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# **Chunghwa Telecom Co., Ltd.**

## **2022 Annual General Meeting Handbook**

Date: May 27, 2022

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

# Chunghwa Telecom Co., Ltd.

## 2022 Annual General Meeting Handbook

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# Agenda

**Method for holding the meeting: physical**

**Meeting Date: Friday, May 27, 2022**

**Meeting Venue: Chunghwa Telecom Training Institute**

**No. 168, Minzu Road, Banchiao District, New Taipei City 220, Taiwan, R.O.C.**

**The Chairman Calls the Meeting to Order**

**Chairman's Address**

**Report Items**

- I. 2021 business report
- II. 2021 audit committee's review report
- III. 2021 compensation distribution to directors and employees
- IV. Amendments to the Code of Ethics
- V. Amendments to the Ethical Corporate Management Best Practice Principles
- VI. Issuance of unsecured straight corporate bonds for 2021

**Matters for Ratification**

- I. Ratification of 2021 business report and financial statements
- II. Ratification of 2021 earnings distribution proposal

**Matters for Discussion**

- I. Amendments to the Articles of Incorporation
- II. Amendments to the Procedures for Acquisition or Disposal of Assets
- III. Amendments to the Ordinance of Shareholders Meetings

**Election**

Election of the Company's 10<sup>th</sup> term directors

**Other Matters**

Release of non-competition restrictions on the 10<sup>th</sup> term directors

**Extemporary Motions**

**Meeting Adjourned**

## **Report Items**

### **I. 2021 business report**

As Taiwan faced the COVID-19 pandemic throughout 2021, we are extremely grateful to all our team members for their hard-work and ability to adapt to the new norms during these difficult times, alongside the Company. Our front-line staff also remained in their roles during the pandemic and continued to provide timely, high-quality services to our customers. We have delivered promising results for 2021, as both consolidated revenue and profits exceeded financial forecasts with annual growth rate increasing as well. Our financial performance hit a four-year record high in 2021, further creating value for our shareholders.

#### **2021 Business Highlight**

In 2021, we have achieved excellent operating results based on the “Transformation x 5G x Sustainability” strategy.

#### **Successful transformation with “Rise on, together 2021” plan**

In response to changes in the operating environment and new business challenges, Chunghwa Telecom launched a three-year comprehensive strategic transformation plan, "Rise on, together 2021," in 2019. We aimed to create fundamental changes in mindset, behavior and company culture to achieve an upward trend in financial metrics. After three years of hard work, we have successfully returned to the growth track from recession. From 2019 to 2021, our telecom revenue turned upward, as net profit and EPS increased year-by-year. In addition, we achieved a record of EPS of NT\$4.61 in 2021.

In terms of business transformation, we continued to achieve milestones in core and emerging businesses these past three years, including 5G, smart applications, information and communication technology projects. In terms of network transformation, we promoted the next generation of network transformation as well as the integration of fixed-line and mobile networks, and collaborated on cloud-network and smart network maintenance. By aligning resource utilization with flexible deployment, we reduced maintenance and operating costs, while greatly improving operating efficiency. With the leading technical 5G construction method of C-RAN architecture that centralized maintenance operations and big data analysis based construction plan, we continued to accelerate 5G construction, as our network quality has been recognized by both domestic and international institutions.

In terms of organizational transformation, we restructured our organizational structure with a "customer-centric" concept in mind by introducing three business groups: the Consumer Business Group, the Enterprise Business Group and the International Business Group. We have also built three technical groups: the Network Technology Group, Data Communication Business Group and Telecommunications Laboratories. This new organization officially launched on January 1, 2022. We will continue to strengthen the integration of organizational resources to realize operational synergies to enhance overall competitiveness through resourceful and customized services for our customers.

#### **5G leads mobile service revenue turned upward**

2021 is an important year for the Company with upward trends in the core business. In terms

of mobile business, we have actively deployed 5G networks. By the end of 2021, we were the industry leader with more than 12,000 5G base stations completed. Our network quality has been recognized and awarded by professional international speed measurement agencies. Speedtest recognized Chunghwa with "Fastest 5G" and "Fastest Mobile Network" in the first and second halves of 2021, respectively. As for Opensignal's "2021 Global User Network Experience," Chunghwa is recognized as the operator in Taiwan with the greatest number of projects entering the world's top 30 experience projects. Our 5G penetration rate has been promoted by excellent network quality along with an increase in proportion of 5G high price plan adoption, successfully driving our mobile service revenue upward in 2021.

#### **Industry-leading 5G enterprise private network**

In 2021, we actively cultivated the 5G enterprise private network market. Strategically, we aimed to acquire projects from leading enterprises across various industries and established vertical application models as a basis for expanding 5G enterprise private network market at home and abroad. We have successfully achieved pioneer projects in many sectors with the top completion rate in the telecom industry. In addition to developing the domestic market, we have also made breakthroughs in the international market by signing a memorandum to cooperate with overseas telecom companies to develop international 5G enterprise private network services and technologies. Frost & Sullivan, the well-known international research and consulting institute, conducted the 5G enterprise private network evaluation for the first time in 2021. Chunghwa was the only company awarded the "2021 Taiwan Private 5G Network Customer Value Leadership Award," validating our performance in this arena.

#### **Increasing demand for digital business accelerates the growth of fixed-line broadband**

In 2021, the COVID-19 outbreak increased consumer demand for digital services and accelerated enterprise digital transformation to improve fixed broadband business performance. Based on the demand for fixed-line broadband, the net adds of HiNet and broadband subscribers both turned positive in 2021. In addition, demand for high-speed services also improved significantly, as the number of high-speed service subscribers with 300Mbps or higher increased at a double-digit annual growth rate, further driving increases in annual broadband revenue and ARPU. We further rolled out 2Gpbs high-speed services amid with home Mesh Wi-Fi to respond to the strong market demand.

#### **Significant increase in profitability of ICT and emerging businesses**

In 2021, due to the active promotion of smart applications and enhanced project management, overall ICT profits margin and gross profits increased significantly, compared to 2020, contributing to the Company's bottom line. We also completed a number of smart transportation projects that include constructing self-driving electric buses and building the first bus and emergency vehicle priority sign control system in Taiwan. In addition, we have cooperated with medically-focused strategic partners to enter the field of smart medical care and accelerate the development of innovative services.

#### **Commit to ESG practice and set medium- and long-term carbon reduction targets**

In 2021, we transformed the "Corporate Social Responsibility Committee" into the "Sustainable Development Committee." In response to global trends and government policies, we set medium- and long-term goals for energy conservation and carbon reduction, such as promoting IDC to use 100% renewable energy by 2030 and achieving net zero carbon emissions by 2050. In addition, we have been awarded the "Task Force on Climate-related

Financial Disclosures (TCFD)" and the Circular Economy Guidelines (BS8001) audit statement issued by the British Standard Institute, holding the status as the only telecom operator in Taiwan to simultaneously pass both audits.

In addition, we continue to give back to society in the form of innovation and technology. When the pandemic alert in Taiwan was upgraded in 2021, we fully supported the government and became its strongest backup force for pandemic prevention. For example, we developed, completed and launched the "SMS Contact Tracing Platform" within three days and developed an "Epidemic Control Assistance Platform." We also created the "Chunghwa Telecom unmanned airborne base station system," which provides signal for relief in disaster areas, even during service interruptions. We established networks and mobile technology tools to introduce smart medical care solutions in rural health centers, applying 5G technology to unmanned ships to automatically remove marine debris on a daily basis. In addition, we have leveraged our technology to help disadvantaged groups and people in remote villages. During the pandemic, we provided 40,000 prepaid cards for disadvantaged students to study online at home and cooperated with strategic partners to help students in primary and secondary schools study in remote areas.

Our ESG efforts continue to gain recognitions by international professional organizations. We were the only telecom company in Asia to win the highest honor of "Jade Award" in the evaluation of The Asset ESG Corporate Award in 2021. We continue to enhance our corporate governance to protect both shareholder value and stakeholder rights. We have been awarded the 2021 Best Telecom Holding Governance Asia Award by globally-recognized media Capital Finance International, becoming the corporate governance benchmark for Asian telecom operators.

### **Solid financial performance, shareholders paybacks and future investments**

Due to steady growth of our core businesses and improved profitability of emerging businesses, the Company's EBITDA increased by 5.9% year-over-year in 2021. Along with effective resource allocation, we maintained stable financial performance and healthy cash flow. Standard & Poor maintained our "AA" rating, the best in the global telecom industry, and we are the only telecom companies to receive this rating globally. Adhering to our intent of returning surplus to shareholders, the Company's cash dividend payout ratio reached 100% in 2021. Looking forward, we will maintain a stable dividend policy to respond to shareholder expectations.

Stable financial constitution is also the cornerstone of our ongoing investments in the future. In 2021, capital expenditure was NT\$35.3 billion, mainly used for the deployment of 5G and core access networks, the construction of IDC and the layout of international submarine cables in response to increasing demand for external bandwidth and potential opportunities driven by OTT digital content and audio-visual services. As technology evolves to enhance the efficient usage of space in our switch offices, we plan to develop more land and buildings with commercial potential to increase the Company's revenue through efficient use of idle assets.

### **Future outlook**

We adopted the "Customer-Centric" organizational structure on January 1, 2022. The three business groups, "Consumer Business Group," "Enterprise Business Group," and "International

Business Group,” will continue to focus on business development, while technical groups will leverage their capabilities and R&D resources to support the expansion and success of the business groups. Our visions and goals for the new organization include:

- Being the leader of smart life: to provide smart services between people and families; to provide smart life to meet client demands for entertainment, health, safety and convenience; to build the first smart life economic ecosystem in Taiwan.
- Being the facilitator of digital economy: to become a leader in the 5G+AIoT industry by implementing emerging technological solutions; to become the best partner for the digital transformation of enterprises and international cloud network services.
- Building next generation of cloud-based intelligent networks: to establish broadband connection at all times; to provide customers with the ultimate experiences; to promote the innovative digital economy; to develop products for information services and create a digital service eco-system while cooperating with various groups.

As we look forward to 2022, we will sustain our momentum in 5G migration through innovative applications, with an aim to drive up the 5G penetration rate to 30%, while steadily pushing upward growth of mobile ARPU. We are optimistic about the development of Metaverse-related VR, AI and zero-touch application, allowing customers to enjoy unprecedented VR integration experiences. We also provide Giga-level internet surfing experiences through “Always Broadband Connected environment” of “mobile broadband, fixed-line broadband, and home Wi-Fi” to support personal home-centric smart application services, expand in consumer markets and meet customer needs.

In terms of the enterprise customer market, we continue to provide tailored digital transformation solutions for enterprise customers. Through independent R&D, extensive partnerships and strategic investment, we will continue to develop our emerging businesses, such as smart transportation, smart agriculture, fintech and other integrated services, with cutting-edge technologies, including cybersecurity, cloud, AI, big data and blockchain, to help businesses across all industries advance into the digital era.

In terms of sustainability implementation, we set ESG-related goals with a vision of “green and low carbon, digital empowerment, integrity and transparency.” We will replace old infrastructure with virtual network functions and retire old company cars with electric vehicles to reduce carbon emissions. By 2030, we expect the Company’s annual carbon emissions to be halved, compared to 2020. In addition, we look to accelerate usage of renewable energy in IDC data centers by purchasing green electricity and investing in renewable energy.

We continue to promote gender equality and raise our percentage of female managers. We will continue to support employee work-life balance, such as building “Mutual-help Education and Health Center in Workplace,” so our employees can concentrate on work without any worry or concerns. As a telecom operator, we constantly think about how to use network and technology capabilities to implement “Technology for Greater Good” through digital empowerment. We will continue to form partnerships with strategic parties to address structural issues regarding digital divide. By assisting enterprises with digital transformation, we will continue to practice “Digital Empowerment via Internet,” while calling on enterprises and suppliers to reduce carbon emissions to achieve sustainability and sustainable prosperity.



We firmly believe that the “Transformation x 5G x Sustainability” strategy will establish a strong foundation for the Company’s excellence in the next decade. Concurrently, our “Customer-Centric” structural transformation and 5G will generate greater value for our clients in the post-COVID digital era. Lastly, through sustainable prosperity and symbiosis with the society, we will continue to generate sustainable growth to maximize value for our shareholders and stakeholders.

Chairman and Chief Executive Officer: Chi-Mau Sheih

President: Shui-Yi Kuo

Vice President, Accounting Department: Shu-Ling Chen

February 23, 2022

## II. 2021 audit committee's review report

### Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 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, 2022

### III. 2021 compensation distribution to directors and employees

1. The 2021 compensation distribution to directors and employees was approved by the 17<sup>th</sup> meeting of the 9<sup>th</sup> Board of Directors on February 23, 2022.
2. The 2021 compensation distribution to directors and employees :

Item		NT\$
Net income		35,753,579,340
Profit	(A)	45,355,008,259
Ratio of Directors' compensation to profit	(B)	0.085%
Directors' compensation	(C)=(A)*(B)	38,551,757
Ratio of Employees' compensation to profit	(D)	3.150700%
Employees' compensation	(E)=(A)*(D)	1,429,000,245

3. The Compensation of Directors in year 2021, of which the Compensation Policy, the content and amount of individual compensation, and the relationship with the performance evaluation results

(1) Compensation Policy

The directors of the company receive monthly fixed remuneration according to the resolution of the Board of Directors, and was distributed with directors' compensation according to the Articles of incorporation, and the independent directors of the Company do not participate in the distribution of directors' compensation.

(2) Compensation Budgeting Procedure

The directors' compensation in fiscal year 2021 including fixed part-time compensation, the directors' compensation, directors' related business execution expenses amount of NT\$ 44,016,757.

(3) Compensation and Performance

The directors' compensation is established based on the Company's performance target, financial status, and the director's respective responsibilities. The Compensation Committee shall periodically review and assess compensation packages for the Board of Directors, and then approved by the Board of Directors.

#### **IV. Amendments to the Code of Ethics**

1. In response to the organizational restructuring of the Company, it is proposed to amend the Code of Ethics of Chunghwa Telecom Co., Ltd. The proposed amendments were resolved by the 5<sup>th</sup> interim meeting of the 9<sup>th</sup> Board of Directors.
2. The amendments include Article 3(Avoiding conflict of interest), Article 4(No appropriation for personal gains), Article 14(Reporting and handling discovered violations against the Code of Ethics), and Article 15(Full understanding and compliance with this Code of Ethics) as well as change of name from "Human Resources Department" to "Organization and Talent Development Department".

## **V. Amendments to the Ethical Corporate Management Best Practice Principles**

1. In response to the organizational restructuring of the Company, it is proposed to amend the Ethical Corporate Management Best Practice Principles of Chunghwa Telecom Co., LTD. The proposed amendments were resolved by the 5<sup>th</sup> interim meeting of the 9<sup>th</sup> Board of Directors.
2. The amendments include Article 17(Organization and responsibility) as well as change of name from "Human Resources Department" to "Organization and Talent Development Department".

## **VI. Issuance of unsecured straight corporate bonds for 2021**

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 7<sup>th</sup> meeting of the 9<sup>th</sup> 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\$7 billion in unsecured straight corporate bonds was raised in 2021. Details as below.
  - 1) Issuing Date: 2021/4/20
  - 2) Total Issuance Amount: NT\$7billion  
Tranche A: NT\$1.9 billion; Tranche B: NT\$4.1billion; Tranche C: NT\$1 billion
  - 3) Issuance Period:  
Tranche A: 5 years (2021/04/20~2026/04/20)  
Tranche B: 7 years (2021/04/20~2028/04/20)  
Tranche C: 10 years (2021/04/20~2031/04/20)
  - 4) Coupon Rate:  
Tranche A: 0.42% p.a.; Tranche B: 0.46% p.a.; Tranche C: 0.50% 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 2021 business report and financial statements**

Proposed by the Board of Directors

Explanation:

1. The Company's 2021 financial statements (page 19-26 and page 30-35), 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 15-18 and page 27-29). The Company's 2021 business report (page 4-8) 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 9).
2. This proposal was approved by the 17<sup>th</sup> meeting of the 9<sup>th</sup> Board of Directors on February 23, 2022.
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, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and 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, 2021 and 2020, 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, 2021. 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, 2021 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, 2021 and 2020 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, 2021, 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, 2022

