



Taiwan Mobile Co., Ltd.

2019 Annual General Shareholders' Meeting

Meeting Minutes

(Translation)

Note to Readers:

If there is any discrepancy between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese version shall prevail.

2019 AGM Meeting Minutes

- **Time:** 9:00 a.m., June 12, 2019
- **Place:** 6F, No. 88, Yanchang Rd., Xinyi Dist., Taipei City
(Taipei New Horizon Building)
- **Total outstanding shares of Taiwan Mobile** (excluding the shares with no voting rights stipulated in Article 179 of the Company Act): **2,743,968,468 shares**
- **Total shares represented by shareholders present** (including 2,492,692,693 shares represented by shareholders executing voting rights through e-voting): **2,525,494,733 shares**
- **Percentage of shares held by shareholders present: 92.03%**
- **Chairman: Daniel M. Tsai / Recorder: Irene Chen**
- **Directors present:** Daniel M. Tsai, Chairman of the Board of Directors
Richard M. Tsai, Director
Jack J.T. Huang, Independent Director
Hsueh-Jen Sung, Independent Director
Char-Dir Chung, Independent Director
Jamie Lin, Director
- **Attendees:** Chung-Teh Lee, Lee, Tsai & Partners
Casey Lai, CPA, Deloitte & Touche

The aggregate shareholding of the shareholders present constituted a quorum. The Chairman called the meeting to order.

- **Chairman's Address (omitted)**
- **Report Items**

1. **The 2018 Business Report** (see Attachment I)
2. **The 2018 Audit Committee Report**

The 2018 Audit Committee Report is attached hereto as Attachment II.

The communication between the Audit Committee and Internal Audit Chief Officer is attached hereto as Attachment III.

3. **The distribution of the 2018 employees' and directors' compensations**

The 2018 employees' and directors' compensations are NT\$459,368,161 and NT\$45,936,816, respectively, which was approved by the Board and the total amounts will be distributed in cash.

4. **The Company was selected by RobecoSAM for inclusion in its "2019 Sustainability Yearbook," receiving a Sustainability Leaders - Silver Class award in the global telecommunications services category.**

The Company received the award two years in a row. Please refer to Attachment IV for more details.

● **Proposed Resolutions**

1. To approve the 2018 Business Report and Financial Statements

Taiwan Mobile's (The Company) financial statements were audited by certified public accountants, Vita Kuo and Casey Lai, of Deloitte & Touche. The 2018 Business Report, CPA's audit report, and financial statements are attached hereto as Attachments I, V and VI.

RESOLVED, the above proposal was accepted as submitted.

Voting Results:

Number of shares represented at the time of voting	For		Against	Invalid	Abstained
	Shares	%			
2,525,458,564	2,376,866,137	94.11	224,701	0	148,367,726

2. To approve the proposal for the distribution of the 2018 retained earnings

(1) The Company's 2018 net income was NT\$13,642,172,236 (please see Attachment VII for the 2018 Earnings Distribution Proposal).

(2) The cash dividend from retained earnings proposed by the Board is NT\$15,366,223,421. The Company received letters of agreement from TCC Investment Co., Ltd. (TCCI), TCCI Investment & Development Co., Ltd. (TID) and TFN Union Investment Co., Ltd. (TUI) forfeiting their share of dividends from the Company. Deducting 698,751,601 shares collectively owned by TCCI, TID and TUI from the total outstanding shares of 3,422,720,069, the share count entitled to receive dividends is 2,743,968,468, representing a cash dividend of NT\$5.6 per share. It is proposed that the Chairman be authorized to set a record date for distribution and make relevant adjustments, if any, based on the total number of shares outstanding on the record date. Total amount of the cash dividend paid to each shareholder shall be rounded down to the nearest dollar and the remainder will be recognized in other revenue of the Company.

RESOLVED, the above proposal was accepted as submitted.

Voting Results:

Number of shares represented at the time of voting	For		Against	Invalid	Abstained
	Shares	%			
2,525,458,564	2,376,235,006	94.09	4,235,418	0	144,988,140

3. To approve revisions to the Articles of Incorporation

To reflect our operation practices, attached are some revised terms of Articles of Incorporation with respect to the Vice Chairman. Please refer to Attachment VIII for articles and amendments.

RESOLVED, the above proposal was accepted as submitted.

Voting Results:

Number of shares represented at the time of voting	For		Against	Invalid	Abstained
	Shares	%			
2,525,458,564	2,347,550,451	92.95	832,737	0	177,075,376

4. To approve revisions to the Rules and Procedures for Acquisition or Disposal of Assets

In compliance with the Financial Supervisory Commission's issuing of interpretation No. 1070341072 related to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" on November 26, 2018, the Company proposed the following revisions:

- (1) Amend the relevant specifications in accordance with IFRS 16.
- (2) Clarify the responsibilities of independent advisors and specify the assessment, audit and declaration of appraisal reports or opinions.

Please refer to Attachment IX for complete articles and the before and after amendments for comparison.

RESOLVED, the above proposal was accepted as submitted.

Voting Results:

Number of shares represented at the time of voting	For		Against	Invalid	Abstained
	Shares	%			
2,525,458,564	2,348,147,477	92.97	235,711	0	177,075,376

5. To approve revisions to the Rules and Procedures of Lending and Making Endorsements/Guarantees

In compliance with the Financial Supervisory Commission's issuing of interpretation No. 1080304826 related to the "Regulations Governing the Lending and Making Endorsements/Guarantees by Public Companies" on March 7, 2019, the Company proposed to revise the Rules and Procedures of Lending and Making Endorsements/Guarantees. The main focus of the revision lies in strengthening corporate governance and clarifying the authority of the Audit Committee.

Please refer to Attachment X for complete articles and the before and after amendments for comparison.

RESOLVED, the above proposal was accepted as submitted.

Voting Results:

Number of shares represented at the time of voting	For		Against	Invalid	Abstained
	Shares	%			
2,525,458,564	2,348,139,169	92.97	248,335	0	177,071,060

6. To by-elect an independent director

- (1) The Company's Eighth Term of Board of Directors, elected at the 2017 AGM, is comprised of nine Directors, four of whom are Independent Directors. The term of office of the directors is three years, commencing from June 14, 2017 to June 13, 2020.
- (2) In response to the resignation of an independent director of the Company, Mr. Jamie Lin, on February 11, 2019, a new independent director who will take office from June 12, 2019 to June 13, 2020 shall be by-elected at the 2019 AGM.
- (3) None of any shareholders holding 1% or more of the Company's shares submitted to the company in writing a roster of independent director candidates during the nomination period, which commenced from April 9, 2019 to April 19, 2019. The nomination process was conducted at the thirteenth meeting of the Eighth Term Board of Directors on April 30, 2019. Please see the candidate list of directors below and refer to Attachment XI for the Rules for the Election of the Directors.

Independent Director Candidates				
Name	Education	Experience	Current Major Position	Current Shareholding (share)
Hsi-Peng Lu	Ph.D in Industrial Engineering, University of Wisconsin-Madison	Dean of the School of Management, Dean of College of Applied Sciences, Dean of Student Affairs, and Department Chair of Information Management, National Taiwan University of Science and Technology	<ul style="list-style-type: none">- Distinguished Professor of the School of Management, National Taiwan University of Science and Technology- Independent Director, SHUI-MU International Co., Ltd- Independent Director, YFY Inc.	0

Election Results:

Mr. Hsi-Peng Lu was elected as the new independent director:

Title	Shareholder account # or ROC ID #	Name	Votes Received
Independent Director	ROC ID# A12060****	Hsi-Peng Lu	1,387,657,985

7. To approve the removal of the non-competition restrictions on the Board of Directors

- (1) According to Article 209 of the Company Act, a director, who acts for himself or on behalf of another person that is within the scope of the company's business, shall clarify the essential content of his act to the meeting of shareholders and secure AGM's approval.
- (2) Vote on the removal of the non-competition restrictions on the Board of Directors that operate or invest in other business with the same or similar business scope of the Company until the end of their term of office.

Name	Current position(s) in other companies
Daniel M. Tsai	Chairman, Chung Shing Development Co., Ltd.
Richard M. Tsai	Director, Chung Shing Development Co., Ltd.
Hsueh-Jen Sung	Director, United Integrated Services Co., Ltd.
Chris Tsai	Director, momo.com Inc.
	Director, Taipei New Horizon Co., Ltd
Hsi-Peng Lu	Independent Director, SHUI-MU International Co., Ltd

- (3) According to Article 178 of the Company Act, a shareholder, who has a conflict of interest with a proposed resolution, shall recuse himself from voting or from exercising the voting rights on behalf of other shareholders in the AGM.

A shareholder (shareholder account #196116) made suggestions regarding the Company's operational direction. The inquiry was answered by the Chairman.

RESOLVED, the above proposal was accepted as submitted.

Voting Results (Number of shares represented at the time of voting excluded the shares with no voting rights due to a conflict of interest stipulated in Article 178 of the Company Act):

Name	Number of shares represented at the time of voting	For		Against	Invalid	Abstained
		Shares	%			
Daniel M. Tsai	2,424,547,086	1,769,168,428	72.96	438,180	0	654,940,478
Richard M. Tsai	2,426,399,138	1,771,019,440	72.98	439,220	0	654,940,478
Hsueh-Jen Sung	2,525,458,564	1,870,076,658	74.04	440,699	0	654,941,207
Chris Tsai	2,519,709,801	1,864,306,103	73.98	443,652	0	654,960,046
Hsi-Peng Lu	2,525,458,564	1,869,998,828	74.04	466,374	0	654,993,362

Special Motions

None

Meeting Adjourned (Time: 09:35 a.m.)

In compliance with Article 183, Paragraph 4 of the Company Act, the meeting minutes hereby summarizes the main content and pertinent voting results of the Annual General Shareholders' Meeting.

ATTACHMENTS



Taiwan Mobile Co., Ltd.

Business Report

Inspired by the concept of “embracing change, setting new trends,” Taiwan Mobile (“TWM”, or “the Company”) has continued to evolve over the years. In 2018, the Company focused on bringing innovation to smart living – deploying technology to enhance the user experience on the internet, as well as in entertainment and online shopping. Synergy was achieved from forward-looking business planning, while the highest standards were applied to corporate governance, shareholder value, customer satisfaction and corporate social responsibility.

Creating a better life experience with technology

Taiwan Mobile was the first in Taiwan to launch a “red envelope” mobile payment feature through its M+ messenger and is making forays into online only banking. The Company made significant advances in the fields of internet of things (IoT), artificial intelligence (AI) and cloud services. Aside from establishing its own IoT ecosystem, Taiwan Mobile teamed up with Quanta Computer and Asustek Computer to form an “A team” that successfully built a national AI cloud platform, forging the largest Data Mart and AI Training Model Marketplace in the nation. TWM’s cloud service business also collaborated with Microsoft to launch the first Azure Stack public cloud operating service in Taiwan. These have allowed individuals or business users to enjoy the convenience and better quality of life that technology brings.

Visionary business roadmap

Thanks to its extensive digital convergence services and leading position in B2C e-commerce, TWM has developed a diversified business development plan to facilitate business synergies and new business promotions. Aside from continuing to market mobile value-added services, such as over-the-top (OTT) media services and mobile phone insurance, as part of its core telecom business, TWM has enhanced its enterprise solutions and integrated its cable TV and retail business resources to enable cross-selling, digital media content integration and sales channel collaboration.

World-class corporate governance

Taiwan Mobile has striven to be a role model in corporate sustainability, with the Company once again receiving numerous commendations for its efforts in the past year. TWM was selected by RobecoSAM, a leading international sustainability investment specialist, for inclusion in its “2018 Sustainability Yearbook,” receiving a Silver Class award. The Company was also included in the Dow Jones Sustainability Indices (DJSI) Emerging Markets Index for the seventh consecutive year and in the DJSI World Index for the second time, grabbing the No. 1 spot for the first time in the global telecommunications sector.

Valuing customer satisfaction and shareholders' interests

Taiwan Mobile has created solid returns for its shareholders by maintaining a cash dividend yield of around 5% in recent years through a calibrated spectrum investment strategy and prudent capital expenditure, while earning widespread recognition for its excellent customer service. In 2018,

TWM received the Best Customer Service Center award at the Customer Service Excellence Awards by the Taiwan Contact Center Development Association. Its TWM Customer Service App was also selected as a finalist for the Best Customer Service Award at the Asia Communication Awards and was the only telecom customer service app nominated at the World Communication Awards.

Corporate social responsibility

As a national telecom industry leader, it is our duty not only to continue to pursue solid operational and financial performances, but also to share the benefits of our steady growth over the years with society. TWM takes pride in winning its 12th Corporate Social Responsibility Award from *Global Views Monthly* and its 11th Excellence in Corporate Social Responsibility Award from *CommonWealth Magazine*, where it distinguished itself as the only telecom operator in the top 10 large enterprises category. TWM earned further distinction by receiving eight awards at the 2018 Taiwan Corporate Sustainability Awards and was the only telecom operator honored with the Most Prestigious Sustainability Award – Top 10 Domestic Corporations.

In addition to setting a corporate vision and strategic goals, we believe that execution, introspection and improvement are the keys to our future growth.

2018 operating and financial results

With synergy from business diversification and effective cost control, operating cash flow was stable. Free cash flow in 2018 increased from a year ago, offsetting negative impacts from industry competition, lower interconnecting revenue and weaker demand for high-end smartphones. In 2018, the Company reported consolidated revenue of NT\$118.7 billion, EBITDA of NT\$31.7 billion and net profit of NT\$13.6 billion. Earnings per share of NT\$5.01 were in line with management guidance and, for the seventh consecutive year, were the highest among domestic peers. On the research-and-development front, TWM's team significantly reduced interference in 5G massive machine-type communications. Applying the research results to products and value-added services, such as user credit line and intelligent virtual assistant utilizing AI technology, is already in progress.

Outlook

With the termination of 3G services, the telecommunications industry has firmly entered the 4G era and is ready to welcome the arrival of 5G. Smart living and digital economy are target areas for future growth. In addition to continuous efforts to raise average revenue per user (ARPU), we aim to deepen our relationship with enterprise users to seize cloud and IoT opportunities, as well as expand the scale of our e-commerce operations in order to maintain our market leadership. We also plan to leverage group resources, along with enhanced sales channels and a better product mix, to create differentiated products and services that increase our competitiveness in the market.

We plan to accelerate the development of our 5G business model and AI-related technology and services in order to promote AI innovation, value-added services and applications. By exploring multiple opportunities, we will find new profit engines, while bringing convenience and entertainment value to smart living for our customers.



Taiwan Mobile Co., Ltd.

Audit Committee Report

January 31, 2019

The Board of Directors of Taiwan Mobile Co., Ltd. (TWM) has submitted the Company's 2018 business report and financial statements to the Audit Committee. The CPA firm, Deloitte & Touche, was retained by the Board to audit TWM's financial statements and has issued an audit report relating to the financial statements. The business report and financial statements have been reviewed and determined to be correct and accurate by the Audit Committee of TWM. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Taiwan Mobile Co., Ltd.

A handwritten signature in black ink, appearing to read 'Hsueh-Jen Sung', written in a cursive style.

Hsueh-Jen Sung

Chairman of the Audit Committee



Taiwan Mobile Co., Ltd.

Audit Committee Report

April 30, 2019

The Board of Directors of Taiwan Mobile Co., Ltd. (TWM) has submitted the Company's proposal for distribution of the 2018 earnings to the Audit Committee. The proposal has been reviewed and determined to be correct and accurate by the Audit Committee of TWM. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Taiwan Mobile Co., Ltd.

A handwritten signature in black ink, appearing to read 'Hsueh-Jen Sung', is written over a faint horizontal line.

Hsueh-Jen Sung

Chairman of the Audit Committee

Communication between the Audit Committee and the Internal Audit Chief Officer

■ Regular :

- The audit chief officer reports the audit matters to the independent directors individually every quarter.

