

TSE:2412
NYSE:CHT

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

Chunghwa Telecom Co., Ltd.

2021 Annual General Meeting Handbook

Date: May 28, 2021

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

Chunghwa Telecom Co., Ltd. 2021 Annual General Meeting Handbook

Table of Contents

Agenda	2
Report Items	3
I. 2020 business report.....	3
II. 2020 audit committee's review report.....	8
III. 2020 compensation distribution to directors and employees.....	9
IV. Amendments to the Ethical Corporate Management Best Practice Principles of the Company	10
V. Corporate social responsibility policies, systems and related management guidelines	11
VI. Issuance of unsecured straight corporate bonds for 2020.....	12
Matters for Ratification	13
I. Ratification of 2020 business report and financial statements	13
II. Ratification of 2020 earnings distribution proposal	37
Matters for Discussion.....	39
I. Amendments to the Articles of Incorporation of the Company	39
II. Amendments to the Ordinance of Shareholders Meetings of the Company	47
III. Amendments to the Directors Election Regulations of the Company	53
IV. Release of non-competition restrictions on directors	58
Extemporary Motions.....	59
Meeting Adjourned	59
The Company's Rules	60
I. Articles of Incorporation of Chunghwa Telecom Co., Ltd.	60
II. Ordinance of Shareholders Meetings of Chunghwa Telecom Co., Ltd.	69
III. Ethical Corporate Management Best Practice Principles of Chunghwa Telecom Co., Ltd.	77
IV. Directors Election Regulations of Chunghwa Telecom Co., Ltd.	85
Appendix	88
Shares Held by Directors	88

Agenda

The Chairman Calls the Meeting to Order

Chairman's Address

Report Items

- I. 2020 business report
- II. 2020 audit committee's review report
- III. 2020 compensation distribution to directors and employees
- IV. Amendments to the Ethical Corporate Management Best Practice Principles of the Company
- V. Corporate social responsibility policies, systems and related management guidelines
- VI. Issuance of unsecured straight corporate bonds for 2020

Matters for Ratification

- I. Ratification of 2020 business report and financial statements
- II. Ratification of 2020 earnings distribution proposal

Matters for Discussion

- I. Amendments to the Articles of Incorporation of the Company
- II. Amendments to the Ordinance of Shareholders Meetings of the Company
- III. Amendments to the Rules for Election of Directors of the Company
- IV. Release of non-competition restrictions on Directors

Extemporary Motions

Meeting Adjourned

Report Items

I. 2020 business report

2020 was a challenging year, both for us and for the rest of the world. Despite facing challenges caused by the COVID-19 pandemic, we continued to advance our “customer-centric” transformation strategy, take advantage of market opportunities, develop new telecommunication technologies and applications, and expand our businesses by flexibly allocating our resources in response to environmental changes. Through the efforts of all our employees, we were able to reach a milestone in 2020 by exceeding our profit forecasts and achieving year over year earnings growth.

In terms of the Company’s overall development, we launched our two-pillar "5G + Transformation" strategy, strengthened our business efficiency, and continued to develop and expand business opportunities for the Company. In early 2020, we secured the widest and relatively better frequency allocation for 5G development through auctions. This included 3.42-3.51GHz and 90 MHz of bandwidth in the 3.5GHz band, as well as 27.9-28.5GHz and 600MHz of bandwidth in the 28GHz band. The widest and relatively better bandwidths provide us with crucial resources and significant advantages to drive our growth over the next two decades. We launched 5G services on June 30, 2020, taking a lead in the industry. In addition, we maintained progress in building 5G base stations, covering all the key business districts and transportation hubs, and achieved our goals to consolidate our leading positions in both mobile network speed and mobile coverage. The launch of 5G iPhone 12 in the fourth quarter 2020 successfully drove up the number of 5G sign-ups and allowed us to hit our annual target of 300,000 users well ahead of schedule, cementing our leadership in the mobile market. In the face of ongoing market competition, we strive to improve the performance of our mobile business by maintaining the quality of our mobile network and the design of effective tariffs. In 2020, we successfully maintained a positive growth trend in the number of mobile users for four consecutive quarters, laying the foundation for future mobile service revenues and the upward reversal of mobile ARPU. As of the end of 2020, the total number of mobile subscribers exceeded 11.3 million, and our market shares of both revenues and mobile subscribers continued to increase, allowing us to maintain our leading market position.

The COVID-19 pandemic has accelerated the pace of digitization, not only boosting growth in broadband demand, but also creating digital business opportunities. In 2020, work-from-home policies, online education, and pandemic prevention measures allowed both residential and enterprise customers to welcome our fixed network broadband speed upgrade solutions. As a result, the number of customers signing up for connection speeds of 300Mbps or higher grew by 69% year-over-year, driving ARPU to grow by 2.4% year-over-year. The growth of the broadband business has also driven various home-centric digital services. In 2020, to establish a seamless broadband connected environment via mobile broadband, fixed broadband and Wi-Fi, we allowed users to enjoy smart applications and audio-visual services anytime and anywhere. We also promoted our home Mesh Wi-Fi services, which drove a 226% year-over-year increase in smart device installations. In terms of applications, our MOD platform continued to attract subscribers by 4K high definition content, including the exclusive Netflix 4K service. Together with the 88.6% of free-to-choose channel package users selected the highest fee plans and resulted in upsell, MOD enjoyed a slight growth in revenue.

In 2020, with the launch of 5G service in the second quarter and growing demand in AI-related applications, we leveraged our advantages with the 5G frequency allocation and cooperated with enterprise customers on 5G- and ICT-related businesses to drive sustainable revenue growth in ICT services. In addition, we delivered strong performance in various ICT service businesses, such as smart transportation, smart manufacturing, smart city, IDC, cloud services, technological pandemic prevention, and IoT services, achieving double-digit, year-over-year revenue growth in ICT services. We successfully established the first 5G mmWave enterprise private commercial network and created a 5G smart factory solution for the semiconductor industry. In terms of ICT projects, we completed large-scale bidding projects, including Taipower's Chang-bin Solar PV Project and the Suhua Highway Improvement Project, and implemented IoT applications such as smart electricity meters for Taipower. In 2020, revenue generated from enterprise customers accounted for 40% of our total revenue. In the future, we will continue to focus on developing vertical-based business and various applications that utilize 5G+AIoT. As we continue to strive for one-off bidding projects, we will also strengthen our subscription-based business model to improve sustainable revenue growth.

To accelerate our transformation and embrace greater business opportunities, we continued our investments in network construction and technology advancement. As previously mentioned, as a result of our proper use of the correct strategies in 2020, we succeeded in securing the widest 5G bandwidth and relatively better 5G frequency. By the end of 2020, we built over 4,500 5G base stations, and actively leveraged 5G C-RAN technology to consolidate switch offices to fully integrate fixed and mobile network resources and improve efficiency. In addition, in response to increased outbound communication demands driven by the booming development of OTT, we continued to invest in submarine cable construction. We plan to construct an Asia-Pacific submarine cable double ring that includes Pacific Rim and Southeast Asian countries and promote Taiwan as the undersea cable hub in Asia-Pacific.

In addition, we will continue to expand in strategic emerging businesses with our broad alliance strategy. We plan to form alliances and build ecosystems with suitable domestic and global companies through acquisitions, building, and collaboration, and further expand to overseas markets by promoting smart applications.

Financial Performance

In 2020, Chunghwa Telecom's consolidated operating income was NT\$207.61 billion, which remains flat with that of the same period last year. We are committed to the development of new technologies and enterprise and customer market expansion to increase ICT and internet-related revenues. In addition, although the pandemic has affected our international roaming revenue, we are committed to promoting our core business strategies in the areas of 5G services, higher broadband speed migration, and introducing MOD premium content in order to offset decreases in telecom revenue.

Consolidated costs and expenses for the year 2020 amounted to NT\$166.84 billion, increasing by 0.1% compared to 2019, mainly due to: 1) an increase in construction costs under the ICT business as revenue in ICT services increased; and 2) an increase in 5G amortization after its service launch and subsequent constructions of the network. In 2020, capital expenditures

amounted to NT\$23.51 billion, primarily spent on supporting business growth and consolidating our market position. For example, we expanded fiber coverage, increased 5G construction expenses, and reduced our actual expenditures by strengthening procurement efficiency. As a result of the execution of our business strategies and cost control initiatives, net income attributable to stockholders of the parent company amounted to NT\$33.41 billion, or NT\$4.31 per share. In 2020, overall net investment income amounted to NT\$1.54 billion.

Achievements in Research and Development

In 2020, Chunghwa Telecom's main achievements in R&D include:

1. Core Business: High-speed broadband internet, 5G NSA network, 5G MEC, Mesh Wi-Fi, hcloud public cloud, AWS & MS Azure MSP, international SDN network, enterprise SDN application, etc;
2. Emerging Business: home intelligent voice control, text analytics, AI PaaS intelligent analytics, identity recognition, blockchain, enterprise information security protection, self-driving vehicle management, traffic Big Data, secure communication, multi-view live broadcast, cloud classroom, AR application, 5G videos, intelligent energy, smart railway, health management, AIoT monitoring and analysis, CMP, smart meter communication module, mobile payment.
3. Fundamental capabilities: 5G Fixed-mobile network convergence management, 5G C-RAN, IMS network elements cloudification, PSTN IP, high-speed optical transmission system disaggregation, intelligent bearer network, Telco clouds, 5G trial network, multi-cloud management, smart maintenance, smart customer service.
4. Overall portfolio of our core competencies: In 2020, we applied for 161 patents, and obtained 177 approved patents. Besides, we won 16 important awards at home and abroad.

Fulfilling Corporate Social Responsibility

Chunghwa Telecom continues to uphold our brand's spirit, "Always Ahead," and our longstanding principles of "Sustainable Corporate Development," "Compliance with Global Environmental Trends," and "Supporting Minorities," in order to give back to society.

In 2020, our pioneering "I Love SDGs" (5I SDGs) initiative, in alignment with the United Nations' 17 sustainable development goals, focuses on channeling resources to remote rural areas and vulnerable ethnic groups. We established 89 "Good Digital Neighbor" programs throughout Taiwan to help community residents learn how to use technology. We have invested in the "Outpost Taiwan" project every year for the past twelve consecutive years, helping over 500 loyal youths to record their personal stories with digital technology. We have also promoted the "Reading Partner" community online tutoring service for more than 12 years, enabling nearly 5,000 college students to provide online after school tutoring to more than 3,000 primary school students. Moreover, our "EYE Social Innovation Customer Service Center" has helped more than 150 visually impaired people with education and employment opportunities for nearly 10 years.

Not only have we conducted many positive actions in economic, environmental and social

aspects, but we have also maintained transparent information disclosure and the check and balance mechanism in place. Thus, we were listed as one of the Top Ten Sustainable Model Enterprises at the 2020 Taiwan Corporate Sustainability Awards in the annual CSR report for the services industry, illustrating the hard work that the Company is carrying out to fulfill its corporate social responsibilities. At the same time, we are actively cooperating with international partners and working together to promote sustainability trends. We continue to promote the sustainable hierarchical management system for hundreds of suppliers and work with these partners to implement sustainable procurement processes.

Honors and Awards

Chunghwa Telecom maintains a nationwide infrastructure and services presence, providing high-quality information and communication integration services in Taiwan. We require ourselves to operate in accordance with the concept of a customer-centric service. Our focus on fulfilling customer demands to meet their satisfaction helps us create enterprise value. Our efforts have been recognized through the receipt of major international and domestic awards.

In 2020, as a result of our providing excellent communication services, Chunghwa Telecom received several Frost & Sullivan Best Practice Awards in multiple categories, including Taiwan Mobile Data Service Provider of the Year and Taiwan Data Center Service Provider of the Year; we were also awarded Taiwan Cloud Infrastructure Service Provider of the Year for the first time. For implementing our vision for smart city development through the integration of core business applications, Chunghwa Telecom was awarded the 2020 Smart City Innovation Application Award (Smart Agriculture) and 2020 Smart City Outstand Contribution Award (Smart Health). Based on our trustworthy brand value and as the only award-winning telecom operator in Taiwan, Chunghwa Telecom received the Brand of the Year Award at the World Branding Forum for a sixth consecutive year. We also received the Platinum Award as the highest honor under the “Reader’s Digest” reputation brand for the 16th consecutive time, as well as the “CSEA Excellent Customer Service Award” for innovative customer service, showing that our services have been highly recognized by consumers. Regarding mobile performance, Chunghwa Telecom was awarded by Speedtest with the Fastest Mobile Network, Best Coverage Mobile Network, and Fastest Mobile Network for iPhone 12, respectively, in 2020. In addition, OpenSignal’s December report awarded us with top honors in 4G Network Coverage, Download Speed Experience, Video Experience, and Gaming Experience.