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 39,778,624	8	\$ 30,419,655	6
Financial assets at fair value through profit or loss	2,566	-	9,897	-
Hedging financial assets	-	-	1,752	-
Contract assets	5,554,070	1	5,331,246	1
Trade notes and accounts receivable, net	23,947,107	5	22,621,902	5
Receivables from related parties	41,528	-	230,696	-
Inventories	11,327,409	2	12,408,903	3
Prepayments	2,330,097	-	2,306,246	-
Other current monetary assets	5,060,878	1	6,123,665	1
Other current assets	2,978,780	1	2,349,097	-
Total current assets	91,021,059	18	81,803,059	16
<b>NONCURRENT ASSETS</b>				
Financial assets at fair value through profit or loss	908,775	-	677,202	-
Financial assets at fair value through other comprehensive income	3,615,888	1	7,193,174	2
Investments accounted for using equity method	7,332,774	2	6,893,001	1
Contract assets	2,607,744	-	2,495,302	-
Property, plant and equipment	289,100,461	56	281,415,943	56
Right-of-use assets	11,050,936	2	11,009,206	2
Investment properties	9,662,638	2	9,621,322	2
Intangible assets	83,945,083	16	90,284,560	18
Deferred income tax assets	2,785,006	1	3,132,713	1
Incremental costs of obtaining contracts	987,656	-	999,593	-
Net defined benefit assets	3,391,077	1	3,372,555	1
Prepayments	1,798,463	-	2,213,521	-
Other noncurrent assets	4,862,800	1	5,266,841	1
Total noncurrent assets	422,049,301	82	424,574,933	84
<b>TOTAL</b>	<b>\$ 513,070,360</b>	<b>100</b>	<b>\$ 506,377,992</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term loans	\$ 65,000	-	\$ 67,000	-
Short-term bills payable	-	-	6,999,198	1
Financial liabilities at fair value through profit or loss	6,180	-	143	-
Hedging financial liabilities	8,286	-	-	-
Contract liabilities	12,234,276	2	13,436,706	3
Trade notes and accounts payable	18,063,288	4	15,590,814	3
Payables to related parties	391,358	-	645,944	-
Current tax liabilities	4,593,458	1	4,369,241	1
Lease liabilities	3,210,564	1	3,381,571	1
Other payables	24,436,708	5	23,987,962	5
Provisions	284,813	-	313,555	-
Current portion of long-term loans	-	-	1,600,000	-
Other current liabilities	998,367	-	1,042,977	-
Total current liabilities	64,292,298	13	71,435,111	14
<b>NONCURRENT LIABILITIES</b>				
Long-term loans	1,600,000	-	-	-
Bonds payable	26,976,675	6	19,980,272	4
Contract liabilities	6,840,056	1	7,289,087	2
Deferred income tax liabilities	2,189,411	-	1,966,538	-
Provisions	141,865	-	100,616	-
Lease liabilities	7,061,689	2	6,215,096	1
Customers' deposits	5,336,343	1	4,826,679	1
Net defined benefit liabilities	2,287,663	-	3,415,331	1
Other noncurrent liabilities	5,081,910	1	1,890,805	-
Total noncurrent liabilities	57,515,612	11	45,684,424	9
Total liabilities	121,807,910	24	117,119,535	23
<b>EQUITY ATTRIBUTABLE TO STOCKHOLDERS OF THE PARENT</b>				
Common stocks	77,574,465	15	77,574,465	15
Additional paid-in capital	171,279,625	33	171,261,379	34
Retained earnings				
Legal reserve	77,574,465	15	77,574,465	15
Special reserve	2,675,419	1	2,675,419	1
Unappropriated earnings	50,639,022	10	47,918,166	10
Total retained earnings	130,888,906	26	128,168,050	26
Others	(408,150)	-	927,122	-
Total equity attributable to stockholders of the parent	379,334,846	74	377,931,016	75
<b>NONCONTROLLING INTERESTS</b>				
	11,927,604	2	11,327,441	2
Total equity	391,262,450	76	389,258,457	77
<b>TOTAL</b>	<b>\$ 513,070,360</b>	<b>100</b>	<b>\$ 506,377,992</b>	<b>100</b>

# CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	2021		2020	
	Amount	%	Amount	%
REVENUES	\$ 210,477,948	100	\$ 207,608,998	100
OPERATING COSTS	<u>135,110,751</u>	<u>64</u>	<u>137,028,852</u>	<u>66</u>
GROSS PROFIT	<u>75,367,197</u>	<u>36</u>	<u>70,580,146</u>	<u>34</u>
OPERATING EXPENSES				
Marketing	20,944,091	10	20,912,848	10
General and administrative	5,293,136	2	5,005,934	2
Research and development	3,687,747	2	3,849,999	2
Expected credit loss	<u>142,991</u>	<u>-</u>	<u>44,885</u>	<u>-</u>
Total operating expenses	<u>30,067,965</u>	<u>14</u>	<u>29,813,666</u>	<u>14</u>
OTHER INCOME AND EXPENSES	<u>(369,411)</u>	<u>-</u>	<u>1,595,246</u>	<u>1</u>
INCOME FROM OPERATIONS	<u>44,929,821</u>	<u>22</u>	<u>42,361,726</u>	<u>21</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	94,684	-	115,922	-
Other income	377,820	-	469,608	-
Other gains and losses	460,830	-	(152,967)	-
Interest expense	(218,171)	-	(206,063)	-
Share of profits of associates and joint ventures accounted for using equity method	<u>421,640</u>	<u>-</u>	<u>242,745</u>	<u>-</u>
Total non-operating income and expenses	<u>1,136,803</u>	<u>-</u>	<u>469,245</u>	<u>-</u>
INCOME BEFORE INCOME TAX	46,066,624	22	42,830,971	21
INCOME TAX EXPENSE	<u>8,871,745</u>	<u>4</u>	<u>8,125,428</u>	<u>4</u>
NET INCOME	<u>37,194,879</u>	<u>18</u>	<u>34,705,543</u>	<u>17</u>

(Continued)

# CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss:				
Remeasurements of defined benefit pension plans	\$ 390,441	-	\$ 1,193,149	1
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income	(1,185,849)	-	404,955	-
Gain or loss on hedging instruments subject to basis adjustment	(10,038)	-	1,425	-
Share of remeasurements of defined benefit pension plans of associates and joint ventures	(4,154)	-	(4,282)	-
Income tax relating to items that will not be reclassified to profit or loss	<u>(78,088)</u>	<u>-</u>	<u>(238,630)</u>	<u>-</u>
	<u>(887,688)</u>	<u>-</u>	<u>1,356,617</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising from the translation of the foreign operations	(76,620)	-	(177,149)	-
Share of exchange differences arising from the translation of the foreign operations of associates and joint ventures	(1,523)	-	(4,289)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>(263)</u>	<u>-</u>
	<u>(78,143)</u>	<u>-</u>	<u>(181,701)</u>	<u>-</u>
Total other comprehensive income (loss), net of income tax	<u>(965,831)</u>	<u>-</u>	<u>1,174,916</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 36,229,048</u>	<u>18</u>	<u>\$ 35,880,459</u>	<u>18</u>
NET INCOME ATTRIBUTABLE TO				
Stockholders of the parent	\$ 35,753,579	17	\$ 33,406,130	16
Noncontrolling interests	<u>1,441,300</u>	<u>1</u>	<u>1,299,413</u>	<u>1</u>
	<u>\$ 37,194,879</u>	<u>18</u>	<u>\$ 34,705,543</u>	<u>17</u>

(Continued)

# CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	<u>2021</u>		<u>2020</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
COMPREHENSIVE INCOME ATTRIBUTABLE				
TO				
Stockholders of the parent	\$ 34,789,149	17	\$ 34,598,348	17
Noncontrolling interests	<u>1,439,899</u>	<u>1</u>	<u>1,282,111</u>	<u>1</u>
	<u>\$ 36,229,048</u>	<u>18</u>	<u>\$ 35,880,459</u>	<u>18</u>
EARNINGS PER SHARE				
Basic	<u>\$ 4.61</u>		<u>\$ 4.31</u>	
Diluted	<u>\$ 4.60</u>		<u>\$ 4.30</u>	

(Concluded)

**CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Stockholders of the Parent										
	Common Stocks	Additional Paid-in Capital	Retained Earnings			Exchange Differences Arising from the Translation of the Foreign Operations	Others		Total	Noncontrolling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Gain or Loss on Hedging Instruments			
BALANCE, JANUARY 1, 2020	\$ 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 Chungghwa	-	-	-	-	-	-	-	-	-	-	-
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
Appropriation of 2020 earnings	-	-	-	-	(33,403,565)	-	-	-	(33,403,565)	-	(33,403,565)
Cash dividends distributed by Chungghwa	-	-	-	-	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(896,335)	(896,335)
Unclaimed dividend	-	1,968	-	-	-	-	-	-	1,968	-	1,968
Change in additional paid-in capital from investments in associates and joint ventures accounted for using equity method	-	(437)	-	-	-	-	-	-	(437)	(136)	(573)
Net income for the year ended December 31, 2021	-	-	-	-	35,753,579	-	-	-	35,753,579	1,441,300	37,194,879
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	311,189	(77,745)	(1,187,836)	(10,038)	(964,430)	(1,401)	(965,831)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	36,064,768	(77,745)	(1,187,836)	(10,038)	34,789,149	1,439,899	36,229,048
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	59,653	-	(59,653)	-	-	-	-
Share-based payment transactions of subsidiaries	-	16,715	-	-	-	-	-	-	16,715	56,735	73,450
BALANCE, DECEMBER 31, 2021	\$ 77,574,465	\$ 171,279,625	\$ 77,574,465	\$ 2,675,419	\$ 50,639,022	\$ (392,276)	\$ (7,588)	\$ (8,286)	\$ 379,334,846	\$ 11,927,604	\$ 391,262,450



# CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 46,066,624	\$ 42,830,971
Adjustments for:		
Depreciation	31,832,326	30,942,330
Amortization	6,568,547	5,424,367
Amortization of incremental costs of obtaining contracts	815,241	771,875
Expected credit loss	142,991	44,885
Interest expense	218,171	206,063
Interest income	(94,684)	(115,922)
Dividend income	(154,008)	(246,084)
Compensation cost of share-based payment transactions	19,371	7,578
Share of profits of associates and joint ventures accounted for using equity method	(421,640)	(242,745)
Loss (gain) on disposal of property, plant and equipment	3,349	(1,427,984)
Gain on disposal of investment properties	-	(151,357)
Loss on disposal of intangible assets	-	1,858
Loss (gain) on disposal of financial instruments	(353)	1,788
Gain on disposal of investments accounted for using equity method	(3,239)	(15,946)
Provision for impairment loss and obsolescence of inventory	206,824	1,161,281
Impairment loss on right-of-use assets	420,590	-
Reversal of impairment loss on investment properties	(83,429)	(27,066)
Impairment loss on intangible assets	28,901	9,303
Valuation loss (gain) on financial assets and liabilities at fair value through profit or loss, net	(243,381)	99,150
Others	(132,924)	3,139
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Contract assets	(335,554)	(202,628)
Trade notes and accounts receivable	(1,339,250)	4,071,260
Receivables from related parties	189,168	(213,862)
Inventories	874,670	3,915,328
Prepayments	391,207	173,243
Other current monetary assets	(385,757)	354,739
Other current assets	(629,683)	155,324
Incremental cost of obtaining contracts	(803,304)	(828,816)
Increase (decrease) in:		
Contract liabilities	(1,651,461)	(3,289,055)
Trade notes and accounts payable	2,468,093	21,015
Payables to related parties	(254,586)	(8,039)
Other payables	248,112	(924,186)

(Continued)

# CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Provisions	\$ 12,507	\$ 94,589
Other current liabilities	(12,390)	46,303
Net defined benefit plans	<u>(755,749)</u>	<u>(173,970)</u>
Cash generated from operations	83,205,300	82,468,729
Interests paid	(192,064)	(161,251)
Income taxes paid	<u>(8,155,036)</u>	<u>(7,851,522)</u>
Net cash provided by operating activities	<u>74,858,200</u>	<u>74,455,956</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	(313,171)	(85,246)
Proceeds from disposal of financial assets at fair value through other comprehensive income	2,911,570	297,476
Acquisition of financial assets at fair value through profit or loss	(44,072)	(39,253)
Proceeds from disposal of financial assets at fair value through profit or loss	25,201	29,741
Acquisition of time deposits and negotiable certificates of deposit with maturities of more than three months	(17,369,138)	(5,215,859)
Proceeds from disposal of time deposits and negotiable certificates of deposit with maturities of more than three months	18,446,270	6,630,359
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	(329,520)	(10,200)
Proceeds from disposal of investments accounted for using equity method	8,519	-
Acquisition of property, plant and equipment	(35,333,028)	(23,510,820)
Proceeds from disposal of property, plant and equipment	27,038	319,089
Acquisition of intangible assets	(255,852)	(47,605,187)
Acquisition of investment properties	(146)	(54,435)
Proceeds from disposal of investment properties	-	188,300
Decrease (increase) in other noncurrent assets	336,878	(207,616)
Interests received	95,118	124,653
Dividends received	621,972	515,918
Net cash inflow on acquisition of subsidiaries	<u>-</u>	<u>354,056</u>
Net cash used in investing activities	<u>(31,172,361)</u>	<u>(68,253,689)</u>

(Continued)

# CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term loans	\$ 154,000	\$ 115,000
Repayments of short-term loans	(156,000)	(142,000)
Proceeds from short-term bills payable	5,000,000	41,000,000
Repayments of short-term bills payable	(12,000,000)	(34,000,000)
Proceeds from issuance of bonds	7,000,000	20,000,000
Payments for transaction costs attributable to the issuance of bonds	(7,675)	(21,038)
Increase in customers' deposits	477,444	61,757
Payments for the principal of lease liabilities	(3,728,949)	(3,683,204)
Increase in other noncurrent liabilities	3,191,105	343,275
Cash dividends paid	(33,403,565)	(32,782,969)
Cash dividends distributed to noncontrolling interests	(896,335)	(775,420)
Change in other noncontrolling interests	54,079	81,295
Unclaimed dividend	<u>1,968</u>	<u>1,605</u>
Net cash used in financing activities	<u>(34,313,928)</u>	<u>(9,801,699)</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	<u>(12,942)</u>	<u>(30,556)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	9,358,969	(3,629,988)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>		
	<u>30,419,655</u>	<u>34,049,643</u>
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>		
	<u>\$ 39,778,624</u>	<u>\$ 30,419,655</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, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and 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, 2021 and 2020, 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, 2021. 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, 2021 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, 2021, 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, 2022

#### 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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 28,289,556	6	\$ 20,090,053	4
Financial assets at fair value through profit or loss	-	-	2,271	-
Hedging financial assets	-	-	1,752	-
Contract assets	1,982,596	1	1,734,081	1
Trade notes and accounts receivable, net	20,691,664	4	19,554,643	4
Receivables from related parties	1,789,959	-	1,340,550	-
Inventories	5,278,144	1	7,046,686	1
Prepayments	1,643,733	-	1,691,978	-
Other current monetary assets	1,359,713	-	1,281,393	-
Other current assets	2,844,972	1	2,183,471	1
Total current assets	63,880,337	13	54,926,878	11
<b>NONCURRENT ASSETS</b>				
Financial assets at fair value through profit or loss	884,670	-	677,202	-
Financial assets at fair value through other comprehensive income	3,058,606	1	6,903,679	1
Investments accounted for using equity method	20,120,401	4	20,338,212	4
Contract assets	1,105,747	-	1,007,608	-
Property, plant and equipment	279,910,890	57	272,623,164	56
Right-of-use assets	10,737,544	2	10,028,227	2
Investment properties	9,832,904	2	9,546,547	2
Intangible assets	83,435,418	17	89,723,406	19
Deferred income tax assets	2,271,292	1	2,623,633	1
Incremental costs of obtaining contracts	6,899,240	1	7,015,079	1
Net defined benefit assets	3,369,703	1	3,351,546	1
Prepayments	937,318	-	1,152,722	1
Other noncurrent assets	4,100,621	1	4,421,119	1
Total noncurrent assets	426,664,354	87	429,412,144	89
<b>TOTAL</b>	<b>\$ 490,544,691</b>	<b>100</b>	<b>\$ 484,339,022</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term bills payable	\$ -	-	\$ 6,999,198	1
Financial liabilities at fair value through profit or loss	6,180	-	-	-
Hedging financial liabilities	8,286	-	-	-
Contract liabilities	11,537,157	2	12,661,964	3
Trade notes and accounts payable	14,119,843	3	12,226,935	3
Payables to related parties	3,448,259	1	3,380,488	1
Current tax liabilities	4,079,823	1	3,914,134	1
Lease liabilities	2,918,782	1	2,938,305	1
Other payables	20,362,594	4	20,046,085	4
Provisions	175,454	-	214,266	-
Other current liabilities	939,652	-	976,630	-
Total current liabilities	57,596,030	12	63,358,005	14
<b>NONCURRENT LIABILITIES</b>				
Bonds payable	26,976,675	5	19,980,272	4
Contract liabilities	5,063,165	1	5,341,114	1
Deferred income tax liabilities	2,160,049	-	1,935,233	-
Provisions	141,865	-	100,616	-
Lease liabilities	7,037,599	2	5,682,342	1
Customers' deposits	4,881,790	1	4,722,280	1
Net defined benefit liabilities	2,188,572	-	3,316,932	1
Other noncurrent liabilities	5,164,100	1	1,971,212	-
Total noncurrent liabilities	53,613,815	10	43,050,001	8
Total liabilities	111,209,845	22	106,408,006	22
<b>EQUITY</b>				
Common stocks	77,574,465	16	77,574,465	16
Additional paid-in capital	171,279,625	35	171,261,379	35
Retained earnings				
Legal reserve	77,574,465	16	77,574,465	16
Special reserve	2,675,419	1	2,675,419	1
Unappropriated earnings	50,639,022	10	47,918,166	10
Total retained earnings	130,888,906	27	128,168,050	27
Others	(408,150)	-	927,122	-
Total equity	379,334,846	78	377,931,016	78
<b>TOTAL</b>	<b>\$ 490,544,691</b>	<b>100</b>	<b>\$ 484,339,022</b>	<b>100</b>

# CHUNGHWA TELECOM CO., LTD.

## STATEMENTS OF COMPREHENSIVE INCOME YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
REVENUES	\$ 178,843,350	100	\$ 178,622,827	100
OPERATING COSTS	<u>113,928,789</u>	<u>64</u>	<u>117,206,244</u>	<u>66</u>
GROSS PROFIT	<u>64,914,561</u>	<u>36</u>	<u>61,416,583</u>	<u>34</u>
OPERATING EXPENSES				
Marketing	16,024,280	9	16,596,096	9
General and administrative	3,885,112	2	3,720,192	2
Research and development	2,837,425	2	3,129,236	2
Expected credit loss	<u>141,794</u>	<u>-</u>	<u>45,689</u>	<u>-</u>
Total operating expenses	<u>22,888,611</u>	<u>13</u>	<u>23,491,213</u>	<u>13</u>
OTHER INCOME AND EXPENSES	<u>(342,764)</u>	<u>-</u>	<u>1,614,287</u>	<u>1</u>
INCOME FROM OPERATIONS	<u>41,683,186</u>	<u>23</u>	<u>39,539,657</u>	<u>22</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	56,471	-	52,889	-
Other income	255,445	-	346,745	-
Other gains and losses	471,086	-	(100,341)	-
Interest expense	(190,093)	-	(171,658)	-
Share of profits of subsidiaries, associates and joint ventures accounted for using equity method	<u>1,611,361</u>	<u>1</u>	<u>1,216,137</u>	<u>1</u>
Total non-operating income and expenses	<u>2,204,270</u>	<u>1</u>	<u>1,343,772</u>	<u>1</u>
INCOME BEFORE INCOME TAX	43,887,456	24	40,883,429	23
INCOME TAX EXPENSE	<u>8,133,877</u>	<u>5</u>	<u>7,477,299</u>	<u>4</u>
NET INCOME	<u>35,753,579</u>	<u>19</u>	<u>33,406,130</u>	<u>19</u>