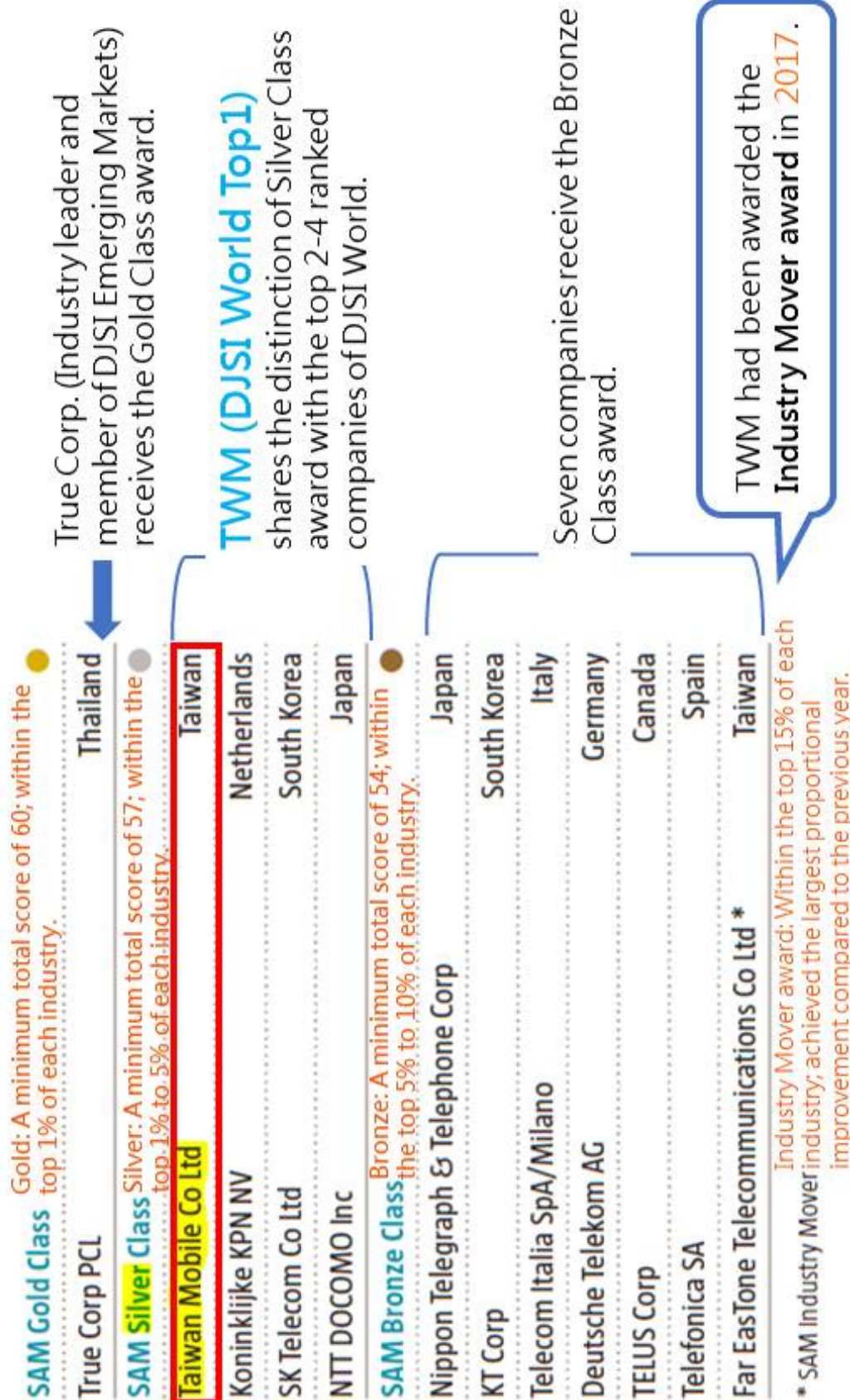
■ Ad hoc :

- The committee chairman will arrange a discussion about audit matters with the audit chief officer and audit personnel.
- When instructions are given by independent directors during Audit Committee meeting, the audit chief officer must submit a report regarding actions taken afterwards.

TWM Received a Sustainability Leaders - Silver Class award from RobecoSAM in its 2018 and 2019 yearbooks



Sustainability leaders 2019



The 2018 Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Taiwan Mobile Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Taiwan Mobile Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and the 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 Group as of December 31, 2018 and 2017, 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 ("FSC") of the Republic of China ("ROC").

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the ROC. 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 Group 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, 2018. 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 descriptions of the key audit matters of the 2018 consolidated financial statements are as follows:

The Impairment Loss of Property, Plant and Equipment and Intangible Assets (Including Goodwill)

The description of key audit matter:

The consolidated balances of property, plant and equipment and intangible assets (including goodwill) amounted to \$38,855,960 thousand and \$62,175,645 thousand, respectively, as of December 31, 2018. On

each balance sheet date, the Group reviews its tangible and intangible assets for indications of impairment. If any indication thereof exists, the Group then estimates the recoverable amount of the assets. If it is not possible to determine the recoverable amount (fair value less costs to sell and value in use) for the individual asset, then the Group will determine the recoverable amount for the asset's cash-generating unit. Because the aforementioned tangible and intangible assets amounted to \$101,031,605 thousand (68% of total consolidated assets) and the calculation for the recoverable amount involved several assumptions and estimations which directly impact the amount recognized as impairment losses, we believe that the review for the impairment of assets is a key audit matter.

Corresponding audit procedure:

By conducting compliance tests, we obtained an understanding of the estimation for asset impairment and of the design and execution for relevant controls. We also performed major audit procedures which are as follows:

1. Obtain the valuation form of asset impairment produced by the Group for each cash-generating unit.
2. Evaluate the appropriateness of the assumptions and sensitivity analyses, including the classification of cash-generating units, forecasts of cash flows, and discount rates, used by the management to assess asset impairment.

Telecommunications and Value-added Services Revenue

The description of key audit matter:

The source of the major operating revenue of the Group is the telecommunications and value-added services revenue, totaling \$53,320,270 thousand for the year ended December 31, 2018. The Group offers more different monthly-fee plans and diversifies the business by innovating value-added services since the telecommunication industry becomes more competitive nowadays. The competitive telecommunication industry and complicated revenue calculation, which highly relies on automatic, systematic connection and implementation, lead the telecommunications and value-added services revenue to be considered as one of the key audit matters.

Corresponding audit procedure:

By conducting compliance tests, we obtained an understanding of the revenue recognition process and of the design and execution for relevant controls. We also performed major audit procedures which are as follows:

1. Review the contracts of mobile subscribers to ensure the accuracy of information in the accounting system.
2. Perform dialing tests to verify the completeness of the information in the telephone exchange system.
3. Perform system integration tests from telephone-exchange to telephone traffic.
4. Test for the accuracy of call record charge rates and billing calculations.
5. Verify the accuracy of the billing amounts generated from monthly rentals as well as airtime accounting systems and the transfer to the accounting information system.

Other Matter

We have also audited the parent company only financial statements of Taiwan Mobile Co., Ltd. as of and for the years ended December 31, 2018 and 2017 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 FSC of the ROC, and for such internal control as management determines is necessary to enable the preparation of 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 Group'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 Group 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 Group'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 ROC 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 ROC, 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 Group'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 Group'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 Group 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 and appropriate audit evidence regarding the financial information of entities or business activities within the Group 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, 2018 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 Li-Wen Kuo and Kwan-Chung Lai.

Deloitte & Touche
Taipei, Taiwan
Republic of China

January 31, 2019

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 ROC and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the ROC.

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 ROC. 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.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2018		December 31, 2017		LIABILITIES AND EQUITY	December 31, 2018		December 31, 2017	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 6 and 30)	\$ 7,498,710	5	\$ 6,631,544	4	Short-term borrowings (Note 18)	\$ 10,270,000	7	\$ 9,662,318	6
Financial assets at fair value through profit or loss (Note 30)	81,474	-	-	-	Short-term notes and bills payable (Note 18)	1,498,992	1	5,595,892	4
Financial assets at fair value through other comprehensive income (Note 7)	255,732	-	-	-	Contract liabilities (Note 23)	2,030,793	1	-	-
Available-for-sale financial assets (Notes 8 and 30)	-	-	1,104,467	1	Accounts and notes payable	6,756,980	5	8,014,484	5
Contract assets (Note 23)	5,472,357	4	-	-	Accounts payable due to related parties (Note 30)	179,588	-	129,632	-
Debt instrument investment without active market	-	-	465,654	-	Other payables (Note 30)	9,581,496	6	11,224,440	7
Accounts and notes receivable, net (Note 9)	7,531,858	5	14,571,025	10	Current tax liabilities	2,377,000	2	1,240,549	1
Accounts receivable due from related parties (Note 30)	137,958	-	106,475	-	Provisions (Note 20)	120,334	-	178,008	-
Other receivables (Note 30)	2,066,105	1	1,791,718	1	Advance receipts	111,250	-	2,790,314	2
Inventories (Note 10)	3,945,663	3	4,331,809	3	Long-term liabilities, current portion (Notes 18 and 19)	6,802,916	5	15,602,817	10
Prepayments (Note 30)	584,799	1	506,343	-	Other current liabilities (Note 30)	2,154,154	1	2,040,632	1
Assets held for sale	-	-	1,737	-					
Other financial assets (Notes 30 and 31)	576,542	-	2,794,954	2	Total current liabilities	41,883,503	28	56,479,086	36
Other current assets (Note 32)	917,689	1	45,391	-					
Total current assets	29,068,887	20	32,351,117	21	NON-CURRENT LIABILITIES				
NON-CURRENT ASSETS					Financial liabilities at fair value through profit or loss (Note 19)	1,861	-	9,961	-
Financial assets at fair value through other comprehensive income (Note 7)	4,763,899	3	-	-	Contract liabilities (Note 23)	56,144	-	-	-
Available-for-sale financial assets (Note 8)	-	-	4,384,641	3	Bonds payable (Note 19)	24,419,137	17	14,149,407	9
Contract assets (Note 23)	3,208,519	2	-	-	Long-term borrowings (Note 18)	8,889,438	6	14,192,673	9
Financial assets at cost	-	-	171,221	-	Provisions (Note 20)	1,400,954	1	1,371,869	1
Investments accounted for using equity method (Note 11)	1,435,607	1	1,493,852	1	Deferred tax liabilities (Note 25)	917,261	1	729,786	1
Property, plant and equipment (Note 14)	38,855,960	26	41,603,421	27	Net defined benefit liabilities (Note 21)	510,880	-	443,044	-
Investment properties, net (Note 15)	2,999,403	2	2,964,035	2	Guarantee deposits	1,013,905	1	978,816	1
Concessions (Notes 16 and 31)	40,528,874	27	43,670,580	28	Other non-current liabilities	580,249	-	656,511	-
Goodwill (Note 16)	15,872,595	11	15,845,930	10					
Other intangible assets, net (Note 16)	5,774,176	4	5,856,310	4	Total non-current liabilities	37,789,829	26	32,532,067	21
Deferred tax assets (Note 25)	806,521	1	820,244	1					
Incremental costs of obtaining a contract (Note 23)	2,946,282	2	-	-	Total liabilities	79,673,332	54	89,011,153	57
Other financial assets (Notes 30, 31 and 32)	131,110	-	128,987	-					
Other non-current assets (Notes 17 and 30)	1,275,195	1	5,232,416	3	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT				
Total non-current assets	118,598,141	80	122,171,637	79	(Note 22)				
					Common stock	34,208,519	23	34,208,328	22
TOTAL	\$ 147,667,028	100	\$ 154,522,754	100	Capital collected in advance	29,819	-	-	-
					Capital surplus	12,580,692	9	13,939,278	9
					Retained earnings				
					Legal reserve	27,558,064	19	26,138,846	17
					Special reserve	362,703	-	690,034	-
					Unappropriated earnings	16,954,448	11	14,735,424	10
					Other equity interests	(95,381)	-	(362,703)	-
					Treasury stock	(29,717,344)	(20)	(29,717,344)	(19)
					Total equity attributable to owners of the parent	61,881,520	42	59,631,863	39
					NON-CONTROLLING INTERESTS (Note 22)	6,112,176	4	5,879,738	4
					Total equity	67,993,696	46	65,511,601	43
					TOTAL	\$ 147,667,028	100	\$ 154,522,754	100

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 23 and 30)	\$ 118,732,328	100	\$ 117,171,107	100
OPERATING COSTS (Notes 10, 30 and 34)	<u>84,315,734</u>	<u>71</u>	<u>81,445,116</u>	<u>70</u>
GROSS PROFIT FROM OPERATIONS	<u>34,416,594</u>	<u>29</u>	<u>35,725,991</u>	<u>30</u>
OPERATING EXPENSES (Notes 30 and 34)				
Marketing	11,340,018	10	12,256,098	11
Administrative	5,134,269	4	5,246,817	4
Expected credit loss	<u>411,210</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>16,885,497</u>	<u>14</u>	<u>17,502,915</u>	<u>15</u>
NET OTHER INCOME AND EXPENSES	<u>630,945</u>	<u>-</u>	<u>869,336</u>	<u>1</u>
OPERATING INCOME	<u>18,162,042</u>	<u>15</u>	<u>19,092,412</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 24 and 30)	227,605	-	396,068	-
Other gains and losses, net (Notes 24 and 30)	(125,717)	-	(1,252,614)	(1)
Finance costs (Note 24)	(601,841)	-	(633,525)	-
Share of profit (loss) of associates accounted for using equity method (Note 11)	<u>27,128</u>	<u>-</u>	<u>28,942</u>	<u>-</u>
Total non-operating income and expenses	<u>(472,825)</u>	<u>-</u>	<u>(1,461,129)</u>	<u>(1)</u>
PROFIT BEFORE TAX	17,689,217	15	17,631,283	15
INCOME TAX EXPENSE (Note 25)	<u>3,203,449</u>	<u>3</u>	<u>2,682,496</u>	<u>2</u>
PROFIT	<u>14,485,768</u>	<u>12</u>	<u>14,948,787</u>	<u>13</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 11, 21, 22 and 25)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements from defined benefit plans	(78,532)	-	(81,799)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	210,717	-	-	-
Share of other comprehensive income (loss) of associates accounted for using equity method	(18,477)	-	(510)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation	(14,114)	-	(12,537)	-
Unrealized gain (loss) on available-for-sale financial assets	-	-	352,025	-
Share of other comprehensive income (loss) of associates accounted for using equity method	<u>(1,040)</u>	<u>-</u>	<u>(41,885)</u>	<u>-</u>
Other comprehensive income (loss) (after tax)	<u>98,554</u>	<u>-</u>	<u>215,294</u>	<u>-</u>
COMPREHENSIVE INCOME	<u>\$ 14,584,322</u>	<u>12</u>	<u>\$ 15,164,081</u>	<u>13</u>
PROFIT ATTRIBUTABLE TO:				
Owners of the parent	\$ 13,642,172	11	\$ 14,192,176	12
Non-controlling interests	<u>843,596</u>	<u>1</u>	<u>756,611</u>	<u>1</u>
	<u>\$ 14,485,768</u>	<u>12</u>	<u>\$ 14,948,787</u>	<u>13</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	\$ 13,768,068	12	\$ 14,437,341	12
Non-controlling interests	<u>816,254</u>	<u>-</u>	<u>726,740</u>	<u>1</u>
	<u>\$ 14,584,322</u>	<u>12</u>	<u>\$ 15,164,081</u>	<u>13</u>
EARNINGS PER SHARE (Note 26)				
Basic earnings per share	<u>\$ 5.01</u>		<u>\$ 5.21</u>	
Diluted earnings per share	<u>\$ 4.86</u>		<u>\$ 5.06</u>	