In terms of business operations and sustainable development, Chunghwa Telecom ranked in the top 5% of Taiwan’s listed companies for corporate governance for the fifth time. For the ninth year in a row, we were included in the Dow Jones Sustainability Index’s Emerging Markets Index. We received the Platinum Award at The Asset ESG Corporate Awards for the eighth consecutive year, which recognized our achievements in environmental, social, and governance. We were also the only telecom operator in Taiwan to pass the highest level of BSI “TCFD Compliance Check” and was listed as one of the Top Ten National Corporate Citizenship Award and CSR influencer, which illustrates professional domestic and international institutions’ continued recognition of Chunghwa Telecom’s sustainable operations.

Future Outlook

Turning to 2021, we will continue our two-pillar “5G+Transformation” strategy and accelerate the construction of our 5G network. With our advantageous position as the widest bandwidth and relatively better frequency band provider in Taiwan, we will actively expand our 5G enterprise private network, jointly developing 5G + AIoT smart applications with our business partners as we move into the new 5G era. We will also continue to promote our “RISE ON, TOGETHER” transformation plan and implement the “Customer – Centric” operations strategy. Meanwhile, we will strengthen our customer base, including personal, family, corporate, and international customers. To achieve fundamental changes, we will continue to optimize costs and improve our basic capabilities in network, IT, talent, organization and etc.; combined with investments as well as mergers and acquisitions, this will enhance the Company’s competitiveness and advantages for long-term development. We will continue to build a new-generation SDN network that, when combined with a 5G network, will provide instant high-speed broadband services at any time on the three networks – mobile, fixed network, and WiFi – as well as convergent services such as MOD and IPTV. We will increase investments in the construction of submarine cables by constructing the Asia-Pacific submarine cable double ring, formed by the Pacific Rim and Southeast Asia, to turn Taiwan into the Asia-Pacific submarine cable center. We will continue to invest in technology research and development, recruit and cultivate outstanding talent, and explore domestic and overseas markets to secure new growth opportunities in the post-pandemic period and from Taiwan’s Forward-looking Infrastructure Development Phase 2 Program. This will further improve “people’s lives to enjoy smart lifestyles, better manage across industries to create a digital economy,” to help the Company reach its development vision of “Leading in smart lifestyles, and becoming a digital economy enabler.”

We will continue to strengthen ESG initiatives and implement sustainable management practices. Our “Low Carbon Economy, Sustainable Supply Chain” initiative has been adopted by hundreds of suppliers to conduct carbon emissions management. We will strengthen green energy policies and increase the usage of green electricity in our network. We fully support the government's technology initiatives to assist with pandemic prevention measures. To fulfill corporate social responsibilities, we will continue to leverage our digital technology through the Chunghwa Telecom Foundation to promote the prosperity of the entire society and bridge the digital divide. To strengthen our corporate governance, we continue to implement our Code of Integrity Management, strengthen risk management, and improve supply and procurement management. We remain committed to creating sustainable value for Chunghwa’s shareholders, customers, employees, and society as a whole.

Chi-Mau Sheih, Chairman and CEO

Shui-Yi Kuo, President

Shu-Ling Chen, Accounting Officer

February 22, 2021

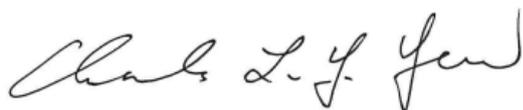
II. 2020 audit committee's review report

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 business report, financial statements, and earnings distribution proposal. The CPA firm of Deloitte & Touche was retained to audit the Company's financial statements and has issued an audit report relating to the financial statements. The business report, financial statements, and earnings distribution proposal have been reviewed and determined to be accurate by the Audit Committee members of the Company. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Chunghwa Telecom Co., Ltd.

Chairman of the Audit Committee



February 23, 2021

III. 2020 compensation distribution to directors and employees

1. The 2020 compensation distribution to directors and employees was approved by the 12th meeting of the 9th Board of Directors on February 23, 2021.
2. The 2020 compensation distribution to directors and employees :

Item		NT\$
Net income		33,406,130,451
Profit	(A)	42,121,680,118
Ratio of Directors' compensation to profit	(B)	0.085%
Directors' compensation	(C)=(A)*(B)	35,803,428
Ratio of Employees' compensation to profit	(D)	2.8547%
Employees' compensation	(E)=(A)*(D)	1,202,447,602

IV. Amendments to the Ethical Corporate Management Best Practice Principles of the Company

1. In accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” issued by the Taiwan Stock Exchange Corporation and “ISO37001”, it is proposed to amend the Ethical Corporate Management Best Practice Principles of Chunghwa Telecom Co., Ltd. The proposed amendments have been resolved by the 8th meeting of the 9th Board of Directors.
2. The amendments include the following:
 - 1) Applicable target
Articles 2, 10, 11, 12, 13, 18, 21, and 22 were added with “mandatories”.
 - 2) Policy
Articles 5(policy), 8(promises and executions), 17(organization and responsibility), 25(disclosure of information), and 26(review and revision of the ethical corporate management policies and measures) were amended.
 - 3) Implement
 - 3.1) Articles 6(guidelines for conduct), 7(scope of the guidelines for conduct), 9(engaging in commercial activities under ethics), 10(prohibition of offering and acceptance of bribery), 19(interest avoidance), 20(accounting and internal control), 21(procedures and guidelines of conduct), 22(education training and review), 23(whistleblowing system), 24(disciplinary and appeal system), and 27(enforcement) were amended.
 - 3.2) Articles 14(prohibition of infringement of intellectual property rights), 15 (prohibition of unfair competition), and 16(prevent products or services from harming stakeholders) were added as well as the sequence of the following articles were adjusted accordingly.

V. Corporate social responsibility policies, systems and related management guidelines

The corporate social responsibility policies and management guidelines of the Company have been approved by the 8th meeting of the 9th Board of Directors on August 5, 2020.

1. Policy

Adhering to the concept of bridging the digital gap, implementing environmental sustainability initiatives and caring for the disadvantaged groups, Chunghwa Telecom would make good use of its core technology, resources, capabilities and characteristics to implement corporate social responsibilities from the economic, environmental, and social aspects.

2. Management Guidelines

Board Representative	Chi-Mau Sheih, Chairman and CEO Shui-Yi Kuo, President
Mechanism	According to the policies approved, the CSR Committee coordinates cooperation among related divisions and carried out progress supervision for various actions or activities. The committee will also report to the board of directors on a regular basis the important issues and the stakeholder engagement result.
Implementation	<ul style="list-style-type: none"> • The CSR division of the Public Affairs Office acts as the CSR secretariat. • The secretariat is responsible for policies implementing, action planning, implementation plans formulating and budgeting. It also handles relevant education and training, performance display and management examination and rewards. • The six working teams under the CSR committee and the different business groups along with their affiliated institutions are responsible for promoting and implementing relevant CSR plans.
Meeting	Once every half year
Reporting	After the work plan of each working team has been reviewed by the responsible senior executive vice president of the headquarters, the work plan will be delivered further for the chairman's review.

VI. Issuance of unsecured straight corporate bonds for 2020

1. In response to requirements for business development, the stable costs of long-term financing, and mitigating the risks associated with interest rates fluctuations in the future, it was resolved by the 7th meeting of the 9th Board of Directors on May 6, 2020 to issue domestic unsecured bond with total amount no more than NT\$30 billion. The corporate bonds could be issued at a time or separately.
2. A total of NT\$20 billion in unsecured straight corporate bonds was raised in 2020. Details as below.
 - 1) Issuing Date: 2020/7/30
 - 2) Total Issuance Amount: NT\$20billion
Tranche A: NT\$8.8 billion; Tranche B: NT\$7.5 billion; Tranche C: NT\$3.7 billion
 - 3) Issuance Period:
Tranche A: 5 years (2020/07/30~2025/07/30)
Tranche B: 7 years (2020/07/30~2027/07/30)
Tranche C: 10 years (2020/07/30~2030/07/30)
 - 4) Coupon Rate: Tranche A: 0.5% p.a.; Tranche B: 0.54% p.a.; Tranche C: 0.59% p.a.
 - 5) Interest Payment: The interest is calculated on the coupon rate and paid annually
 - 6) Principal Repayment: Bullet at maturity

Matters for Ratification

I. Ratification of 2020 business report and financial statements

Proposed by the Board of Directors

Explanation:

1. The Company's 2020 financial statements (page 18-25 and page 30-36), including balance sheets, statements of comprehensive income, statements of changes in equity, and statements of cash flows, were audited by Mr. Dien-Sheng Chang and Mr. Cheng-Hung Kuo of Deloitte & Touche. The audit opinions relating to the aforementioned financial statements were issued hereby (page 14-17 and page 26-29). The Company's 2020 business report (page 3-7) and the aforementioned financial statements have been reviewed and determined to be accurate by the Audit Committee members of the Company with review report submitted hereby (page 8).
2. This proposal has been approved by the 12th meeting of the 9th Board of Directors on February 23, 2021.
3. This proposal is hereby submitted to the Annual General Meeting for ratification.

Resolution:

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Chunghwa Telecom Co., Ltd. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the consolidated financial statements for the year ended December 31, 2020 is as follows:

Revenue Recognition on Mobile Service

Refer to Notes 3 and 30 to the consolidated financial statements.

The Company's mobile service revenue consists of subscriber-based charges made up of a significant volume of low-dollar transactions. Because of the complexity and a variety of subscriber-based charges as well as a large number of transactions, the Company uses highly automated systems to process and record its revenue transactions.

Given the Company's systems to process and record revenue are highly automated, auditing revenue was complex and challenging due to the extent of audit effort required and involvement of professionals with expertise in information technology (IT) necessary for us to identify, test, and evaluate the Company's IT systems.

Our audit procedures related to the Company's systems to process revenue transactions included the following, among others:

- With the assistance of our IT specialists, we:
 - Identified the significant systems used to process revenue transactions and tested the general IT controls over each of these systems, including testing of user access controls and change management controls.
 - Performed testing of system interface controls and automated controls within the relevant revenue streams, as well as the controls designed to ensure the accuracy and completeness of revenue.
- We tested internal controls within the relevant revenue business processes, including those in place to reconcile the various systems to the Company's accounting system.
- We selected samples from mobile service revenue and agreed to customer contracts and records of cash receipts.

Other Matter

We have also audited the parent company only financial statements of Chunghwa Telecom Co., Ltd. as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication..

The engagement partners on the audit resulting in this independent auditors' report are Dien Sheng Chang and Cheng Hung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2021

Notice to Readers

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

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

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 30,419,655	6	\$ 34,049,643	7
Financial assets at fair value through profit or loss	9,897	-	516	-
Hedging financial assets	1,752	-	327	-
Contract assets	5,331,246	1	4,441,196	1
Trade notes and accounts receivable, net	22,621,902	5	26,407,783	6
Receivables from related parties	230,696	-	16,834	-
Inventories	12,408,903	3	17,344,276	4
Prepayments	2,306,246	-	1,883,259	-
Other current monetary assets	6,123,665	1	7,498,564	2
Other current assets	2,349,097	-	2,429,664	-
Total current assets	81,803,059	16	94,072,062	20
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss	677,202	-	778,105	-
Financial assets at fair value through other comprehensive income	7,193,174	2	7,268,917	2
Investments accounted for using equity method	6,893,001	1	7,354,226	2
Contract assets	2,495,302	-	2,600,913	-
Property, plant and equipment	281,415,943	56	283,694,215	59
Right-of-use assets	11,009,206	2	11,364,249	2
Investment properties	9,621,322	2	8,169,393	2
Intangible assets	90,284,560	18	47,046,525	10
Deferred income tax assets	3,132,713	1	3,258,607	1
Incremental costs of obtaining contracts	999,593	-	942,652	-
Net defined benefit assets	3,372,555	1	2,127,335	-
Prepayments	2,213,521	-	2,679,335	1
Other noncurrent assets	5,266,841	1	6,101,704	1
Total noncurrent assets	424,574,933	84	383,386,176	80
TOTAL	\$ 506,377,992	100	\$ 477,458,238	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans	\$ 67,000	-	\$ 90,000	-
Short-term bills payable	6,999,198	1	-	-
Financial liabilities at fair value through profit or loss	143	-	239	-
Contract liabilities	13,436,706	3	16,839,830	4
Trade notes and accounts payable	15,590,814	3	15,312,274	3
Payables to related parties	645,944	-	653,983	-
Current tax liabilities	4,369,241	1	4,020,670	1
Lease liabilities	3,381,571	1	3,291,330	1
Other payables	23,987,962	5	22,952,488	5
Provisions	313,555	-	206,942	-
Current portion of long-term loans	1,600,000	-	-	-
Other current liabilities	1,042,977	-	983,789	-
Total current liabilities	71,435,111	14	64,351,545	14
NONCURRENT LIABILITIES				
Long-term loans	-	-	1,600,000	-
Bonds payable	19,980,272	4	-	-
Contract liabilities	7,289,087	2	6,841,485	2
Deferred income tax liabilities	1,966,538	-	1,912,305	-
Provisions	100,616	-	97,382	-
Lease liabilities	6,215,096	1	6,466,808	1
Customers' deposits	4,826,679	1	4,747,644	1
Net defined benefit liabilities	3,415,331	1	3,504,617	1
Other noncurrent liabilities	1,890,805	-	1,542,687	-
Total noncurrent liabilities	45,684,424	9	26,712,928	5
Total liabilities	117,119,535	23	91,064,473	19
EQUITY ATTRIBUTABLE TO STOCKHOLDERS OF THE PARENT				
Common stocks	77,574,465	15	77,574,465	16
Additional paid-in capital	171,261,379	34	171,255,985	36
Retained earnings				
Legal reserve	77,574,465	15	77,574,465	16
Special reserve	2,675,419	1	2,675,419	1
Unappropriated earnings	47,918,166	10	46,341,361	10
Total retained earnings	128,168,050	26	126,591,245	27
Others	927,122	-	688,548	-
Total equity attributable to stockholders of the parent	377,931,016	75	376,110,243	79
NONCONTROLLING INTERESTS	11,327,441	2	10,283,522	2
Total equity	389,258,457	77	386,393,765	81
TOTAL	\$ 506,377,992	100	\$ 477,458,238	100