(Continued)



# CHUNGHWA TELECOM CO., LTD.

## STATEMENTS OF COMPREHENSIVE INCOME YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss:				
Remeasurements of defined benefit pension plans	\$ 398,352	-	\$ 1,170,312	1
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income	(1,208,027)	(1)	546,879	-
Gain or loss on hedging instruments subject to basis adjustment	(10,038)	-	1,425	-
Share of unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income of subsidiaries, associates and joint ventures	20,191	-	(126,890)	-
Share of remeasurements of defined benefit pension plans of subsidiaries, associates and joint ventures	(7,493)	-	708	-
Income tax relating to items that will not be reclassified to profit or loss	<u>(79,670)</u>	<u>-</u>	<u>(234,062)</u>	<u>-</u>
	<u>(886,685)</u>	<u>(1)</u>	<u>1,358,372</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising from the translation of the foreign operations	(76,359)	-	(156,990)	-
Share of exchange differences arising from the translation of the foreign operations of subsidiaries, associates and joint ventures	<u>(1,386)</u>	<u>-</u>	<u>(9,164)</u>	<u>-</u>
	<u>(77,745)</u>	<u>-</u>	<u>(166,154)</u>	<u>-</u>
Total other comprehensive income (loss), net of income tax	<u>(964,430)</u>	<u>(1)</u>	<u>1,192,218</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 34,789,149</u>	<u>18</u>	<u>\$ 34,598,348</u>	<u>20</u>
EARNINGS PER SHARE				
Basic	<u>\$ 4.61</u>		<u>\$ 4.31</u>	
Diluted	<u>\$ 4.60</u>		<u>\$ 4.30</u>	

(Concluded)

**CHUNGHWA TELECOM CO., LTD.**

**STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)**

	Others								
	Common Stocks	Additional Paid-in Capital	Retained 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	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE, JANUARY 1, 2020	\$ 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
Appropriation of 2020 earnings									
Cash dividends	-	-	-	-	(33,403,565)	-	-	-	(33,403,565)
Unclaimed dividend	-	1,968	-	-	-	-	-	-	1,968
Change in additional paid-in capital from investments in subsidiaries, associates and joint ventures accounted for using equity method	-	16,278	-	-	-	-	-	-	16,278
Net income for the year ended December 31, 2021	-	-	-	-	35,753,579	-	-	-	35,753,579
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	311,189	(77,745)	(1,187,836)	(10,038)	(964,430)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	36,064,768	(77,745)	(1,187,836)	(10,038)	34,789,149
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	94,588	-	(94,588)	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income by subsidiaries	-	-	-	-	(34,935)	-	34,935	-	-
BALANCE, DECEMBER 31, 2021	\$ 77,574,465	\$ 171,279,625	\$ 77,574,465	\$ 2,675,419	\$ 50,639,022	\$ (392,276)	\$ (7,588)	\$ (8,286)	\$ 379,334,846

# CHUNGHWA TELECOM CO., LTD.

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 43,887,456	\$ 40,883,429
Adjustments for:		
Depreciation	30,748,863	29,852,639
Amortization	6,475,933	5,335,650
Amortization of incremental costs of obtaining contracts	5,684,693	5,395,125
Expected credit loss	141,794	45,689
Interest expense	190,093	171,658
Interest income	(56,471)	(52,889)
Dividend income	(149,918)	(240,821)
Share of profits of subsidiaries, associates and joint ventures accounted for using equity method	(1,611,361)	(1,216,137)
Loss (gain) on disposal of property, plant and equipment	5,603	(1,435,864)
Gain on disposal of investment properties	-	(151,357)
Gain on disposal of investments accounted for using equity method	(3,239)	(13,398)
Provision for impairment loss and obsolescence of inventory	163,193	1,124,350
Impairment loss on right-of-use assets	420,590	-
Reversal of impairment loss on investment properties	(83,429)	(27,066)
Valuation loss (gain) on financial assets and liabilities at fair value through profit or loss, net	(243,417)	98,404
Others	(139,079)	8,473
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Contract assets	(347,693)	(467,335)
Trade notes and accounts receivable	(1,149,116)	4,042,945
Receivables from related parties	(449,409)	(554,980)
Inventories	1,605,349	4,320,692
Prepayments	263,649	(10,178)
Other current monetary assets	(304,927)	145,786
Other current assets	(661,501)	170,744
Incremental cost of obtaining contracts	(5,568,854)	(5,433,783)
Increase (decrease) in:		
Contract liabilities	(1,402,756)	(3,096,840)
Trade notes and accounts payable	1,888,527	173,789
Payables to related parties	67,771	(283,225)
Other payables	(77,677)	(1,118,468)
Provisions	2,437	109,598
Other current liabilities	(12,186)	69,232
Net defined benefit plans	(748,165)	(168,867)
Cash generated from operations	78,536,753	77,676,995
Interests paid	(57,637)	(126,846)
Income taxes paid	(7,470,701)	(7,386,952)
Net cash provided by operating activities	<u>71,008,415</u>	<u>70,163,197</u>

(Continued)

# CHUNGHWA TELECOM CO., LTD.

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ 2,907,367	\$ 297,476
Acquisition of time deposits and negotiable certificates of deposit with maturities of more than three months	(13,133,853)	(11,803)
Proceeds from disposal of time deposits and negotiable certificates of deposit with maturities of more than three months	13,111,803	1,600,000
Acquisition of investments accounted for using equity method	(273,800)	(244,123)
Proceeds from disposal of investments accounted for using equity method	8,519	-
Proceeds from capital reduction of investments accounted for using equity method	813,793	-
Acquisition of property, plant and equipment	(34,302,157)	(22,740,612)
Proceeds from disposal of property, plant and equipment	15,454	316,940
Acquisition of intangible assets	(187,945)	(47,539,599)
Acquisition of investment properties	(146)	(54,435)
Proceeds from disposal of investment properties	-	188,300
Decrease in other noncurrent assets	213,694	96,334
Interests received	57,190	59,538
Cash dividends received from others	149,918	240,821
Cash dividends received from subsidiaries, associates and joint ventures accounted for using equity method	<u>1,235,130</u>	<u>1,309,769</u>
Net cash used in investing activities	<u>(29,385,033)</u>	<u>(66,481,394)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term bills payable	5,000,000	41,000,000
Repayments of short-term bills payable	(12,000,000)	(34,000,000)
Proceeds from issuance of bonds	7,000,000	20,000,000
Payments for transaction costs attributable to the issuance of bonds	(7,675)	(21,038)
Increase in customers' deposits	134,718	52,704
Payments for the principal of lease liabilities	(3,342,213)	(3,287,475)
Increase in other noncurrent liabilities	3,192,888	363,711
Cash dividends paid	(33,403,565)	(32,782,969)
Unclaimed dividend	<u>1,968</u>	<u>1,605</u>
Net cash used in financing activities	<u>(33,423,879)</u>	<u>(8,673,462)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	8,199,503	(4,991,659)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>	<u>20,090,053</u>	<u>25,081,712</u>
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	<u>\$ 28,289,556</u>	<u>\$ 20,090,053</u>

(Concluded)

## II. Ratification of 2021 earnings distribution proposal

Proposed by the Board of Directors

### Explanation:

1. The Company's 2021 financial statements have been finalized, and earnings shall be distributed as stipulated in the 2021 Earnings Distribution Proposal on the following page. It is proposed that cash dividends paid to stockholders of NT\$35,746,313,679. Common stockholders will receive cash dividends of NT\$4.608 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 2021 earnings as a priority.
2. Each shareholder's cash dividend shall be issued to the rounded-down full NT dollar (fractional amount be ignored). The sum of all cash dividends less than NT\$1 shall be allocated in line with a progressive decrease in decimal numbers and a progressive increase in shareholders' ID number so that the total dividend distribution is fully paid. After which, the Chairman shall 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 was approved by the 17<sup>th</sup> meeting of the 9<sup>th</sup> Board of Directors on February 23, 2022 and is hereby submitted to the Annual General Meeting for ratification.

### Resolution:

**Chunghwa Telecom Co., Ltd.**  
**2021 Earnings Distribution Proposal**

Units: NT\$

<b>Source items:</b>		
Unappropriated retained earnings, beginning balance		14,514,600,491
Disposal gain of investments in equity instruments at fair value through other comprehensive income	94,587,723	
Remeasurements of defined benefit pension plans recognized in retained earnings	311,187,983	
Disposal loss of investments in equity instruments at fair value through other comprehensive income by subsidiaries	(34,934,267)	
Net income of 2021	35,753,579,340	36,124,420,779
Appropriation of legal reserve (amounted to the authorized capital)		0
Appropriation of special reserves according to Securities and Exchange Act		(408,149,632)
<b>Distributable retained earnings for 2021</b>		<b>50,230,871,638</b>
<b>Distribution items:</b>		
Cash dividends to stockholders (total of 7,757,446,545 shares x NT\$4.608 per share)		(35,746,313,679)
<b>Unappropriated retained, ending balance</b>		<b>14,484,557,959</b>
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 by the 2021 Annual General Meeting.		

Chairman and Chief Executive Officer: Chi-Mau Sheih

President: Shui-Yi Kuo

Vice President, Accounting Department: Shu-Ling Chen

## **Matters for Discussion**

### **I. Amendments to the Articles of Incorporation**

Proposed by the Board of Directors

Explanation:

1. By reference to the amendment to the Company Act announced on December 29, 2021 and the trend of using digitalized conference by the Company, Article 8 of the Articles of Incorporation of the Company is proposed to be amended to clearly stipulate that the shareholders' meeting of the Company may be held by means of visual communication network or other methods promulgated by the central competent authority, which may increase the flexibility for shareholders to attend the shareholders' meeting and strengthen the protection of shareholders' rights and interests.
2. The comparison table for the draft amendment to the Article 8 of the Articles of Incorporation of Chunghwa Telecom Co., Ltd. is attached.
3. This proposal was resolved by the 17<sup>th</sup> meeting of the 9<sup>th</sup> Board of Directors on February 23, 2022 and is hereby submitted to the Annual General Meeting for resolution.

Resolution:

**The comparison table of the proposed amendments to Article 8 of 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. Article 1, 2, 14, 19 and 20 amended by the Annual General Meeting on August 20, 2021.
23. Article 8 amended by the Annual General Meeting on May 27, 2022.

<b>Draft Amendment</b>	<b>Current Articles</b>	<b>Explanatory Notes</b>
<p><b>Article 8</b></p> <p>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.</p> <p>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</p>	<p><b>Article 8</b></p> <p>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.</p> <p>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</p>	<ol style="list-style-type: none"> <li>1. Add to paragraph 4.</li> <li>2. By reference to the amendment of Article 172-2 of the Company Act published on December 29, 2021, it is proposed to add the paragraph 4 of this Article to stipulate that the shareholders' meetings of the Company may be held by means of visual communication network or other methods promulgated by the central competent authority, which to be in response to the technology development and to meet the need of digitalization conference by company.</li> </ol>



<b>Draft Amendment</b>	<b>Current Articles</b>	<b>Explanatory Notes</b>
<p>Authority for good cause shown.</p> <p>The extraordinary general meeting shall be convened at such time as may be deemed necessary pursuant to relevant laws and regulations.</p> <p><u>The shareholders' meetings may be held by means of visual communication network or other methods promulgated by the central competent authority.</u></p>	<p>Authority for good cause shown.</p> <p>The extraordinary general meeting shall be convened at such time as may be deemed necessary pursuant to relevant laws and regulations.</p>	

## II. Amendments to the Procedures for Acquisition or Disposal of Assets

Proposed by the Board of Directors

Explanation:

1. The proposed amendment to the “Procedures for Acquisition or Disposal of Assets of Chunghwa Telecom Co., Ltd.” (hereinafter referred to as the “Procedures”) is made in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” (hereinafter referred to as the “Regulations”) amended and issued by the Financial Supervisory Commission (hereinafter referred to as the “FSC”) on January 28, 2022.
2. The main amendments to the Procedures are summarized as follows:
  - 1) Strengthening the management of related-party transactions: To stipulate that, for the acquisition or disposal of assets with a related party by Chunghwa Telecom Co., Ltd. (hereinafter referred to as the Company) or its subsidiary that is not a domestic public company, if the transaction amount reaches 10% of the total assets of the Company, the Company shall submit relevant materials to the shareholders meeting for approval before proceeding in order to protect shareholders' rights and interests. However, the transactions between the Company and its subsidiary, or between its subsidiaries, are exempted from the resolution of the shareholders meeting. (amended as Articles 16.)
  - 2) Improve the quality of opinions issued by external experts: To stipulate that external experts shall follow the self-regulatory rules of the respective associations when issuing appraisal reports or opinions; to delete the relevant words that the CPA (certified public accountants) shall follow the Statement on Auditing Standards. In addition, because that the work performed by experts to issue appraisal reports or opinions is not the audit work of financial statement, the wording of "examining cases" is amended to "performing cases". Furthermore, in order to conform to the practical situation, the text “comprehensiveness, accuracy, and reasonableness” is hereby revised to “appropriateness and reasonableness”. (amended as Articles 5, 8, 12 and 14.)
  - 3) Relax information disclosure requirements on some transactions: Considering that the public companies were exempted from public announcements and reporting on the trading of domestic government bonds, similar to the regulation for the trading of domestic government bonds, the FSC (Financial Supervisory Commission) will make the relaxation that the trading of foreign government bonds with a credit rating not lower than the sovereign rating of Taiwan is exempt from making a public announcement. (amended as Articles 39.)
3. Attached hereto is the comparison table of the proposed amendment to the “Procedures for Acquisition or Disposal of Assets of Chunghwa Telecom Co., Ltd.”.
4. This proposal was approved by the 17<sup>th</sup> meeting of the 9<sup>th</sup> Board of Directors, and is hereby submitted to the Annual General Meeting for resolution.

Resolution:

**The Comparison Table of the Proposed Amendment to the Procedures for Acquisition or Disposal of Assets of Chunghwa Telecom Co., Ltd.**

1. All 38 articles adopted by Annual General Meeting on June 25, 2004.
2. Articles 1, 3, 4, 5, 6, 7, 8, 11, 12, 18, 19, 20, 21, 22, 24, 30, 31, 33, 36, and 38 amended by Annual General Meeting on May 30, 2006.
3. Articles 1, 3, 6, 8, 11, 14, 17, 18, 22, 24, 31, 33, and 37 amended by Annual General Meeting on June 15, 2007.
4. Articles 7, 20, 23, 24, 25, 26, 27, 28, 29, 30, 31, 40, and 44 amended, and articles 9, 12, 21, 22, and 47 added by Annual General Meeting on June 19, 2008.
5. Articles 6, 7, 8, 9, 10, 11, 12, 13, 14, 18, 22, 23, 25, 28, 29, 31, 32, 33, 37, 39, 40, 43, 44, and the title of Chapter 3 amended, and Article 47 deleted by Annual General Meeting on June 19, 2009.
6. Articles 2, 8, 10, 11, 12, 13, 14, 15, 16, 31, 33, 39, 40, 41, 42, 43 and 44 and the titles of Chapters 4 and 5 amended by Annual General Meeting on June 22, 2012.
7. Articles 4, 7, 8, 16, 19, 23, 25, 26, 29, 31 and 44 amended by Annual General Meeting on June 25, 2013.
8. Articles 1, 3, 4, 11, 12, 13, 14, 16, 17, 22, 30, 39 and the title of Chapter 3 amended by Annual General Meeting on June 24, 2014.
9. Articles 12, 14, 16, 31, 33, 39 and 40 amended by Annual General Meeting on June 23, 2017.
10. Articles 2, 3, 4, 5, 8, 11, 12, 13, 14, 15, 16, 17, 18, 19, 25, 30, 33, 38, 39 and 42 and the titles of Chapters 3 and 4 amended by Annual General Meeting on June 21, 2019.
11. Articles 5, 8, 12, 14, 16 and 39 amended by Annual General Meeting on May 27, 2022.