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Parent												
	Common Stock	Capital Collected in Advance	Capital Surplus	Retained Earnings			Exchange Differences on Translation	Other Equity Interests		Treasury Stock	Total	Non-controlling Interests	Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unrealized Gain (Loss) on Available-for- sale Financial Assets				
BALANCE, JANUARY 1, 2017	\$ 34,208,328	\$ -	\$ 14,985,047	\$ 24,606,828	\$ 1,173,954	\$ 15,850,111	\$ (9,133)	\$ -	\$ (680,901)	\$ (29,717,344)	\$ 60,416,890	\$ 5,769,645	\$ 66,186,535
Distribution of 2016 earnings													
Legal reserve	-	-	-	1,532,018	-	(1,532,018)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(483,920)	483,920	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(14,176,599)	-	-	-	-	(14,176,599)	-	(14,176,599)
Total distribution of earnings	-	-	-	1,532,018	(483,920)	(15,224,697)	-	-	-	-	(14,176,599)	-	(14,176,599)
Cash dividends from capital surplus	-	-	(1,067,056)	-	-	-	-	-	-	-	(1,067,056)	-	(1,067,056)
Profit for the year ended December 31, 2017	-	-	-	-	-	14,192,176	-	-	-	-	14,192,176	756,611	14,948,787
Other comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	(82,166)	(7,366)	-	334,697	-	245,165	(29,871)	215,294
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	14,110,010	(7,366)	-	334,697	-	14,437,341	726,740	15,164,081
Changes in equity of associates accounted for using equity method	-	-	3,753	-	-	-	-	-	-	-	3,753	-	3,753
Changes in other capital surplus	-	-	17,534	-	-	-	-	-	-	-	17,534	-	17,534
Cash dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(616,647)	(616,647)
BALANCE, DECEMBER 31, 2017	34,208,328	-	13,939,278	26,138,846	690,034	14,735,424	(16,499)	-	(346,204)	(29,717,344)	59,631,863	5,879,738	65,511,601
Effect of retrospective application and retrospective restatement	-	-	-	-	-	3,354,181	-	(281,785)	346,204	-	3,418,600	(39)	3,418,561
ADJUSTED BALANCE, JANUARY 1, 2018	34,208,328	-	13,939,278	26,138,846	690,034	18,089,605	(16,499)	(281,785)	-	(29,717,344)	63,050,463	5,879,699	68,930,162
Distribution of 2017 earnings													
Legal reserve	-	-	-	1,419,218	-	(1,419,218)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(327,331)	327,331	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(13,610,406)	-	-	-	-	(13,610,406)	-	(13,610,406)
Total distribution of earnings	-	-	-	1,419,218	(327,331)	(14,702,293)	-	-	-	-	(13,610,406)	-	(13,610,406)
Cash dividends from capital surplus	-	-	(1,633,249)	-	-	-	-	-	-	-	(1,633,249)	-	(1,633,249)
Profit for the year ended December 31, 2018	-	-	-	-	-	13,642,172	-	-	-	-	13,642,172	843,596	14,485,768
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	(78,832)	(7,899)	212,627	-	-	125,896	(27,342)	98,554
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	13,563,340	(7,899)	212,627	-	-	13,768,068	816,254	14,584,322
Convertible bonds converted to common stock	191	29,819	275,614	-	-	-	-	-	-	-	305,624	-	305,624
Changes in percentage of ownership interests in subsidiaries	-	-	(10,347)	-	-	-	-	-	-	-	(10,347)	12,663	2,316
Changes in equity of associates accounted for using equity method	-	-	8,380	-	-	1,971	-	-	-	-	10,351	9,717	20,068
Changes in other capital surplus	-	-	1,016	-	-	-	-	-	-	-	1,016	-	1,016
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	1,825	-	(1,825)	-	-	-	-	-
Cash dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(616,452)	(616,452)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	10,295	10,295
BALANCE, DECEMBER 31, 2018	\$ 34,208,519	\$ 29,819	\$ 12,580,692	\$ 27,558,064	\$ 362,703	\$ 16,954,448	\$ (24,398)	\$ (70,983)	\$ -	\$ (29,717,344)	\$ 61,881,520	\$ 6,112,176	\$ 67,993,696

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 17,689,217	\$ 17,631,283
Adjustments		
Depreciation expense	9,904,079	10,294,267
Amortization expense	3,657,017	3,395,219
Amortization of incremental costs of obtaining contracts	3,394,116	-
Loss on disposal of property, plant and equipment, net	80,282	350,074
Loss on disposal of intangible assets, net	128,002	-
Expected credit loss	411,210	-
Provision for bad debt expense	-	322,510
Finance costs	601,841	633,525
Interest income	(61,633)	(164,036)
Dividend income	(83,164)	(72,407)
Reversal of impairment loss on property, plant and equipment	(103,586)	-
Share of profit of associates accounted for using equity method	(27,128)	(28,942)
Valuation loss on financial assets and liabilities at fair value through profit or loss	19,745	7,319
Impairment loss on financial assets at cost	-	6,180
Gain on disposal of investments	-	(3,000)
Others	891	40,300
Changes in operating assets and liabilities		
Financial assets mandatorily at fair value through profit or loss	736,265	-
Contract assets	1,920,836	-
Accounts and notes receivable	(9,311)	841,979
Accounts receivable due from related parties	(34,468)	(22,934)
Other receivables	(272,544)	(292,690)
Inventories	387,701	(260,061)
Prepayments	(84,649)	(6,619)
Other current assets	(794,848)	(2,077)
Other financial assets	(9,299)	(45)
Incremental costs of obtaining a contract	(2,173,201)	-
Contract liabilities	(696,235)	-
Accounts and notes payable	(1,231,342)	981,373
Accounts payable due to related parties	49,956	(16,350)
Other payables	(831,657)	772,736
Provisions	(70,429)	(14,960)
Advance receipts	22,303	152,272
Other current liabilities	(4,055)	(343,883)
Net defined benefit liabilities	(53,206)	(24,831)
Other non-current liabilities	(19,744)	-
Net cash inflows generated from operating activities	32,442,962	34,176,202
Interest received	1,199	1,314
Interest paid	(1,245)	(1,288)
Income taxes paid	(2,667,261)	(3,855,943)

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
Net cash generated from operating activities	\$ 29,775,655	\$ 30,320,285
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(7,813,657)	(9,181,491)
Acquisition of intangible assets	(363,471)	(8,979,630)
Increase in prepayments for equipment	(316,330)	(235,276)
Proceeds from disposal of property, plant and equipment	44,838	32,029
Increase (decrease) in advanced receipts from assets disposals	(72)	456
Redemption of convertible notes	491,192	-
Acquisition of investments accounted for using equity method	(20,771)	-
Proceeds from capital return of investments accounted for using equity method	31,090	-
Net cash outflow on acquisition of subsidiaries	(2,925)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,669	-
Proceeds from capital return of financial assets at fair value through other comprehensive income	3,149	-
Proceeds from capital return of financial assets at cost	-	4,374
Acquisition of available-for-sale financial assets	-	(1,030,865)
Proceeds from disposal of available-for-sale financial assets	-	320,692
Proceeds from disposal of financial assets at cost	-	9,081
Increase in refundable deposits	(307,564)	(208,217)
Decrease in refundable deposits	281,551	197,587
Increase in other financial assets	(254,531)	(98,005)
Decrease in other financial assets	2,478,579	1,319,338
Interest received	60,977	85,677
Dividend received	159,947	91,942
Net cash used in investing activities	(5,526,329)	(17,672,308)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	599,472	2,300,252
Increase (decrease) in short-term notes and bills payable	(4,096,683)	5,595,382
Proceeds from issue of bonds	14,984,564	-
Repayments of bonds payable	(7,400,000)	(2,900,000)
Proceeds from long-term borrowings	-	1,000,000
Repayment of long-term borrowings	(11,206,042)	(3,407,080)
Increase in guarantee deposits received	162,473	247,099
Decrease in guarantee deposits received	(126,783)	(154,635)
Cash dividends paid (including paid to non-controlling interests)	(15,860,099)	(15,860,290)
Interest paid	(439,637)	(538,222)
Changes in non-controlling interests	2,316	-
Net cash used in financing activities	(23,380,419)	(13,717,494)

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS	\$ (1,741)	\$ (3,456)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	867,166	(1,072,973)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>6,631,544</u>	<u>7,704,517</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 7,498,710</u>	<u>\$ 6,631,544</u>

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

(Concluded)

The 2018 Standalone Financial Statements

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Taiwan Mobile Co., Ltd.

Opinion

We have audited the accompanying financial statements of Taiwan Mobile Co., Ltd. ("TWM"), which comprise the balance sheets as of December 31, 2018 and 2017, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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 TWM as of December 31, 2018 and 2017, 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 audit 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 ("ROC"). 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 TWM 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, 2018. 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 descriptions of the key audit matters of the 2018 financial statements are as follows:

The Impairment Loss of Property, Plant and Equipment and Intangible Assets (Including Goodwill)

The description of key audit matter:

The balances of property, plant and equipment and intangible assets (including goodwill) amounted to \$22,249,874 thousand and \$41,053,072 thousand, respectively, as of December 31, 2018. On each balance sheet date, TWM reviews its tangible and intangible assets for indications of impairment. If any indication thereof exists, TWM then estimates the recoverable amount of the assets. If it is not possible to determine the recoverable amount (fair value less costs to sell and value in use) for the individual asset, then TWM will determine the recoverable amount for the asset's cash-generating unit. Because the

aforementioned tangible and intangible assets amounted to \$63,302,946 thousand (47% of total assets) and the calculation for the recoverable amount involved several assumptions and estimations which directly impact the amount recognized as impairment losses, we believe that the review for the impairment of assets is a key audit matter.

Corresponding audit procedure:

By conducting compliance tests, we obtained an understanding of the estimation for asset impairment and of the design and execution for relevant controls. We also performed major audit procedures which are as follows:

1. Obtain the valuation form of asset impairment produced by TWM for each cash-generating unit.
2. Evaluate the appropriateness of the assumptions and sensitivity analyses, including the classification of cash-generating units, forecasts of cash flows, and discount rates, used by the management to assess asset impairment.

Telecommunications and Value-added Services Revenue

The description of key audit matter:

The source of the major operating revenue of TWM is the telecommunications and value-added services revenue, totaling \$49,114,766 thousand for the year ended December 31, 2018. TWM offers more different monthly-fee plans and diversifies the business by innovating value-added services since the telecommunication industry becomes more competitive nowadays. The competitive telecommunication industry and complicated revenue calculation, which highly relies on automatic, systematic connection and implementation, lead the telecommunications and value-added services revenue to be considered as one of the key audit matters.

Corresponding audit procedure:

By conducting compliance tests, we obtained an understanding of the revenue recognition process and of the design and execution for relevant controls. We also performed major audit procedures which are as follows:

1. Review the contracts of mobile subscribers to ensure the accuracy of information in the accounting system.
2. Perform dialing tests to verify the completeness of the information in the telephone exchange system.
3. Perform system integration tests from telephone-exchange to telephone traffic.
4. Test for the accuracy of call record charge rates and billing calculations.
5. Verify the accuracy of the billing amounts generated from monthly rentals as well as airtime accounting systems and the transfer to the accounting information system.

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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing TWM'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 TWM 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 TWM'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 ROC 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 ROC, 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 TWM'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 TWM'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 TWM 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 and appropriate audit evidence regarding the financial information of entities or business activities within TWM to express an opinion on the 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 financial statements for the year ended December 31, 2018 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 Li-Wen Kuo and Kwan-Chung Lai.

Deloitte & Touche
Taipei, Taiwan
Republic of China

January 31, 2019

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 ROC and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the ROC.

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 ROC. 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.

TAIWAN MOBILE CO., LTD.

BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2018		December 31, 2017	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 28)	\$ 1,419,168	1	\$ 947,354	1
Financial assets at fair value through other comprehensive income (Note 7)	245,607	-	-	-
Available-for-sale financial assets (Note 8)	-	-	230,392	-
Contract assets (Note 21)	5,460,190	4	-	-
Accounts and notes receivable, net (Note 9)	6,062,929	4	13,400,440	9
Accounts receivable due from related parties (Note 28)	136,698	-	97,230	-
Other receivables (Note 28)	1,082,521	1	910,308	1
Inventories (Note 10)	2,311,480	2	3,286,338	2
Prepayments (Note 28)	216,712	-	258,301	-
Assets held for sale	-	-	1,737	-
Other financial assets (Notes 28 and 29)	9,409	-	2,448,110	2
Other current assets (Note 30)	794,125	1	3,188	-
Total current assets	17,738,839	13	21,583,398	15
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 7)	1,826,732	1	-	-
Available-for-sale financial assets (Note 8)	-	-	2,264,650	2
Contract assets (Note 21)	3,200,610	3	-	-
Financial assets at cost	-	-	7,050	-
Investments accounted for using equity method (Note 11)	41,964,789	31	40,805,620	29
Property, plant and equipment (Notes 12 and 28)	22,249,874	17	24,193,665	17
Investment properties, net (Note 13)	3,151,320	2	3,030,913	2
Concessions (Note 14)	33,380,101	25	36,343,088	26
Goodwill (Note 14)	7,121,871	5	7,121,871	5
Computer software, net (Note 14)	549,900	-	539,664	-
Other intangible assets, net (Note 14)	1,200	-	-	-
Deferred tax assets (Note 23)	567,543	1	628,509	1
Incremental costs of obtaining a contract (Note 21)	2,884,482	2	-	-
Other non-current assets (Notes 15 and 29)	425,939	-	4,450,954	3
Total non-current assets	117,324,361	87	119,385,984	85
TOTAL	\$ 135,063,200	100	\$ 140,969,382	100

LIABILITIES AND EQUITY	December 31, 2018		December 31, 2017	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term borrowings (Notes 16 and 28)	\$ 19,288,000	14	\$ 17,430,000	12
Short-term notes and bills payable (Note 16)	1,498,992	1	5,595,892	4
Contract liabilities (Note 21)	1,152,331	1	-	-
Accounts and notes payable	1,120,379	1	3,251,335	2
Accounts payable due to related parties (Note 28)	224,981	-	271,883	-
Other payables (Note 28)	7,573,224	6	8,214,010	6
Current tax liabilities	1,684,319	1	609,514	1
Provisions (Note 18)	91,836	-	153,792	-
Advance receipts	85,455	-	1,862,505	2
Long-term liabilities, current portion (Notes 16 and 17)	6,499,680	5	15,399,528	11
Other current liabilities (Note 28)	1,623,249	1	1,631,023	1
Total current liabilities	40,842,446	30	54,419,482	39
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss (Note 17)	1,861	-	9,961	-
Bonds payable (Note 17)	24,419,137	18	14,149,407	10
Long-term borrowings (Note 16)	6,000,000	4	11,000,000	8
Provisions (Note 18)	719,116	1	753,926	1
Deferred tax liabilities (Note 23)	569,469	1	441,600	-
Net defined benefit liabilities (Note 19)	282,163	-	217,066	-
Guarantee deposits	347,488	-	346,077	-
Total non-current liabilities	32,339,234	24	26,918,037	19
Total liabilities	73,181,680	54	81,337,519	58
EQUITY (Note 20)				
Common stock	34,208,519	26	34,208,328	24
Capital collected in advance	29,819	-	-	-
Capital surplus	12,580,692	9	13,939,278	10
Retained earnings				
Legal reserve	27,558,064	20	26,138,846	18
Special reserve	362,703	-	690,034	1
Unappropriated earnings	16,954,448	13	14,735,424	10
Other equity interests	(95,381)	-	(362,703)	-
Treasury stock	(29,717,344)	(22)	(29,717,344)	(21)
Total equity	61,881,520	46	59,631,863	42
TOTAL	\$ 135,063,200	100	\$ 140,969,382	100