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME YEARS ENDED DECEMBER 31, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
REVENUES	\$ 207,608,998	100	\$ 207,520,061	100
OPERATING COSTS	<u>137,028,852</u>	<u>66</u>	<u>135,952,540</u>	<u>65</u>
GROSS PROFIT	<u>70,580,146</u>	<u>34</u>	<u>71,567,521</u>	<u>35</u>
OPERATING EXPENSES				
Marketing	20,912,848	10	22,219,688	11
General and administrative	5,005,934	2	4,758,340	2
Research and development	3,849,999	2	3,941,446	2
Expected credit loss (reversal of credit loss)	<u>44,885</u>	<u>-</u>	<u>(125,111)</u>	<u>-</u>
Total operating expenses	<u>29,813,666</u>	<u>14</u>	<u>30,794,363</u>	<u>15</u>
OTHER INCOME AND EXPENSES	<u>1,595,246</u>	<u>1</u>	<u>(127,304)</u>	<u>-</u>
INCOME FROM OPERATIONS	<u>42,361,726</u>	<u>21</u>	<u>40,645,854</u>	<u>20</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	115,922	-	250,787	-
Other income	469,608	-	531,624	-
Other gains and losses	(152,967)	-	(36,471)	-
Interest expenses	(206,063)	-	(104,142)	-
Share of profits of associates and joint ventures accounted for using equity method	<u>242,745</u>	<u>-</u>	<u>462,140</u>	<u>-</u>
Total non-operating income and expenses	<u>469,245</u>	<u>-</u>	<u>1,103,938</u>	<u>-</u>
INCOME BEFORE INCOME TAX	42,830,971	21	41,749,792	20
INCOME TAX EXPENSE	<u>8,125,428</u>	<u>4</u>	<u>7,985,849</u>	<u>4</u>
NET INCOME	<u>34,705,543</u>	<u>17</u>	<u>33,763,943</u>	<u>16</u>

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME YEARS ENDED DECEMBER 31, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss:				
Remeasurements of defined benefit pension plans	\$ 1,193,149	1	\$ 1,526,353	1
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income	404,955	-	286,408	-
Gain or loss on hedging instruments subject to basis adjustment	1,425	-	(742)	-
Share of remeasurements of defined benefit pension plans of associates and joint ventures	(4,282)	-	(2,335)	-
Income tax relating to items that will not be reclassified to profit or loss	<u>(238,630)</u>	<u>-</u>	<u>(305,271)</u>	<u>-</u>
	<u>1,356,617</u>	<u>1</u>	<u>1,504,413</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising from the translation of the foreign operations	(177,149)	-	(61,207)	-
Share of exchange differences arising from the translation of the foreign operations of associates and joint ventures	(4,289)	-	(700)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(263)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(181,701)</u>	<u>-</u>	<u>(61,907)</u>	<u>-</u>
Total other comprehensive income, net of income tax	<u>1,174,916</u>	<u>1</u>	<u>1,442,506</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 35,880,459</u>	<u>18</u>	<u>\$ 35,206,449</u>	<u>17</u>
NET INCOME ATTRIBUTABLE TO				
Stockholders of the parent	\$ 33,406,130	16	\$ 32,788,546	16
Noncontrolling interests	<u>1,299,413</u>	<u>1</u>	<u>975,397</u>	<u>-</u>
	<u>\$ 34,705,543</u>	<u>17</u>	<u>\$ 33,763,943</u>	<u>16</u>

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
COMPREHENSIVE INCOME ATTRIBUTABLE				
TO				
Stockholders of the parent	\$ 34,598,348	17	\$ 34,225,076	17
Noncontrolling interests	<u>1,282,111</u>	<u>1</u>	<u>981,373</u>	<u>-</u>
	<u>\$ 35,880,459</u>	<u>18</u>	<u>\$ 35,206,449</u>	<u>17</u>
EARNINGS PER SHARE				
Basic	<u>\$ 4.31</u>		<u>\$ 4.23</u>	
Diluted	<u>\$ 4.30</u>		<u>\$ 4.22</u>	

(Concluded)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Stockholders of the Parent										Noncontrolling Interests	Total Equity
	Common Stocks	Additional Paid-in Capital	Retained Earnings			Exchange Differences Arising from the Translation of the Foreign Operations	Others		Total	Gain or Loss on Hedging Instruments		
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income					
BALANCE, JANUARY 1, 2019	\$ 77,574,465	\$ 171,136,764	\$ 77,574,465	\$ 2,675,419	\$ 47,090,522	\$ (79,427)	\$ 538,272	\$ 1,069	\$ 376,511,549	\$ 9,990,345	\$ 386,501,894	
Appropriation of 2018 earnings	-	-	-	-	(34,745,603)	-	-	-	(34,745,603)	-	(34,745,603)	
Cash dividends distributed by Chunghwa	-	-	-	-	-	-	-	-	-	-	-	
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(709,817)	(709,817)	
Unclaimed dividend	-	1,266	-	-	-	-	-	-	1,266	-	1,266	
Change in additional paid-in capital from investments in associates and joint ventures accounted for using equity method	-	118,853	-	-	-	-	-	-	118,853	1,064	119,917	
Net income for the year ended December 31, 2019	-	-	-	-	32,788,546	-	-	-	32,788,546	975,397	33,763,943	
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,207,896	(68,950)	298,326	(742)	1,436,530	5,976	1,442,506	
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	33,996,442	(68,950)	298,326	(742)	34,225,076	981,373	35,206,449	
Share-based payment transactions of subsidiaries	-	(898)	-	-	-	-	-	-	(898)	21,320	20,422	
Net decrease in noncontrolling interests	-	-	-	-	-	-	-	-	-	(763)	(763)	
BALANCE, DECEMBER 31, 2019	77,574,465	171,255,985	77,574,465	2,675,419	46,341,361	(148,377)	836,598	327	376,110,243	10,283,522	386,393,765	
Appropriation of 2019 earnings	-	-	-	-	(32,782,969)	-	-	-	(32,782,969)	-	(32,782,969)	
Cash dividends distributed by Chunghwa	-	-	-	-	-	-	-	-	-	-	-	
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(775,420)	(775,420)	
Unclaimed dividend	-	1,605	-	-	-	-	-	-	1,605	-	1,605	
Change in additional paid-in capital from investments in associates and joint ventures accounted for using equity method	-	(21,918)	-	-	-	-	-	-	(21,918)	(1,817)	(23,735)	
Change in additional paid-in capital for not proportionately participating in the capital increase of subsidiaries	-	(103)	-	-	-	-	-	-	(103)	103	-	
Net income for the year ended December 31, 2020	-	-	-	-	33,406,130	-	-	-	33,406,130	1,299,413	34,705,543	
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	936,958	(166,154)	419,989	1,425	1,192,218	(17,302)	1,174,916	
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	34,343,088	(166,154)	419,989	1,425	34,598,348	1,282,111	35,880,459	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	16,686	-	(16,686)	-	-	-	-	
Share-based payment transactions of subsidiaries	-	25,810	-	-	-	-	-	-	25,810	63,063	88,873	
Net increase in noncontrolling interests	-	-	-	-	-	-	-	-	-	475,879	475,879	
BALANCE, DECEMBER 31, 2020	\$ 77,574,465	\$ 171,261,379	\$ 77,574,465	\$ 2,675,419	\$ 47,918,166	\$ (314,531)	\$ 1,239,901	\$ 1,752	\$ 377,931,016	\$ 11,327,441	\$ 389,258,457	

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 42,830,971	\$ 41,749,792
Adjustments for:		
Depreciation	30,942,330	30,922,991
Amortization	5,424,367	4,252,602
Amortization of incremental costs of obtaining contracts	771,875	1,173,492
Expected credit loss (reversal of credit loss)	44,885	(125,111)
Interest expenses	206,063	104,142
Interest income	(115,922)	(250,787)
Dividend income	(246,084)	(296,360)
Compensation cost of share-based payment transactions	7,578	1,597
Share of profits of associates and joint ventures accounted for using equity method	(242,745)	(462,140)
Loss (gain) on disposal of property, plant and equipment	(1,427,984)	37,785
Gain on disposal of investment properties	(151,357)	-
Loss on disposal of intangible assets	1,858	146
Loss (gain) on disposal of financial instruments	1,788	(3,944)
Gain on disposal of investments accounted for using equity method	(15,946)	(30,152)
Provision for impairment loss and obsolescence of inventory	1,161,281	474,709
Impairment loss on property, plant and equipment	-	93,073
Reversal of impairment loss on investment properties	(27,066)	(56,617)
Impairment loss on intangible assets	9,303	8,946
Impairment loss on other assets	-	43,971
Valuation loss on financial assets and liabilities at fair value through profit or loss, net	99,150	38,314
Others	3,139	(26,524)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Contract assets	(202,628)	172,489
Trade notes and accounts receivable	4,071,260	4,038,731
Receivables from related parties	(213,862)	7,436
Inventories	3,915,328	(2,698,270)
Prepayments	173,243	114,991
Other current monetary assets	354,739	(154,780)
Other current assets	155,324	146,420
Incremental cost of obtaining contracts	(828,816)	(781,114)
Increase (decrease) in:		
Contract liabilities	(3,289,055)	6,701,313
Trade notes and accounts payable	21,015	(5,151,740)
Payables to related parties	(8,039)	(263,968)
Other payables	(924,186)	697,351

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Provisions	\$ 94,589	\$ 97,497
Other current liabilities	46,303	(159,881)
Net defined benefit plans	<u>(173,970)</u>	<u>533,787</u>
Cash generated from operations	82,468,729	80,950,187
Interest paid	(161,251)	(104,142)
Income tax paid	<u>(7,851,522)</u>	<u>(8,419,360)</u>
Net cash provided by operating activities	<u>74,455,956</u>	<u>72,426,685</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(85,246)	(60,000)
Proceeds from disposal of financial assets at fair value through other comprehensive income	297,476	-
Proceeds from return of financial assets at fair value through other comprehensive income	-	9,167
Acquisition of financial assets at fair value through profit or loss	(39,253)	(443,064)
Proceeds from disposal of financial assets at fair value through profit or loss	29,741	146,560
Acquisition of time deposits and negotiable certificates of deposit with maturities of more than three months	(5,215,859)	(14,381,653)
Acquisition of repurchase agreements collateralized by bonds with maturities of more than three months	-	(14,990)
Proceeds from disposal of time deposits and negotiable certificates of deposit with maturities of more than three months	6,630,359	16,519,781
Proceeds from disposal of repurchase agreements collateralized by bonds with maturities of more than three months	15,335	-
Acquisition of investments accounted for using equity method	(10,200)	(4,190,000)
Proceeds from disposal of investments accounted for using equity method	-	32,470
Acquisition of property, plant and equipment	(23,510,820)	(24,165,857)
Proceeds from disposal of property, plant and equipment	319,089	48,157
Acquisition of intangible assets	(47,605,187)	(362,718)
Acquisition of investment properties	(54,435)	(523)
Proceeds from disposal of investment properties	188,300	-
Increase in other noncurrent assets	(207,616)	(1,122,142)
Interest received	124,653	256,432
Dividends received	515,918	602,086
Net cash inflow on acquisition of subsidiaries	<u>354,056</u>	<u>-</u>
Net cash used in investing activities	<u>(68,253,689)</u>	<u>(27,126,294)</u>

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term loans	\$ 115,000	\$ 575,000
Repayment of short-term loans	(142,000)	(585,000)
Proceeds from short-term bills payable	41,000,000	-
Repayment of short-term bills payable	(34,000,000)	-
Proceeds from issuance of bonds	20,000,000	-
Payments for transaction costs attributable to the issuance of bonds	(21,038)	-
Increase in customers' deposits	61,757	7,311
Payments for the principal of lease liabilities	(3,683,204)	(3,727,792)
Increase in other noncurrent liabilities	343,275	232,357
Cash dividends paid	(32,782,969)	(34,745,603)
Cash dividends distributed to noncontrolling interests	(775,420)	(709,817)
Change in other noncontrolling interests	81,295	18,062
Unclaimed dividend	<u>1,605</u>	<u>1,266</u>
Net cash used in financing activities	<u>(9,801,699)</u>	<u>(38,934,216)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>(30,556)</u>	<u>38,688</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	(3,629,988)	6,404,863
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR		
	<u>34,049,643</u>	<u>27,644,780</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR		
	<u>\$ 30,419,655</u>	<u>\$ 34,049,643</u>

(Concluded)

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Chunghwa Telecom Co., Ltd. (the Company), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the financial statements for the year ended December 31, 2020 is as follows:

Revenue Recognition on Mobile Service

Refer to Notes 3 and 27 to the financial statements.