<b>Draft Amendment</b>	<b>Current Articles</b>	<b>Explanatory Notes</b>
<p>Article 5</p> <p>When the Company obtains an appraisal report or a written opinion from a CPA, attorney, securities underwriter, or intangible asset appraisal organization, the professional appraiser and its appraisal personnel, or the CPA, attorney, securities underwriter, or intangible asset appraisal organization shall meet the following requirements:</p> <p>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have</p>	<p>Article 5</p> <p>When the Company obtains an appraisal report or a written opinion from a CPA, attorney, securities underwriter, or intangible asset appraisal organization, the professional appraiser and its appraisal personnel, or the CPA, attorney, securities underwriter, or intangible asset appraisal organization shall meet the following requirements:</p> <p>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have</p>	<p>Amended in accordance with Article 5 of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” amended and issued on January 28, 2022 (hereinafter referred to as the “Regulations”).</p>

Draft Amendment	Current Articles	Explanatory Notes
<p>already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>2. May not be a related party or de facto related party of any party to the transaction.</p> <p>3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall <u>follow the self-regulatory rules of the respective associations and</u> comply with the following:</p> <p>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>2. When <u>performing</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>3. They shall undertake an item-by-item evaluation of the <u>adequacy</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report</p>	<p>already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>2. May not be a related party or de facto related party of any party to the transaction.</p> <p>3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>2. When <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>3. They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy,</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p>	

Draft Amendment	Current Articles	Explanatory Notes
<p>or the opinion.</p> <p>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate <u>and</u> reasonable, and that they have complied with applicable laws and regulations.</p>	<p>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable <u>and accurate</u>, and that they have complied with applicable laws and regulations.</p>	
<p>Article 8</p> <p>Appraisal procedures for the Company's acquisition or disposal of securities are as follows:</p> <p>1. Before acquiring securities, the responsible department shall perform relevant financial analysis of the investment target, forecast returns that may be generated, and assess possible investment risk.</p> <p>2. Method of determining prices when acquiring or disposing of securities and reference basis:</p> <p>(1) When the Company acquires or disposes of securities that are already traded on the securities exchange or OTC, transactions shall be determined on the basis of market prices.</p> <p>(2) When the Company acquires or disposes of securities that are not traded on the securities exchange or OTC, the Company shall, prior to the date of occurrence of the event, refer to the target company's financial statement for the most recent period that has been audited or revised by a CPA. If the securities are bonds, the Company shall determine whether to</p>	<p>Article 8</p> <p>Appraisal procedures for the Company's acquisition or disposal of securities are as follows:</p> <p>1. Before acquiring securities, the responsible department shall perform relevant financial analysis of the investment target, forecast returns that may be generated, and assess possible investment risk.</p> <p>2. Method of determining prices when acquiring or disposing of securities and reference basis:</p> <p>(1) When the Company acquires or disposes of securities that are already traded on the securities exchange or OTC, transactions shall be determined on the basis of market prices.</p> <p>(2) When the Company acquires or disposes of securities that are not traded on the securities exchange or OTC, the Company shall, prior to the date of occurrence of the event, refer to the target company's financial statement for the most recent period that has been audited or revised by a CPA. If the securities are bonds, the Company shall determine whether to</p>	<p>Amended in accordance with the Regulations.</p>

Draft Amendment	Current Articles	Explanatory Notes
<p>perform the transaction after referring to the market price and interest rate at that time, and the debtor's credit.</p> <p>(3) When the value of a transaction in which the Company acquires or disposes of securities reaches NT\$300 million or more, prior to the date of occurrence of the event, the Company shall request a CPA to express an opinion concerning the reasonableness of the transaction price. The case shall not be subject to this restriction, however, if the securities in question have quoted prices in active markets, or other regulations of the Financial Supervisory Commission apply.</p> <p>When the Company engages in a discretionary investment, it shall be proceed in accordance with the Company's discretionary investment guidelines, and the regulations in the foregoing paragraph shall not apply.</p>	<p>perform the transaction after referring to the market price and interest rate at that time, and the debtor's credit.</p> <p>(3) When the value of a transaction in which the Company acquires or disposes of securities reaches NT\$300 million or more, prior to the date of occurrence of the event, the Company shall request a CPA to express an opinion concerning the reasonableness of the transaction price. <u>If the CPA needs to use the report of an expert as evidence, the Company shall require the CPA to do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (herein referred to as the "ARDF").</u> The case shall not be subject to this restriction, however, if the securities in question have quoted prices in active markets, or other regulations of the Financial Supervisory Commission apply.</p> <p>When the Company engages in a discretionary investment, it shall be proceed in accordance with the Company's discretionary investment guidelines, and the regulations in the foregoing paragraph shall not apply.</p>	
<p>Article 12</p> <p>When the transaction amount for the acquisition or disposal of</p>	<p>Article 12</p> <p>When the transaction amount for the acquisition or disposal of</p>	<p>Amended in accordance with the Regulations.</p>

Draft Amendment	Current Articles	Explanatory Notes
<p>real property, equipment or right-of-use assets thereof reach NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on leased land, or acquiring or disposing of equipment or right-of-use assets thereof held for operating use, shall obtain an appraisal report using the format requested by the Financial Supervisory Commission prior to the date of occurrence of the event , and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> <li>1. In the event of special circumstances such as a limited price, specified price or a special price which must be given as a reference basis for the transaction price, such transaction shall be submitted in advance to the Board for approval; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</li> <li>2. Appraisals from two or more professional appraisers shall be obtained when the transaction amount is NT\$1 billion or more.</li> <li>3. When the professional appraiser's appraisal results in any one of the following circumstances, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to provide an opinion regarding</li> </ol>	<p>real property, equipment or right-of-use assets thereof reach NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on leased land, or acquiring or disposing of equipment or right-of-use assets thereof held for operating use, shall obtain an appraisal report using the format requested by the Financial Supervisory Commission prior to the date of occurrence of the event , and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> <li>1. In the event of special circumstances such as a limited price, specified price or a special price which must be given as a reference basis for the transaction price, such transaction shall be submitted in advance to the Board for approval; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</li> <li>2. Appraisals from two or more professional appraisers shall be obtained when the transaction amount is NT\$1 billion or more.</li> <li>3. When the professional appraiser's appraisal results in any one of the following circumstances, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to <u>perform the appraisal in</u></li> </ol>	

Draft Amendment	Current Articles	Explanatory Notes
<p>the reason for the discrepancy and appropriateness of the transaction price:</p> <p>(1) Where the discrepancy between the appraisal and the transaction amount is 20% or more of the transaction amount.</p> <p>(2) Where the discrepancy between the appraisals of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>4. When an appraisal is conducted before a contract establishment date, no more than three months may pass between the date of the appraisal report and the contract establishment date. However, when the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p><u>accordance with the provisions of Statements of Auditing Standards No. 20, published by the ARDF, and to provide an opinion regarding the reason for the discrepancy and appropriateness of the transaction price:</u></p> <p>(1) Where the discrepancy between the appraisal and the transaction amount is 20% or more of the transaction amount.</p> <p>(2) Where the discrepancy between the appraisals of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>4. When an appraisal is conducted before a contract establishment date, no more than three months may pass between the date of the appraisal report and the contract establishment date. However, when the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	
<p>Article 14</p> <p>When the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches NT\$300 million or more, except in transactions of telecommunications licenses and spectrum with a domestic government agency, the Company shall engage a CPA prior to the date of occurrence of the event to provide an opinion on the reasonableness of the transaction price.</p>	<p>Article 14</p> <p>When the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches NT\$300 million or more, except in transactions of telecommunications licenses and spectrum with a domestic government agency, the Company shall engage a CPA prior to the date of occurrence of the event to provide an opinion on the reasonableness of the transaction price, <u>and the CPA shall comply</u></p>	<p>Amended in accordance with the Regulations.</p>



Draft Amendment	Current Articles	Explanatory Notes
<p>The Company's acquisition or disposal of intangible assets or right-of-use assets thereof or memberships shall be performed in accordance with the Company's relevant operating guidelines and the Powers and Duties Chart of BOD and the Management.</p>	<p><u>with the provisions of Statement of General Auditing Procedures No. 20 published by the ARDF.</u></p> <p>The Company's acquisition or disposal of intangible assets or right-of-use assets thereof or memberships shall be performed in accordance with the Company's relevant operating guidelines and the Powers and Duties Chart of BOD and the Management.</p>	
<p>Article 16</p> <p>When acquiring or disposing real property or right-of-use assets thereof from or to a related party, or when acquiring or disposing assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and the Board of Directors:</p> <ol style="list-style-type: none"> <li>1. The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets;</li> <li>2. The reason for choosing the related party as a transaction counterpart;</li> <li>3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding assessment of the reasonableness of the</li> </ol>	<p>Article 16</p> <p>When acquiring or disposing real property or right-of-use assets thereof from or to a related party, or when acquiring or disposing assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and the Board of Directors:</p> <ol style="list-style-type: none"> <li>1. The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets;</li> <li>2. The reason for choosing the related party as a transaction counterpart;</li> <li>3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding assessment of the reasonableness of the</li> </ol>	<p>Amended in accordance with the Regulations.</p>

Draft Amendment	Current Articles	Explanatory Notes
<p>anticipated transaction terms in accordance with the provisions of Articles 17 and 18;</p> <p>4. The date and price at which the related party originally acquired the real property, the original transaction counterpart, and that transaction counterpart's relationship to the Company and the related party;</p> <p>5. Monthly cash flow forecasts for the year commencing from the anticipated month of contract signing, and assessment of the necessity of the transaction and the reasonableness of the use of funds;;</p> <p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the Article 8, Article 12 and Article 14; and</p> <p>7. Restrictive conditions and other important stipulations associated with the transaction. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the transaction may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.</p> <p><u>For the transaction referred to Paragraph 1, the Company or its subsidiary that is not a domestic public company, if the transaction amount reaches 10% of the total assets of the Company, the Company may not proceed to enter into a transaction contract or make a payment until the matters in Paragraph 1 have been approved by the shareholders meeting.</u></p>	<p>anticipated transaction terms in accordance with the provisions of Articles 17 and 18;</p> <p>4. The date and price at which the related party originally acquired the real property, the original transaction counterpart, and that transaction counterpart's relationship to the Company and the related party;</p> <p>5. Monthly cash flow forecasts for the year commencing from the anticipated month of contract signing, and assessment of the necessity of the transaction and the reasonableness of the use of funds;;</p> <p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the Article 8, Article 12 and Article 14; and</p> <p>7. Restrictive conditions and other important stipulations associated with the transaction. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the transaction may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.</p> <p>The calculation of the transaction amounts referred to Paragraph 1 shall be made in accordance with Article 39, Paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the supervisors</p>	

Draft Amendment	Current Articles	Explanatory Notes
<p><u>However, the transactions between the Company and its subsidiary, or between its subsidiaries, are exempted from the resolution of the shareholders meeting.</u></p> <p>The calculation of the transaction amounts referred to Paragraph 1 and <u>the preceding paragraph</u> shall be made in accordance with Article 39, Paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by <u>the shareholders meeting</u> or the Board of Directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may pursuant to the Powers and Duties Chart of BOD and the Management delegate the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of equipment or right-of-use assets thereof held for operating use.</li> <li>2. Acquisition or disposal of real property right-of-use assets held for operating use.</li> </ol>	<p>need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may pursuant to the Powers and Duties Chart of BOD and the Management delegate the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of equipment or right-of-use assets thereof held for operating use.</li> <li>2. Acquisition or disposal of real property right-of-use assets held for operating use.</li> </ol>	
<p>Article 39</p> <p>When acquiring or disposing of assets, the Company shall publicly</p>	<p>Article 39</p> <p>When acquiring or disposing of assets, the Company shall publicly</p>	<p>Amended in accordance with the Regulations.</p>

Draft Amendment	Current Articles	Explanatory Notes
<p>announce and report relevant information in accordance with its type on the Financial Supervisory Commission's designated web site in the prescribed format within the filing time limits of "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities"; provided, however, that if the competent authority releases other regulations or interpretation, those regulations or interpretation shall be complied with:</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of real property or right of use assets thereof from a related party, or acquisition or disposal of assets other than real property or right of use assets thereof from or to a related party where the transaction amount reaches NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</li> <li>2. Merger or consolidation, split, acquisition, or assignment of shares.</li> <li>3. Losses from derivative trading exceeding the overall limit or individual contract limit specified in these Procedures.</li> <li>4. Where The type of asset acquired or disposed is equipment or right of use assets thereof held for operating use, the transaction counterparty is not a related party, and the</li> </ol>	<p>announce and report relevant information in accordance with its type on the Financial Supervisory Commission's designated web site in the prescribed format within the filing time limits of "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities"; provided, however, that if the competent authority releases other regulations or interpretation, those regulations or interpretation shall be complied with:</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of real property or right of use assets thereof from a related party, or acquisition or disposal of assets other than real property or right of use assets thereof from or to a related party where the transaction amount reaches NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</li> <li>2. Merger or consolidation, split, acquisition, or assignment of shares.</li> <li>3. Losses from derivative trading exceeding the overall limit or individual contract limit specified in these Procedures.</li> <li>4. Where The type of asset acquired or disposed is equipment or right of use assets thereof held for operating use, the transaction counterparty is not a related party, and the</li> </ol>	

Draft Amendment	Current Articles	Explanatory Notes
<p>transaction amount reaches NT\$1billion or more.</p> <p>5. Where real property is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million or more.</p> <p>6. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, or an investment in the mainland China area reaches NT\$300 million or more; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of domestic government bonds <u>or foreign government bonds with a credit rating not lower than the sovereign rating of Taiwan.</u></p> <p>(2) Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amounts of the transactions in the foregoing paragraph shall be calculated as follows:</p> <p>1. The amount of any individual transaction.</p> <p>2. The cumulative transaction</p>	<p>transaction amount reaches NT\$1billion or more.</p> <p>5. Where real property is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million or more.</p> <p>6. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, or an investment in the mainland China area reaches NT\$300 million or more; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of domestic government bonds.</p> <p>(2) Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amounts of the transactions in the foregoing paragraph shall be calculated as follows:</p> <p>1. The amount of any individual transaction.</p> <p>2. The cumulative transaction amount of acquisitions and disposals of the same type of target with the same transaction counterparty within one year.</p>	

<b>Draft Amendment</b>	<b>Current Articles</b>	<b>Explanatory Notes</b>
<p>amount of acquisitions and disposals of the same type of target with the same transaction counterparty within one year.</p> <p>3. The cumulative transaction amount of the acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project during one year.</p> <p>4. The cumulative amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security during one year. As used in preceding paragraph, during one year refers to a period of one year after the date on which the transaction took place. Items announced in accordance with regulations need not be included.</p>	<p>3. The cumulative transaction amount of the acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project during one year.</p> <p>4. The cumulative amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security during one year. As used in preceding paragraph, during one year refers to a period of one year after the date on which the transaction took place. Items announced in accordance with regulations need not be included.</p>	

### III. Amendments to the Ordinance of Shareholders Meetings

Proposed by the Board of Directors

Explanation:

1. Whereas the Financial Supervisory Commission R.O.C (Taiwan) announced the amendments to the "Regulations Governing Stock Affairs of Public Companies" (the "Regulations") on March 4th, 2022, and the Taiwan Stock Exchange Corporation announced the amendments to the "Template for XXX Co., Ltd. Meeting Rules for Shareholders Meetings (the "Template") on March 8th, 2022, the partial amendments to the Ordinance of Shareholders Meetings of the Company are hereby proposed accordingly.
2. Articles 2, 3, 4, 5, 7, 8, 10, 12, 15, 16, 23 and 24 are proposed for amendments, and Articles 19, 20, 21 and 22 are proposed to be newly added as explained below: :
  - 1) To add the procedure for changing method for holding a Company's shareholders' meeting and time limit for providing materials, such as shareholders' meeting agenda hand book (Amendment to Paragraph 2 and Paragraph 4 of Article 2).
  - 2) To add that the holding of a shareholders' meeting by video conference by the Company is not subject to any restriction on venue of the shareholders' meeting (Amendment to Paragraph 2 of Article 3).
  - 3) To add relevant operation procedures for registration of shareholders attending a shareholders' meeting by video conference, shareholders having registered to attend the shareholders' meeting supported by video conference and wishing to attend the physical shareholders' meeting, and after shareholders having exercised their voting rights by electronic means, or after a proxy has been delivered to the Company wishing to attend the shareholders' meeting by video conference (Amendments to Paragraph 3 of Article 4, Paragraph 5 of Article 5, Paragraph 3 of Article 8, Paragraph 10 and Paragraph 11 of Article 12).
  - 4) To add relevant operation procedures for shareholders attending shareholders' meeting by video conference, including the attendance registration, watching live stream, raising questions, exercise of voting right, vote accounting, proposal for extraordinary motion or amendments to original proposals, shareholders who exercise their voting rights by electronic means may still register to attend the shareholders' meeting by video conference, and disclosure rules for results of each proposal or election (Amendments to Paragraph 4 of Article 5, Paragraph 2 of Article 8, Paragraph 10 of Article 10, Paragraph 8 and Paragraph 9 of Article 12, Article 19, Article 20).
  - 5) To add the mandatory items that shall be recorded in the meeting minutes of shareholders' meeting by video conference, and the retention period for materials, such as shareholders' registration, attendance registration, questions raised, voting right exercised, vote counting results, and audio and video recording of the meeting (Amendments to Paragraph 2 and Paragraph 3 of Article 7, Paragraph 4 and Paragraph 5 of Article 15).
  - 6) To add that the Company shall consolidate and produce a statistical statement for number of shares obtained by solicitors through solicitation, number of shares represented by proxies, and number of shares attended by shareholders exercising

voting rights by electronic means, and shall disclose the same on the video conference platform before the shareholder's meeting is held (Amendments to Paragraph 1 and Paragraph 2 of Article 16).

- 7) To add contents that shall be included in the shareholders' meeting notice, such as methods for shareholders to attend the meeting by video conference and exercise relevant rights, handling of obstacles occurring to video conference platform or to attendance of the meeting by video conference due to natural disasters, incidents or other force majeure events, and to provide appropriate alternative measures for shareholders who have difficulty in attending shareholders' meeting by video conference (Amendment to Article 21).
  - 8) To add handling for the digital divide (Amendment to Article 22).
3. The Comparison Table for the draft amendment to Ordinance of Shareholders Meetings of Chunghwa Telecom Co., Ltd. is attached.
  4. This proposal was approved by the 18<sup>th</sup> meeting of the 9<sup>th</sup> Board of Directors on April 13, 2022 and is hereby submitted to the Annual General Meeting for resolution.

Resolution:



**The comparison table of the proposed amendment to 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.
7. Articles 2, 2-2 and 15 amended by the 2021 Annual General Meeting on August 20, 2021.
8. Articles 2, 3, 4, 5, 7, 8, 10, 12, 15, 16, 23 and 24 amended, and articles 19, 20, 21 and 22 added by Annual General Meeting on May 27, 2022.