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

TAIWAN MOBILE CO., LTD.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 21 and 28)	\$ 65,545,627	100	\$ 73,612,276	100
OPERATING COSTS (Notes 10, 28 and 32)	<u>43,017,205</u>	<u>66</u>	<u>48,473,355</u>	<u>66</u>
GROSS PROFIT FROM OPERATIONS	<u>22,528,422</u>	<u>34</u>	<u>25,138,921</u>	<u>34</u>
OPERATING EXPENSES (Notes 28 and 32)				
Marketing	9,271,668	14	10,503,440	14
Administrative	3,023,042	5	3,383,170	5
Expected credit loss	<u>404,943</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>12,699,653</u>	<u>19</u>	<u>13,886,610</u>	<u>19</u>
NET OTHER INCOME AND EXPENSES	<u>636,938</u>	<u>1</u>	<u>841,723</u>	<u>1</u>
OPERATING INCOME	<u>10,465,707</u>	<u>16</u>	<u>12,094,034</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 22 and 28)	82,033	-	249,934	-
Other gains and losses, net (Note 22)	(120,385)	-	(1,155,258)	(1)
Finance costs (Notes 22 and 28)	(597,351)	(1)	(602,689)	(1)
Share of profit (loss) of subsidiaries and associates accounted for using equity method	<u>5,707,059</u>	<u>9</u>	<u>5,180,567</u>	<u>7</u>
Total non-operating income and expenses	<u>5,071,356</u>	<u>8</u>	<u>3,672,554</u>	<u>5</u>
PROFIT BEFORE TAX	15,537,063	24	15,766,588	21
INCOME TAX EXPENSE (Note 23)	<u>1,894,891</u>	<u>3</u>	<u>1,574,412</u>	<u>2</u>
PROFIT	<u>13,642,172</u>	<u>21</u>	<u>14,192,176</u>	<u>19</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 11, 19, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements from defined benefit plans	(55,867)	-	(40,245)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(426,925)	(1)	-	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	616,587	1	(41,921)	-
Items that may be reclassified subsequently to profit or loss				
Unrealized gain (loss) on available-for-sale financial assets	-	-	(70,874)	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	<u>(7,899)</u>	<u>-</u>	<u>398,205</u>	<u>-</u>
Other comprehensive income (loss) (after tax)	<u>125,896</u>	<u>-</u>	<u>245,165</u>	<u>-</u>
COMPREHENSIVE INCOME	<u>\$ 13,768,068</u>	<u>21</u>	<u>\$ 14,437,341</u>	<u>19</u>
EARNINGS PER SHARE (Note 24)				
Basic earnings per share	<u>\$ 5.01</u>		<u>\$ 5.21</u>	
Diluted earnings per share	<u>\$ 4.86</u>		<u>\$ 5.06</u>	

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

TAIWAN MOBILE CO., LTD.
**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)**

	Common Stock	Capital Collected in Advance	Capital Surplus	Retained Earnings			Exchange Differences on Translation	Other Equity Interests		Treasury Stock	Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unrealized Gain (Loss) on Available-for-sale Financial Assets		
BALANCE, JANUARY 1, 2017	\$ 34,208,328	\$ -	\$ 14,985,047	\$ 24,606,828	\$ 1,173,954	\$ 15,850,111	\$ (9,133)	\$ -	\$ (680,901)	\$(29,717,344)	\$ 60,416,890
Distribution of 2016 earnings											
Legal reserve	-	-	-	1,532,018	-	(1,532,018)	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(483,920)	483,920	-	-	-	-	-
Cash dividends	-	-	-	-	-	(14,176,599)	-	-	-	-	(14,176,599)
Total distribution of earnings	-	-	-	1,532,018	(483,920)	(15,224,697)	-	-	-	-	(14,176,599)
Cash dividends from capital surplus	-	-	(1,067,056)	-	-	-	-	-	-	-	(1,067,056)
Profit for the year ended December 31, 2017	-	-	-	-	-	14,192,176	-	-	-	-	14,192,176
Other comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	(82,166)	(7,366)	-	334,697	-	245,165
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	14,110,010	(7,366)	-	334,697	-	14,437,341
Changes in equity of associates accounted for using equity method	-	-	3,753	-	-	-	-	-	-	-	3,753
Changes in other capital surplus	-	-	17,534	-	-	-	-	-	-	-	17,534
BALANCE, DECEMBER 31, 2017	34,208,328	-	13,939,278	26,138,846	690,034	14,735,424	(16,499)	-	(346,204)	(29,717,344)	59,631,863
Effect of retrospective application and retrospective restatement	-	-	-	-	-	3,354,181	-	(281,785)	346,204	-	3,418,600
ADJUSTED BALANCE, JANUARY 1, 2018	34,208,328	-	13,939,278	26,138,846	690,034	18,089,605	(16,499)	(281,785)	-	(29,717,344)	63,050,463
Distribution of 2017 earnings											
Legal reserve	-	-	-	1,419,218	-	(1,419,218)	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(327,331)	327,331	-	-	-	-	-
Cash dividends	-	-	-	-	-	(13,610,406)	-	-	-	-	(13,610,406)
Total distribution of earnings	-	-	-	1,419,218	(327,331)	(14,702,293)	-	-	-	-	(13,610,406)
Cash dividends from capital surplus	-	-	(1,633,249)	-	-	-	-	-	-	-	(1,633,249)
Profit for the year ended December 31, 2018	-	-	-	-	-	13,642,172	-	-	-	-	13,642,172
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	(78,832)	(7,899)	212,627	-	-	125,896
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	13,563,340	(7,899)	212,627	-	-	13,768,068
Convertible bonds converted to common stock	191	29,819	275,614	-	-	-	-	-	-	-	305,624
Changes in percentage of ownership interests in subsidiaries	-	-	(10,347)	-	-	-	-	-	-	-	(10,347)
Changes in equity of associates accounted for using equity method	-	-	8,380	-	-	1,971	-	-	-	-	10,351
Changes in other capital surplus	-	-	1,016	-	-	-	-	-	-	-	1,016
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	1,825	-	(1,825)	-	-	-
BALANCE, DECEMBER 31, 2018	<u>\$ 34,208,519</u>	<u>\$ 29,819</u>	<u>\$ 12,580,692</u>	<u>\$ 27,558,064</u>	<u>\$ 362,703</u>	<u>\$ 16,954,448</u>	<u>\$ (24,398)</u>	<u>\$ (70,983)</u>	<u>\$ -</u>	<u>\$(29,717,344)</u>	<u>\$ 61,881,520</u>

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

TAIWAN MOBILE CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 15,537,063	\$ 15,766,588
Adjustments		
Share of (profit) loss of subsidiaries and associates accounted for using equity method	(5,707,059)	(5,180,567)
Depreciation expense	7,020,629	7,854,909
Amortization expense	3,232,577	3,013,131
Amortization of incremental costs of obtaining contracts	3,340,003	-
Loss on disposal of property, plant and equipment, net	95,769	351,200
Loss on disposal of intangible assets, net	128,002	-
Expected credit loss	404,943	-
Provision for bad debt expense	-	330,224
Finance costs	597,351	602,689
Interest income	(12,331)	(12,176)
Dividend income	(10,424)	(10,741)
Reversal of impairment loss on property, plant and equipment	(99,064)	-
Reversal of impairment loss on investment properties	(4,522)	-
Valuation gain on financial liabilities at fair value through profit or loss	(8,061)	(32,000)
Others	17	(100)
Changes in operating assets and liabilities		
Contract assets	1,916,814	-
Accounts and notes receivable	349,950	341,752
Accounts receivable due from related parties	(42,446)	(7,605)
Other receivables	(137,849)	(60,112)
Inventories	974,858	462,631
Prepayments	41,589	6,435
Other current assets	(790,937)	963
Other financial assets	(9,299)	(45)
Incremental costs of obtaining a contract	(2,112,684)	-
Contract liabilities	(650,363)	-
Accounts and notes payable	(2,130,956)	(221,357)
Accounts payable due to related parties	(46,902)	74,212
Other payables	(491,066)	466,983
Provisions	(110,972)	(52,291)
Advance receipts	22,561	105,017
Other current liabilities	(7,774)	(370,001)
Net defined benefit liabilities	(16,358)	(17,140)
Net cash inflows generated from operating activities	21,273,059	23,412,599
Interest received	606	741
Interest paid	(390)	(409)
Income taxes paid	(1,466,643)	(2,381,664)
Net cash generated from operating activities	19,806,632	21,031,267

(Continued)

TAIWAN MOBILE CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	\$ (5,175,390)	\$ (5,039,668)
Acquisition of intangible assets	(202,839)	(8,757,993)
Increase in prepayments for equipment	(310,256)	(222,162)
Proceeds from disposal of property, plant and equipment	33,744	38,341
Acquisition of available-for-sale financial assets	-	(810,865)
Increase in refundable deposits	(108,010)	(126,163)
Decrease in refundable deposits	121,201	135,704
Increase in other financial assets	-	(9,000)
Decrease in other financial assets	2,448,000	-
Interest received	12,929	15,431
Dividend received	<u>5,172,812</u>	<u>5,460,008</u>
Net cash generated from (used in) investing activities	<u>1,992,191</u>	<u>(9,316,367)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(300,000)	3,300,000
Borrowings from related parties	13,265,000	11,920,000
Repayments of borrowings from related parties	(11,107,000)	(12,410,000)
Increase (decrease) in short-term notes and bills payable	(4,096,683)	5,595,382
Proceeds from issue of bonds	14,984,564	-
Repayments of bonds payable	(7,400,000)	(2,900,000)
Proceeds from long-term borrowings	-	1,000,000
Repayment of long-term borrowings	(11,000,000)	(3,000,000)
Increase in guarantee deposits received	59,103	69,941
Decrease in guarantee deposits received	(57,044)	(80,958)
Cash dividends paid	(15,243,647)	(15,243,643)
Interest paid	<u>(431,302)</u>	<u>(502,756)</u>
Net cash used in financing activities	<u>(21,327,009)</u>	<u>(12,252,034)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	471,814	(537,134)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>947,354</u>	<u>1,484,488</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,419,168</u>	<u>\$ 947,354</u>

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

(Concluded)

Taiwan Mobile Co., Ltd.
2018 Earnings Distribution Proposal

Unit: NT\$

Item	Amount
Unappropriated retained earnings as of December 31, 2017	33,130,620
Effects of retrospective application and retrospective restatement	3,354,180,758
Actuarial losses of 2018	(78,832,259)
Adjustments due to investments accounted for using equity method	1,971,662
Disposal of investments in equity instruments at fair value through other comprehensive income	1,825,148
Unappropriated retained earnings - Adjusted	3,312,275,929
Net income of 2018	13,642,172,236
Legal reserve appropriation (10%)	(1,364,217,224)
Reversal of special reserve appropriation	267,322,494
Retained earnings available for distribution	15,857,553,435
Appropriation:	
Cash dividends (Note 1)	(15,366,223,421)
Balance of unappropriated retained earnings	491,330,014

Note 1: Refer to the second proposed resolution regarding the distribution of the 2018 retained earnings.



Taiwan Mobile Co., Ltd.

Articles of Incorporation

Before and After Amendments for Comparison

Article	Amended	Original	Explanation
17	The Chairman or, in his absence, the Vice Chairman, shall preside as the chairman of the shareholders' meetings of the Company. If neither the Chairman nor the Vice Chairman shall be present at the meetings, <u>or the Vice Chairman becomes vacant</u> , the Chairman shall designate one of the Directors as the chairman, failing which, the Directors present at the meetings shall elect the chairman from amongst themselves.	The Chairman or, in his absence, the Vice Chairman, shall preside as the chairman of the shareholders' meetings of the Company. If neither the Chairman nor the Vice Chairman shall be present at the meetings, the Chairman shall designate one of the Directors as the chairman, failing which, the Directors present at the meetings shall elect the chairman from amongst themselves.	Added the Vice Chairman in vacancy to be presided at the shareholders' meetings.
21	The Chairman and the Vice Chairman shall be elected <u>respectively</u> from amongst the Directors by a simple majority of the Directors present at the Board meetings attended by at least two thirds of all the Directors.	The Chairman and the Vice Chairman shall be elected from amongst the Directors by a simple majority of the Directors present at the Board meetings attended by at least two thirds of all the Directors.	Added the election of the Vice Chairman shall apply the same procedure as Board Directors duly elected the Chairman.

Article	Amended	Original	Explanation
24	<p>The business policy and other imperative matters of the Company shall be determined by the Board. The Board shall be entitled to form different functional committees, and determine the duties and responsibilities of the committees. Except for the first meeting of each term of the Board which shall be convened by the Director who received a ballot representing the largest number of votes at the election of Directors, Board meetings shall be convened by the Chairman, who shall also be the chairman of the meetings. If the Chairman is unable to perform his duties for any reasons, the Vice Chairman shall act on his behalf. If the Vice Chairman is also absent from the meetings <u>or becomes vacant</u>, the Chairman shall designate one of the Directors to act on his behalf, failing which, the Directors present at the meetings shall elect a person from amongst themselves to act on behalf of the Chairman.</p> <p>The notice of the Board meetings may be made and delivered by letter, email or facsimile.</p>	<p>The business policy and other imperative matters of the Company shall be determined by the Board. The Board shall be entitled to form different functional committees, and determine the duties and responsibilities of the committees. Except for the first meeting of each term of the Board which shall be convened by the Director who received a ballot representing the largest number of votes at the election of Directors, Board meetings shall be convened by the Chairman, who shall also be the chairman of the meetings. If the Chairman is unable to perform his duties for any reasons, the Vice Chairman shall act on his behalf. If the Vice Chairman is also absent from the meetings, the Chairman shall designate one of the Directors to act on his behalf, failing which, the Directors present at the meetings shall elect a person from amongst themselves to act on behalf of the Chairman.</p> <p>The notice of the Board meetings may be made and delivered by letter, email or facsimile.</p>	Added the Vice Chairman in vacancy to be convened at the functional committees.
34	<p>These Articles of Incorporation were agreed to and signed on 30 January 1997. ...</p> <p>The twenty- third amendment was made on 21 June 2013.</p> <p>The twenty- fourth amendment was made on 12 June 2014.</p> <p>The twenty- fifth amendment was made on 15 June 2016.</p> <p>The twenty- sixth amendment was made on 14 June 2017.</p> <p>The twenty- seventh amendment was made</p>	<p>These Articles of Incorporation were agreed to and signed on 30 January 1997. ...</p> <p>The twenty- third amendment was made on 21 June 2013.</p> <p>The twenty- fourth amendment was made on 12 June 2014.</p> <p>The twenty- fifth amendment was made on 15 June 2016.</p> <p>The twenty- sixth amendment was made on 14 June 2017.</p> <p>The twenty- seventh amendment was made on 12 June 2018.</p>	Added the amendment sequence number, and the date of the latest amendment to the Articles of Incorporation.

Article	Amended	Original	Explanation
	<p>on 12 June 2018.</p> <p><u>The twenty- eighth amendment was made on 12 June 2019</u></p>		



Taiwan Mobile Co., Ltd.

Articles of Incorporation

Chapter I General Provisions

- Article 1** The Company shall be incorporated as a company limited by shares, under the Company Act of the Republic of China. The name of the Company shall be 台灣大哥大股份有限公司.
- Article 2** The scope of business of the Company shall be:
1. F401021 Regulated Telecom Radio Frequency Equipment and Materials Import;
 2. G901011 Type I Telecommunications Enterprise;
 3. G902011 Type II Telecommunications Enterprise;
 4. I301040 Third-Party Payment;
 5. I301020 Data Processing Services;
 6. J303010 Magazine and Periodical Publication;
 7. J304010 Book Publishers;
 8. J305010 Audio Tape and Record Publishers;
 9. J399010 Software Publication;
 10. J399990 Other Publishers Not Elsewhere Classified;
 11. F108031 Wholesale of Drugs, Medical Goods;
 12. F208031 Retail Sale of Medical Equipment;
 13. E601010 Electric Appliance Construction;
 14. E701010 Telecommunications Construction;
 15. CC01080 Electronic Parts and Components Manufacturing;
 16. E601020 Electric Appliance Installation;
 17. E602011 Frozen and Air-conditioning Engineering
 18. E603090 Illumination Equipment Construction;
 19. IG03010 Energy Technical Services;
 20. H703100 Real Estate Rental and Leasing;
 21. JE01010 Rental and Leasing Business; and
 22. ZZ99999 Any other business (other than those approved by the relevant authorities) not prohibited or restricted by law.
- Article 3** The Company may act as a guarantor where necessary for the purpose of carrying out its business.
- Article 4** The Company shall have its registered head office in Taipei, Taiwan, Republic of China and shall, where necessary and with a resolution to do so by the Board of Directors (“Board”), set up branch offices either within or outside the territory of the Republic of China.
- Article 5** (Deleted)
- Article 6** The Company’s aggregate investment may exceed forty percent of its paid-up capital.