The Company's mobile service revenue consists of subscriber-based charges made up of a significant volume of low-dollar transactions. Because of the complexity and a variety of subscriber-based charges as well as a large number of transactions, the Company uses highly automated systems to process and record its revenue transactions.

Given the Company's systems to process and record revenue are highly automated, auditing revenue was complex and challenging due to the extent of audit effort required and involvement of professionals with expertise in information technology (IT) necessary for us to identify, test, and evaluate the Company's IT systems.

Our audit procedures related to the Company's systems to process revenue transactions included the following, among others:

- With the assistance of our IT specialists, we:
 - Identified the significant systems used to process revenue transactions and tested the general IT controls over each of these systems, including testing of user access controls and change management controls.
 - Performed testing of system interface controls and automated controls within the relevant revenue streams, as well as the controls designed to ensure the accuracy and completeness of revenue.
- We tested internal controls within the relevant revenue business processes, including those in place to reconcile the various systems to the Company's accounting system.
- We selected samples from mobile service revenue and agreed to customer contracts and records of cash receipts.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Dien Sheng Chang and Cheng Hung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2021

Notice to Readers

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

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

CHUNGHWA TELECOM CO., LTD.

BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 20,090,053	4	\$ 25,081,712	5
Financial assets at fair value through profit or loss	2,271	-	-	-
Hedging financial assets	1,752	-	327	-
Contract assets	1,734,081	1	1,470,985	-
Trade notes and accounts receivable, net	19,554,643	4	23,478,061	5
Receivables from related parties	1,340,550	-	785,570	-
Inventories	7,046,686	1	12,491,728	3
Prepayments	1,691,978	-	1,436,346	-
Other current monetary assets	1,281,393	-	2,866,059	1
Other current assets	2,183,471	1	2,354,215	1
Total current assets	54,926,878	11	69,965,003	15
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss	677,202	-	778,105	-
Financial assets at fair value through other comprehensive income	6,903,679	1	6,923,315	2
Investments accounted for using equity method	20,338,212	4	20,320,122	4
Contract assets	1,007,608	-	804,698	-
Property, plant and equipment	272,623,164	56	274,744,872	60
Right-of-use assets	10,028,227	2	10,292,025	2
Investment properties	9,546,547	2	8,094,618	2
Intangible assets	89,723,406	19	46,519,457	10
Deferred income tax assets	2,623,633	1	2,719,035	1
Incremental costs of obtaining contracts	7,015,079	1	6,976,421	2
Net defined benefit assets	3,351,546	1	2,108,176	1
Prepayments	1,152,722	1	1,381,618	-
Other noncurrent assets	4,421,119	1	5,687,816	1
Total noncurrent assets	429,412,144	89	387,350,278	85
TOTAL	\$ 484,339,022	100	\$ 457,315,281	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bills payable	\$ 6,999,198	1	\$ -	-
Financial liabilities at fair value through profit or loss	-	-	228	-
Contract liabilities	12,661,964	3	16,684,939	3
Trade notes and accounts payable	12,226,935	3	12,052,523	3
Payables to related parties	3,380,488	1	3,663,713	1
Current tax liabilities	3,914,134	1	3,739,435	1
Lease liabilities	2,938,305	1	2,939,410	1
Other payables	20,046,085	4	19,270,583	4
Provisions	214,266	-	107,902	-
Other current liabilities	976,630	-	923,457	-
Total current liabilities	63,358,005	14	59,382,190	13
NONCURRENT LIABILITIES				
Bonds payable	19,980,272	4	-	-
Contract liabilities	5,341,114	1	4,414,979	1
Deferred income tax liabilities	1,935,233	-	1,880,925	-
Provisions	100,616	-	97,382	-
Lease liabilities	5,682,342	1	5,755,804	2
Customers' deposits	4,722,280	1	4,653,517	1
Net defined benefit liabilities	3,316,932	1	3,412,740	1
Other noncurrent liabilities	1,971,212	-	1,607,501	-
Total noncurrent liabilities	43,050,001	8	21,822,848	5
Total liabilities	106,408,006	22	81,205,038	18
EQUITY				
Common stocks	77,574,465	16	77,574,465	17
Additional paid-in capital	171,261,379	35	171,255,985	37
Retained earnings				
Legal reserve	77,574,465	16	77,574,465	17
Special reserve	2,675,419	1	2,675,419	1
Unappropriated earnings	47,918,166	10	46,341,361	10
Total retained earnings	128,168,050	27	126,591,245	28
Others	927,122	-	688,548	-
Total equity	377,931,016	78	376,110,243	82
TOTAL	\$ 484,339,022	100	\$ 457,315,281	100

CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
REVENUES	\$ 178,622,827	100	\$ 179,321,838	100
OPERATING COSTS	<u>117,206,244</u>	<u>66</u>	<u>116,056,276</u>	<u>65</u>
GROSS PROFIT	<u>61,416,583</u>	<u>34</u>	<u>63,265,562</u>	<u>35</u>
OPERATING EXPENSES				
Marketing	16,596,096	9	18,130,247	10
General and administrative	3,720,192	2	3,558,580	2
Research and development	3,129,236	2	3,341,306	2
Expected credit loss (reversal of credit loss)	<u>45,689</u>	<u>-</u>	<u>(127,019)</u>	<u>-</u>
Total operating expenses	<u>23,491,213</u>	<u>13</u>	<u>24,903,114</u>	<u>14</u>
OTHER INCOME AND EXPENSES	<u>1,614,287</u>	<u>1</u>	<u>(16,583)</u>	<u>-</u>
INCOME FROM OPERATIONS	<u>39,539,657</u>	<u>22</u>	<u>38,345,865</u>	<u>21</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	52,889	-	157,099	-
Other income	346,745	-	386,747	-
Other gains and losses	(100,341)	-	(5,572)	-
Interest expenses	(171,658)	-	(61,873)	-
Share of profits of subsidiaries, associates and joint ventures accounted for using equity method	<u>1,216,137</u>	<u>1</u>	<u>1,440,326</u>	<u>1</u>
Total non-operating income and expenses	<u>1,343,772</u>	<u>1</u>	<u>1,916,727</u>	<u>1</u>
INCOME BEFORE INCOME TAX	40,883,429	23	40,262,592	22
INCOME TAX EXPENSE	<u>7,477,299</u>	<u>4</u>	<u>7,474,046</u>	<u>4</u>
NET INCOME	<u>33,406,130</u>	<u>19</u>	<u>32,788,546</u>	<u>18</u>

(Continued)

CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss:				
Remeasurements of defined benefit pension plans	\$ 1,170,312	1	\$ 1,506,290	1
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income	546,879	-	399,429	-
Gain or loss on hedging instruments subject to basis adjustment	1,425	-	(742)	-
Share of unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income of subsidiaries, associates and joint ventures	(126,890)	-	(101,103)	-
Share of remeasurements of defined benefit pension plans of subsidiaries, associates and joint ventures	708	-	2,864	-
Income tax relating to items that will not be reclassified to profit or loss	<u>(234,062)</u>	<u>-</u>	<u>(301,258)</u>	<u>-</u>
	<u>1,358,372</u>	<u>1</u>	<u>1,505,480</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising from the translation of the foreign operations	(156,990)	-	(71,056)	-
Share of exchange differences arising from the translation of the foreign operations of subsidiaries, associates and joint ventures	<u>(9,164)</u>	<u>-</u>	<u>2,106</u>	<u>-</u>
	<u>(166,154)</u>	<u>-</u>	<u>(68,950)</u>	<u>-</u>
Total other comprehensive income, net of income tax	<u>1,192,218</u>	<u>1</u>	<u>1,436,530</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 34,598,348</u>	<u>20</u>	<u>\$ 34,225,076</u>	<u>19</u>
EARNINGS PER SHARE				
Basic	<u>\$ 4.31</u>		<u>\$ 4.23</u>	
Diluted	<u>\$ 4.30</u>		<u>\$ 4.22</u>	

(Concluded)

CHUNGHWA TELECOM CO., LTD.

**STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

	Common Stocks	Additional Paid-in Capital	Retained Earnings			Others			Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences Arising from the Translation of the Foreign Operations	Unrealized Gain or Loss on Financial Assets at Fair Value through Other Comprehensive Income	Gain or Loss on Hedging Instruments	
BALANCE, JANUARY 1, 2019	\$ 77,574,465	\$ 171,136,764	\$ 77,574,465	\$ 2,675,419	\$ 47,090,522	\$ (79,427)	\$ 538,272	\$ 1,069	\$ 376,511,549
Appropriation of 2018 earnings									
Cash dividends	-	-	-	-	(34,745,603)	-	-	-	(34,745,603)
Unclaimed dividend	-	1,266	-	-	-	-	-	-	1,266
Change in additional paid-in capital from investments in subsidiaries, associates and joint ventures accounted for using equity method	-	117,955	-	-	-	-	-	-	117,955
Net income for the year ended December 31, 2019	-	-	-	-	32,788,546	-	-	-	32,788,546
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,207,896	(68,950)	298,326	(742)	1,436,530
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	33,996,442	(68,950)	298,326	(742)	34,225,076
BALANCE, DECEMBER 31, 2019	77,574,465	171,255,985	77,574,465	2,675,419	46,341,361	(148,377)	836,598	327	376,110,243
Appropriation of 2019 earnings									
Cash dividends	-	-	-	-	(32,782,969)	-	-	-	(32,782,969)
Unclaimed dividend	-	1,605	-	-	-	-	-	-	1,605
Change in additional paid-in capital from investments in subsidiaries, associates and joint ventures accounted for using equity method	-	3,789	-	-	-	-	-	-	3,789
Net income for the year ended December 31, 2020	-	-	-	-	33,406,130	-	-	-	33,406,130
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	936,958	(166,154)	419,989	1,425	1,192,218
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	34,343,088	(166,154)	419,989	1,425	34,598,348
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	16,686	-	(16,686)	-	-
BALANCE, DECEMBER 31, 2020	\$ 77,574,465	\$ 171,261,379	\$ 77,574,465	\$ 2,675,419	\$ 47,918,166	\$ (314,531)	\$ 1,239,901	\$ 1,752	\$ 377,931,016

CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 40,883,429	\$ 40,262,592
Adjustments for:		
Depreciation	29,852,639	29,852,819
Amortization	5,335,650	4,168,630
Amortization of incremental costs of obtaining contracts	5,395,125	6,269,916
Expected credit loss (reversal of credit loss)	45,689	(127,019)
Interest expenses	171,658	61,873
Interest income	(52,889)	(157,099)
Dividend income	(240,821)	(292,450)
Share of profits of subsidiaries, associates and joint ventures accounted for using equity method	(1,216,137)	(1,440,326)
Loss (gain) on disposal of property, plant and equipment	(1,435,864)	29,229
Gain on disposal of investment properties	(151,357)	-
Gain on disposal of investments accounted for using equity method	(13,398)	(30,152)
Provision for impairment loss and obsolescence of inventory	1,124,350	475,024
Reversal of impairment loss on investment properties	(27,066)	(56,617)
Impairment loss on other assets	-	43,971
Valuation loss on financial assets and liabilities at fair value through profit or loss, net	98,404	38,588
Others	8,473	(23,322)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Contract assets	(467,335)	46,157
Trade notes and accounts receivable	4,042,945	4,747,965
Receivables from related parties	(554,980)	32,304
Inventories	4,320,692	(2,494,993)
Prepayments	(10,178)	(60,009)
Other current monetary assets	145,786	26,462
Other current assets	170,744	155,357
Incremental cost of obtaining contracts	(5,433,783)	(5,625,633)
Increase (decrease) in:		
Contract liabilities	(3,096,840)	6,785,691
Trade notes and accounts payable	173,789	(4,720,176)
Payables to related parties	(283,225)	(779,499)
Other payables	(1,118,468)	297,078
Provisions	109,598	75,813
Other current liabilities	69,232	(49,362)
Net defined benefit plans	(168,867)	540,389
Cash generated from operations	77,676,995	78,053,201
Interest paid	(126,846)	(61,873)
Income tax paid	(7,386,952)	(7,846,879)
Net cash provided by operating activities	<u>70,163,197</u>	<u>70,144,449</u>

(Continued)

CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ 297,476	\$ -
Proceeds from return of financial assets at fair value through other comprehensive income	-	9,167
Acquisition of financial assets at fair value through profit or loss	-	(300,000)
Acquisition of time deposits and negotiable certificates of deposit with maturities of more than three months	(11,803)	(9,700,000)
Proceeds from disposal of negotiable certificates of deposit with maturities of more than three months	1,600,000	12,500,000
Acquisition of investments accounted for using equity method	(244,123)	(4,221,032)
Proceeds from disposal of investments accounted for using equity method	-	32,470
Proceeds from capital reduction of investments accounted for using equity method	-	12,932
Acquisition of property, plant and equipment	(22,740,612)	(22,427,073)
Proceeds from disposal of property, plant and equipment	316,940	50,991
Acquisition of intangible assets	(47,539,599)	(283,792)
Acquisition of investment properties	(54,435)	(523)
Proceeds from disposal of investment properties	188,300	-
Decrease (increase) in other noncurrent assets	96,334	(1,240,253)
Interest received	59,538	162,411
Cash dividends received from others	240,821	292,450
Cash dividends received from subsidiaries, associates and joint ventures accounted for using equity method	<u>1,309,769</u>	<u>939,221</u>
Net cash used in investing activities	<u>(66,481,394)</u>	<u>(24,173,031)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term bills payable	41,000,000	-
Repayment of short-term bills payable	(34,000,000)	-
Proceeds from issuance of bonds	20,000,000	-
Payments for transaction costs attributable to the issuance of bonds	(21,038)	-
Increase (decrease) in customers' deposits	52,704	(8,028)
Payments for the principal of lease liabilities	(3,287,475)	(3,306,322)
Increase in other noncurrent liabilities	363,711	246,130
Cash dividends paid	(32,782,969)	(34,745,603)
Unclaimed dividend	<u>1,605</u>	<u>1,266</u>
Net cash used in financing activities	<u>(8,673,462)</u>	<u>(37,812,557)</u>

(Continued)

CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (4,991,659)	\$ 8,158,861
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>25,081,712</u>	<u>16,922,851</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 20,090,053</u>	<u>\$ 25,081,712</u>

(Concluded)

II. Ratification of 2020 earnings distribution proposal

Proposed by the Board of Directors

Explanation:

1. The Company's 2020 financial statements have been finalized, and earnings shall be distributed as stipulated in the 2020 Earnings Distribution Proposal on the following page. It is proposed that cash dividends paid to stockholders of NT\$33,403,564,823. Common stockholders will receive cash dividends of NT\$4.306 per share based on their number of shares held as recorded on the ex-dividend base date. The aforementioned cash dividends will be distributed to stockholders from 2020 earnings as a priority.
2. Each shareholder's cash dividend shall be issued to the rounded-down full NT dollar (fractional amount be ignored). After which, the Chairman shall be authorized to distribute or reallocate any remaining amount, and set a record date of ex-cash dividend for distribution after ratification by the Annual General Meeting.
3. Should the Company's capital position change in the future, requiring adjustments in the cash distribution ratio, it is proposed that the Chairman be authorized to manage the change in the cash distribution ratio.
4. This proposal has been approved by the 12th meeting of the 9th Board of Directors on February 23, 2021 and is hereby submitted to the Annual General Meeting for ratification.

Resolution:

Chunghwa Telecom Co., Ltd.
2020 Earnings Distribution Proposal

Units: NT\$

Source items:		
Unappropriated retained earnings, beginning balance		13,558,391,059
Transferred disposal gain on investments in equity instruments at fair value through other comprehensive income to retained earnings	16,685,663	
Remeasurements of defined benefit pension plans recognized in retained earnings	936,958,141	
Net income of 2020	33,406,130,451	34,359,774,255
Appropriation of legal reserve (amounted to the authorized capital)		0
Reversal of special reserve according to Securities and Exchange Act		0
Distributable retained earnings for 2020		47,918,165,314
Distribution items:		
Cash dividends to stockholders (total of 7,757,446,545 shares x NT\$4.306 per share)		(33,403,564,823)
Unappropriated retained, ending balance		14,514,600,491
Notes: The amount of "Unappropriated retained earnings, beginning balance" is the same as the amount of "Unappropriated retained, ending balance" on the Earnings Distribution Proposal approved at the 2020 annual general meeting.		

Chi-Mau Sheih, Chairman and CEO

Shui-Yi Kuo, President

Shu-Ling Chen, Accounting Officer

Matters for Discussion

I. Amendments to the Articles of Incorporation of the Company

Proposed by the Board of Directors

Explanation:

1. In response to the Company's completion of the telecommunication business conversion registration in accordance with Article 83 of the Telecommunications Management Act on September 30, 2020, and to follow the announcement of the competent authority for registration, the Ministry of Economic Affairs, the Company is requested to conduct the change of registration for business item and code of "Telecommunications Enterprises (G903010)", and delete the business code of "Radio-Frequency Equipment Import Business (F401021)". Also, considering the diversified development of the Company's business operation, and to adjust the allocation of authorities and responsibilities within the Company, Articles 1, 2, 14, 19 and 20 are proposed to be amended accordingly.
2. The comparison table for the draft amendments to the Articles of Incorporation of Chunghwa Telecom Co., Ltd. is attached.
3. This proposal has been approved by the 12th meeting of the 9th Board of Directors on February 23, 2021 and is hereby submitted to the Annual General Meeting for resolution.

Resolution:

**The comparison table of the proposed amendments to the Articles of Incorporation of
Chunghwa Telecom Co., Ltd.**

1. All of 26 articles adopted by Promoters Meeting on June 11, 1996.
2. Article 15 amended by the Annual General Meeting on December 26, 1997.
3. Articles 2 and 22 amended by the Annual General Meeting on November 25, 1998.
4. Paragraph 1 of Article 21 amended by the Extraordinary General Meeting on July 13, 1999.
5. Articles 2, 3, 6, 7, 10, 12, 13, 19, 21, and 22 amended, and Articles 6-1 and 7-1 added by the Annual General Meeting on June 4, 2001.
6. Articles 2, 7, 8, 9, 10, 19, 21, and 22 amended and Article 5 deleted by the Annual General Meeting on June 21, 2002.
7. Article 2 amended by the Annual General Meeting on June 17, 2003.
8. Articles 2 and 22 amended by the Annual General Meeting on June 25, 2004.
9. Articles 2, 3, 6, 10, 11, 12, 14, 17, 19, 20, 22, 23, and 25 amended, and Articles 12-1, 18-1, and 18-2 added by the Annual General Meeting on May 30, 2006.
10. Articles 2, 12-1, 14, 22, and 23 amended, and Article 18-1 deleted by the Annual General Meeting on June 15, 2007.
11. Articles 2, 6, and 14 amended by the Annual General Meeting on June 19, 2008.
12. Articles 2, 6, 12 and 13 amended, and Article 6-1 deleted by the Annual General Meeting on June 19, 2009.
13. Article 2 amended by the 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 the Annual General Meeting on June 22, 2012.
15. The title of Chapter IV, Articles 2, 12, 13, 18-2, 21 and 22 amended; Articles 17 and 18 deleted, and Article 13-1 added by the Annual General Meeting on June 25, 2013.
16. Articles 2 and 15 amended by the Annual General Meeting on June 24, 2014.
17. Articles 1, 2 and 7-1 amended by the Annual General Meeting on June 26, 2015.
18. Articles 2 and 22 amended, and Article 22-1 added by the Annual General Meeting on June 24, 2016.
19. Article 2 amended by the Annual General Meeting on June 15, 2018.
20. Article 2 amended by the Annual General Meeting on June 21, 2019.
21. Article 2 amended by the Annual General Meeting on May 29, 2020.
22. Articles 1, 2, 14, 19 and 20 amended by the Annual General Meeting on May 28, 2021.

Draft Amendment	Current Articles	Explanatory Notes
<p>Article 1</p> <p>The Company is promoted by the Ministry of Transportation and Communications ("MOTC") and others and organized under the Telecommunication Law and the provisions of the Company Law pertaining to companies limited by shares and is named as "Chunghwa Telecom Co., Ltd."</p>	<p>Article 1</p> <p>The Company is promoted by the Ministry of transportation and Communications ("MOTC") and others and organized under the Telecommunication Law and the provisions of the Company Law pertaining to companies limited by shares and is named as "Chunghwa Telecom Co., Ltd."</p>	<p>The establishment basis of the Company is amended in response to the Company's completion of the telecommunication business registration in accordance with Article 83 of the Telecommunications Management Act on September 30, 2020.</p>

Draft Amendment	Current Articles	Explanatory Notes
<p><u>In response to the implementation of Telecommunications Management Act, the Company has completed the telecommunication business conversion registration on September 30, 2020, and the telecommunication business is changed to be governed under the Telecommunications Management Act.</u></p>		
<p>Article 2 The scope of business of the Company shall be as follows: 1) <u>Telecommunications Enterprises (G903010)</u>; 2) Installation of the Computer Equipment Business (E605010); 3) Telecommunication Equipment Wholesale Business (F113070); 4) Telecommunication Equipment Retail Business (F213060); 5) Telecommunication Engineering Business (E701010); 6) Installation of the Radio-Frequency Equipment whose operation is controlled by the Telecommunication Business (E701030); 7) Information Software Service Business (I301010); 8) Rental Business (JE01010); 9) Other Wholesale Businesses (F199990); 10) Management and Consulting Service Business (I103060); 11) Other Corporation Service Businesses (IZ99990); 12) Other Retail Businesses (F299990); 13) Online Certification Service Businesses (IZ13010);</p>	<p>Article 2 The scope of business of the Company shall be as follows: 1) <u>Telecommunications Enterprise of Type 1 (G901011)</u>; 2) <u>Telecommunications Enterprise of Type 2 (G902011)</u>; 3) Installation of the Computer Equipment Business (E605010); 4) Telecommunication Equipment Wholesale Business (F113070); 5) Telecommunication Equipment Retail Business (F213060); 6) Telecommunication Engineering Business (E701010); 7) Installation of the Radio-Frequency Equipment whose operation is controlled by the Telecommunication Business (E701030); 8) Information Software Service Business (I301010); 9) Rental Business (JE01010); 10) Other Wholesale Businesses (F199990); 11) Management and Consulting Service Business (I103060); 12) Other Corporation Service Businesses (IZ99990); 13) Other Retail Businesses (F299990);</p>	<p>1. According to the NCC's letter: Ref. Tong-Chuan Ping Tai Jiue Zhi No. 10941029930 and MOEA's announcement: Ref. Jin-Shang-Zi No. 1090241989, Telecommunications Enterprises (G903010) is added while the Telecommunications Enterprise of Type 1 (G901011), Telecommunications Enterprise of Type 2 (G902011), and "Radio-Frequency Equipment Import Business (F401021)" are removed.</p> <p>2. To adjust the numbering of items of the Articles accordingly.</p>

Draft Amendment	Current Articles	Explanatory Notes
<p>14) Supply of Electronic Information Service Businesses (I301030);</p> <p>15) Information Process Service Business (I301020);</p> <p>16) Telecommunication Account Application Agency Businesses (IE01010);</p> <p>17) Residential and Commercial Building Development, Rental and Sales Businesses (H701010);</p> <p>18) Development of Special District/Zone Businesses (H701040);</p> <p>19) Real Estate Rental Businesses (H703100);</p> <p>20) Community Common Cable Television Equipment Businesses (J502020);</p> <p>21) Exhibition Service Businesses (JB01010);</p> <p>22) Parking Lot Operation Businesses (G202010);</p> <p>23) Environmental Assessment Service Businesses (J101050);</p> <p>24) Computer and Accessories Manufacturing Service (CC01110);</p> <p>25) Information Storage and Process Equipment Manufacturing Businesses (CC01120);</p> <p>26) Other Electrical and Electronic Machinery & Equipment Manufacturing Businesses (CC01990);</p> <p>27) General Hotel Business (J901020);</p> <p>28) Computer and Administrative Device Wholesale Businesses (F113050);</p> <p>29) Information Software Wholesale Businesses (F118010);</p> <p>30) Computer and Administrative Device</p>	<p>14) Online Certification Service Businesses (IZ13010);</p> <p>15) Supply of Electronic Information Service Businesses (I301030);</p> <p>16) Information Process Service Business (I301020);</p> <p>17) Telecommunication Account Application Agency Businesses (IE01010);</p> <p>18) Residential and Commercial Building Development, Rental and Sales Businesses (H701010);</p> <p>19) Development of Special District/Zone Businesses (H701040);</p> <p>20) Real Estate Rental Businesses (H703100);</p> <p>21) Community Common Cable Television Equipment Businesses (J502020);</p> <p>22) Exhibition Service Businesses (JB01010);</p> <p>23) Parking Lot Operation Businesses (G202010);</p> <p>24) Environmental Assessment Service Businesses (J101050);</p> <p>25) Computer and Accessories Manufacturing Service (CC01110);</p> <p>26) Information Storage and Process Equipment Manufacturing Businesses (CC01120);</p> <p>27) Other Electrical and Electronic Machinery & Equipment Manufacturing Businesses (CC01990);</p> <p><u>28) Radio-Frequency Equipment Import Business (F401021);</u></p> <p>29) General Hotel Business (J901020);</p> <p>30) Computer and Administrative Device Wholesale Businesses (F113050);</p> <p>31) Information Software Wholesale Businesses (F118010);</p>	