Draft Amendment	Current Articles	Explanatory Notes
<p><b>Article 2 (Convening a shareholders' meeting and notification)</b></p> <p>Except where prescribed by laws and regulations, the Board of Directors shall convene shareholders' meetings.</p> <p><u>Changes to methods for holding a Company's shareholders' meeting shall be resolved by the Board of Directors, which shall be conducted no later than the time when the shareholders' meeting notice is sent out.</u></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</p>	<p><b>Article 2 (Convening a shareholders' meeting and notification)</b></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</p>	<p>Paragraph 2 and Paragraph 4 are amended by reference to Paragraph 2 and Paragraph 4 of Article 3 of the Template.</p>

Draft Amendment	Current Articles	Explanatory Notes
<p>means of posting a public announcement on the Market Observation Post System website.</p> <p><u>The Company shall provide the shareholders' meeting agenda handbook and supplemental materials of the meeting by the following methods for the shareholders' reference on the day of shareholders' meeting :</u></p> <ol style="list-style-type: none"> <li><u>1. Distributed on-site at the shareholders' meeting place when a physical shareholders' meeting is held.</u></li> <li><u>2. Distributed on-site at the shareholders' meeting place as well as transmission in electronic form to the video conference platform, when a shareholders' meeting supported by video conference is held.</u></li> <li><u>3. Transmission in electronic form to the video conference platform when a video shareholders' meeting is held.</u></li> </ol> <p>The subject of the meeting shall be explicitly stated in notices and public announcements. When the relevant parties grant their consent, notification may be performed using electronics means.</p> <p>The election or dismissal of directors, amendment to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the</p>	<p>announcement on the Market Observation Post System website.</p> <p>The subject of the meeting shall be explicitly stated in notices and public announcements. When the relevant parties grant their consent, notification may be performed using electronics means.</p> <p>The election or dismissal of directors, amendment to the Articles of Incorporation, 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, the dissolution, merger, split up of the Company, or anything as</p>	

<b>Draft Amendment</b>	<b>Current Articles</b>	<b>Explanatory Notes</b>
<p>company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, 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, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, 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 the main contents shall be enumerated and explained and shall not be proposed as special motions in the meeting.</p> <p>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.</p>	<p>stated in Article 185, Paragraph1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, 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 the main contents shall be enumerated and explained and shall not be proposed as special motions in the meeting.</p> <p>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.</p>	
<p><b>Article 3 (Location and time of meeting)</b></p> <p>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</p>	<p><b>Article 3 (Location and time of meeting)</b></p> <p>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</p>	<p>Paragraph 2 of this Article is amended by reference to Paragraph 2 of Article 5 of the Template.</p>

Draft Amendment	Current Articles	Explanatory Notes
<p>later than 3:00 p.m.</p> <p><u>The holding of a shareholders' meeting by the Company by video conference is not subject to any restriction on the venue of the shareholders' meetings set forth in the preceding paragraph.</u></p>	<p>later than 3:00 p.m.</p>	
<p><b>Article 4 (The exercise of voting rights and attendance by proxy)</b></p> <p>When the Company calls for shareholders' meeting, shareholders may elect to excise the voting right through electronic voting or on the site.</p> <p>The aforementioned excise of voting right through electronic voting by shareholders shall be made at the designated electronic voting platform of the Company in compliance with the Company Act, Securities and Exchange Act, and Regulations Governing the Administration of shareholders services of Public Companies (hereinafter, "Regulations Governing the Administration of shareholders services").</p> <p><u>For a shareholder having exercised voting right by electronic means and wishing to attend the shareholders' meeting in person or through video conference, the shareholder shall, no later than 2 days before the shareholders' meeting and in the same manner previously used in exercising the voting right, revoke his/her/its expression of intent in exercising the voting right under the preceding</u></p>	<p><b>Article 4 (The exercise of voting rights and attendance by proxy)</b></p> <p>When the Company calls for shareholders' meeting, shareholders may elect to excise the voting right through electronic voting or on the site.</p> <p>The aforementioned excise of voting right through electronic voting by shareholders shall be made at the designated electronic voting platform of the Company in compliance with the Company Act, Securities and Exchange Act, and Regulations Governing the Administration of shareholders services of Public Companies (hereinafter, "Regulations Governing the Administration of shareholders services").</p>	<ol style="list-style-type: none"> <li>1. Paragraph 3 of this Article is amended by reference to Paragraph 4 of Article 13 of the Template.</li> <li>2. Paragraph 6 of this Article is amended by reference to Paragraph 4 of Article 4 of the Template.</li> </ol>

Draft Amendment	Current Articles	Explanatory Notes
<p><u>paragraph; the voting right exercised by way of electronic means will prevail for failing of such revocation by the deadline.</u></p> <p>A shareholder who cannot attend a shareholders' meeting in person may present a proxy letter issued by the Company, stating scope of authorization and designating a proxy.</p> <p>One shareholder may present one proxy letter and appoint only one proxy. A proxy letter must be delivered to the Company at least five days before the shareholders' meeting. The first proxy letter shall have precedence if repeated proxy letters are delivered. This restriction shall not apply, however, to those shareholders who declare to retract their prior appointment of a proxy.</p> <p>For a shareholder wishing to attend a shareholders' meeting in person or <u>through video conference</u> after a proxy letter is delivered to the Company, the shareholder shall, no later than at least 2 days before the shareholders' meeting, notify the Company in writing to revoke his/her/its proxy appointment; the vote cast by the proxy in the meeting under authorization shall prevail for failing of such revocation by the deadline.</p> <p>Where specific shareholder exercises voting right through electronic voting and also appoints a proxy with proxy letter to attend the</p>	<p>A shareholder who cannot attend a shareholders' meeting in person may present a proxy letter issued by the Company, stating scope of authorization and designating a proxy.</p> <p>One shareholder may present one proxy letter and appoint only one proxy. A proxy letter must be delivered to the Company at least five days before the shareholders' meeting. The first proxy letter shall have precedence if repeated proxy letters are delivered. This restriction shall not apply, however, to those shareholders who declare to retract their prior appointment of a proxy.</p> <p>For a shareholder wishing to attend a shareholders' meeting in person or after a proxy letter is delivered to the Company, the shareholder shall, no later than at least 2 days before the shareholders' meeting, notify the Company in writing to revoke his/her/its proxy appointment; the vote cast by the proxy in the meeting under authorization shall prevail for failing of such revocation by the deadline.</p> <p>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.</p>	

Draft Amendment	Current Articles	Explanatory Notes
<p>shareholders' meeting, the vote cast by the proxy in the meeting under authorization shall stand.</p>		
<p><b>Article 5 (Registration of shareholders for attendance)</b></p> <p>Shareholders or their proxies shall be admitted to the shareholders' meeting on the basis of attendance passes, attendance sign-in cards, or other attendance verification. Those persons soliciting proxy letters shall carry other personal identification to facilitate checking.</p> <p>The Company shall set up a registration desk for the registration of the shareholders or proxies to the meeting by presenting the attendance sign-in cards.</p> <p>Government or juristic shareholders may send more than one representative to a shareholders' meeting. However, a juristic person attending a shareholders' meeting as a proxy may send only one representative to attend.</p> <p><u>For a shareholders' meeting by video conference, the attendance registration shall be available on the video conference platform for 30 minutes immediately before the meeting. Shareholders having completed the attendance registration shall be deemed to have attended the shareholders' meeting in person.</u></p> <p><u>For a shareholders'</u></p>	<p><b>Article 5 (Registration of shareholders for attendance)</b></p> <p>Shareholders or their proxies shall be admitted to the shareholders' meeting on the basis of attendance passes, attendance sign-in cards, or other attendance verification. Those persons soliciting proxy letters shall carry other personal identification to facilitate checking.</p> <p>The Company shall set up a registration desk for the registration of the shareholders or proxies to the meeting by presenting the attendance sign-in cards.</p> <p>Government or juristic shareholders may send more than one representative to a shareholders' meeting. However, a juristic person attending a shareholders' meeting as a proxy may send only one representative to attend.</p>	<ol style="list-style-type: none"> <li>1. Paragraph 4 of this Article is amended by reference to Paragraph 2 of Article 6 of the Template.</li> <li>2. Paragraph 5 of this Article is amended by reference to Paragraph 7 of Article 6 of the Template.</li> </ol>

Draft Amendment	Current Articles	Explanatory Notes
<p><u>meeting by video conference, the shareholder wishing to attend by video conference shall register with the Company by 2 days before the meeting.</u></p> <p><u>For a shareholders' meetings by video conference, the Company shall, at least 30 minutes before the commencement of the meeting, upload shareholders' meeting agenda handbook, annual report and other relevant materials to the video conference platform for the shareholders' meeting, which shall be continuously disclosed until the end of the meeting.</u></p>		
<p><b>Article 7 (Audio or video recording of shareholders' meeting)</b></p> <p>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.</p> <p><u>For a shareholders' meeting by video conference, the Company shall retain the records for registration, attendance registration, questions raised, voting rights exercised, and vote counting results, and the Company shall continuously make the audio and video recording across the whole video conference without</u></p>	<p><b>Article 7 (Audio or video recording of shareholders' meeting)</b></p> <p>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.</p>	<p>Paragraph 2 and Paragraph 3 of this Article are amended by reference to Paragraph 3 and Paragraph 4 of Article 8 of the Template.</p>

Draft Amendment	Current Articles	Explanatory Notes
<p><u>an interruption.</u></p> <p><u>The materials and the audio and video recording under the preceding paragraph shall be properly preserved by the Company during the Company's existence, and the Company shall provide the audio and video records to those entrusted to handle the video conference affairs for retention.</u></p>		
<p><b>Article 8 (Calculation of number of shares present, holding of meeting)</b></p> <p>The calculation of attendance at a shareholders' meeting of the Company shall be based on the number of shares being represented. The number of shares attending the meeting shall be calculated based on the number of shares indicated in the attendance registration cards <u>and those registered for attendance with the video conference platform</u>, plus number of shares being voted by electronic means, provided that there shall be no double counting of the attending shares for shares voted by electronic means while the shareholders of which attended the shareholders' meeting in person or through video conference.</p> <p>When the designated meeting time arrives, the chairman shall immediately announce to commence the meeting if shareholders representing a majority of the total number of issued shares are in attendance. The</p>	<p><b>Article 8 (Calculation of number of shares present, holding of meeting)</b></p> <p>The calculation of attendance at a shareholders' meeting of the Company shall be based on the number of shares being represented. The number of shares attending the meeting shall be calculated based on the number of shares indicated in the attendance registration cards, plus number of shares being voted by electronic means, provided that there shall be no double counting of the attending shares for shares voted by electronic means while the shareholders of which attended the shareholders' meeting in person or through video conference.</p> <p>When the designated meeting time arrives, the chairman shall immediately <u>announcement</u> to commence the meeting if shareholders representing a majority of the total number of issued shares are in attendance. The chairman</p>	<ol style="list-style-type: none"> <li>1. Paragraph 1 of this Article is amended by reference to Paragraph 1 of Article 9 of the Template.</li> <li>2. Paragraph 2 of this Article is amended by reference to Paragraph 3 of Article 9 of the Template. °</li> <li>3. Paragraph 3 of this Article is amended by reference to Paragraph 4 of Article 9 of the Template.</li> </ol>



Draft Amendment	Current Articles	Explanatory Notes
<p>chairman may announce to delay the commencement of the meeting if the statutory number of shares has not been reached. The commencement of the meeting may be delayed for no more than twice, and the total time delayed may not exceed one hour. <u>If the number of shareholders present is still below one-third or more of the total number of issued shares after two times of delay, the chairman shall announce that the meeting has failed to be convened for lack of quorum; for a shareholders' meeting by video conference, the Company shall separately announce the same on the video conference platform.</u></p> <p>Where the number of shares present is still insufficient after two delays <u>under the preceding paragraph</u>, 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. <u>For a shareholders' meeting by video conference, the shareholder wishing to attend the meeting by video conference shall register again with the Company according to the Article 5 of the Ordinance of Shareholders Meetings of the Company.</u></p>	<p>may announce to delay the commencement of the meeting if the statutory number of shares has not been reached. The commencement of the meeting may be delayed for no more than twice, and the total time delayed may not exceed one hour.</p> <p>Where the number of shares present is still insufficient after two delays, but shareholders representing at least one-third of all issued shares are present, the meeting may make tentative resolutions with the consent of a majority of the voting rights in attendance. The Company shall then notify all shareholders of the tentative resolutions, and another shareholders' meeting shall be convened within one month.</p> <p>If, after making a tentative resolution according to the</p>	

<b>Draft Amendment</b>	<b>Current Articles</b>	<b>Explanatory Notes</b>
<p>If, after making a tentative resolution according to the procedures in the foregoing paragraph, shareholders representing a majority of issued shares become present at an in-progress meeting, the chairman may, in accordance with Article 174 of the Company Act, resubmit any tentative resolutions already made at the meeting for another vote.</p>	<p>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.</p>	
<p><b>Article 10 (Speaking)</b></p> <p>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.</p> <p>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.</p> <p>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</p>	<p><b>Article 10 (Speaking)</b></p> <p>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.</p> <p>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.</p> <p>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</p>	<p>Paragraph 10 of this Article is amended by reference to Paragraph 7 of Article 11 of the Template.</p>

<b>Draft Amendment</b>	<b>Current Articles</b>	<b>Explanatory Notes</b>
<p>chairman's approval, only one such extension may be given.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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</p>	<p>chairman's approval, only one such extension may be given.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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</p>	

<b>Draft Amendment</b>	<b>Current Articles</b>	<b>Explanatory Notes</b>
<p>paragraph shall apply.</p> <p>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.</p> <p>The chairman may personally respond, or designate another relevant person to do so, after a shareholder has spoken.</p> <p><u>For a shareholders' meeting held by video conference, a shareholder attending the meeting through video conference may, during the period that the meeting is announced to commence until the meeting is announced for the adjournment by the chairman, raise questions in writing through the video conference platform for shareholders' meetings, provided that questions raised for each proposal shall not exceed two times, 200 words for each question, and Paragraphs 1 to 8 shall not apply.</u></p>	<p>paragraph shall apply.</p> <p>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.</p> <p>The chairman may personally respond, or designate another relevant person to do so, after a shareholder has spoken.</p>	
<p><b>Article 12 (Voting on resolutions)</b></p> <p>A shareholder shall receive one voting right for each share. However, this rule shall not apply to those shareholders with restricted or no voting rights.</p> <p>Although a government or juristic shareholder may appoint more than one person as a representative, the shareholder's voting rights are still calculated on</p>	<p><b>Article 12 (Voting on resolutions)</b></p> <p>A shareholder shall receive one voting right for each share. However, this rule shall not apply to those shareholders with restricted or no voting rights.</p> <p>Although a government or juristic shareholder may appoint more than one person as a representative, the shareholder's voting rights are still calculated on</p>	<p>Paragraphs 8 to 11 of this Article are amended by reference to Paragraphs 9 to 12 of Article 13 of the Template.</p>

Draft Amendment	Current Articles	Explanatory Notes
<p>the basis of the total number of shares held by that shareholder.</p> <p>If, in the foregoing paragraph, a shareholder has sent two or more representatives, the representatives shall jointly exercise the shareholder's voting rights.</p> <p>Proposals shall be resolved through voting by poll. Unless otherwise specified by the Company Act and the Articles of Incorporation of the Company, a 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, <u>voting right exercised through video conference</u>, and electronic voting.</p> <p>After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.</p> <p>If there shall be an amendment or alternative to one motion, the chairman may combine the amendment or alternative into the original motion, and determine their orders for resolution. If any one of the above shall be resolved, the others shall be considered as rejected, upon which no further resolution shall be required.</p> <p>The chairman shall determine the order for discussion and vote for the proposals made during the special motion session. The</p>	<p>the basis of the total number of shares held by that shareholder.</p> <p>If, in the foregoing paragraph, a shareholder has sent two or more representatives, the representatives shall jointly exercise the shareholder's voting rights.</p> <p>Proposals shall be resolved through voting by poll. Unless otherwise specified by the Company Act and the Articles of Incorporation of the Company, a resolution in favor of the proposal may be made with a simple majority of the voting rights represented by the total votes of on-site voting and electronic voting.</p> <p>After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.</p> <p>If there shall be an amendment or alternative to one motion, the chairman may combine the amendment or alternative into the original motion, and determine their orders for resolution. If any one of the above shall be resolved, the others shall be considered as rejected, upon which no further resolution shall be required.</p> <p>The chairman shall determine the order for discussion and vote for the proposals made during the special motion session. The</p>	

Draft Amendment	Current Articles	Explanatory Notes
<p>chairman may also combine proposals that are of the same type.</p> <p><u>When the Company holds a shareholders' meeting by video conference, a shareholder attending the meeting through video conference, after the chairman announces to commence the meeting, shall vote for each proposal and election proposal through video conference platform before the chairman announces to close the voting. Voting rights shall be deemed waived for failure of doing so by the time required.</u></p> <p><u>For a shareholders' meetings held by video conference, votes shall be calculated at once after the chairman announces to close the voting, and the results of resolution and election shall be announced accordingly.</u></p> <p><u>When the Company holds a shareholders' meeting supported by video conference, for a shareholder having registered to attend the meeting by video conference in accordance with Article 5 of the Ordinance of Shareholders Meetings of the Company but wishing to attend the meeting in person thereafter shall, by 2 days before the shareholders' meeting and in the same manner previously used for the registration, revoke the registration. For those failing of doing so by the time required may only attend the meeting by video conference.</u></p> <p><u>For those shareholders</u></p>	<p>chairman may also combine proposals that are of the same type.</p>	

Draft Amendment	Current Articles	Explanatory Notes
<p><u>having exercised voting rights by electronic voting without revoking their expression of intent but attending the shareholders' meeting by video conference, except for the extraordinary motion, they are not allowed to vote for original proposals, raise a proposal to amend the original proposals, or vote for the amendment to the original proposal.</u></p>		
<p><b>Article 15 (Meeting minutes and signing)</b></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 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 (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. The minutes of</p>	<p><b>Article 15 (Meeting minutes and signing)</b></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 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 (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. The minutes of</p>	<p>Paragraph 4 and Paragraph 5 of this Article are amended by reference to Paragraph 4 and Paragraph 5 of Article 15 of the Template.</p>

<b>Draft Amendment</b>	<b>Current Articles</b>	<b>Explanatory Notes</b>
<p>shareholders’ meetings must be preserved for as long as the company is in existence.</p> <p><u>For a shareholders' meeting by video conference, the meeting minutes, other than the mandatory contents under the preceding paragraph, shall also be recorded with the commencement time and the time that the meeting is adjourned, the method for holding the meeting, the names of the chairman and secretary, and the contingency plans for disconnection issues due to natural disasters, incidents or other force majeure events that prevent the operating of the video conference platforms or that prevent shareholders from attending meetings by video conference.</u></p> <p><u>For a shareholders' meeting held by video conference, in addition to complying with the provisions in the preceding paragraph, the meeting minutes shall also be recorded with alternative measures for shareholders who have difficulty in attending the shareholders' meeting by video conference.</u></p>	<p>shareholders’ meetings must be preserved for as long as the company is in existence.</p>	
<p><b>Article 16 (Public announcements)</b></p> <p>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, by consigned agents <u>and by shareholders exercising voting rights by electronic</u></p>	<p><b>Article 16 (Public announcements)</b></p> <p>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</p>	<p>Paragraph 1 of this Article is amend and Paragraph 2 of this Article is added by reference to Paragraph 1 and Paragraph 2 of Article 16 of the Template.</p>