Chapter II Capital Stock

- Article 7** The total registered capital stock of the Company shall be Sixty Billion New Taiwan Dollars (NT\$60,000,000,000), divided into Six Billion (6,000,000,000) shares with a par value of Ten New Taiwan Dollars (NT\$10) per share. Any unissued shares shall be issued, where necessary, upon the approval of the Board.
- Two hundred and fifty million shares of the above total capital stock of the Company with a par value of Ten New Taiwan Dollars (NT\$10) per share shall be retained for the issuance of employee stock options, which may be issued from time to time upon the approval of the Board.
- Article 7-1** (Deleted)
- Article 7-2** The Company may, upon the approval at a shareholders' meeting which is attended by shareholders holding at least 50% of the issued capital stock, by more than two-thirds of the shareholders attending the meeting, transfer the treasury shares to its employees at a price lower than the average buyback price.
- Article 8** Share certificates of the Company shall be issued only if they bear the names of the shareholders, be appropriately serial numbered, be signed by or affixed with the personal seals of three or more Directors of the Company, and be duly signed and authenticated by the responsible authority or a share registry endorsed by the regulatory authority. The Company is exempted from issuing any physical share certificates for the shares issued. A physical share certificate may be issued for all the new shares issued at a particular point in time, provided that the share certificate shall be placed in custody or for registration with a centralized depository.
- Article 9** Shareholders shall provide their names, addresses, and specimens of their personal seals to the Company for record. The same shall also be provided upon variation of any of the above details. Where any personal seals of the shareholders are lost, the specimens of the personal seals shall only be replaced with new specimens if the shareholders report the loss to the Company.
- Article 10** Upon transfer of shares, the transferor and transferee shall complete an application for registration of the transfer and affix their personal seals on the application. The application and the associated share certificates, affixed with the personal seals of the transferor and transferee on the back page, together with other documents evidencing the transfer, shall be submitted to the Company for the purpose of registration of the transfer. The transferee shall not have a right of action against the Company with respect to matters associated with or arising from the transfer if the name of the transferee is not recorded on the share certificates and the name and address of the transferee are not entered onto the register of shareholders of the Company.
- Article 11** Where a share certificate is lost, the shareholder shall immediately file an application to report the loss and submit the same to the Company for audit and record. The shareholder shall also apply to the competent court for a judgment declaring the original share certificate invalid, in accordance with the procedures for public announcement of invalidation of a certificate under the Code of Civil Procedures. After obtaining the judgment from the court, the shareholder shall apply to the Company for the share certificate to be reissued, with the original copy of the aforementioned court judgment. Where a share certificate is worn out or defaced and the shareholder wishes to apply for

a replacement of the share certificate, the shareholder shall apply to the Company for the replacement by submitting to the Company the original copy of the share certificate with a completed application for replacement of share certificate.

Article 12 The Company shall charge for administrative fees and stamp duties for the reissue of share certificates due to loss of the original share certificates or for other reasons.

Article 13 Registration of share transfers shall be suspended for a 60-day period immediately prior to a general meeting of the shareholders; for a 30-day period immediately prior to an extraordinary meeting of the shareholders; and for a 5-day period immediately prior to the record date for distribution of dividend, bonuses or other benefits.

Article 14 Shareholders shall submit specimens of their personal seals to the Company for record. The same personal seals shall be used by the shareholders for the purposes of claiming their dividends and when exercising their rights as shareholders via written documents.

Chapter III Shareholders' Meetings

Article 15 There are two types of shareholders' meetings, the general meetings and the extraordinary meetings.

- (1) General Meetings – General meetings shall be held within 6 months of the end of each fiscal year, and shall be convened by the Board by no less than 30 days' prior notice to the shareholders.
- (2) Extraordinary Meetings – Extraordinary meetings shall be convened in accordance with the relevant laws, by no less than 15 days' prior notice to the shareholders.

Article 16 A shareholder is entitled to appoint a proxy to attend and vote on behalf of the shareholder at a shareholders' meeting by completing and submitting to the Company a form prescribed by the Company stating the scope of authorization.

Article 17 The Chairman or, in his absence, the Vice Chairman, shall preside as the chairman of the shareholders' meetings of the Company. If neither the Chairman nor the Vice Chairman shall be present at the meetings, or the Vice Chairman becomes vacant, the Chairman shall designate one of the Directors as the chairman, failing which, the Directors present at the meetings shall elect the chairman from amongst themselves.

Article 18 Except under the circumstances set forth in Article 179 of the Company Act, shareholders of the Company shall be entitled to one vote for each share held at the shareholders' meeting.

Article 18-1 Shareholders may exercise their voting rights in written or electronic forms at the shareholders' meetings.

Article 19 Unless otherwise provided by the Company Act, all resolutions of a shareholders meeting of the Company shall be passed, at a meeting attended by shareholders holding at least 50% of the issued capital stock, by more than 50% of the shareholders attending the meeting.

Article 20 Resolutions at a shareholders' meeting shall be recorded in a meeting minute signed by or affixed with the personal seal of the chairman. The meeting minute shall be distributed to all the shareholders of the Company by public announcement within 20 days after the shareholders' meeting. The meeting minute shall contain information such as the time and venue of the meeting, name of the chairman of the meeting, manner in which resolutions are passed, and a summary and outcome of all proceedings of the meeting.

Chapter IV Directors

Article 21 There shall be 9 to 11 Directors of the Company. Directors shall be persons with legal capacity and shall be elected by the shareholders at the shareholders' meeting. The tenure of the offices of the Directors shall be 3 years and the Directors shall be eligible for re-elections. The election of Directors is adopted by candidate nomination system per Article 192-1 of the Company Act. Not more than half of the Directors of the Company shall have the following relationships among them:

1. A spousal relationship.
2. A familial relationship within the second degree of kinship.

The Chairman and the Vice Chairman shall be elected respectively from amongst the Directors by a simple majority of the Directors present at the Board meetings attended by at least two thirds of all the Directors.

The Company may purchase liability insurance for directors with respect to their liabilities resulting from exercising their duties during their terms of occupancy.

Article 21-1 According to Article 14-2 of the Securities and Exchange Act, among the directors, there shall be no less than 3 independent directors. The independent directors shall together constitute the Audit Committee and replace the role of the supervisors.

Article 22 If one third of the offices of the Directors become vacant, the Board shall convene an extraordinary meeting of the shareholders within 60 days to re-elect and re-appoint Directors to fill the vacancies. The tenure of offices so filled shall be the balance of the term of the relevant offices.

Article 23 If any new Directors are not elected in time before the expiration of the tenure of the relevant existing offices of the Directors, the tenure of the existing offices shall be extended until such time when the new Directors duly elected to assume their offices.

Article 24 The business policy and other imperative matters of the Company shall be determined by the Board. The Board shall be entitled to form different functional committees, and determine the duties and responsibilities of the committees. Except for the first meeting of each term of the Board which shall be convened by the Director who received a ballot representing the largest number of votes at the election of Directors, Board meetings shall be convened by the Chairman, who shall also be the chairman of the meetings. If the Chairman is unable to perform his duties for any reasons, the Vice Chairman shall act on his behalf. If the Vice Chairman is also absent from the meetings or becomes vacant, the Chairman shall designate one of the Directors to act on his behalf, failing which, the Directors present at the meetings shall elect a person from amongst themselves to act on behalf of the Chairman.

The notice of the Board meetings may be made and delivered by letter, email or facsimile.

Article 25 Unless otherwise provided for in the Company Act, all resolutions of the Board shall be passed by a simple majority of the Directors present at the Board meetings attended by at least 50% of all the Directors. If a Director is unable to attend the meeting, he shall be entitled to authorize another Director to represent him at the meeting by executing a power of attorney stating therein the scope of authorization with respect to each matter proposed to be dealt with at the meeting, however, a Director attending the meeting shall not be authorized to represent more than one absent Directors at the meeting. If any Director attends the Board meeting by video conference, it is deemed that such Director has participated in person.

Article 26 All proceedings at a Board meeting shall be recorded in a meeting minute signed by or affixed with the personal seal of the chairman of the meeting. The meeting minute shall be distributed to all Directors of the Company within 20 days after the Board meeting. The meeting minute shall contain information such as the time and venue of the meeting, name of the chairman of the meeting, manner in which resolutions are passed, and a summary and outcome of all proceedings of the meeting.

Article 27 The Audit Committee shall exercise their powers and other relevant matters in accordance with the relevant laws, regulations or the Company's Articles of Incorporation.

Article 27-1 (Deleted)

Article 27-2 (Deleted)

Article 27-3 The Board is authorized to decide the compensation to directors (including independent directors), according to his/her contribution to the operation and involvement in the operation of the Company, comparable to peer's levels, transportation and other allowance included.

Chapter V Managers and Officers

Article 28 There shall be several Presidents and Vice Presidents of the Company. The President shall be nominated by the Chairman; and his/her appointment or removal shall be approved by more than 50% of the Directors. The Vice Presidents shall be nominated by the President; and their appointment or removal shall be approved by more than 50% of the Directors.

Article 29 The Company may, by resolution of the Board, retain consultants or key officers.

Article 29-1 The Company shall purchase liability insurance for key management based on their duties and terms.

Chapter VI Financial Reports

- Article 30** The fiscal year of the Company shall begin on 1 January and end on 31 December of each year. The Board shall prepare the following reports after the end of each fiscal year, and present to the shareholders at the general meeting of the shareholders for their ratifications in accordance with the legal procedure:
- (1) Business Report
 - (2) Financial Statements
 - (3) Proposal for distribution of earnings to shareholders or recovery of prior year losses.
- Article 30-1** If the Company has profits in a fiscal year, it shall set aside 1% to 3% of the profits as employee bonuses and not more than 0.3% of the profits as director compensation. However, if the Company has accumulated losses, it shall first reserve a certain amount for offsetting losses, then allocate for the employee bonuses and director compensation proportionally from the remaining amount.
Qualification requirements of employees entitled to receive shares or cash set for in the above paragraph shall be applied to the employees of subsidiaries who meet certain requirements.
- Article 31** In the event that the Company, according to the final settlement, earns profits in a fiscal year, such profits shall first be set aside to pay the applicable taxes, offset losses, set aside for legal reserve pursuant to laws and regulations, unless the legal reserve has reached the Company's total paid-up capital. The remaining profits shall be set aside for special reserve in accordance with the laws, regulations, or the business requirements. Any further remaining profits plus unappropriated earnings shall be distributed in accordance with the proposal submitted by the Board, for approval at a shareholders' meeting.
- Article 31-1** The Company adopts a dividend distribution policy whereby only surplus profits of the Company shall be distributed to shareholders. That is, only the surplus profits, after setting aside amounts for retained earnings based on the Company's capital budget plan, shall be distributed as cash dividend. The value of stock dividend in a particular year shall not be more than 80% of the value of dividend distributed for that year. The amount of the distributable dividend, the forms in which dividend shall be distributed and the ratios thereto, shall depend on the actual profits and cash positions of the Company and shall be approved by resolutions of the Board, who shall, upon such approval, recommend the same to the shareholders for approval by resolution at the shareholders' meetings.
- Article 32** The internal organization and the detailed procedures relevant to the business operation of the Company shall be separately determined by the Board.
- Article 33** Matters not specifically provided for in these Articles of Incorporation shall be governed by the Company Act and any other relevant laws.
- Article 34** The Articles of Incorporation were agreed to and signed on January 30, 1997.
The first amendment was made on February 18, 1997.
The second amendment was made on February 22, 1997.

The third amendment was made on April 2, 1997.
The fourth amendment was made on August 30, 1997.
The fifth amendment was made on December 12, 1997.
The sixth amendment was made on March 21, 1998.
The seventh amendment was made on June 23, 1998.
The eighth amendment was made on February 3, 1999.
The ninth amendment was made on June 22, 1999.
The tenth amendment was made on March 6, 2000.
The eleventh amendment was made on March 30, 2001.
The twelfth amendment was made on March 30, 2001.
The thirteenth amendment was made on April 26, 2002.
The fourteenth amendment was made on June 25, 2003.
The fifteenth amendment was made on June 15, 2004.
The sixteenth amendment was made on June 14, 2005.
The seventeenth amendment was made on June 15, 2006.
The eighteenth amendment was made on June 15, 2007, except for the Article 7-2, which shall be effective on January 1, 2008
The nineteenth amendment was made on June 13, 2008.
The twentieth amendment was made on June 19, 2009.
The twenty-first amendment was made on June 15, 2011.
The twenty-second amendment was made on June 22, 2012.
The twenty-third amendment was made on June 21, 2013.
The twenty-fourth amendment was made on 12, June 2014.
The twenty-fifth amendment was made on 15, June 2016.
The twenty-sixth amendment was made on 14, June 2017.
The twenty-seventh amendment was made on 12 June 2018.
The twenty- eighth amendment was made on 12 June 2019.



Rules and Procedures for Acquisition or Disposal of Assets
(the “Procedures”)
Before and After Amendments for Comparison

Article	Amended	Original	Explanation
3	<p>Article 3</p> <p>The term "assets" as used in the Procedures includes the following:</p> <ol style="list-style-type: none"> 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficiary securities, and asset-backed securities. 2. Real estate (including land, houses and buildings, investment property) of Taiwan Mobile Co., Ltd. and equipment. 3. Membership. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. <u>5. Right-of-use assets.</u> <u>6. Derivatives.</u> <u>7. Assets acquired or disposed of in connection with mergers, spin-offs, acquisitions, or transfer of shares in accordance with law.</u> <u>8. Other major assets.</u> 	<p>Article 3</p> <p>The term "assets" as used in the Procedures includes the following:</p> <ol style="list-style-type: none"> 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficiary securities, and asset-backed securities. 2. Real estate (including land, houses and buildings, investment property, <u>and rights to use land</u>) Taiwan Mobile Co., Ltd. and equipment. 3. Membership. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. <u>5. Derivatives.</u> <u>6. Assets acquired or disposed of in connection with mergers, spin-offs, acquisitions, or transfer of shares in accordance with law.</u> <u>7. Other major assets.</u> 	<p>Adding the term “right-of-use assets” in accordance with IFRS 16.</p>

4	<p>Article 4</p> <p>Terms used in the Procedures are defined as follows:</p> <p>1. Derivatives: Forward contracts, options contracts, futures contracts, leveraged contracts, or swap contracts, whose value is derived from <u>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</u>. 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.</p> <p>2. Assets acquired or disposed through mergers, spin-offs, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, spin-offs, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under <u>Article 156-3</u> of the Company Act.</p> <p>3~6 (omitted)</p> <p><u>7. Investment Professional: Refers to financial holding companies, banks, insurance companies, bills finance companies, trust companies, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business.</u></p>	<p>Article 4</p> <p>Terms used in the Procedures are defined as follows:</p> <p>1. Derivatives: Forward contracts, options contracts, futures contracts, leveraged contracts, and swap contracts, <u>and compound contracts combining the above products</u>, whose value is derived from <u>assets, interest rates, foreign exchange rates, indexes or other interests</u>. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</p> <p>2. Assets acquired or disposed of through mergers, spin-offs, acquisitions, or transfer of shares in accordance with the law: Refers to assets acquired or disposed of through mergers, spin-offs, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under <u>Article 156, paragraph 8</u> of the Company Act.</p> <p>3~6 (omitted)</p>	<p>Defining the term "Derivatives", "Investment professional", "Securities exchange" and "OTC venue".</p>
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	<p><u>securities investment trust companies, securities investment consulting companies, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.</u></p> <p><u>8. 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.</u></p> <p><u>9. 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.</u></p>		
5	<p>Article 5</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions <u>shall meet the following requirements:</u></p> <p><u>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange 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</u></p>	<p>Article 5</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions <u>shall not be a related party of any party to the transaction.</u></p>	<p>Clarifying the negative qualifications and responsibilities of external experts and specify the assessment, audit and declaration of appraisal reports or opinions.</p>