Draft Amendment	Current Articles	Explanatory Notes
Retail Businesses (F213030); 31) Information Software Rental Businesses (F218010); 32) Energy Service Business (IG03010); 33) Engineering Consulting Business (I101061); 34) Refrigeration and Air-Conditioning Consulting Business (E602011); 35) Automatic Control Equipment Engineering Business (E603050); 36) Lighting Equipment Installation Business (E603090); 37) Non-store Retailer Business (F399040); 38) Power Equipment Installation and Maintenance Business (E601010); 39) Electrical Appliance Installation Business (E601020); 40) Instrument Installation Engineering Business (EZ05010); 41) Television Program Production Business (J503020); 42) Broadcasting and Television Program Launch Business (J503030); 43) Broadcasting and Television Advertising Business (J503040); 44) Production, Licensed Recording and Supply of Videotape Program Business (J503050); 45) The Third Party Payment Business (I301040); 46) Water Pipe Construction Business (E501011); 47) Machinery and Equipment Manufacturing Business (CB01010);	32) Computer and Administrative Device Retail Businesses (F213030); 33) Information Software Rental Businesses (F218010); 34) Energy Service Business (IG03010); 35) Engineering Consulting Business (I101061); 36) Refrigeration and Air-Conditioning Consulting Business (E602011); 37) Automatic Control Equipment Engineering Business (E603050); 38) Lighting Equipment Installation Business (E603090); 39) Non-store Retailer Business (F399040); 40) Power Equipment Installation and Maintenance Business (E601010); 41) Electrical Appliance Installation Business (E601020); 42) Instrument Installation Engineering Business (EZ05010); 43) Television Program Production Business (J503020); 44) Broadcasting and Television Program Launch Business (J503030); 45) Broadcasting and Television Advertising Business (J503040); 46) Production, Licensed Recording and Supply of Videotape Program Business (J503050); 47) The Third Party Payment Business (I301040); 48) Water Pipe Construction Business (E501011); 49) Machinery and Equipment Manufacturing Business (CB01010);	

Draft Amendment	Current Articles	Explanatory Notes
<p>48) Traffic Signals Installation and Construction Business (E603080);</p> <p>49) Traffic Labels Construction Business (EZ06010);</p> <p>50) Medical Device Wholesale Business (F108031);</p> <p>51) Medical Device Retail Business (F208031);</p> <p>52) Metrological Instruments Importing Business (F401181);</p> <p>53) Metrological Instruments Repairing Business (JA02051);</p> <p>54) Metrological Instruments Manufacturing Business (CE01021);</p> <p>55) Except the permitted business, the Company may engage in other businesses not prohibited or restricted by laws and regulations (ZZ99999).</p> <p>The Company may engage in endorsement and guaranty affairs in accordance with the Operation Procedures for the Endorsement and Guaranty of the Company where there is any business need.</p>	<p>50) Traffic Signals Installation and Construction Business (E603080);</p> <p>51) Traffic Labels Construction Business (EZ06010);</p> <p>52) Medical Device Wholesale Business (F108031);</p> <p>53) Medical Device Retail Business (F208031);</p> <p>54) Except the permitted business, the Company may engage in other businesses not prohibited or restricted by laws and regulations (ZZ99999).</p> <p>The Company may engage in endorsement and guaranty affairs in accordance with the Operation Procedures for the Endorsement and Guaranty of the Company where there is any business need.</p>	
<p>Article 14</p> <p>The duties and authorities of the Board of Directors are as follows:</p> <ol style="list-style-type: none"> 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 closing report. 	<p>Article 14</p> <p>The duties and authorities of the Board of Directors are as follows:</p> <ol style="list-style-type: none"> 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 closing report. 	<p>Based on the allocation of authorities and responsibilities within the Company and the spirit of hierarchical management, the adjustment of remuneration standard for employees shall be approved by the chief executive officer. The approval of the remuneration standard for employees in item 14 is therefore deleted, and the original item 15 and 16 are adjusted in order accordingly.</p>

Draft Amendment	Current Articles	Explanatory Notes
<p>5) Distribution of profits or off-set of deficit.</p> <p>6) Amount and term of domestic and foreign loan.</p> <p>7) 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 and responsibilities of independent directors.</p> <p>12) Appointment and removal of the president, executive vice presidents, presidents of branch offices, president of Telecommunication Laboratories, and president of Telecommunication Training Institute.</p> <p>13) Appointment and removal of the chiefs of finance, accounting and internal audit.</p> <p>14) Policies regarding recommendation of chairman and president to subsidiaries.</p> <p>15) Other duties and authorities granted by the law or by shareholders' meeting.</p>	<p>5) Distribution of profits or off-set of deficit.</p> <p>6) Amount and term of domestic and foreign loan.</p> <p>7) 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 and responsibilities of independent directors.</p> <p>12) Appointment and removal of the president, executive vice presidents, presidents of branch offices, president of Telecommunication Laboratories, and president of Telecommunication Training Institute.</p> <p>13) Appointment and removal of the chiefs of finance, accounting and internal audit.</p> <p><u>14) Remuneration standard for employees.</u></p> <p><u>15) Policies regarding recommendation of chairman and president to subsidiaries.</u></p> <p><u>16) Other duties and authorities granted by the law or by shareholders' meeting.</u></p>	
<p>Article 19</p> <p>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</p>	<p>Article 19</p> <p>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</p>	<p>Considering the diversified development of the Company's business, paragraph 3 is amended to add that a director with expertise in technology may serve as the Company's president.</p>

Draft Amendment	Current Articles	Explanatory Notes
<p>regarding to the Company and all affiliates of the Company.</p> <p>The Company shall have one (1) president, several executive vice presidents and presidents of branch offices, and one (1) president for each of Telecommunication Laboratories and Telecommunication Training Institute.</p> <p>The president shall be a director with professional knowledge in <u>business of telecommunication or technology</u>.</p>	<p>regarding to the Company and all affiliates of the Company.</p> <p>The Company shall have one (1) president, several executive vice presidents and presidents of branch offices, and one (1) president for each of Telecommunication Laboratories and Telecommunication Training Institute.</p> <p>The president shall be a director with professional knowledge in <u>telecommunication business</u>.</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, presidents of branch offices, president of Telecommunication Laboratories, and president of Telecommunication Training Institute shall assist the president in all affairs, and shall have the authority 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 allocation of authorities and responsibilities of the Board of Directors and <u>the managers</u> shall be determined in accordance with the Chart for Allocation of Authorities and Responsibilities.</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, presidents of branch offices, president of Telecommunication Laboratories, and president of Telecommunication Training Institute shall assist the president in all affairs, and shall have the authority 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 allocation of authorities and responsibilities of the Board of Directors and <u>the president</u> shall be determined in accordance with the Chart for Allocation of Authorities and Responsibilities.</p>	<p>The article is amended accordingly to be in line with the current practice of allocation of authorities and responsibilities.</p>

II. Amendments to the Ordinance of Shareholders Meetings of the Company

Proposed by the Board of Directors

Explanation:

1. In response to the “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” amended and issued by the Taiwan Stock Exchange Corporation, it is proposed to amend the Ordinance of Shareholders Meetings of Chunghwa Telecom Co., Ltd.
2. Articles 2, 2-2, and 15 are proposed to be amended as explained below:
 - 1) To add matters that prohibited by law from being proposed as special motions in the shareholders' meeting, which shall be stated as the reasons for convention, and the main contents shall be enumerated and explained. (Amendment to Paragraph 4 of Article 2).
 - 2) To add that, according to the official explanation of the Ministry of Economic Affairs (Ref. No. Jing-Shang-Zi 10702417500 issued on 6 August 2018), where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, the inauguration date may not be altered by any special motion or by any other means in the same meeting after the completion of such re-election. (Amendment to Paragraph 5 of Article 2).
 - 3) To add that, according to Article 172-1 of the Company Act, shareholders may only raise one proposal to the agenda of the shareholders' meeting, the number of items so proposed is limited to one only, and to add that the method of acceptance for the shareholders' proposal shall be publicly announced by the Company. (Amendment to Paragraph 1 and Paragraph 2 of Article 2-2).
 - 4) To add that the meeting minutes shall record the voting shares, and disclose the voting rights won by each candidate in an election of directors. (Amendment to Paragraph 3 of Article 15).
3. The comparison table for the draft amendment to the Ordinance of Shareholders Meetings of Chunghwa Telecom Co., Ltd. is attached.
4. This proposal has been approved by the 12th meeting of the 9th Board of Directors on February 23, 2021 and is hereby submitted to the Annual General Meeting for resolution.

Resolution:

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

1. All 25 articles adopted by Annual General Meeting on December 26, 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.
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.
7. Articles 2, 2-2 and 15 amended by the 2021 Annual General Meeting on May 28, 2021.

Draft Amendment	Current Articles	Explanatory Notes
<p>Article 2 (Convening a shareholders' meeting and notification)</p> <p>Except where prescribed by laws and regulations, the Board of Directors shall convene shareholders' meetings.</p> <p>All shareholders shall be notified 30 days in advance of an 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 an 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.</p> <p>The subject of the meeting shall be explicitly stated in notices and public announcements. When the relevant parties grant their</p>	<p>Article 2 (Convening a shareholders' meeting and notification)</p> <p>Except where prescribed by laws and regulations, the Board of Directors shall convene shareholders' meetings.</p> <p>All shareholders shall be notified 30 days in advance of an 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 an 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.</p> <p>The subject of the meeting shall be explicitly stated in notices and public announcements. When the relevant parties grant their</p>	<ol style="list-style-type: none"> 1. Paragraph 4 of this Article is amended in accordance with Paragraph 5 of Article 172 of the Company Act and other laws and regulations to add that matters which cannot be raised at a shareholders' meeting as special motions in accordance with laws and regulations, and to stipulate that the said matters shall be listed in the reasons for convening and the main subject of which shall be explained. 2. Paragraph 5 of this Article is added to follow the official explanation of the Ministry of Economic Affairs (Ref. No. Jing-Shang-Zi 10702417500 issued on 6 August 2018).

Draft Amendment	Current Articles	Explanatory Notes
<p>consent, notification may be performed using electronics means.</p> <p>The election or dismissal of directors, amendment to the Articles of Incorporation, <u>reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares,</u> the dissolution, merger, split up of the Company, or anything as stated in Article 185, Paragraph1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, <u>Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers,</u> or any other issues prohibited by law from being proposed as special motions in the shareholders' meeting shall be stated as the causes of convention, <u>and the main contents shall be enumerated and explained</u> and shall not be proposed as special motions in the meeting.</p> <p><u>Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any special motion or otherwise in the same meeting.</u></p>	<p>consent, notification may be performed using electronics means.</p> <p>The election or dismissal of directors, <u>supervisors,</u> amendment to the Articles of Incorporation, the dissolution, merger, split up of the Company, or anything as stated in Article 185, Paragraph1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, or any other issues prohibited by law from being proposed as special motions in the shareholders meeting shall be stated as the causes of convention and shall not be proposed as special motions in the meeting.</p>	
Article 2-2 (Handling of	Article 2-2 (Handling of	1. To stipulate that,

Draft Amendment	Current Articles	Explanatory Notes
<p>proposals made before the shareholders' meeting)</p> <p>Shareholders holding at least 1% of the total number of issued shares may submit <u>a proposal to general meeting to the Company, the number of items so proposed is limited to one only</u>; such proposals shall be included among discussion proposals after approval by the Board of Directors.</p> <p>The company shall publicly announce acceptance of shareholders' proposals, <u>the method of acceptance</u>, 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.</p> <p>Shareholders' proposals shall be included in the agenda and <u>listed in the meeting notice</u> of the annual general 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 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 	<p>proposals made before the shareholders' meeting)</p> <p>Shareholders holding at least 1% of the total number of issued shares may submit <u>annual general meeting proposals to the Company in writing</u>; such proposals shall be <u>formally included</u> 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 annual general meeting. The acceptance period may be no shorter than 10 days.</p> <p>Shareholders' proposals shall be included in the agenda and <u>stated in the subject</u> of the annual general 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 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 	<p>according to Paragraph 1 of Article 172-1 of the Company Act, a shareholder's proposal submitted in the shareholders' meeting may contain only one matter.</p> <ol style="list-style-type: none"> 2. Paragraph 2 of this Article adds that the Company shall publicly announce the method of acceptance for the shareholders' proposal. 3. Paragraph 3 of this Article is amended slightly on wordings.