Draft Amendment	Current Articles	Explanatory Notes
<p><u>means</u> on the day of the shareholders' meeting. This table shall be clearly displayed in the meeting venue. <u>For a shareholders' meeting held by video conference, the Company shall, at least by 30 minutes before the meeting, upload the abovementioned materials to the video conference platform for shareholders' meeting which shall be continuously disclosed until the meeting is adjourned.</u></p> <p><u>For a shareholders' meeting held by video conference by the Company, the total number of shares by shareholders attended shall be disclosed on the video conference platform when the meeting is announced to commence. Where the total number of shares and voting rights of shareholders attended are separately calculated during the meeting, the same rules shall apply.</u></p>	<p>table shall be clearly displayed in the meeting venue.</p>	
<p><b>Article 19 (Information disclosure of the video conference)</b></p> <p><u>For a shareholders' meeting held by video conference, the Company shall, after the close of the voting, timely disclose the voting results for each proposal and election on the video conference platform for shareholders' meeting for at least 15 minutes on a continuous basis after the chairman announces to adjourn the meeting.</u></p>		<ol style="list-style-type: none"> <li>1. This Article is newly added. °</li> <li>2. This Article is added by reference to Article 19 of the Template.</li> </ol>

Draft Amendment	Current Articles	Explanatory Notes
<p><b>Article 20 (Location of chairman and secretary of the shareholders' meeting by video conference and the)</b></p> <p><u>When the Company holds a shareholders' meeting by video conference, the chairman and secretary shall be at the same location in the R.O.C., and the chairman shall also announce the address of the location when the meeting is announced to be commenced.</u></p>		<ol style="list-style-type: none"> <li>1. This Article is newly added.</li> <li>2. This Article is added by reference to Article 20 of the Template.</li> </ol>
<p><b>Article 21 (Handling of disconnection)</b></p> <p><u>For a shareholders' meeting held by video conference, the Chairman shall, when announcing to commence the meeting, separately announce that, in addition to the situation in which there is no need to postpone or continue the meeting specified in Paragraph 4 of Article 44-20 of the Regulations Governing the Administration of shareholders services, before the Chairman announces to adjourn the meeting, if any disconnection issues occurred due to natural disasters, incidents or other force majeure events that prevent the operating of the video conference platforms or that prevent shareholders from attending meetings by video conference lasts for 30 minutes or more, the dates when the meeting shall be postponed to or continued within 5 days, provided that Article 182 of the</u></p>		<ol style="list-style-type: none"> <li>1. This Article is newly added.</li> <li>2. This Article is added by reference to Article 21 of the Template.</li> </ol>

Draft Amendment	Current Articles	Explanatory Notes
<p><u>Company Act shall not apply.</u></p> <p><u>In the event that the meeting is postponed or continued under the preceding paragraph, a shareholder who have not registered to attend the original shareholders' meeting through video conference shall not attend the postponed or continued meeting.</u></p> <p><u>For a meeting being postponed or continued under Paragraph 1, shareholders having registered to attend the original shareholders' meeting by video conference and completed the attendance registration, but not attending the postponed or continued meeting, the number of shares attended, the voting rights exercised and votes for the election made in the original shareholders' meeting shall be counted in the total number of shares attended, voting rights and votes for election made in the postponed or continued meeting.</u></p> <p><u>Where a shareholders' meeting is postponed or continued under Paragraph 1, for a proposal that the voting and counting of votes have been completed and the voting result or the list of elected directors and supervisors have been announced, there is no need to re-discuss and resolve the proposal.</u></p> <p><u>When a shareholders' meeting supported by video conference is held and the meeting cannot be continued</u></p>		

Draft Amendment	Current Articles	Explanatory Notes
<p><u>through video conference due to the reason under Paragraph 1, the shareholders' meeting shall continue if the total number of shares attended still reaches the statutory quorum for the shareholders' meeting after deducting the number of shares attended by video conference and it is no longer required to postpone or continue the meeting under Paragraph 1.</u></p> <p><u>In the event that the meeting shall be continued under the preceding paragraph, the number of shares of shareholders attended through video conference shall be counted in the number of shares attended, provided that voting rights of which shall be deemed waived for all the proposals of the shareholders' meeting.</u></p> <p><u>Where the Company postpones or continues a meeting in accordance with Paragraph 1, the Company shall, according to the provisions in paragraph 7 of Article 44-20 of the Regulations Governing the Administration of shareholders services, conduct the relevant preparatory works in the same way as the date of the original shareholders' meeting and related provisions.</u></p> <p><u>For the period specified in the last paragraph of Article 12, Paragraph 3 of Article 13 of the Regulations Governing Use of Proxies for Attendance at Shareholder Meetings of Public Companies, Paragraph 2 of Article 44-5, Article 44-15, and</u></p>		

Draft Amendment	Current Articles	Explanatory Notes
<p><u>Paragraph 1 of Article 44-17 of the Regulations Governing the Administration of shareholders services, the Company shall postpone or continue the shareholders’ meeting on the date specified in Paragraph 1.</u></p>		
<p><b>Article 22 (Handling of digital divide)</b></p> <p><u>Where the Company holds a shareholders' meeting by video conference, the Company shall provide appropriate alternative measures for shareholders who have difficulty in attending the shareholders' meetings by video conference.</u></p>		<ol style="list-style-type: none"> <li>1. This Article is newly added.</li> <li>2. This Article is added by reference to Article 22 of the Template.</li> </ol>
<p><b>Article 23 (Supplementary provisions)</b></p> <p>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.</p>	<p><b>Article 19 (Supplementary provisions)</b></p> <p>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.</p>	<ol style="list-style-type: none"> <li>1. This Article is not amended. °</li> <li>2. The numbering of this Article is amended accordingly in response to the newly added Articles.</li> </ol>
<p><b>Article 24 (Enforcement)</b></p> <p>These meeting rules of procedure shall take effect after being passed by the shareholders’ meeting; likewise in the case of revisions.</p>	<p><b>Article 20 (Enforcement)</b></p> <p>These meeting rules of procedure shall take effect after being passed by the shareholders’ meeting; likewise in the case of revisions.</p>	<ol style="list-style-type: none"> <li>1. This Article is not amended. °</li> <li>2. The numbering of this Article is amended accordingly in response to the newly added Articles.</li> </ol>

## **Election**

### **Election of the Company's 10<sup>th</sup> term directors**

Proposed by the Board of Directors

Explanation:

1. The 9<sup>th</sup> term of the Company's directors expires on June 20<sup>th</sup>, 2022. According to Article 192-1 of the Company Act, the 10<sup>th</sup> term of the directors should be elected at the 2022 Annual General Meeting.
2. It is defined in Article 12 of the Company's Articles of Incorporation that the Company shall have 7 to 15 directors in order to organize the Board of Directors. In addition, Article 12-1 of the Company's Articles of Incorporation defines that the Company shall be composed of at least 3 independent directors and directors shall be elected according to the candidate nomination system. The 16<sup>th</sup> meeting of Chunghwa Telecom's 9<sup>th</sup> Board of Directors has resolved to elect the Company's 10<sup>th</sup> term of the Board of directors, which will be composed of 13 directors in total, including 5 independent directors, for a term of 3 years beginning on May 27<sup>th</sup>, 2022 to May 26<sup>th</sup>, 2025.
3. The Company's 10<sup>th</sup> term directors shall be elected according to the candidate nomination system. The list of director candidates for this election reviewed and approved by the 18<sup>th</sup> meeting of the 9<sup>th</sup> Board of Directors of the Company on April 13<sup>th</sup>, 2022 is hereby attached.
4. For the Directors Election Regulations of Chunghwa Telecom Co., Ltd., please refer to page 134-136 of this handbook.
5. Please vote.

Election Results:

<b>Candidate Category</b>	<b>Candidate Name</b>	<b>Education</b>	<b>Past Experiences</b>	<b>Current Positions</b>	<b>Shareholding (Unit: Share)</b>	<b>Representative of The Government or Institution</b>
Director	Chi-Mau Sheih	Master, Business Administration, National Taiwan University	President, Chunghwa Telecom Co., Ltd.	Chairman, Chunghwa Telecom Co., Ltd. Director of Chunghwa Telecom Co., Ltd.	2,737,718,976	MOTC
Director	Shui-Yi Kuo	Master, Accounting, National Chengchi University	Chief Financial Officer & Senior Executive Vice President, Chunghwa Telecom Co., Ltd.	President, Chunghwa Telecom Co., Ltd. Director of Chunghwa Telecom Co., Ltd.	2,737,718,976	MOTC
Director	Shin-Yi Chang	Master, Business Administration, National Taiwan University	Director, Department of Accounting, Ministry of Economic Affairs(MOEA)	Director, Department of Accounting, Ministry of Transportation and Communications (MOTC) Director of Chunghwa Telecom Co., Ltd	2,737,718,976	MOTC
Director	Sin-Horng Chen	Ph.D., Electrical Engineering, Texas Tech University, USA	Acting President of National Chiao Tung University	Professor, Department of Electrical Engineering, National Yang Ming Chiao Tung University Director of Chunghwa Telecom Co., Ltd	2,737,718,976	MOTC

<b>Candidate Category</b>	<b>Candidate Name</b>	<b>Education</b>	<b>Past Experiences</b>	<b>Current Positions</b>	<b>Shareholding (Unit: Share)</b>	<b>Representative of The Government or Institution</b>
Director	Ching-Hwi Lee	Bachelor, History, National Taiwan Normal University	Deputy Director, National Palace Museum	Deputy Minister, Ministry of Culture (MOC)	2,737,718,976	MOTC
Director	Hsiang-Ling Hu	Bachelor, Transportation and Management, National Chiao Tung University	Director-General, Railway Bureau, Ministry of Transportation and Communications (MOTC)	Political Deputy Minister, Ministry of Transportation and Communications (MOTC)	2,737,718,976	MOTC
Director	Shiu-Chuan Tsai	Ph.D., Public Administration, National Chengchi University	Political Deputy Minister, Ministry of Civil Service	Chairperson & Professor, Department of Political Science, Soochow University	2,737,718,976	MOTC
Director	Shih-Hung Tseng	Graduated at the Electronic Engineering Department of Kun Shan Institute of Technology	Member of Chunghwa Telecom Workers' Union and President of Chunghwa Telecom's Corporate Union, Tainan Branch	Engineer, Tainan Branch, Chunghwa Telecom Co., Ltd. Director of Chunghwa Telecom Co., Ltd.	2,737,718,976	MOTC
Independent Director	Yu-Fen Lin	Bachelors, Political Science and Laws, National Taiwan University	Partner, Kao & Partners, Attorneys-at-Law	Managing Partner, Lex & Honor, Attorneys-at-Law Independent Director of Chunghwa Telecom Co., Ltd.	0	None



<b>Candidate Category</b>	<b>Candidate Name</b>	<b>Education</b>	<b>Past Experiences</b>	<b>Current Positions</b>	<b>Shareholding (Unit: Share)</b>	<b>Representative of The Government or Institution</b>
Independent Director	Chung-Chin Lu	Ph.D., Electrical Engineering, University of Southern California, USA	Chairperson, Department of Electrical Engineering, National Tsing Hua University	Professor, Department of Electrical Engineering, National Tsing Hua University Independent Director of Chunghwa Telecom Co., Ltd.	0	None
Independent Director	Yi- Chin Tu	Master, Computer Science and Information Engineering, National Taiwan University	Founder, Taiwan AI Labs	Founder, Taiwan AI Labs & Foundation Independent Director of Chunghwa Telecom Co., Ltd.	0	None
Independent Director	Chia-Chung Chen	Master, Agricultural Economics, National Taiwan University	CEO, E. SUN Bank (China)	Director, Mega Financial Holding Co., Ltd. Director, Mega International Commercial Bank Co., Ltd.	0	None
Independent Director	Su-Ming Lin	Ph.D., Accounting, Arizona State University, USA	Chairperson, Department of Accounting, National Taiwan University	Professor, Department of Accounting, College of Management, National Taiwan University	0	None

## Other Matters

### **Release of non-competition restrictions on the Company's 10<sup>th</sup> term 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. Some of the Company' directors and independent directors as listed below concurrently engage in the activities of other companies which have the same or similar lines of business as the Company. Hence it is proposed to the shareholders' meeting to release the non-competition restrictions for the directors and independent director in accordance with the laws.
3. It is proposed to release of non-competition restrictions on the Company's 10<sup>th</sup> term Directors for Chi-Mau Sheih, Shui-Yi Kuo, Shin-Yi Chang, Sin-Horng Chen and independent directors of Yu-Fen Lin, Chia-Chung Chen and Su-Ming Lin when they assume the positions at the following companies:

<b>Director</b>	<b>Position at the Company with same or similar lines of business</b>	<b>Same or similar lines of business of the Company</b>
Chi-Mau Sheih (Director)	Director, Industrial Technology Research Institute	Software Design Service, Rental and Leasing Business, Management Consulting Services, Digital Information Supply Services, Data Processing Services, Environmental Assessment Service Businesses, Energy Service Business, Engineering Consulting Business, Automatic Control Equipment Engineering Business
Shui-Yi Kuo (Director)	Director, Cornerstone Ventures Co., Ltd.	Management Consulting Services
Shin-Yi Chang (Director)	Supervisor, Taiwan International Ports Corporation Ltd.	Parking Lot Operation Businesses, Real Estate Rental Businesses, Information Software Service Business, Exhibition Service Businesses, Rental Business

Director	Position at the Company with same or similar lines of business	Same or similar lines of business of the Company
Sin-Horng Chen (Director)	Independent Director, Chinesegamer International Corp	Internet Identify Services, Digital Information Supply Services, Data Processing Services, Data Storage Media Manufacturing and Duplicating
Yu-Fen Lin (Independent Director)	Independent Director, SINBON Electronics Co., Ltd.	Wholesale of Computing and Business Machinery Equipment, Computers and Computing Peripheral Equipments Manufacturing, Wholesale of Telecom Instruments, Wholesale of Medical Goods, Metrological Instrument Manufacturing, Energy Technical Services
Chia-Chung Chen (Independent Director)	Independent Director, Dimerco Data System Corporation	Wholesale of Computing and Business Machinery Equipment, Wholesale of Computer Software, Retail sale of Computing and Business Machinery Equipment, Retail sale of Computer Software, Computing Equipments Installation Construction, Software Design Services, Data Processing Services, Management Consulting Services, Rental and Leasing Business
Su-Ming Lin (Independent Director)	Independent Director, Taiwan Fertilizer Co., Ltd.	Wholesale of Telecom Instruments, Parking Garage Business, Residence and Buildings Lease Construction and Development, Specialized Field Construction and Development, Software Design Services, Data Processing Services, Digital Information Supply Services

4. This proposal was resolved by the 18<sup>th</sup> meeting of the 9<sup>th</sup> Board of Directors on April 13<sup>th</sup>, 2022. It 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.
22. Article 1, 2, 14, 19 and 20 amended by the Annual General Meeting on August 20, 2021.

### **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.".

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.

Article 2 - The scope of business of the Company shall be as follows:  
1) Telecommunications Enterprises (G903010);

- 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);
- 14) Supply of Electronic Information Service Businesses (I301030);
- 15) Information Process Service Business (I301020);
- 16) Telecommunication Account Application Agency Businesses (IE01010);
- 17) Residential and Commercial Building Development, Rental and Sales Businesses (H701010);
- 18) Development of Special District/Zone Businesses (H701040);
- 19) Real Estate Rental Businesses (H703100);
- 20) Community Common Cable Television Equipment Businesses (J502020);
- 21) Exhibition Service Businesses (JB01010);
- 22) Parking Lot Operation Businesses (G202010);
- 23) Environmental Assessment Service Businesses (J101050);
- 24) Computer and Accessories Manufacturing Service (CC01110);
- 25) Information Storage and Process Equipment Manufacturing Businesses (CC01120);
- 26) Other Electrical and Electronic Machinery & Equipment Manufacturing Businesses (CC01990);
- 27) General Hotel Business (J901020);
- 28) Computer and Administrative Device Wholesale Businesses (F113050);
- 29) Information Software Wholesale Businesses (F118010);
- 30) Computer and Administrative Device 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);
- 48) Traffic Signals Installation and Construction Business (E603080);
- 49) Traffic Labels Construction Business (EZ06010);
- 50) Medical Device Wholesale Business (F108031);
- 51) Medical Device Retail Business (F208031);
- 52) Metrological Instruments Importing Business (F401181);
- 53) Metrological Instruments Repairing Business (JA02051);
- 54) Metrological Instruments Manufacturing Business (CE01021);
- 55) 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 7<sup>th</sup> 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) Policies regarding recommendation of chairman and president to subsidiaries.
- 15) 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 business of telecommunication or technology.

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 managers 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 26<sup>th</sup>, 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 August 20, 2021.

### **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, amendment to the Articles of Incorporation, 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, 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, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, 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 the main contents shall be enumerated and explained and shall not be proposed as special motions in the meeting.

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.

**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 a proposal to general meeting to the Company, the number of items so proposed is limited to one only; such proposals shall be included among discussion proposals after approval by the Board of Directors.

The company shall publicly announce acceptance of shareholders' proposals, the method of acceptance, 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 listed in the meeting notice 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).

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 (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. 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 7<sup>th</sup> Board of Directors at the 2<sup>nd</sup> meeting on August 13, 2013.
3. Amended by the 9<sup>th</sup> Board of Directors at the 8<sup>th</sup> meeting on August 5, 2020.
4. Amended by the 9<sup>th</sup> Board of Directors at the 5th interim meeting on September 28, 2021.