<p><u>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.</u></p> <p><u>2. May not be a related party or de facto related party of any party to the transaction.</u></p> <p><u>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.</u></p> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <p><u>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></p> <p><u>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.</u></p> <p><u>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.</u></p> <p><u>4. They shall issue a statement attesting to the professional competence and</u></p>		
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	<u>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.</u>		
7	<p>Article 7</p> <p>The following items shall be specified in the Procedures:</p> <p>1. The scope of assets: (omitted)</p> <p>2. Appraisal procedures:</p> <p>(1) (omitted)</p> <p>(2) Acquisition or disposal of real estate, equipment <u>or right-of-use assets thereof</u>:</p> <p>(i) (omitted)</p> <p>(ii) Price decision methods:</p> <p>A. In the event that the Company acquires or disposes of the real estate <u>or right-of-use assets thereof</u>, the price decision shall refer to publicly announced current value, appraisal value, the actual transaction price of neighboring real estate <u>or right-of-use assets thereof</u>, or appraisal report issued by a professional appraiser.</p> <p>B. The acquisition or disposal of equipment <u>or right-of-use assets thereof</u> shall be carried out by one of the following methods: price comparison, price negotiation, or bidding.</p> <p>(3) Acquisition or disposal of membership, intangible assets <u>or right-of-use assets thereof</u>:</p> <p>(i)~(ii) (omitted)</p> <p>(4)~ (6) (omitted)</p>	<p>Article 7</p> <p>The following items shall be specified in the Procedures:</p> <p>1. The scope of assets: (omitted)</p> <p>2. Appraisal procedures:</p> <p>(1) (omitted)</p> <p>(2) Acquisition or disposal of real estate and equipment:</p> <p>(i) (omitted)</p> <p>(ii) Price decision methods:</p> <p>A. In the event that the Company acquires or disposes of the real estate, the price decision shall refer to publicly announced current value, appraisal value, the actual transaction price of neighboring real estate, or appraisal report issued by a professional appraiser.</p> <p>B. The acquisition or disposal of equipment shall be carried out by one of the following methods: price comparison, price negotiation, or bidding.</p> <p>(3) Acquisition or disposal of membership and intangible assets:</p> <p>(i)~(ii) (omitted)</p> <p>(4)~ (6) (omitted)</p>	<p>Adding “right-of-use assets thereof” to the provisions of this article.</p>

<p>3. Operating procedures:</p> <p>(1) The amount and levels of authority delegated:</p> <p>Any acquisition and disposal of assets by the Company shall be resolved by the board of directors except for the following circumstances:</p> <p>(i) The Company may delegate the chairman to decide such matters when a single transaction <u>is less than</u> NT \$1,000,000,000 (one billion), subject to ratifications at the next board meeting. The above does not apply to any <u>membership and</u> long- term securities investment <u>of</u> NT\$ 300,000,000 <u>or more</u>.</p> <p>(ii) ~ (iii) (omitted)</p> <p>(2) Implementation department:</p> <p>(i) (omitted)</p> <p>(ii) Real estate, equipment, intangible assets <u>or right-of-use assets thereof</u>: the departments which use and manage these assets.</p> <p>(iii)~(iv) (omitted)</p> <p>4. Public announcements and regulatory filing procedures: (omitted)</p> <p>5. Total investment amounts of the Company and each subsidiary</p> <p>(1) Except for investment management companies, the total amounts of real estate, equipment <u>or right-of-use assets thereof</u> acquired by the Company or each subsidiary for non-business use shall not exceed 30% of the total assets of the Company or each subsidiary at the time of purchase.</p>	<p>3. Operating procedures:</p> <p>(1) The amount and levels of authority delegated:</p> <p>Any acquisition and disposal of assets by the Company shall be resolved by the board of directors except for the following circumstances:</p> <p>(i) The Company may delegate the chairman to decide such matters when a single transaction <u>does not exceed</u> NT\$1,000,000,000 (one billion), subject to ratifications at the next board meeting. The above does not apply to any long-term securities investment in excess of NT\$ 300,000,000.</p> <p>(ii) ~ (iii) (omitted)</p> <p>(2) Implementation department:</p> <p>(i) (omitted) (omitted)</p> <p>(ii) Real estate, equipment, <u>membership</u> and intangible assets: the departments which use and manage these assets.</p> <p>(iii)~(iv) (omitted)</p> <p>4. Public announcement and regulatory filing procedures: (omitted)</p> <p>5. Total investment amounts of the Company and each subsidiary</p> <p>(1) Except for investment management companies, the total amounts of real estate and equipment acquired by the Company or each subsidiary for non-business use shall not exceed 30% of the total assets of the Company or each subsidiary at the time of purchase.</p>	
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	(omitted)	(omitted)	
8	<p>Article 8</p> <p>With respect to the Company's Rules and Procedures for Acquisition or Disposal of Assets that is subject to the approval of the board of directors or other laws or regulations, if a director expresses dissent which is contained in the minutes or in a written statement, the Company shall, subject to mutatis mutandis application of paragraph 2 of Article 6, submit the director's dissenting opinion to the Audit Committee.</p> <p>(omitted)</p>	<p>Article 8</p> <p>With respect to the Company's Rules and Procedures for Acquisition or Disposal of Assets that is subject to the approval of the board of directors or other laws or regulations, if a director expresses dissent which is contained in the minutes or a written statement, the Company shall, subject to mutatis mutandis application of paragraph 2 of Article 6, submit the director's dissenting opinion to the Audit Committee.</p> <p>(omitted)</p>	Amending article wording.
9	<p>Article 9</p> <p>In acquiring or disposing of real estate, equipment <u>or right-of-use assets thereof</u> where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300,000,000 or more, the Company, unless transacting with a <u>local</u> government agency, engaging others to build on its own land, engaging others to build on leased land, or acquiring or disposing of equipment <u>or right-of-use assets thereof</u> for business use, shall obtain an appraisal report prior to the date of the occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>1. In the event that due to special circumstances it is necessary to give a limit price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedures shall apply to any future changes in the terms and conditions of the</p>	<p>Article 9</p> <p>In acquiring or disposing of real estate <u>or</u> equipment where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300,000,000 or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on leased land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of the occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>1. In the event that due to special circumstances it is necessary to give a limit price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedures shall apply to any future changes in the terms and conditions of the transaction.</p>	Specifying the Company shall obtain a professional appraisal report except in transactions with a local government agency.

	transaction. (omitted)	(omitted)	
11	Article 11 Where the Company acquires or disposes of intangible assets, <u>right-of-use assets thereof</u> or <u>membership</u> and the transaction amount reaches 20% or more of the paid-in capital or NT\$300,000,000 or more, except in transactions with a <u>local</u> government agency, the Company shall engage a CPA prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	Article 11 Where the Company acquires or disposes of <u>membership</u> or intangible assets and the transaction amount reaches 20% or more of the paid-in capital or NT\$300,000,000 or more, except in transactions with a government agency, the Company shall engage a CPA prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	Specifying the Company shall obtain a professional appraisal report except in transactions with a local government agency.
12	Article <u>12</u> The transaction amounts referred to in the preceding three articles shall be calculated in accordance with paragraph 2 of Article <u>31</u> herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the transaction. The amounts due to professional appraisers for the appraisal report and CPA for the CPA's opinions can be excluded from the calculation.	Article <u>11-1</u> The transaction amounts referred to in the preceding three articles shall be calculated in accordance with paragraph 2 of Article <u>30</u> herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the transaction. The amounts due to professional appraisers for the appraisal report and CPA for the CPA's opinions can be excluded from the calculation.	Amending article number and applicable article number.
13	Article <u>13</u> (omitted)	Article <u>12</u> (omitted)	Amending article number.
14	Article <u>14</u> When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that necessary resolutions be adopted and the reasonableness of the transaction terms be evaluated according to the provisions of the preceding Section and this Section, if the	Article <u>13</u> When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that necessary resolutions be adopted and the reasonableness of the transaction terms be evaluated according to the provisions of the preceding Section and this Section, if	Amending article number and applicable article number in paragraph 2.

	<p>transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article <u>12</u> herein.</p> <p>(omitted)</p>	<p>the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article <u>11-1</u> herein.</p> <p>(omitted)</p>	
15	<p>Article <u>15</u></p> <p>When the Company intends to acquire or dispose of real estate <u>or right-of-use assets thereof</u> from or to a related party, or when it intends to acquire or dispose of assets other than real estate <u>or right-of-use assets thereof</u> from or to a related party and the transaction amount reaches 20% or more of the paid-in capital, 10% or more of the Company's total assets, or NT\$300,000,000 or more, except in the trading of <u>local</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds which are issued by domestic securities investment trust companies, subject to mutatis mutandis application of paragraphs 2, 3 and 4 of Article 6, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all Audit Committee members, and then submitted to the board of directors for a resolution:</p> <ol style="list-style-type: none"> 1. (omitted) 2. (omitted) 3. With respect to the acquisition of real estate <u>or right-of-use assets thereof</u> from a related party, information regarding evaluation of the reasonableness of the pre-determined 	<p>Article <u>14</u></p> <p>When the Company intends to acquire or dispose of real estate from or to a related party, or when it intends to acquire or dispose of assets other than real estate from or to a related party and the transaction amount reaches 20% or more of the paid-in capital, 10% or more of the Company's total assets, or NT\$300,000,000 or more, except in the trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds which are issued by domestic securities investment trust companies, subject to mutatis mutandis application of paragraphs 2, 3 and 4 of Article 6, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all Audit Committee members, and then submitted to the board of directors for a resolution:</p> <ol style="list-style-type: none"> 1. (omitted) 2. (omitted) 3. With respect to the acquisition of real estate from a related party, information regarding evaluation of the reasonableness of the pre-determined transaction terms in 	<p>Amending article number</p> <p>Adding “right-of-use assets” and relax the procedures for the approval of 100% of the subsidiaries to acquire or dispose of the equipment or right-of-use assets thereof held for business use, or real estate right-of-use assets thereof for business use” to the provisions of this article.</p>

	<p>transaction terms in accordance with Articles 165 and 176.</p> <p>4. (omitted)</p> <p>5. (omitted)</p> <p>6. (omitted)</p> <p>7. (omitted)</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with paragraph 2 of Article 310 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the transaction. The amounts approved by the board of directors and ratified by the Audit Committee can be excluded from the calculation.</p> <p><u>With respect to the types of transactions listed below, the acquisition or disposal of business-use equipment when to be conducted</u> between the Company and its subsidiaries, <u>or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital</u>, the Company's board of directors may, pursuant to subparagraph 3, paragraph 1 of Article 7, delegate the chairman to decide such matters when the transaction is less than NT\$1,000,000,000 (one billion) and have the decisions subsequently ratified at the next board of directors meeting:</p> <p>1. <u>Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u></p> <p>2. <u>Acquisition or disposal of real estate right-of-use assets held for business use.</u></p>	<p>accordance with Articles 15 and 16.</p> <p>4. (omitted)</p> <p>5. (omitted)</p> <p>6. (omitted)</p> <p>7. (omitted)</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with paragraph 2 of Article 30 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the transaction. The amounts approved by the board of directors and ratified by the Audit Committee can be excluded from the calculation.</p> <p>With respect to <u>the acquisition or disposal of business-use equipment</u> between the Company and its subsidiaries, the Company's board of directors may pursuant to subparagraph 3, paragraph 1 of Article 7, delegate the chairman to decide such matters when the transaction is less than NT\$1,000,000,000 (one billion) and have the decisions subsequently ratified at the next board of directors meeting.</p>	
16	<p>Article 16</p> <p>The Company that acquires real estate <u>or right-of-use assets thereof</u> from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1. (omitted)</p> <p>2. (omitted)</p>	<p>Article 15</p> <p>The Company that acquires real estate from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1. (omitted)</p> <p>2. (omitted)</p>	<p>Amending article number, and adding "acquire leased real estate use-of-right from the related parties" to the provisions of this article.</p>

	<p>Where land and structures thereupon are combined as a single property purchased <u>or leased</u> 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 preceding paragraph.</p> <p>The Company that acquires real estate <u>or right-of-use assets thereof</u> from a related party and appraises the cost of the real estate <u>or right-of-use assets thereof</u> in accordance with <u>preceding two</u> paragraphs 1 and 2 shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>Where the Company acquires real estate <u>or right-of-use assets thereof</u> from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the <u>preceding Article</u> Article 14, and the preceding three paragraphs do not apply:</p> <ol style="list-style-type: none"> 1. The related party acquired the real estate <u>or right-of-use assets thereof</u> through inheritance or as a gift. 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real estate <u>or right-of-use assets thereof</u> to the signing date for the current transaction. 3. (omitted) 4. <u>The real estate right-of-use assets for business use are acquired by the Company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital.</u> 	<p>Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>The Company that acquires real estate from a related party and appraises the cost of the real estate in accordance with <u>paragraphs 1 and 2</u> shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>Where the Company acquires real estate from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with <u>Article 14</u> and the preceding three paragraphs do not apply:</p> <ol style="list-style-type: none"> 1. The related party acquired the real estate through inheritance or as a gift. 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real estate to the signing date for the current transaction. 3. (omitted) 	
17	<p>Article <u>17</u></p> <p>When the results of the Company's appraisal conducted in accordance with paragraphs 1 and 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 18<u>7</u>. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on</p>	<p>Article <u>16</u></p> <p>When the results of the Company's appraisal conducted in accordance with paragraphs 1 and 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article <u>17</u>. However, where the following circumstances exist, objective evidence</p>	<p>Amending article number and applicable article number, and relaxing reference case for the reasonableness of the transaction price of the real</p>

	<p>reasonableness have been obtained from a professional real estate appraiser and a CPA, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) (omitted)</p> <p>(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where 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 practices <u>or leasing practices.</u></p> <p>(3) <u>(deleted)</u></p> <p>2. Where the Company acquiring real estate, <u>or obtaining real estate right-of-use assets through leasing,</u> from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters, or parcels close in publicly announced current value; transaction for</p>	<p>has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) (omitted)</p> <p>(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where 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 practices.</p> <p>(3) <u>Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</u></p> <p>2. Where the Company acquiring real estate from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for</p>	<p>estate use-of-right assets acquired from the related parties.</p>
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	<p>similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real estate <u>or right-of-use assets thereof</u>.</p>	<p>similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real estate.</p>	
18	<p>Article 18</p> <p>Where the Company acquires real estate <u>or right-of-use assets thereof</u> from a related party and the results of appraisals conducted in accordance with <u>the preceding two Articles</u> Articles 15 and 16 are uniformly lower than the transaction price, the following steps shall be taken:</p> <ol style="list-style-type: none"> 1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real estate <u>or right-of-use assets thereof</u> transaction price and the appraised cost, and may not be distributed as cash/stock dividends. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. 2. (omitted) 3. Actions taken pursuant to <u>the preceding two Articles</u> subparagraphs 1 and 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any prospectus. <p>The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a</p>	<p>Article 17</p> <p>Where the Company acquires real estate from a related party and the results of appraisals conducted in accordance with <u>Articles 15 and 16</u> are uniformly lower than the transaction price, the following steps shall be taken:</p> <ol style="list-style-type: none"> 1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real estate transaction price and the appraised cost, and may not be distributed as cash/stock dividends. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. 2. (omitted) 3. Actions taken pursuant to <u>subparagraphs 1 and 2</u> shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any prospectus. <p>The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a</p>	<p>Amending article number and adding “Company acquires the real estate or right-of-use assets thereof from a related party because of lease contract” to the provisions of this article.</p>