Draft Amendment	Current Articles	Explanatory Notes
<p>more than one proposal, the proposal exceeds 300 characters in length (including punctuation marks).</p> <p>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.</p> <p>If the shareholders' proposals to be included in the meeting agenda according to Paragraph 3 are of the same kind, they may be joined as a whole.</p>	<p>exceeds 300 characters in length (including punctuation marks), <u>or the proposal was not submitted in writing.</u></p> <p>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.</p> <p>If the shareholders' proposals to be included in the meeting agenda according to Paragraph 3 are of the same kind, they may be joined as a whole.</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</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 the Company</p>	<p>Paragraph 3 of this Article is added that the meeting minutes shall record the voting shares, and disclose the voting rights won by each candidate in an election of directors, with reference to Paragraph 3 of Article 15 of the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" announced by the Taiwan Stock Exchange Corporation.</p>

Draft Amendment	Current Articles	Explanatory Notes
<p>announced by the Company 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 <u>(including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors.</u> The minutes of shareholders' meetings must be preserved for as long as the company is in existence.</p>	<p>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>	

III. Amendments to the Directors Election Regulations of the Company

Proposed by the Board of Directors

Explanation:

1. In response to the "Sample Template for XXX Co., Ltd. Procedures for Election of Directors" amended and issued by the Taiwan Stock Exchange Corporation on June 3, 2020, and in line with the Company's practical operation of the election of directors at the shareholders' meeting, it is proposed to amend Articles 2, 9, and 10 of the Directors Election Regulations of Chunghwa Telecom Co., Ltd.
2. The comparison table for the draft amendments to the Directors Election Regulations of Chunghwa Telecom Co., Ltd is attached.
3. This proposal has been approved by the 12th meeting of the 9th Board of Directors on February 23, 2021 and is hereby submitted to the Annual General Meeting for resolution.

Resolution:

The comparison table of the proposed amendments to Articles 2, 9, 10 of 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 Election Regulations of Chunghwa Telecom)
5. Articles 2, 9, 10 amended by Annual General Meeting on May 28, 2021

Draft Amendment	Current Articles	Explanatory Notes
<p>Article 2 (The <u>qualifications</u> of Directors)</p> <p>The election of this Company’s directors shall take into consideration the overall composition of the board of directors.</p> <p>Board members shall possess the knowledge, skills, and qualifications required to perform their duties <u>and comply with Articles 20 and 21 of the Code of Corporate Governance for Chunghwa Telecom Co., Ltd.</u></p> <p>The overall capabilities of the board of directors shall possess as the followings:</p> <ol style="list-style-type: none"> 1. The capability to make operational judgments; 2. Accounting and financial analysis capabilities; 3. Business management capabilities; 4. Capability to handle crisis management; 5. Industrial knowledge; 6. International insight; 7. Leadership; 8. Decision-making capability. 	<p>Article 2 (The <u>abilities</u> of Directors)</p> <p>The election of this Company’s directors shall take into consideration the overall composition of the board of directors.</p> <p>Board members shall possess the knowledge, skills, and qualifications required to perform their duties. The overall capabilities of the board of directors shall possess as the followings:</p> <ol style="list-style-type: none"> 1. The capability to make operational judgments; 2. Accounting and financial analysis capabilities; 3. Business management capabilities; 4. Capability to handle crisis management; 5. Industrial knowledge; 6. International insight; 7. Leadership; 8. Decision-making capability. 	<p>Paragraph 1 of this Article is hereby proposed to be amended referring to the Sample Template for XXX Co., Ltd. Procedures for Election of Directors, and in accordance with Article 20, Paragraph 3 of the Company’s Code of Corporate Governance regarding Board Diversity and Article 21 of the same code which stipulates that a spousal relationship or a familial relationship within a second-degree of kinship may not exist among more than half of the directors of the Company.</p>

Draft Amendment	Current Articles	Explanatory Notes
<p>Article 9 (<u>The selection on the ballots</u>)</p> <p><u>Where on-site voting is adopted pursuant to Article 5, in the column of "elected person" on each ballot, the voters shall select one person from the list of the "candidates" compiled by the Company.</u></p> <p>The persons to be elected shall have legal capacity.</p> <p>Where the voters deem it necessary, they may distribute the voting rights in compliance with applicable laws and regulations.</p>	<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> <p><u>1. The name of the person to be elected.</u></p> <p><u>2. The shareholder account number or ID card number of the person to be elected.</u></p> <p><u>For on-site voting in the shareholders' meeting, when the persons to be elected are juristic persons, the voters shall fill in the followings in the ballot and put it into the ballot box:</u></p> <p><u>1. The full name of the juristic person, or the full name of the juristic person and the name of its representative.</u></p> <p><u>2. The shareholder account number or the uniform number of corporation of the person to be elected.</u></p> <p>The persons to be elected shall have legal capacity.</p> <p>Where the voters deem it necessary, they may distribute the voting rights in compliance with applicable laws and regulations <u>and the Handling Guidelines of Stock Affairs of the Company.</u></p>	<p>1. Considering the Company has adopted a candidate nomination mechanism for the election of directors that the shareholders shall elect the person from the list of candidates complied by the Company, shareholders shall be able to learn the information of the name, academic and working experiences of each candidate from the candidate list before the shareholders' meeting. Given that it is unnecessary to identify the candidates by means of the shareholders' account number or ID card number, paragraph 1 of this Article is amended and paragraph 2 hereof is deleted accordingly.</p>

Draft Amendment	Current Articles	Explanatory Notes
		<p>2. Considering the Handling Guidelines of Stock Affairs of the Company are formulated in accordance with the laws and regulations and do not differ from the related laws such as Company Act or Securities and Exchange Act, the words “and the Handling Guidelines of Stock Affairs of the Company” under paragraph 4 of this Article is hereby deleted.</p> <p>3. Due to the deletion of paragraph 2, the current paragraphs 3 and 4 are adjusted in sequence.</p>
<p>Article 10 (Invalid ballot) If any of the followings applies to on-site voting in shareholders’ meeting, the ballot shall be counted as invalid:</p> <p>1. The ballot was not prepared as prescribed in Article 7 of these regulations <u>or not prepared by a person with the right to convene.</u></p>	<p>Article 10 (Invalid ballot) If any of the followings applies to on-site voting in shareholders’ meeting, the ballot shall be counted as invalid:</p> <p>1. The ballot was not prepared as prescribed in Article 7 of these regulations.</p>	<p>1. Referring to the Sample Template for XXX Co., Ltd. Procedures for Election of Directors and in line with the Company’s current director election practices at its Annual General</p>

Draft Amendment	Current Articles	Explanatory Notes
<p>2. The ballot are not placed into the ballot box.</p> <p>3. The ballot are blank when placed into the ballot box.</p> <p>4. <u>Except for selecting the person from the list of the candidates compiled by the Company, the voter writes other words on the ballots, selects two or more candidates, or there is incomplete information, writing error, correction, inscription of other symbols, graphics, or wording on the ballots.</u></p>	<p>2. The ballot was not placed into the ballot box.</p> <p>3. The ballot was blank when placed into the ballot box.</p> <p>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></p> <p>5. There is incomplete information, writing error, correction, <u>blurred wording that cannot be identified,</u> inscription of other symbols, graphics, or wording <u>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>Meeting of Shareholders and the draft amendment of Article 9, paragraph 4 and 6 of this Article is hereby deleted and paragraph 5 of this Article is amended.</p> <p>2. The current paragraph 5 is adjusted to paragraph 4 in sequence.</p>

IV. Release of non-competition restrictions on directors

Proposed by the Board of Directors

Explanation:

1. According to Article 209 of the Company Act and Article 12 of the Meeting Rules of Order of the Board of Directors of the Company, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall submit to the Board of Directors for discussion and explain to the meeting of shareholders the essential contents of such an act and to obtain its approval.
2. One of the Company' independent directors concurrently acts as an independent director or run business for another company which has the same or similar lines of business with the Company. Hence it is proposed to the shareholders' meeting to release the non-competition restrictions on the independent director in accordance with the laws.
3. It is proposed to release non-competition restrictions on the independent director Mr. Lo-Yu Yen when he assumes the position at the following company:

Director	Position at the Company with same or similar lines of business	Same or similar lines of business of the company
Lo-Yu Yen, Independent Director	Qisda Corporation (Independent Director)	Computer and Accessories Manufacturing Service, Medical Device Wholesale Business, Medical Device Retail Business

4. This proposal has been approved by the 12th meeting of the 9th Board of Directors on February 23, 2021 and is hereby submitted to the Annual General Meeting for resolution.

Resolution:

Extemporaneous Motions

Meeting Adjourned

The Company's Rules

I. Articles of Incorporation of Chunghwa Telecom Co., Ltd.

1. All of 26 articles adopted by Promoters Meeting on June 11, 1996.
2. Article 15 amended by the Annual General Meeting on December 26, 1997.
3. Articles 2 and 22 amended by the Annual General Meeting on November 25, 1998.
4. Paragraph 1 of Article 21 amended by the Extraordinary General Meeting on July 13, 1999.
5. Articles 2, 3, 6, 7, 10, 12, 13, 19, 21, and 22 amended, and Articles 6-1 and 7-1 added by the Annual General Meeting on June 4, 2001.
6. Articles 2, 7, 8, 9, 10, 19, 21, and 22 amended and Article 5 deleted by the Annual General Meeting on June 21, 2002.
7. Article 2 amended by the Annual General Meeting on June 17, 2003.
8. Articles 2 and 22 amended by the Annual General Meeting on June 25, 2004.
9. Articles 2, 3, 6, 10, 11, 12, 14, 17, 19, 20, 22, 23, and 25 amended, and Articles 12-1, 18-1, and 18-2 added by the Annual General Meeting on May 30, 2006.
10. Articles 2, 12-1, 14, 22, and 23 amended, and Article 18-1 deleted by the Annual General Meeting on June 15, 2007.
11. Articles 2, 6, and 14 amended by the Annual General Meeting on June 19, 2008.
12. Articles 2, 6, 12 and 13 amended, and Article 6-1 deleted by the Annual General Meeting on June 19, 2009.
13. Article 2 amended by the 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 the Annual General Meeting on June 22, 2012.
15. The title of Chapter IV, Articles 2, 12, 13, 18-2, 21 and 22 amended; Articles 17 and 18 deleted, and Article 13-1 added by the Annual General Meeting on June 25, 2013.
16. Articles 2 and 15 amended by the Annual General Meeting on June 24, 2014.
17. Articles 1, 2 and 7-1 amended by the Annual General Meeting on June 26, 2015.
18. Articles 2 and 22 amended, and Article 22-1 added by the Annual General Meeting on June 24, 2016.
19. Article 2 amended by the Annual General Meeting on June 15, 2018.
20. Article 2 amended by the Annual General Meeting on June 21, 2019.
21. Article 2 amended by the Annual General Meeting on May 29, 2020.

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 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 (E701010);
- 7) Installation of the Radio-Frequency Equipment whose operation is controlled by the Telecommunication Business (E701030);
- 8) Information Software Service Business (I301010);
- 9) Rental Business (JE01010);
- 10) Other Wholesale Businesses (F199990);
- 11) Management and Consulting Service Business (I103060);
- 12) Other Corporation Service Businesses (IZ99990);
- 13) Other Retail Businesses (F299990);
- 14) Online Certification Service Businesses (IZ13010);
- 15) Supply of Electronic Information Service Businesses (I301030);
- 16) Information Process Service Business (I301020);
- 17) Telecommunication Account Application Agency Businesses (IE01010);
- 18) Residential and Commercial Building Development, Rental and Sales Businesses (H701010);
- 19) Development of Special District/Zone Businesses (H701040);
- 20) Real Estate Rental Businesses (H703100);
- 21) Community Common Cable Television Equipment Businesses (J502020);
- 22) Exhibition Service Businesses (JB01010);
- 23) Parking Lot Operation Businesses (G202010);
- 24) Environmental Assessment Service Businesses (J101050);
- 25) Computer and Accessories Manufacturing Service (CC01110);
- 26) Information Storage and Process Equipment Manufacturing Businesses (CC01120);
- 27) Other Electrical and Electronic Machinery & Equipment Manufacturing Businesses (CC01990);
- 28) Radio-Frequency Equipment Import Business (F401021);
- 29) General Hotel Business (J901020);
- 30) Computer and Administrative Device Wholesale Businesses (F113050);
- 31) Information Software Wholesale Businesses (F118010);
- 32) Computer and Administrative Device Retail Businesses (F213030);
- 33) Information Software Rental Businesses (F218010);
- 34) Energy Service Business (IG03010);
- 35) Engineering Consulting Business (I101061);
- 36) Refrigeration and Air-Conditioning Consulting Business (E602011);
- 37) Automatic Control Equipment Engineering Business (E603050);
- 38) Lighting Equipment Installation Business (E603090);
- 39) Non-store Retailer Business (F399040);
- 40) Power Equipment Installation and Maintenance Business (E601010) ;
- 41) Electrical Appliance Installation Business (E601020) ;
- 42) Instrument Installation Engineering Business (EZ05010) ;
- 43) Television Program Production Business (J503020) ;
- 44) Broadcasting and Television Program Launch Business (J503030) ;
- 45) Broadcasting and Television Advertising Business (J503040) ;

- 46) Production, Licensed Recording and Supply of Videotape Program Business (J503050) ;
- 47) The Third Party Payment Business (I301040);
- 48) Water Pipe Construction Business (E501011);
- 49) Machinery and Equipment Manufacturing Business (CB01010);
- 50) Traffic Signals Installation and Construction Business (E603080);
- 51) Traffic Labels Construction Business (EZ06010);
- 52) Medical Device Wholesale Business (F108031);
- 53) Medical Device Retail Business (F208031);
- 54) Metrological Instruments Importing Business (F401181);
- 55) Metrological Instruments Repairing Business (JA02051);
- 56) Metrological Instruments Manufacturing Business (CE01021);
- 57) 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 needs.