#### **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 Organization and Talent Development 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. Code of Ethics of Chunghwa Telecom Co., Ltd.**

1. All articles adopted by the 2<sup>nd</sup> special meeting of the Company's 3<sup>rd</sup> Board of Directors on April 28, 2004.
2. The amendment approved by the 12<sup>th</sup> meeting of the Company's 4<sup>th</sup> Board of Directors on March 28, 2006.
3. The amendment approved by the 8<sup>th</sup> meeting of the Company's 6<sup>th</sup> Board of Directors on April 26, 2011.
4. The amendment approved by the 17<sup>th</sup> meeting of the Company's 6<sup>th</sup> Board of Directors on August 29, 2012.
5. The amendment approved by the 2<sup>nd</sup> meeting of the Company's 7<sup>th</sup> Board of Directors on August 13, 2013.
6. The amendment approved by the 9<sup>th</sup> Board of Directors at the 5<sup>th</sup> interim meeting on September 28, 2021.

### **Article 1 Purpose and applicable scope**

Chunghwa Telecom Co., Ltd. (hereinafter referred to as the “Company” ) and its directors, managers and employees shall conduct business throughout the world in accordance with the highest ethical standards. This Code of Ethics is hereby stipulated in order to establish an obedience and maintenance standard.

The Code of Ethics embodies rules regarding individual and group responsibilities, as well as responsibilities to the Company, the public, and other stakeholders. This Code of Ethics applies to the Company’s directors, managers and employees. The purpose of this Code of Ethics is to prevent from wrongdoing and to cause their conducts to be in compliance with the following requirements:

1. Honesty and ethics;
2. Avoiding conflict of interest;
3. No appropriation for personal gains;
4. Caring for employees;
5. Keeping trade secrets;
6. Disclosing the Company’s information in a full, fair, accurate, timely, and understandable manner;
7. Treating fairly with the Company’s customers, suppliers, and competitors;
8. Protecting the Company’s assets and utilizing them in an efficient and legitimate manner;
9. Complying with laws, rules, and regulations;
10. Preventing from insider trading;
11. Preventing from corruption and bribery;
12. Implementing environmental protection and establish a healthy and safe working environment;
13. Reporting and handling discovered violations against the Code of Ethics; and
14. Full understanding and compliance with this Code of Ethics.

### **Article 2 Honesty and ethics**

The Company’s directors, managers and employees shall act according to the ethics and perform their duties with honesty.

Honest conduct mentioned above refers to a conduct that is free from intent of fraud or

fact of deception. Conduct in compliance with ethics refers to a conduct that meets the professional standards, including the handling of conflict of interests in connection with the personal matters or their duties.

### **Articles 3 Avoiding conflict of interest**

“Conflicts of interests” stipulated in the previous Article refers to a situation where directors, managers and employees face a choice between their personal interests (financial interests or otherwise) and the interests of the Company.

Conflicts of interests will always cause public concerns toward the Company image. Services to the Company shall not be provided basing on personal interests, and directors, managers and employees are required to act in the Company’s best interest to avoid from any conflicts of interests.

Where the Company’s directors, managers and employees are in a position whose objectivity may be questioned because of personal interests or interests of their spouse, children, or relatives within the second degree (including working for companies whose interests are in the direct competition with the Company) shall notify their immediate supervisor or the Company’s Organization and Talent Development Department. Where any individual is aware that a material transaction or relationship might give rise to a personal conflict of interests, he/she shall discuss about the matter with his/her immediate supervisor or the Company’s Organization and Talent Development Department immediately.

A conflict of interests may arise when a director takes action or has interests that might make him/her difficult to perform the director’s duty objectively and effectively. A conflict of interests will arise where a director, or the director’s spouses, children or relatives within the second degree, receives improper personal benefits because of the director’s position in the Company. Directors shall not have a direct economic relationship with the Company unless otherwise authorized by Chunghwa’s Board of Directors (hereinafter referred to as the “Board”).

Loans to or guarantees in favor of directors, senior managers or their spouses, children, and relatives within the second degree are prohibited in order to avoid the conflicts of interests. Loans to the other personnel shall be reviewed and approved in advance pursuant to the Company's rules.

While potential conflict of interests involving directors, or senior managers shall be reviewed directly by the Board, those of other personnel of the Company shall be reviewed in accordance with the Company’s relevant regulations. The relevant activities may be permitted if they are determined to be not harmful to the Company.

### **Article 4 No appropriation for personal gains**

Directors, managers and employees have the obligation to protect the Company's legitimate interests. Any individual unless the Company otherwise agrees, shall not take advantage of the Company's assets, information or its position to obtain personal interests.

Any person is prohibited from competing with the Company unless it is otherwise approved in writing by the Company’s Organization and Talent Development Department in advance.

### **Articles 5 Caring for Employees**

Employees are the most important assets of the Company. The Company's sustainable development relies on excellent employees who have realized their dreams in an excellent working environment and abundant business opportunities. The Company's management shall be in compliance with the following requirements:

1. Complying with labor related laws and regulations;
2. Treating each employee fairly, openly, and justly;
3. Caring for employees, respecting employees, and listening to the employees;
4. Motivating employee's innovation and passion toward the Company;
5. Providing employees with a safe, healthy, and sanitary working environment;
6. Striving to improve working conditions;
7. Protecting employee's legitimate rights and interests;
8. Improving harmony relationship between employer and employees;
9. Creating working opportunities of employees and value; and
10. Implementing the compliance with collective bargaining agreement.

#### **Article 6 Keeping trade secrets**

"Trade secret" is defined under this Code of Ethics, which includes all the Company's trade secrets and information that is obtained from or through business or cooperative relationship which shall be kept confidential. The Company's directors, managers and employees shall keep the trade secret they obtain confidential, except where the disclosure is required by applicable laws, rules or regulations or authorized by the Company.

#### **Article 7 Disclosing the Company's information in a full, fair, accurate, timely, and understandable manner**

All the Company related transactions and any disposition of assets shall be reflected in the accounts, financial statements and records of the Company in a full, fair, accurate, and timely manner.

All directors, managers and employees handling the Company's disclosure process are required to know and understand the relevant rules with respect to disclosure requirements within the scope of their duties and shall ensure that information in documents that the Company files with or submits to the Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan, R.O.C (hereinafter referred to as "SFB") and the U.S. Securities and Exchange Commission (hereinafter referred to as "U.S. SEC") or information otherwise disclosed to the public, is provided in a full, accurate, timely, and understandable manner.

The Company's financial statements must be prepared in accordance with the Company's internal accounting principles so that the financial statements will fairly and completely reflect the business transactions and financial condition of the Company.

Directors, managers and employees shall not intentionally make (or cause others to make) any incomplete, misleading, or false statement to an attorney, accountant, government agencies, audit institutions, or relevant agencies (such as the SFB, New York Stock Exchange, or U.S. SEC). Any of the above mentioned personnel shall not directly or indirectly force, manipulate, mislead, or fraudulently influence any of the



Company's auditors if he/she knows (or should have known) that his/her actions, if successfully, have resulted in a significant misleading in the Company's financial statements.

#### **Article 8 Treating fairly with the Company**

The Company strives to increase its market competitiveness through its superior performance and products without the use of illegal or unethical methods. The Company's directors, managers and employees shall respect the rights and benefits of, and shall treat fairly with, the Company's customers, suppliers, competitors, and employees, and shall not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, or any material misrepresentation. Any person shall not be engaged in any of the following activities:

1. Receiving from or giving to any customer, supplier, or any party related to the Company any rebate or other improper benefits;
2. Spreading false rumors about customers, suppliers, or competitors;
3. Intentionally misrepresenting the function, quality or content of the Company's products and services; or
4. Taking unfair advantage of any third party to obtain unfair benefits in order to benefit the Company.

#### **Article 9 Protecting the Company's assets and utilizing them in an efficient and legitimate manner**

The Company's assets shall be well protected and can only be used for legitimate business purpose of the Company. The Company's assets, whether tangible or intangible, may be used only by authorized employees or their designees unless it is otherwise permitted by the management.

Any person shall not make use of, steal, or intentionally misappropriate the assets of the Company or of any customers (including any trade secrets of the Company), for personal use, the use of another, or for other improper purpose. Any person shall not remove, destroy, or dispose of any valuables of the Company without the permission of management.

#### **Article 10 Complying with applicable governmental laws, rules and regulations**

Directors, managers and employees are obliged to comply with all the laws and regulations applicable to the Company's business activities and with all the Company policies.

The Company's business activities are subject to the relevant laws, regulations, and rules in the ROC and U.S., and are subject to market examination and other regulatory supervisory. The Company's products and services are provided basing on contractual commitments which subject to the following principles:

1. Any person shall not intentionally violate any laws or regulations and shall consult with personnel in the internal legal department on any matter that is likely to violate any law or regulation or any of the Company's contractual commitment.
2. Any person shall not obtain benefits from a customer and supplier by any illegitimate manner (including intention to mislead or manipulate) and shall not make a misstatement about the Company or its products or services.
3. Any person shall not make a misstatement about facts, contractual terms, or

Chunghwa policies to customer, supplier, or regulator. If a misstatement is made, it shall be presented to with the supervisor and the internal legal department for consultation and corrected as soon as possible.

4. Procedures established by the Company that governs the retention and destruction of records shall be in line with applicable laws and regulations, the Company policies, and business needs. Documents related to any pending or potential lawsuit or governmental investigation may not be destroyed, altered, or falsified. Where there is an event of litigation or government investigation, it shall be presented to the internal legal department for consultation and handled according to its instructions accordingly
5. Any of the following illegal business practices shall not be done with representatives of competing companies:
  - ( 1 ) Setting prices jointly;
  - ( 2 ) Allocating or dividing markets or customers;
  - ( 3 ) Boycotting or refusing from trading with other customers, suppliers, or competitors; or
  - ( 4 ) Engaging in any other illegal behavior that would restrain competition.
6. Any person shall not discuss or exchange sensitive business competing information with representatives of competing companies unless otherwise with a prior approval of the internal legal department or the compliance officer.

#### **Article 11 Preventing from insider trading**

Directors, managers and employees are prohibited from trading securities while they are in possession of material nonpublic information.

Directors, managers and employees shall comply with the relevant securities laws and the Company's policies regarding insider trading, securities transactions and processing of business confidential information.

The Company, directors, managers and employees shall follow the following basic rules when engaged in securities (including bonds) transactions:

1. Complying with all applicable insider trading related laws.
2. Unless otherwise permitted by the R.O.C. laws or approved by the relevant authority, any person shall not trade the Company securities while he/she possesses material and nonpublic information about the Company's operations, activities, plans, or financial results.
3. Material information refers to the information that may affect someone's decision to buy, hold, or sell a company's securities. Material information includes a company's expected earnings, significant businesses plans of acquisition or sale, and changes to senior high-level managers. Any trading is prohibited prior to disclosure of material information or within 18 hours after the disclosure.
4. Unless otherwise permitted by the laws or rules of the SFB or U.S. SEC, any person shall not trade securities of other companies when he/she possesses material nonpublic information about the companies. In addition, any person

shall not trade securities of other companies when such trade will become illegal or result in a conflict of interests.

5. Material nonpublic information of the Company and other companies which belongs to the Company cannot be appropriated by any person and shall not be disclosed to the following persons even there is no profits arising therefrom:
  - (1) The Company's employees who does not need to know the information for operational purpose;
  - (2) Non-The Company's employees, unless otherwise a prior approval is obtained from the management.
6. The abovementioned rules apply to the Company's employees' spouses, children, relatives within the second degree, and anyone else who lives together. The Company's employees must be cautious when discussing about your work with friends, spouses, children, relatives within the second degree, anyone else who lives together, or with other employees.

The rules outlined above apply to the following situations:

1. Transactions of the Company's common shares (including stock options), preferred shares, and bond.
2. Transfers of accumulated value of any Chunghwa common share in any Chunghwa benefit plan that is subject to an individual's control.
3. Under certain circumstances, purchases or sales of securities in other companies and transactions made in foreign securities markets.

An insider trading is prohibited by the Company. While the Company has established rules to avoid from insider trading, any person who is found to likely have involved in an insider trading shall be reported to relevant authority for investigation.

#### **Article 12 Preventing from corruption and bribery**

All directors, managers and employees shall comply with Ethical Corporate Management Best Practice Principles for the Company and the following regulations:

1. Shall not provide, commit, demand, or accept illegal gains in any form directly or indirectly in order to establish a business relationship or affect commercial transactions.
2. Shall make donation directly or indirectly to political parties or organizations and individuals involved in political activities only in accordance with the Political Donations Act and internal relevant business procedure of company, and shall not acquire any commercial interest and/or trade advantages.
3. Shall make charity donations or execute sponsorships only in accordance with relevant rules and internal operational procedure which shall not engage in any bribery.

#### **Article 13 Implementing environmental protection and establishing a healthy and safe working environment**

Directors, managers and employees of the Company shall comply with environmental protection related to laws and regulations, as well as the company internal rules for implementing the company's environmental protection concept and realizing

the company's commitment to environmental protection. The Company values efficiency and recycle of various resources in all business activities. The Company actively participates in environmental protection activities and strives to protect environment.

Directors, managers and employees shall comply with applicable domestic and international laws, regulations and the company's internal rules for maintenance of safety of working environment and physical/mental health. The Company provides employees with periodical health examination, safety education, health education and training, and physical/mental health activities. Customers' health and safety is the first priority in all business activities. The Company provides customers with the relevant information for the correct use of products and services as well as management methods.

#### **Article 14 Reporting and handling discovered violations against the Code of Ethics**

Where a director, manager and an employee becomes aware of or engages in any conduct or activity that is likely to violate this Code of Ethics or an applicable law or regulation, he/she shall promptly report the event to the Company's Organization and Talent Development Department. Any person making the report shall provide enough information to enable the Company to properly address the matter.

The Company has established related procedures for submitting matters regarding accounting, internal accounting controls, or auditing matters to the Audit Committee.

Any person will not be subject to retaliation of any kind (or threat of retaliation) for reporting any ethical concerns, suspected violations to securities related law, or other suspected misconduct in good faith. Any person who believes that he/she has been under a retaliation (or threatened or harassed) as a result of above action shall immediately report the matter to his/her immediate supervisor or the Company Organization and Talent Development Department.

#### **Article 15 Full understanding and compliance with this Code of Ethics**

Each director, manager and employee is obliged to carefully read, clearly understand, and comply with this Code of Ethics and, as necessary, to seek clarification on any key point. Where a manager or employee fails to comply with this Code of Ethics, including his/her supervisors who fail to make a report, may be subject to disciplinary action of termination of the employment agreement.

The Company shall actively remind the importance of compliance with the company's policies. Any violation of certain of the Company's policies is likely to cause the Company and the relevant personnel to be responsible for civil liability and damages, administrative penalty, or criminal prosecution.

Any doubt regarding this Code of Ethics shall be directed to the immediate supervisor or the Company's Organization and Talent Development Department.

#### **Article 16 Waivers**

The Company may, by a prior approval, waive application to this Code of Ethics for directors, managers and employees under certain limited situations. The waivers for directors or senior managers shall be granted by the Board. Waivers of other personnel shall be reviewed by a special committee chaired by the Senior Executive Vice President of the company. Where the waiver shall be granted if it is in compliance with the laws or the company rules, the waiver that is not in violation of the company's legitimate business policies may be granted at discretion.

The Company shall promptly disclose to the shareholders about the names of directors or senior managers receiving the waiver, the contents of and reason for such waiver and state the same in the Company for the next issue.

**Article 17 Application to affiliates and organization**

Group enterprises or entities such as the Company's subsidiaries, institutes with direct or indirect cumulative donation funds exceeding 50%, and institutions or legal persons with substantial controlling power shall proceed with business activities in accordance with this Code of Ethics and may establish relevant provisions for need of business operation.

**Article 18 Riders**

This Code of Ethics is established solely for the internal use by the Company. It is not intended to and does not give any rights to any employee, customer, supplier, competitor, shareholder, or any other person or entity. It does not in any way constitute a commitment, by or on behalf of the Company, as to any fact, circumstance or legal conclusion.

**Article 19 Enforcement**

This Code of Ethics is enforced upon the approval of the Board and the same procedures will apply to amendment thereafter from time to time.

## **V. Procedures for Acquisition or Disposal of Assets of Chunghwa Telecom Co., Ltd.**

1. All 38 articles adopted by Annual General Meeting on June 25, 2004.
2. Articles 1, 3, 4, 5, 6, 7, 8, 11, 12, 18, 19, 20, 21, 22, 24, 30, 31, 33, 36, and 38 amended by Annual General Meeting on May 30, 2006.
3. Articles 1, 3, 6, 8, 11, 14, 17, 18, 22, 24, 31, 33, and 37 amended by Annual General Meeting on June 15, 2007.
4. Articles 7, 20, 23, 24, 25, 26, 27, 28, 29, 30, 31, 40, and 44 amended, and articles 9, 12, 21, 22, and 47 added by Annual General Meeting on June 19, 2008.
5. Articles 6, 7, 8, 9, 10, 11, 12, 13, 14, 18, 22, 23, 25, 28, 29, 31, 32, 33, 37, 39, 40, 43, 44, and the title of Chapter 3 amended, and Article 47 deleted by Annual General Meeting on June 19, 2009.
6. Articles 2, 8, 10, 11, 12, 13, 14, 15, 16, 31, 33, 39, 40, 41, 42, 43 and 44 and the titles of Chapter 4 and 5 amended by Annual General Meeting on June 22, 2012.
7. Articles 4, 7, 8, 16, 19, 23, 25, 26, 29, 31 and 44 amended by Annual General Meeting on June 25, 2013.
8. Articles 1, 3, 4, 11, 12, 13, 14, 16, 17, 22, 30, 39 and the title of Chapter 3 amended by Annual General Meeting on June 24, 2014.
9. Articles 12, 14, 16, 31, 33, 39 and 40 amended by Annual General Meeting on June 23, 2017.
10. Articles 2, 3, 4, 5, 8, 11, 12, 13, 14, 16, 17, 18, 19, 25, 30, 33, 38, 39 and 42 and the titles of Chapter 3 and 4 amended by Annual General Meeting on June 21, 2019.