	<p>premium, or they have been disposed of, <u>or the leasing contract has been terminated</u>, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Financial Supervisory Commission (FSC) has given its consent.</p> <p>When the Company obtains real estate <u>or right-of-use assets thereof</u> from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>	<p>premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Financial Supervisory Commission (FSC) has given its consent.</p> <p>When the Company obtains real estate from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>	
19	<p>Article <u>19</u></p> <p>(omitted)</p>	<p>Article <u>18</u></p> <p>(omitted)</p>	Amending article number
20	<p>Article <u>20</u></p> <p>The Company engaging in derivatives trading shall adopt the following risk management measures:</p> <ol style="list-style-type: none"> 1. (omitted) 2. (omitted) 3. (omitted) 4. Derivatives trading positions held for trading purposes shall be evaluated at least once per week; however, hedge purpose positions for meeting operational requirements shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors and submitted to the board of directors for reference quarterly. 	<p>Article 19</p> <p>The Company engaging in derivatives trading shall adopt the following risk management measures:</p> <ol style="list-style-type: none"> 1. (omitted) 2. (omitted) 3. (omitted) 4. Derivatives trading positions held for trading purpose shall be evaluated at least once per week; however, hedge purpose positions for meeting operational requirement shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors and submitted to the board of directors for reference quarterly. 	Amending article number and wording
21	<p>Article <u>21</u></p> <p>(omitted)</p>	<p>Article <u>20</u></p> <p>(omitted)</p>	Amending article number
22	<p>Article <u>22</u></p> <p>The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading</p>	<p>Article <u>21</u></p> <p>The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of</p>	Amending article number and applicable article number

	engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 20 ¹⁹ and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of the preceding Article Article ²⁰ shall be recorded in detail in the log book. (omitted)	derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 19 ²⁰ and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of Article 20 ¹⁹ shall be recorded in detail in the log book. (omitted)	
23	Article 23 ²³ (omitted)	Article 22 ²² (omitted)	Amending article number
24	Article 24 ²⁴ (omitted)	Article 23 ²³ (omitted)	Amending article number
25	Article 25 ²⁵ (omitted) When participating in a merger, spin-off, acquisition, or transfer of shares where shares are listed on an exchange or traded on an OTC market, within 2 days immediately from the date of passage of a resolution by the board of directors, a report (in the prescribed format and via the Internet-based information system) with the information set out in subparagraphs 1 and 2 of the preceding paragraph shall be sent to the <u>Financial Supervisory Commission (FSC)</u> for review. Where any of the companies participating in a merger, spin-off, acquisition, or transfer of shares where shares are neither listed on an exchange nor traded on an OTC market, the Company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs 3 and 4 .	Article 24 ²⁴ (omitted) When participating in a merger, spin-off, acquisition, or transfer of shares where shares are listed on an exchange or traded on an OTC market, within 2 days immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph shall be sent to the <u>Financial Supervisory Commission (FSC)</u> for review. Where any of the companies participating in a merger, spin-off, acquisition, or transfer of shares where shares are neither listed on an exchange nor traded on an OTC market, the Company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 3 <u>and 4</u> .	Amending article number and wording
26	Article 26 ²⁶ (omitted)	Article 25 ²⁵ (omitted)	Amending article number
27	Article 27 ²⁷	Article 26 ²⁶	Amending article

	(omitted)	(omitted)	number
28	Article 28 (omitted)	Article 27 (omitted)	Amending article number
29	Article 29 (omitted)	Article 28 (omitted)	Amending article number
30	Article 30 29 Where any of the companies participating in a merger, spin-off, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Articles 25 4 , 26 5 , and the preceding Article 28 .	Article 29 Where any of the companies participating in a merger, spin-off, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Articles 24, 25, and 28 .	Amending article number and applicable article number
31	Article 31 9 Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in an appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event: 1. Acquisition or disposal of real estate or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real estate or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of the paid-in capital, or 10% or more of the Company's total assets, or NT\$300,000,000 or more; provided this shall not apply to trading of local government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds which are issued by domestic securities investment trust companies. 2. (omitted) 3. Losses from derivatives trading reaching the limits of aggregate losses or losses on	Article 30 Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in an appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event: 1. Acquisition or disposal of real estate from or to a related party, or acquisition or disposal of assets other than real estate from or to a related party where the transaction amount reaches 20% or more of the paid-in capital, or 10% or more of the Company's total assets, or NT\$300,000,000 or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds which are issued by domestic securities investment trust companies. 2. (omitted) 3. Losses from derivatives trading reaching the limits of aggregate losses	Amending article number and add “right-of-use assets thereof” to the provisions of this article.

	<p>individual contracts set out in the procedures adopted by the Company.</p> <p>4. Where equipment <u>or right-of-use assets thereof for business use are the type of asset</u> acquired or disposed <u>of is equipment for business use, and furthermore</u> the trading counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>(1) (omitted)</p> <p>(2) (omitted)</p> <p>5. Engaging others to build on the Company's own land, engaging others to build on leased land, joint construction and allocation of housing units, joint construction and allocation of ownership, or joint construction and separate sale, <u>and furthermore, the trading counterparty is not a related party,</u> with the estimated amount of investment by the Company reaching NT\$500,000,000 or more.</p> <p>6. Any asset transactions other than those referred to in the preceding five subparagraphs, or an investment in the mainland China area with an amount reaching 20% or more of the paid-in capital or NT\$300,000,000 or more, excluding the following circumstances:</p> <p>(1) Trading of <u>local</u> government bonds.</p> <p>(2) Securities trading by investment professionals on <u>foreign or domestic</u> securities exchanges or over-the-counter markets, or subscription of straight bonds or of non-equity related general bank debentures <u>(excluding subordinated debt)</u> that are offered and issued in the <u>domestic</u> primary market, <u>or subscription or redemption of securities investment trust funds or futures trust funds.</u></p> <p>(3) Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds which are issued by domestic securities investment trust</p>	<p>or losses on individual contract set out in the procedures adopted by the Company.</p> <p>4. Where <u>the type of asset</u> acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>(1) (omitted)</p> <p>(2) (omitted)</p> <p>5. Engaging others to build on the Company's own land, engaging others to build on leased land, joint construction and allocation of housing units, joint construction and allocation of ownership, or joint construction and separate sale, with estimated amount of investment by the Company reaches NT\$500,000,000 or more.</p> <p>6. Any asset transactions other than those referred to in the preceding five subparagraphs, or an investment in the mainland China area with amount reaching 20% or more of the paid-in capital or NT\$300,000,000 or more, excluding the following circumstances:</p> <p>(1) Trading of government bonds.</p> <p>(2) Securities trading by investment professionals on <u>foreign or domestic</u> securities exchanges or over-the-counter markets, or subscription of the straight bonds or of non-equity related general bank debentures that are offered and issued in the <u>domestic</u> primary market.</p> <p>(3) Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds which are issued by domestic securities investment trust</p>	
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	<p>companies.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. (omitted) 2. (omitted) 3. The cumulative transaction amount of real estate <u>or right-of-use assets thereof</u> acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. 4. (omitted) <p>(omitted)</p>	<p>companies.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. (omitted) 2. (omitted) 3. The cumulative transaction amount of real estate acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. 4. (omitted) <p>(omitted)</p>	
32	<p>Article 32<u>4</u></p> <p>(omitted)</p>	<p>Article <u>31</u></p> <p>(omitted)</p>	Amending article number
33	<p>Article 33<u>2</u></p> <p>Information required to be publicly announced and reported in accordance with the provisions of <u>the preceding</u> Chapter III on acquisitions and disposals of assets by a subsidiary of the Company that is not itself a public company in Taiwan shall be reported by the Company.</p> <p>The paid-in capital or total assets of the Company shall be the criteria for determining whether or not the subsidiary referred to in the preceding paragraph is subject to Article 310, paragraph 1 which requires a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of <u>depending on</u> paid-in capital or 10 percent of the total assets; provided, the term “paid-in capital” in subparagraph 4, paragraph 1 of Article 310 shall be based on the Company’s and its subsidiaries’ paid-in capital respectively.</p>	<p>Article <u>32</u></p> <p>Information required to be publicly announced and reported in accordance with the provisions of <u>Chapter III</u> on acquisitions and disposals of assets by a subsidiary of the Company that is not itself a public company in Taiwan shall be reported by the Company.</p> <p>The paid-in capital or total assets of the Company shall be the criteria for determining whether or not the subsidiary referred to in the preceding paragraph is subject to Article <u>30</u>, paragraph 1 requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches <u>20 percent of</u> paid-in capital or <u>10 percent of</u> the total assets; provided, the term “paid-in capital” in subparagraph 4, paragraph 1 of Article <u>30</u> shall base on the Company’s and its subsidiaries’ paid-in capital respectively.</p>	Amending article number, and wording.
	(deleted)	<p><u>Article 32-1</u></p> <p><u>The Company has established the Audit</u></p>	Deleting this article

		<u>Committee in accordance with the provisions of the Securities and Exchange Act, the provisions set out in subparagraph 2, paragraph 1 of Article 17 shall apply mutatis mutandis to the independent directors of the Audit Committee.</u>	
34	<p>Article 342-2</p> <p>For the calculation of 10% of total assets under the Procedures, the total assets stated in the most recent parent company only financial report or in the individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p> <p>In the case of a company whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20% of the paid-in capital under the Procedure, 10% of equity attributable to owners of the parent company shall be substituted; <u>for calculations under the provisions of the Procedures regarding transaction amounts relative to paid-in capital of NT\$10,000,000,000 (ten billion), NT\$20,000,000,000 (twenty billion) of equity attributable to owners of the parent shall be substituted.</u></p>	<p>Article 32-2</p> <p>For the calculation of 10% of total assets under the Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p> <p>In the case of a company whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20% of the paid-in capital under the Procedure, 10% of equity attributable to owners of the parent company shall be substituted.</p>	<p>Amending article number and specify the calculation method for standard of public announcement regarding Company's shares having no par value or a par value other than NT\$10.</p>
35	<p>Article 365</p> <p>(omitted)</p>	<p>Article 35</p> <p>(omitted)</p>	<p>Amending article number</p>

Rules and Procedures for Acquisition or Disposal of Assets
(the “Procedures”)

Approved on 25 November 1997
First Amendment on 30 September 1998
Second Amendment on 22 December 1999
Third Amendment on 30 April 2001
Fourth Amendment on 15 November 2001
Fifth Amendment on 25 June 2003
Sixth Amendment on 15 June 2004
Seventh Amendment on 15 June 2006
Eightieth Amendment on 15 June 2007
Ninth Amendment on 18 June 2010
Tenth Amendment on 22 June 2012
Eleventh Amendment on 12 June 2014
Twelfth Amendment on June 10, 2015
Thirteenth Amendment on June 14, 2017
Fourteenth Amendment on June 12 2019

Chapter I General Principles

Article 1 The Procedures are promulgated pursuant to Article 36-1 of the Securities and Exchange Act and “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.

Article 2 The Company shall handle the acquisition or disposal of assets in compliance with the Procedures; provided, where another act or regulation provides otherwise, such provisions shall govern.

Article 3 The term "assets" as used in the Procedures includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficiary securities, and asset-backed securities.
2. Real estate (including land, houses and buildings, investment property) of Taiwan Mobile Co., Ltd. and equipment.
3. Membership.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets
6. Derivatives.
7. Assets acquired or disposed of in connection with mergers, spin-offs, acquisitions, or transfer of shares in accordance with law.
8. Other major assets.

Article 4 Terms used in the Procedures are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leveraged contracts, and 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) agreements.
2. Assets acquired or disposed of through mergers, spin-offs, acquisitions, or transfer of shares in accordance with the law: Refers to assets acquired or disposed of through mergers, spin-offs, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3, paragraph 8 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: Refers to a real estate appraiser or other person duly authorized by law to engage in the value appraisal of real estate or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. Investment Professional: Refers to financial holding companies, banks, insurance companies, bills finance companies, trust companies, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust companies, securities investment consulting companies, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
8. 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.
9. 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.

Article 5 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions 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 Securities and Exchange 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.

Chapter II Disposition Procedures

Section I Establishment of Disposition Procedures

Article 6 The Procedures for the acquisition and disposal of assets shall be adopted after approved by more than half of all Audit Committee members, and then submitted to the board of directors for a resolution. After the Procedures have been approved by the board of directors, they shall be submitted to a shareholders' meeting for approval; the same applies when the Procedures are amended. If any director expresses dissent which is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee.

The Company has created the position(s) of independent director(s) in accordance with the provisions of the Securities and Exchange Act. When the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. The minutes shall contain the dissenting opinions or reservations made by the independent directors, if any.

If the approval of more than half of all audit committee members as required in the first paragraph 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.

The terms of "all Audit Committee members" in the first paragraph and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 7 The following items shall be specified in the Procedures:

1. The scope of assets: refer to Article 3 of the Procedures.
2. Appraisal procedures:
 - (1) Acquisition or disposal of securities:
 - (i) Appraisal: the financial and accounting departments shall evaluate the reasonableness of the transaction with consideration of the book value per share, profitability, future development potential and market price.
 - (ii) Price decision methods:

- A. The securities transacted on a centralized exchange market or OTC market, the prices shall be decided by the listed price or market price at the time of transaction.
 - B. The securities not transacted on a centralized exchange market or OTC market, the price decision shall refer to financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant.
 - C. The bonds not transacted on a centralized exchange market or OTC market, the price decision shall refer to the market interest rate, coupon rate of the bond and bond issuer's credit.
- (2) Acquisition or disposal of real estate, equipment or right-of-use assets thereof:
 - (i) Appraisal: the application department shall issue a report to relevant departments to evaluate the necessity and reasonableness.
 - (ii) Price decision methods:
 - A. In the event that the Company acquires or disposes of the real estate or right-of-use assets thereof, the price decision shall refer to publicly announced current value, appraisal value, the actual transaction price of neighboring real estate or right-of-use assets thereof, or appraisal report issued by a professional appraiser.
 - B. The acquisition or disposal of equipment or right-of-use assets thereof shall be carried out by one of the following methods: price comparison, price negotiation, or bidding.
- (3) Acquisition or disposal of membership and intangible assets or right-of-use assets thereof:
 - (i) Appraisal: the application department shall issue a report to relevant departments to review the necessity and reasonableness.
 - (ii) Price decision methods: the price decision shall refer to the market price at the time of transaction and the net present value for the potential return of the assets.
- (4) Related party transactions: refer to Section 3 of the Procedures.
- (5) Engaging in derivatives trading: refer to Section 4 of the Procedures.
- (6) Mergers, spin-offs, acquisitions and transfer of shares: refer to Section 5 of the Procedures
- 3. Operating procedures:
 - (1) The amount and levels of authority delegated: Any acquisition and disposal of assets by the Company shall be resolved by the board of directors except for the following circumstances:
 - (i) The Company may delegate the chairman to decide such matters when a single transaction is less than NT\$1,000,000,000 (one billion), subject to ratifications at the next board meeting. The above does not apply to any membership and long- term securities investment of NT\$ 300,000,000 or more.

- (ii) The Company may delegate the chairman to decide such matters when the purpose of acquisition or disposal is for short-term fund allocation (including but not limited to the transaction of short-term securities, bonds under repurchase and resale agreements, bond fund, money market fund, principal guaranteed structured deposit).
 - (iii) The stipulation of amount and levels of authority delegated for the derivatives trading shall be effective after approved by the board of directors.
- (2) Implementation department:
 - (i) Investment of securities in long-term and short-term: financial and accounting departments.
 - (ii) Real estate, equipment, membership and intangible assets or right-of-use assets thereof: the departments which use and manage these assets.
 - (iii) Derivatives: financial and accounting departments.
 - (iv) Assets acquired or disposed of through mergers, spin-offs, acquisitions, or transfer of shares in accordance with law: project team.
- 4. Public announcement and regulatory filing procedures: refer to Chapter III of the Procedures.
- 5. Total investment amounts of the Company and each subsidiary
 - (1) Except for investment management companies, the total amounts of real estate and equipment or right-of-use assets thereof acquired by the Company or each subsidiary for non-business use shall not exceed 30% of the total assets of the Company or each subsidiary at the time of purchase.
 - (2) Except for investment management companies, the total amounts of securities investment purchased by the Company or each subsidiary shall not exceed 100% of the total assets of the Company or each subsidiary at the time of purchase.
 - (3) Except for investment management companies, the total amounts of individual securities purchased by the Company or each subsidiary shall not exceed its book value at the time of purchase.
- 6. The Company shall supervise the acquisition or disposal implemented by the subsidiaries. The supervision and management shall comply with the Company's related regulations or each subsidiary's "Rules and Procedures for Acquisition or Disposal of Assets".
- 7. In the event that the related person who fails to comply with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" or the Procedures, the Company shall resolve the matter in accordance with internal operating regulations. The subsidiaries of the Company shall adopt and implement procedures for the acquisition or disposal of assets in compliance with the Procedures.

Article 8 With respect to the Company's Rules and Procedures for Acquisition or Disposal of Assets that is subject to the approval of the board of directors or other laws or regulations, if a director expresses dissent which is contained in the minutes or in a written statement, the Company shall, subject to mutatis mutandis application of paragraph 2 of Article 6, submit the director's dissenting opinion to the Audit Committee.

Any transaction involving major assets or derivative trading shall be approved by more than half of all Audit Committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of paragraphs 3 and 4 of Article 6.

