.

Appendix

I. Shares Held by Directors and Supervisors

(as of book close date before this year's Annual General Meeting: April 24, 2012)

Title	Name	Date appointed	Term of appointment	Representative	Number of shares	Shareholding ratio
Chairman & CEO	MOTC	June 18, 2010	3 years	Shyue-Ching Lu	2,737,718,976	35.29%
Directors	MOTC	June 18, 2010	3 years	Shiao-Tung Chang		
				Wen-Tsan Lin		
				Yu-Fen Hong		
				Jennifer Yuh-Jen Wu		
				Shih-Wei Pan		
				Gordon S. Chen		
				Yi-Bing Lin Shih-Peng Tsai		
Independent director	Zse-Hong Tsai	June 18, 2010	3 years		0	0%
Independent director	Chung-Yu Wang	June 18, 2010			0	0%
Independent director	Chung-Fern Wu	June 18, 2010			0	0%
Number of shares held by all directors					2,737,718,976	35.29%
Supervisor	Chunghwa Post Co., Ltd.	June 18, 2010	3 years	Su-Ghen Huang	135,073,719	1.74%
				I-Hwa Wu		
Supervisor	National Development Fund, Executive Yuan	June 18, 2010	3 years	Shwu-Fen Chao	12,371,562	0.16%
Number of shares held by all supervisors					147,445,281	1.90%

- Notes: 1. The shareholding ratios in this table are based on a total of 7,757,446,545 outstanding shares as of the book close date before this year's Annual General Meeting.
2. According to Article 26 of the Securities and Exchange Act and Article 2, Paragraph 1, Subparagraph 7 and Paragraph 2 of the Regulations Governing Ratios and Auditing of Director and Supervisor Share Ownership at Public Companies: the minimum number of shares that may be held by all Company directors is 124,119,144 shares, and the minimum number of shares that may be held by all supervisors is 12,411,914 shares.