### **Chapter 1 General Principles**

#### Article 1

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

#### Article 2

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

#### Article 3

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

1. Long-term and short-term investments including stocks, government bonds, corporate bonds, financial bonds, negotiable securities in funds, depositary receipts, call (put) warrants, beneficiary securities, asset-backed securities, and etc.;
2. Real property (including land, houses and buildings, and investment property) and equipment;
3. Memberships;
4. Intangible assets including patents, copyrights, trademarks, concession rights, and etc.;

5. Right-of-use assets.
6. Derivatives;
7. Assets acquired or disposed through mergers or consolidations, splits, acquisitions, or assignment of shares in accordance with law; and
8. Other major assets.

#### Article 4

Terms used in these procedures are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Acquisitions or assignment of shares in accordance with law: Assets acquired or disposed through mergers, splits, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act, or other laws, or the acquisition of shares of another company through issuance of new shares of its own as the consideration therefore (herein referred to as "*Assignment of shares*") under Article 156-3 of the Company Act.
3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: A real property appraiser, intangible asset appraiser, or other persons authorized by law to engage in the value appraisal of real property, equipment or intangible assets.
5. Date of occurrence: The date of transaction contract signing, date of payment, date of consignment trade, date of transfer, dates of Board of Directors resolutions, or other date sufficient to confirm the counterpart and amount of the transaction, whichever date is earlier. However, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval from the competent authority shall apply.
6. Mainland area investment: Investments in China approved by the Investment Commission, Ministry of Economic Affairs or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
8. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.
9. Shareholder's equity: Means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
10. All audit committee members: Should be counted as the actual number of persons

currently holding those positions.

11. All directors: Should be counted as the actual number of persons currently holding those positions.

#### Article 5

When the Company obtains an appraisal report or a written opinion from a CPA, attorney, securities underwriter, or intangible asset appraisal organization, the professional appraiser and its appraisal personnel, or the CPA, attorney, securities underwriter, or intangible asset appraisal organization shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the transaction.
3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

#### Article 5-1

The calculation of the transaction amounts referred to in Article 8, Article 12 and Article 14 shall be done in accordance with Article 39, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

#### Article 6

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

#### Article 7

The Company's acquisition or disposal of assets shall be approved by the Board of



Directors in accordance with these Procedures or other laws and Regulations. Before being submitted to the board, the transactions should be approved by more than half of all audit committee members.

If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the transaction may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.

## **Chapter 2 Acquisition or Disposal of Securities**

### **Article 8**

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

1. Before acquiring securities, the responsible department shall perform relevant financial analysis of the investment target, forecast returns that may be generated, and assess possible investment risk.
2. Method of determining prices when acquiring or disposing of securities and reference basis:
  - (1) When the Company acquires or disposes of securities that are already traded on the securities exchange or OTC, transactions shall be determined on the basis of market prices.
  - (2) When the Company acquires or disposes of securities that are not traded on the securities exchange or OTC, the Company shall, prior to the date of occurrence of the event, refer to the target company's financial statement for the most recent period that has been audited or revised by a CPA. If the securities are bonds, the Company shall determine whether to perform the transaction after referring to the market price and interest rate at that time, and the debtor's credit.
  - (3) When the value of a transaction in which the Company acquires or disposes of securities reaches NT\$300 million or more, prior to the date of occurrence of the event, the Company shall request a CPA to express an opinion concerning the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the Company shall require the CPA to do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (herein referred to as the "ARDF"). The case shall not be subject to this restriction, however, if the securities in question have quoted prices in active markets, or other regulations of the Financial Supervisory Commission apply.

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

### **Article 9**

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

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

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

cumulative total investment in non-telecommunications enterprises may not exceed 20% of the Company's total paid-in capital.

#### Article 10

The Company's operating procedures for the acquisition or disposal of securities shall be implemented in accordance with the Company's relevant operating guidelines and the Powers and Duties Chart of BOD and the Management.

### **Chapter 3 Acquisition or Disposal of Real Property, Equipment and Right-of-use Assets thereof**

#### Article 11

When the Company acquires or disposes of real property, equipment or right-of-use assets thereof, the responsible department shall be charged with prudently assessing the necessity and reasonableness of the transaction based on the Company's current state of operations and finances and future development plans.

When acquiring or disposing of real property, the Company shall refer to the real property's publicly announced current value, appraised value, actual transaction prices of nearby real property, or appraisal report provided by a professional appraisal organization.

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

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

#### Article 12

When the transaction amount for the acquisition or disposal of real property, equipment or right-of-use assets thereof reach NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on leased land, or acquiring or disposing of equipment or right-of-use assets thereof held for operating use, shall obtain an appraisal report using the format requested by the Financial Supervisory Commission prior to the date of occurrence of the event , and shall further comply with the following provisions:

1. In the event of special circumstances such as a limited price, specified price or a special price which must be given as a reference basis for the transaction price, such transaction shall be submitted in advance to the Board for approval; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
2. Appraisals from two or more professional appraisers shall be obtained when the transaction amount is NT\$1 billion or more.
3. When the professional appraiser's appraisal results in any one of the following circumstances, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to perform the appraisal in accordance with the provisions of Statements of Auditing Standards No. 20, published by the ARDF, and to provide an opinion regarding the reason for the discrepancy and appropriateness of the transaction price:
  - (1) Where the discrepancy between the appraisal and the transaction amount is 20% or more of the transaction amount.
  - (2) Where the discrepancy between the appraisals of two or more professional

appraisers is 10% or more of the transaction amount.

4. When an appraisal is conducted before a contract establishment date, no more than three months may pass between the date of the appraisal report and the contract establishment date. However, when the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser.

#### Article 13

The Company's acquisition or disposal of real property, equipment, or right-of-use assets thereof shall be performed in accordance with the Company's relevant operating guidelines and the Powers and Duties Chart of BOD and the Management.

### **Chapter 4 Acquisition or Disposal of Intangible Assets and Right-of-use Assets thereof and Memberships**

#### Article 14

When the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches NT\$300 million or more, except in transactions of telecommunications licenses and spectrum with a domestic government agency, the Company shall engage a CPA prior to the date of occurrence of the event to provide an opinion on the reasonableness of the transaction price, and the CPA shall comply with the provisions of Statement of General Auditing Procedures No. 20 published by the ARDF.

The Company's acquisition or disposal of intangible assets or right-of-use assets thereof or memberships shall be performed in accordance with the Company's relevant operating guidelines and the Powers and Duties Chart of BOD and the Management.

### **Chapter 5 Related Party Transactions**

#### Article 15

When acquiring or disposing assets from or to a related party, the Company shall perform relevant resolution procedures and assess the reasonableness of the transaction terms in accordance with Chapter 2, Chapter 3, Chapter 4 and this Chapter.

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

If the competent authority has otherwise provided or released it, it shall be handled in accordance with its regulations or interpretation

#### Article 16

When acquiring or disposing real property or right-of-use assets thereof from or to a related party, or when acquiring or disposing assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and the Board of Directors:

1. The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets;
2. The reason for choosing the related party as a transaction counterpart;
3. With respect to the acquisition of real property or right-of-use assets thereof from a

- related party, information regarding assessment of the reasonableness of the anticipated transaction terms in accordance with the provisions of Articles 17 and 18;
4. The date and price at which the related party originally acquired the real property, the original transaction counterpart, and that transaction counterpart's relationship to the Company and the related party;
  5. Monthly cash flow forecasts for the year commencing from the anticipated month of contract signing, and assessment of the necessity of the transaction and the reasonableness of the use of funds;
  6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the Article 8, Article 12 and Article 14; and
  7. Restrictive conditions and other important stipulations associated with the transaction.

If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the transaction may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.

The calculation of the transaction amounts referred to Paragraph 1 shall be made in accordance with Article 39, Paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the supervisors need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may pursuant to the Powers and Duties Chart of BOD and the Management delegate the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:

1. Acquisition or disposal of equipment or right-of-use assets thereof held for operating use.
2. Acquisition or disposal of real property right-of-use assets held for operating use.

#### Article 17

When acquiring real property or right-of-use assets thereof from a related party, the Company shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer in accordance with law. *"Necessary interest on funding"* is taken as the weighted average interest rate on borrowing in the year the Company purchases the assets. However, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total appraisal loan value from any financial institutions when the related party has previously created a mortgage on the target as security for a loan. However, the actual cumulative amount loaned by such financial institutions shall have been 70% or more of the financial institutions' appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply when such a financial institution is a related party of one of the transaction counterparts.

When land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the foregoing paragraph.

The Company shall also engage a CPA to check the appraisal and render a specific

opinion when acquiring real property or right-of-use assets thereof from a related party and appraising the cost of the real property or right-of-use assets thereof in accordance with the two foregoing paragraphs.

When the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the provisions of the foregoing article and the preceding three paragraphs do not apply:

1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
2. More than five years have elapsed between the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real estate, either on the company's own land or on rented land.
4. The real property right-of-use assets held for operating use are acquired by the Company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

#### Article 18

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

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

Transactions in neighboring area specified in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value. Similarly sized parcels in principle refers to transactions conducted by other unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction. "*Within one year*" refers to one year from the date of acquisition of the real property or right-of-use assets

thereof.

#### Article 19

When the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following shall be done:

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

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

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

### **Chapter 6 Derivatives Trading**

#### Article 20

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

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

#### Article 21

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

#### Article 22

When the Company engages in the trading of derivatives for hedging purposes, the target of hedging shall be limited to foreign currency deposits, financial assets already held by the Company, liabilities that have already occurred, and the demand for foreign currency under business contracts.

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

#### Article 23

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

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

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

#### Article 24

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

#### Article 25

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

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

#### Article 26

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

<b>Managerial levels</b>	<b>Limit in amounts authorized for each case of trading</b>
Board of Directors	NT\$2 billion (exclusive) up

CEO	NT\$1.5 billion (exclusive) up, below NT\$2 billion
President	NT\$1 billion (exclusive) up, below NT\$1.5 billion
Senior Executive Vice President, Finance/CFO	NT\$500 million (exclusive) up, below NT\$1 billion
Vice President, Finance Department	Below NT\$500 million

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

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

#### Article 27

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

#### Article 28

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

#### Article 29

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

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



- (3) Personnel responsible for assessment, oversight, and control of derivative risk shall belong to a different department than the personnel in Item 2 of this subparagraph, and shall regularly report to senior management personnel.
- (4) The derivative position held by the Company as a result of its hedging activities shall be assessed at least twice per month; assessment reports shall be submitted to senior management personnel.
- (5) Senior management personnel shall constantly monitor and control derivative trading risk, regularly evaluate whether derivative trading performance complies with predetermined hedging strategy and whether the risk undertaken in within the Company's permitted scope of tolerance, and regularly assess whether the risk management measures currently in use are appropriate and are implemented in accordance with “the Regulations” and “the Procedures”; assessment results shall be submitted to the Board.
- (6) Senior management personnel shall supervise trading and the state of gains or losses, and must adopt necessary response measures and immediately report to the Board if any abnormalities are discovered; independent directors shall be present at the resulting Board meeting and express their opinions.
- (7) The senior management personnel mentioned in Items 3-6 shall refer to the same senior manager designated by the CEO under the Board's authorization, where that manager should not bear responsibility for derivative trading or position decision-making.

#### Article 30

The Company shall prepare a memorandum book for transactions of derivative financial products recording the type, amount, date of passage by the Board of Directors, and matters required to be carefully evaluated under Paragraph 1 Subparagraph 7 Items 4 and 5 of the preceding article.

Where the Company's transactions of derivative products are authorized by the relevant personnel pursuant to the Procedures, the information relevant to the transactions, including the amounts, contractual period, counterparts, and important trading terms and conditions, shall be reported to the soonest meeting of the Board of Directors after the transactions.

### **Chapter 7 Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares**

#### Article 31

When the Company engages in mergers and consolidations, splits, acquisitions, and strategic investments, relevant operating procedures and authorized amount limits shall be determined on the basis of the Company's Inter-Company's Investment Operating Guidelines and the Powers and Duties Chart of BOD and the Management.

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

However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public

company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

#### Article 32

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

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

#### Article 33

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

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

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

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

When the Company participates in a merger, split, acquisition, or assignment of shares, it shall, within the filing time limits of "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities", report and submit the information according to prescribed format from Subparagraphs 1 and 2 of the foregoing paragraph to the Financial Supervisory

Commission for reference via an Internet data system.

When the Company engages in a merger, split, acquisition, or assignment of shares with a company that is not listed on the stock exchange or whose stock is not sold at securities brokerages, the Company shall sign an agreement with the said company, and implement the transaction according to the preceding two paragraphs.

#### Article 34

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

#### Article 35

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

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

#### Article 36

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

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

#### Article 37

After public disclosure of the information, if the Company or any company participating in the merger or consolidation, split, acquisition, or share assignment intends further to carry out a merger or consolidation, split, acquisition, or share assignment with another company, procedures or legal actions that had been performed for the purpose of the original merger or consolidation, split, acquisition, or share assignment shall be re-implemented by all participating companies; except when the number of participating companies is decreased and a participating company's shareholders meeting has resolved and authorized the Board to change limits of authority, such company may be exempted from calling another shareholders meeting to resolve on the matter anew.

#### Article 38

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

### **Chapter 8 Public Disclosure of Information**

#### Article 39

When acquiring or disposing of assets, the Company shall publicly announce and report relevant information in accordance with its type on the Financial Supervisory Commission's designated web site in the prescribed format within the filing time limits of "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities", if the competent authority has otherwise provided or released it, it shall be handled in accordance with its regulations or interpretation:

1. Acquisition or disposal of real property or right-of-use assets thereof from a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. Merger or consolidation, split, acquisition, or assignment of shares.
3. Losses from derivative trading exceeding the overall limit or individual contract limit specified in these Procedures.
4. Where The type of asset acquired or disposed is equipment or right-of-use assets thereof held for operating use, the transaction counterparty is not a related party, and the transaction amount reaches NT\$1billion or more.
5. Where real property is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million or more.
6. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, or an investment in the mainland China area reaches NT\$300 million or more; provided, this shall not apply to the following circumstances:
  - (1) Trading of domestic government bonds.
  - (2) Trading of bonds under repurchase/resale agreements, or subscription or

redemption of money market funds issued by domestic securities investment trust enterprises.

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

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of target with the same transaction counterparty within one year.
3. The cumulative transaction amount of the acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project during one year.
4. The cumulative amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security during one year.

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

#### Article 40

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

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

When any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the foregoing paragraph, a public report of relevant information shall be made on the information reporting website designated by the Financial Supervisory Commission within the filing time limits of “Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities”:

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

## **Chapter 9 Supplemental Provisions**

#### Article 41

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

#### Article 42

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

1. A subsidiary shall determine its asset acquisition and disposal procedures on the basis of the “Regulations”, and shall submit its procedures to the Company for future reference after approval by its board and shareholders' meeting; likewise in the case of revisions.
2. A subsidiary’s acquisition or disposal of assets should be performed in accordance with the “Regulation” and its asset acquisition and disposal procedures, and the relevant matters to be carried out should be included in the self-inspection items under the annual internal control project. The Company's Audit Department shall check the self- inspection report submitted by each subsidiary.
3. Total amount of non-operating real property and right-of-use assets thereof and securities, and limit amount on each individual security acquired by the subsidiary company shall be determined by each subsidiary itself.
4. When a subsidiary is not a domestic public company, the Company shall publicly announce the subsidiary's acquisition or disposal of assets requiring public announcement as prescribed in Chapter 8.

#### Article 43

If managers or relevant implementing personnel of the Company violate the Regulations or the Procedures while engaging in matters connected with the acquisition or disposal of assets, disciplinary action shall be taken in accordance with the Company's personnel regulations.

#### Article 44

After receiving approval of the Board of Directors, the Procedures shall be submitted to the shareholders meeting for approval. Any amendment hereof shall require the same process.

Starting from the 7th Board of Directors, the amendment of the Procedures should be approved by more than half of all audit committee members firstly before submitting to the Board. If the requirement above is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.

## **VI. 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)
5. Articles 2, 9, 10 amended by Annual General Meeting on August 20, 2021

### 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 qualifications 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 and comply with Articles 20 and 21 of the Code of Corporate Governance for Chunghwa Telecom Co., Ltd. The overall capabilities of the board of directors shall possess as the followings:

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 capabilities.

### 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 Mechanism )

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

### Article 5 ( Election Mechanism )

The election of directors shall adopt a disclosed cumulative voting mechanism. 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 ( The selection on the ballots )

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.

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.



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 or not prepared by a person with the right to convene.
2. The ballot is not placed into the ballot box.
3. The ballot is blank when placed into the ballot box.
4. Except for selecting the person from the list of the candidates compiled by the Company, the voter writes other words on the ballot, selects two or more candidates, or there is incomplete information, writing error, correction, inscription of other symbols, graphics, or wording on the ballot.

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 the directors**

As of March 29, 2022 (book closure date for 2022 AGM)

<b>Title</b>	<b>Name</b>	<b>Term</b>	<b>Representative</b>	<b>Number of shares</b>	<b>Shareholding ratio</b>
Chairman and Chief Executive Officer	MOTC	2019/6/21 - 2022/6/20	Chi-Mau Sheih	2,737,718,976	35.29%
Directors	MOTC	2019/6/21 – 2022/6/20	Shui-Yi Kuo		
			Yu-Lin Huang		
			Lien-Chuan Lee		
			Shin-Yi Chang		
			Sin-Horng Chen		
			Hung-Yi Hsiao		
	Shih-Hung Tseng				
Independent director	Lo-Yu Yen	2019/6/21 – 2022/6/20		0	0%
Independent director	JenRan Chen	2019/6/21 – 2022/6/20		0	0%
Independent director	Yu-Fen Lin	2019/6/21 – 2022/6/20		0	0%
Independent director	Chung-Chin Lu	2019/6/21 – 2022/6/20		0	0%
Independent director	Yi-Chin Tu	2019/6/21 – 2022/6/20		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.