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 stocks issued by the Company, upon the request of the centralized securities custodian institution, may be merged in exchange for the security with large par value.

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 Law, 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 Audit Committee

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 Board of Directors may establish various functional committees according to the laws and regulations or business needs.

The Company shall establish an audit committee starting from the 7th 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.

Article 12-1 In accordance with Articles 181-2 and 183 of the Securities and Exchange Act, 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 directors of the Company shall proceed with the candidate nomination system; the shareholders shall elect the directors from among the nominees listed in the roster of 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 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, the government or corporate body may reappoint such representative at anytime to supplement the original tenure.

Article 13-1- The remuneration and compensation of the directors shall be determined by the Board of Directors based on the participation and the contribution of each director in the business operation of the Company and referencing the regular standards of other corporations in the similar industry.

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 closing report.
- 5) Distribution of earnings 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, executive vice presidents, presidents of branch offices, president of Telecommunication Laboratories, and president of 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 at least one time a quarter. 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 - (deleted).

Article 18 - (deleted).

Article 18-1 (deleted).

Article 18-2 The Company may purchase liability insurance policies for directors 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 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 and presidents of branch offices, and one (1) president for each of Telecommunication Laboratories and Telecommunication Training 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, presidents of branch offices, president of Telecommunication Laboratories, and president of Telecommunication Training Institute 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 shall submit the same to the annual general meeting for adoption according to the relevant legal procedures.

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

Article 22 - In annual profit-making year, the Company should distribute 1.7% - 4.3% of profit as employees' compensation, and not more than 0.17% of profit should be distributed as Directors' compensation, however, that if the Company has any accumulated losses, an amount to offset should be reserved in advance.

The Company should by a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the preceding paragraph distributed in the form of share or in cash; and report at the General Meeting of shareholders.

The provisions in the two preceding Paragraphs have retrospective effect and should apply to the determination of compensation to employees and Directors for the fiscal year of 2015.

Article 22-1- After the Company has paid all taxes due at the end of each fiscal year, the Company shall make up its accumulated losses and set aside ten percent (10 %) earning as a statutory revenue reserve before distribution of earnings, 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 needs or laws and regulations. A minimum of fifty percent (50%) of the total amount of the remaining amount, along with the accumulated retained earnings from the previous year, shall be distributed to shareholders. Cash dividends shall not be less than fifty percent (50%) of the total dividends, but when the cash dividends fall below NT\$0.1 per share, dividends may be distributed in the form of shares.

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

Dividends and bonuses shall not be distributed where the Company has no earning.

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 existing shares being held by each of them.

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 25 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.
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.

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 an 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 an 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, 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 any other issues prohibited by law from being proposed as special motions in the shareholders meeting shall be stated as the causes of convention and shall not be proposed as special motions in the meeting.

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

A handbook shall be prepared for the convention of shareholders meeting. This handbook and other materials for the meeting shall be publicly announced in compliance with the regulations of the competent authority.

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 shareholders' proposals to be included in the meeting agenda according to Paragraph 3 are of the same kind, they may be joined as a whole.

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 (The exercise of voting rights and attendance by proxy)

When the Company calls for shareholders' meeting, shareholders may elect to exercise the voting right through electronic voting or on the site.

The aforementioned exercise 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 shareholders services of Public Companies (hereinafter, "Regulations Governing the Administration of shareholders services").

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 shall, no later than 2 days 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 vote cast by the proxy in the meeting under authorization shall stand.

Where specific shareholder exercises voting right through electronic voting and also appoints a proxy with proxy letter to attend the shareholders' meeting, the vote cast by the proxy in the meeting under authorization shall stand.

Article 5 (Registration of shareholders for attendance)

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.

The Company shall set up a registration desk for the registration of the shareholders or proxies to the meeting by presenting the attendance sign-in cards.

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 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 quantity of shares represented by the shareholders present as 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.

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 special 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 special 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 special 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 special 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.

Proposals shall be resolved by voting by poll. 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.

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 special motion session. The chairman may also combine proposals that are of the same type.

Article 13 (Monitoring the voting, counting, and retention of ballots)

When a proposal is put to a vote on the scene of 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. Only shareholders may act as the watchers.

The votes on the proposals shall be counted in silence. The voting result on proposals, including votes cast on the site and through electronic voting, shall be announced on the site and kept as minutes on record. The watchers shall keep all counted ballot cast on the site together with the document stating the result of electronic voting in a package, affix their signatures or seals to the package, and forward the package to the Company for retention.

The calculation of aforementioned voting result through electronic voting shall be verified 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.

Article 13-1 (Determine the validity of the ballots cast on the site)

If any of the following applies to a ballot cast for voting on the site of the shareholders meeting as determined by all watchers of voting, such ballot shall be deemed invalid:

1. The ballot is not prepared by the Company.
2. The ballot in the ballot box is left blank or not the one designated for voting on specific proposals.
3. The ballot is not being put in the ballot box.
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.

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)

The proposal 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.

In the process of aforementioned proposal for election, watchers 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 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.

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 release of the minutes of meeting on record as aforementioned may be announced by the Company through posting at 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 special 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 laws and regulations 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. Ethical Corporate Management Best Practice Principles of Chunghwa Telecom Co., Ltd.

1. All articles adopted by the 6th Board of Directors at the 5th meeting on December 28, 2010.
2. Amended by the 7th Board of Directors at the 2nd meeting on August 13, 2013.
3. Amended by the 9th Board of Directors at the 8th meeting on August 5, 2020.

Article 1 (Purpose of enactment and applicable scope)

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

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

Article 2 (Prohibition of unethical conducts)

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

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

Article 3 (Types of benefits)

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

Article 4 (Legal compliance)

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

Article 5 (Policy)

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

Article 6 (Guidelines for conduct)

The Company has established the "Procedures for Ethical Management and Guidelines for Conduct of Chunghwa Telecom Co., Ltd." (hereinafter referred to as the " Guidelines for Conduct") in order to implement the operational philosophies and policies prescribed in the preceding article, which includes operating procedures, behavior guidelines, and training, etc.

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

Article 7 (The scope of the Guidelines for Conduct)

The Company shall analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish its Guidelines for Conduct accordingly and review their adequacy and effectiveness.

The Company should refer to prevailing domestic and foreign standards or guidance in establishing the "Guidelines for Conduct", which shall at least include preventive measures against the following:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive practices.
7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

Article 8 (Promises and executions)

The Company shall request their directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

The Company and its Business Groups shall clearly specify in their rules and external documents and on the company website the ethical corporate management policies and the commitment by the board of directors and senior management on rigorous and thorough

implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

The Company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.

Article 9 (Engaging in commercial activities under ethics)

The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with their agents, suppliers, clients, or other trading counterparties, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.

Article 10 (Prohibition of offering and acceptance of bribery)

When conducting business, the Company and their directors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 11 (Prohibition of offering illegal political donations)

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

Article 12 (Prohibition of improper charitable donation or sponsorship)

When making or offering donations and sponsorship, the Company and their directors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

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

The Company and their directors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article 14 (Prohibition of infringement of intellectual property rights)

The Company and their directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the Company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15 (Prohibition of unfair competition)

The Company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 16 (Prevent products or services from harming stakeholders)

In the course of research and development, procurement, make, provision, or sale of products and services, the Company and their directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall those products or suspend the services immediately.

Article 17 (Organization and responsibility)

The directors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the Company shall allocate resources and personnel and assign Human Resources Department in assisting the board of directors and the management to formulate, supervise and implement ethical corporate management policies and guidelines for conduct, mainly in charge of the following matters, and report to the board of directors regularly (at least once a year):

1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines

with respect to the Company's operations and business.

3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 18 (Legal compliance for business operation)

Directors, managers, employees, mandataries, and substantial controllers of the Company shall comply with laws and regulations and the prevention programs when conducting business.

Article 19 (Interest avoidance)

The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the Company.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the Company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The directors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the Company to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 20 (Accounting and internal control)

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

The internal audit unit of the Company shall, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans including auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the guidelines for conduct. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors.

Article 21 (Procedures and guidelines of conduct)

The Company shall establish “Guidelines for Conduct” in accordance with Article 6 hereof to guide directors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters:

1. Standards for determining whether improper benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
7. Handling procedures for violations of these Principles.
8. Disciplinary measures on offenders.

Article 22 (Education training and review)

The chairperson, general manager, or senior management of the Company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.

The Company shall periodically organize training and awareness programs for directors, managers, employees, mandataries, and substantial controllers and invite the Company’s commercial transaction counterparties so they understand the Company’s determination to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

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

Article 23 (Whistleblowing system)

The Company shall adopt a concrete whistle-blowing system, and should be implemented in accordance with the principle of segregation of power for the investigation of violations

of the Company's employees and the guidelines for handling employee appeals. . The whistle-blowing system shall include at least the following:

1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the Company to submit reports.
2. Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving a director or senior management shall be reported to the independent directors or the Audit Committee. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
3. Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.
4. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
5. Confidentiality of the identity of whistle-blowers and the content of reported cases, and an undertaking regarding anonymous reporting.
6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
7. Whistle-blowing incentive measures.

When material misconduct or likelihood of material impairment to the Company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors or the Audit Committee in written form.

Article 24(Disciplinary and appeal system)

The Company shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management principles, and shall make immediate disclosure on the Company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 25(Disclosure of information)

The Company shall collect quantitative data about the promotion of ethical corporate management and continuously analyze and assess the effectiveness of the promotion of ethical corporate management policy, and shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on the Company websites, annual reports, and prospectuses, and shall disclose its ethical corporate management best practice principles on the Market Observation Post System.

Article 26 (Review and revision of the ethical corporate management policies and measures)

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their

directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical corporate management.

Article 27 (Enforcement)

The ethical corporate management best practice principles of the Company shall be implemented after the board of directors grants the approval, and shall be sent to report at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.

When the Company submits its ethical corporate management best practice principles to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.

IV. 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, 9 amended 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)

Article 1 (Principle of application)

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 2 (The abilities of Directors)

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 (Qualification of Independent Directors)

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 4 (Nomination System)

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

Article 5 (Election Method)

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.

Shareholders may exercise their voting rights in the election of the directors through electronic voting or on-site voting.

The aforementioned voting through electronic voting by shareholders shall be made at the designated electronic voting platform of the Company.

Article 6 (Calculation of votes and being elected to office)

Independent directors and non-independent directors 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 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.

The aforementioned number of votes cast in the election shall include the votes cast on-site in the shareholders' meeting and via electronic voting.

For the electronic votes referred to 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.

Article 7 (Preparing the ballot)

The ballots for on-site voting in the shareholders' meeting 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 ballot box)

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.

The watchers shall be shareholders of the Company.

Article 9 (Particulars for inscription in the ballot)

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:

1. The name of the person to be elected.
2. The shareholder account number or ID card number of the person to be elected.

For on-site voting in the shareholders' meeting, when the persons to be elected are juristic persons, the voters shall fill in the followings in the ballot and put it into 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 the uniform number of corporation of the person to be elected.

The persons to be elected shall have legal capacity.

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.

Article 10 (Invalid ballot)

If any of the followings applies to on-site voting in shareholders' meeting, the ballot shall be counted as invalid:

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 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.
5. There is incomplete information, writing error, correction, blurred wording that cannot be identified, inscription of other symbols, graphics, or wording in the ballot for the particulars required to fill in pursuant to Paragraphs 1 and 2 of Article 9.
6. The total number of voting rights exercised by the voters exceeds the total number of voting rights the voters entitled to.

Article 11 (Announcement of the election result)

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

Article 12 (Sealing and retention of the ballots)

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.

Article 13 (Implementation)

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

Appendix

Shares Held by Directors

As of March 30, 2021 (book closure date for 2021 AGM)

Title	Name	Term	Representative	Number of shares	Shareholding ratio
Chairman and CEO	MOTC	06/21/2019 - 06/20/2022	Chi-Mau Sheih	2,737,718,976	35.29%
Directors	MOTC	06/21/2019 - 06/20/2022	Shui-Yi Kuo		
			Yu-Lin Huang		
			Lien-Chuan Lee		
			Shin-Yi Chang		
			Sin-Horng Chen		
			Hung-Yi Hsiao		
	Chin-Tsai Pan				
Independent director	Lo-Yu Yen	06/21/2019 - 06/20/2022		0	0%
Independent director	Jen-Ran Chen	06/21/2019 - 06/20/2022		0	0%
Independent director	Yu-Fen Lin	06/21/2019 - 06/20/2022		0	0%
Independent director	Chung-Chin Lu	06/21/2019 - 06/20/2022		0	0%
Independent director	Yi-Chin Tu	06/21/2019 - 06/20/2022		0	0%
Total				2,737,718,976	35.29%

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 Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies: the minimum number of shares that shall be held by all directors of the Company is 124,119,144.