Section II Acquisition or Disposal of Assets

Article 9 In acquiring or disposing of real estate, equipment or right-of-use assets thereof where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300,000,000 or more, the Company, unless transacting with a local government agency/authority, 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 for business use, shall obtain an appraisal report prior to the date of the occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. In the event that due to special circumstances it is necessary to give a limit price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedures shall apply to any future changes in the terms and conditions of the transaction.
2. In the event that the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Any one of the following circumstances applies with respect to the professional appraisers' appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of the Statement of Auditing Standards No. 20 published by the foundation constituted as a juristic person in Taiwan -- Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reasons for the discrepancy and the appropriateness of the transaction price:
 - (1) The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 - (2) The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the current land value for the same period announced by Ministry of Interior is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 10 The Company, acquiring or disposing of securities, shall, prior to the date of the occurrence of the event, obtain financial statements of the target companies for the most recent period, certified or reviewed by a certified public accountant, for reference in evaluating the transaction price, and if the amount of the transaction is 20% of the Company's paid-in capital or NT\$300,000,000 or more, the Company shall additionally engage a certified public accountant (CPA) prior to the date of the occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of a financial advisor as a reference, the CPA shall do so in accordance with the provisions of the Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly traded securities that have an active market, or where otherwise provided by regulations of the competent securities authority.

Article 11 Where the Company acquires or disposes of intangible assets, right-of-use assets thereof or membership and the transaction amount reaches 20% or more of the paid-in capital or NT\$300,000,000 or more, except in transactions with a local government agency/authority, the Company shall engage a CPA prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 12 The transaction amounts referred to in the preceding three articles shall be calculated in accordance with paragraph 2 of Article 31 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the transaction. The amounts due to professional appraisers for the appraisal report and CPA for the CPA's opinions can be excluded from the calculation.

Article 13 Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or the CPA opinion.

Section III Related Party Transactions

Article 14 When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that necessary resolutions be adopted and the reasonableness of the transaction terms be evaluated according to the provisions of the preceding Section and this Section, if the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 12 herein.

When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationships shall also be considered.

Article 15 When the Company intends to acquire or dispose of real estate or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real estate or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of the paid-in capital, 10% or more of the Company's total assets, or NT\$300,000,000 or more, except in the trading of local government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds which are issued by domestic securities investment trust companies, subject to mutatis mutandis application of paragraphs 2, 3 and 4 of Article 6, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all Audit Committee members, and then submitted to the board of directors for a resolution:

1. The purpose, necessity and estimated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a trading counterparty.
3. With respect to the acquisition of real estate or right-of-use assets thereof from a related party, information regarding evaluation of the reasonableness of the pre-determined transaction terms in accordance with Articles 16 and 17.
4. The date and price at which the related party originally acquired the real estate, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
7. Restrictive covenants and other major terms associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with paragraph 2 of Article 31 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the transaction. The amounts approved by the board of directors and ratified by the Audit Committee can be excluded from the calculation.

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% of the issued shares or authorized capital, the Company's board of directors may, pursuant to subparagraph 3, paragraph 1 of Article 7, delegate the chairman to decide such matters when the transaction is less than NT\$1,000,000,000 (one billion) and have the decisions subsequently ratified at the next board of directors meeting:

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

Article 16 The Company that acquires real estate or right-of-use assets thereof from a related party 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. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

Where 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 preceding paragraph.

The Company that acquires real estate or right-of-use assets thereof from a related party and appraises the cost of the real estate or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

Where the Company acquires real estate 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 preceding Article, and the preceding three paragraphs do not apply:

1. The related party acquired the real estate or right-of-use assets thereof through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real estate or right-of-use assets thereof to the signing date for the current transaction.
3. The real estate is acquired through the 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 leased land.
4. The real estate right-of-use assets for business use are acquired by the Company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital.

Article 17 When the results of the Company's appraisal conducted in accordance with paragraphs 1 and 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 18. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it

may submit proof of compliance with one of the following conditions:

- (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to 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 division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where 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 practices or leasing practices.
2. Where the Company acquiring real estate or obtaining real estate right-of-use assets through leasing from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters, or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real estate or obtainment of the real estate right-of-use assets thereof.

Article 18 Where the Company acquires real estate 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 steps shall be taken:

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real estate or right-of-use assets thereof transaction price and the appraised cost, and may not be distributed as cash/stock dividends. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
2. The Audit Committee shall comply with Article 218 of the Company Act.
3. Actions taken pursuant to the preceding two Articles shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not

utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Financial Supervisory Commission (FSC) has given its consent.

When the Company obtains real estate or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.

Section IV Engaging in Derivatives Trading

Article 19 The Company engaging in derivatives trading shall pay strict attention to control of the following important risk management and auditing matters, and incorporate them into the Procedures:

1. Trading principles and strategies:

- (1) Types of derivatives that may be traded: the Company may engage any derivatives as defined in paragraph 1, Article 4 of the Procedures.
- (2) Operating or hedging strategies: according to the purpose of acquisition or issuance, the derivatives trading may be categorized as derivatives for hedge purpose and derivatives for transaction purpose.

The Company's derivatives trading shall be mainly used for hedge purpose. Transaction counterparty shall be the financial institution with the business relationship with the Company to avoid the credit risk.

(3) Segregation of duties:

- (i) Accounting department: shall be responsible for creating the journal of the transaction, confirming the transaction report, generating accounting documents/vouchers and finalizing the accounting statements.
- (ii) Financial department: the financial department shall:
 - A. Acknowledge the market information, determine the trend and risks, clearly understand the derivatives, the related laws and regulations, and provide sufficient and prompt information to relevant departments.
 - B. Evaluate the total amount of the Company's foreign exchange transactions and other hedge requirements, avoid potential risks according to the Company's policy, and fasten the costs and profits. The financial department shall control every derivatives transaction and assess the loss and profit which has not been realized subject to the market price.
 - C. Calculate the cash flow in compliance with the credit line offered by the bank to assist financial personnel to make the settlement.
 - D. Be responsible for drafting or modifying the relevant procedures of

derivatives transactions, summarizing and managing the transaction records periodically reported by the Company and subsidiaries to make monthly public announcement.

- (iii) Audit department: shall make periodical and non-periodical inspection pursuant to internal audit regulations.
 - (4) Essentials of performance evaluation: the accounting department shall evaluate the net balance, provide the report of foreign exchange transaction to the competent supervisors as the reference of management and performance assessment periodically to adjust and improve the hedge policy.
 - (5) Total amount of derivatives contracts that may be traded:
 - (i) Total amount of hedge product transactions: shall be limited to the maximum amount of estimated assets or debts that the Company may acquire or generate now and within following six months. If the hedge product transactions exceed the maximum amount, it shall submit to the board of directors for approval.
 - (ii) Total amount of transaction products: the Company shall not engage the trade of transaction products unless approved by the board of directors.
 - (6) Maximum loss limit on total trading and for individual contracts: Except the hedge product transactions, the maximum amount of transaction risk in an individual contract shall not exceed US\$ 100,000, the maximum loss amount and stop loss limit of the whole transactions/contracts shall not exceed US\$ 1,000,000 or other currency in equivalent amount. Any alternation of the content in this article shall be approved by the board of directors.
- 2. Risk management measures: pursuant to Article 19 of the Procedures.
 - 3. Internal audit system: pursuant to paragraph 2, Article 21 of the Procedures.
 - 4. Regular evaluation methods and the handling of irregular circumstances: pursuant to the relevant articles of the Procedures.

Article 20 The Company engaging in derivatives trading shall adopt the following risk management measures:

- 1. Risk management scope:
 - (1) Consideration of credit risk: the counterparty of derivatives trading shall be the bank which has a business relationship with the Company or a prominent international financial institution which may provide professional information.
 - (2) Consideration of market price risk: the Company shall control the market price risks arising from the fluctuations of interest rate, exchange rate or other reasons from time to time.
 - (3) Consideration of liquidity risk: the counterparty of derivatives trading shall be capable of sufficient equipment, information and ability to execute trading in any market.
 - (4) Consideration of cash flow risk: the Company shall maintain sufficient quick assets and credit facilities to meet the cash settlement requirement.

- (5) Consideration of operating risk: the Company shall illustrate the delegated amount and operating procedure to avoid operation risk.
 - (6) Consideration of legal risks: all of the documents signed by the Company with the counterparty shall be reviewed by internal legal personnel or legal counsel to avoid legal risks.
2. The respective functions of trading, confirmation and settlement should be performed by different personnel.
 3. Risk measurement, monitoring, control personnel and the personnel mentioned in the preceding subparagraph shall be assigned to different departments and shall report to the board of directors or senior management personnel with no responsibility for trading or making decision on position.
 4. Derivatives trading positions held for trading purposes shall be evaluated at least once per week; however, hedge purpose positions for meeting operational requirements shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors and submitted to the board of directors for reference quarterly.

Article 21 Where the Company engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:

1. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.

Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:

1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and the Procedures for engaging in derivatives trading formulated by the Company.
2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, due measures shall be adopted and reported immediately to the board of directors and independent director(s) shall be present at the board meeting and express opinions.

The Company shall report to the earliest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with the Procedures for engaging in derivatives trading.

Article 22 The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 20 and

subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of [the preceding Article](#) shall be recorded in detail in the log book.

The Company's internal audit personnel shall periodically examine the appropriateness of internal controls over derivatives trading and conduct a monthly audit of the compliance of derivatives trading by the trading department with the procedures, and prepare an audit report. In the event of any material violations, the Audit Committee shall be notified in writing.

Section V Mergers, Spin-offs, Acquisitions, and Transfer of Shares

Article 23 The Company that conducts a merger, spin-off, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give 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 deliberation and passage. However, the requirement of obtaining an aforesaid third-party fairness opinion may be exempted in the case of a merger by the 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 Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

Article 24 In the event that the Company participating in a merger, spin-off, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, spin-off, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, spin-off, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, spin-off, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, spin-off or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, spin-off or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 25 A company participating in a merger, spin-off, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, spin-off, or acquisition, unless another act provides otherwise or the competent securities authority is notified in advance of extraordinary circumstances and grants consent.

A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the competent securities authority is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, spin-off, acquisition, or transfer of shares where shares are listed on an exchange or traded on an OTC market, a full written record of the following information shall be kept for 5 years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, spin-off, acquisition, or transfer of another company's shares prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
3. Important documents and minutes: Including merger, spin-off, acquisition, and transfer of shares plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, spin-off, acquisition, or transfer of shares where shares are listed on an exchange or traded on an OTC market, within 2 days immediately from the date of passage of a resolution by the board of directors, a report (in the prescribed format and via the Internet-based information system) with the information set out in subparagraphs 1 and 2 of the preceding paragraph shall be sent to the Financial Supervisory Commission (FSC) for review.

Where any of the companies participating in a merger, spin-off, acquisition, or transfer of shares where shares are neither listed on an exchange nor traded on an OTC market, the Company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.

Article 26 Every person participating in or privy to the plan for merger, spin-off, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and 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 related to the plan for merger, spin-off, acquisition, or transfer of shares.

Article 27 The Company participating in a merger, spin-off, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, spin-off, acquisition, or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.

2. An action, such as a disposal of major assets that affects the Company's financial operations.
3. An event, such as a major disaster or major change in technology that affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, spin-off, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, spin-off, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 28 The contract for participation by the Company in a merger, spin-off, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, spin-off, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.
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 demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 29 After public disclosure of the information, if any company participating in the merger, spin-off, acquisition, or transfer of shares intends further to carry out a merger, spin-off, acquisition, or transfer of shares with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, spin-off, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 30 Where any of the companies participating in a merger, spin-off, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Articles 25, 26, and the preceding Article.

Chapter III Public Disclosure of Information

Article 31 Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in an appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:

1. Acquisition or disposal of real estate or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real estate or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of the paid-in capital, or 10% or more of the Company's total assets, or NT\$300,000,000 or more; provided, this shall not apply to trading of local government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds which are issued by domestic securities investment trust companies.
2. Merger, spin-off, acquisition, or transfer of shares.
3. Losses from derivatives trading reaching the limits of aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the trading counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - (1) For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 - (2) For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
5. Engaging others to build on the Company's own land, engaging others to build on leased land, joint construction and allocation of housing units, joint construction and allocation of ownership, or joint construction and separate sale, and furthermore, the trading counterparty is not a related party, with estimated amount of investment by the Company reaching NT\$500,000,000 or more.
6. Any asset transactions other than those referred to in the preceding five subparagraphs, or an investment in the mainland China area with an amount reaching 20% or more of the paid-in capital or NT\$300,000,000 or more, excluding the following circumstances:
 - (1) Trading of local government bonds.
 - (2) Securities trading by investment professionals on securities exchanges or over-the-counter markets, or subscription of straight bonds or of non-equity related general bank debentures (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds.
 - (3) Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds which are issued by domestic securities investment trust companies.

The amount of transactions above 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 underlying asset with the same trading counterparty within the preceding year.
3. The cumulative transaction amount of real estate or right-of-use assets thereof acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the transaction. Items duly announced in accordance with the Procedures need not be re-announced.

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

If the Company at the time of public announcement makes an error or omission in 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 within two days inclusive of the date of knowing of such errors or omissions.

Article 32 Where any of the following circumstances occurs with respect to a transaction that the Company has already announced publicly and reported in accordance with the preceding article, a public announcement of relevant information shall be made on the information reporting website designated by the FSC within 2 days commencing immediately from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, spin-off, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change in the originally publicly announced and reported information.

Chapter IV Additional Provisions

Article 33 Information required to be publicly announced and reported in accordance with the provisions of the preceding Chapter on acquisitions and disposals of assets by a subsidiary of the Company that is not itself a public company in Taiwan shall be reported by the Company.

The paid-in capital or total assets of the Company shall be the criteria for determining whether or not the subsidiary referred to in the preceding paragraph is subject to Article 31, paragraph 1 requiring a public announcement and regulatory filing depending on paid-in

capital or total assets; provided, the term “paid-in capital” in subparagraph 4, paragraph 1 of Article 31 shall be based on the Company’s and its subsidiaries’ paid-in capital respectively.

Article 34 For the calculation of 10% of total assets under the Procedures, the total assets stated in the most recent parent company only financial report or in the individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

In the case of a company whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20% of the paid-in capital under the Procedure, 10% of equity attributable to owners of the parent company shall be substituted; for calculations under the provisions of the Procedures regarding transaction amounts relative to paid-in capital of NT\$10,000,000,000 (ten billion), NT\$20,000,000,000 (twenty billion) of equity attributable to owners of the parent shall be substituted.

Article 35 The Procedures shall be effective from the date approved by the shareholders’ meeting.



Rules and Procedures of Lending and Making Endorsements/Guarantees **(the “operational procedures”)**

- Before and After Amendments for Comparison

Article	Amended	Original	Explanation
7	<p>1. (omitted)</p> <p>2. “Date of occurrence” in the operational procedures means the date of contract signing, date of payment, date of boards of directors resolutions, or other date that can confirm the counterparty and total amount of <u>loans or endorsements/guarantees</u>, whichever date is earlier.</p>	<p>1. (omitted)</p> <p>2. “Date of occurrence” in the operational procedures means the date of contract signing, date of payment, date of boards of directors resolutions, or other date that can confirm the counterparty and total amount of <u>the transaction</u>, whichever date is earlier.</p>	Slightly amend this Article.
8	<p>The operational procedures formulated by the Company shall <u>be approved by one-half or more of all Audit Committee members, then</u> be approved by the Board, and then shall be sent to the Audit Committee and submitted for approval by the shareholders’ meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinion to the <u>shareholders’ meeting Audit Committee and</u> for discussion by the shareholders’ meeting. The same shall apply to any amendments to the operational procedures.</p> <p><u>If the resolution has not been approved by one-half or more of all Audit Committee members under the preceding paragraph, such approval may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of all Audit Committee members shall be noted in the minutes of the directors meeting.</u></p> <p><u>The term “all Audit Committee members” as used in paragraph 1 and the term “all directors” in the preceding paragraph, shall mean the incumbents currently holding those positions.</u></p>	<p>The operational procedures formulated by the Company shall be approved by the Board, then shall be sent to the Audit Committee and submitted for approval by the shareholders’ meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinion to the Audit Committee and for discussion by the shareholders’ meeting. The same shall apply to any amendments to the operational procedures.</p> <p><u>If the Company has independent directors, when it submits the operational procedures for discussion by the board of directors under the preceding paragraph, the board of directors shall take into full consideration each independent director’s opinion; The opinions of these independent directors specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors’ meeting.</u></p>	Formulation and revision to the procedures shall be approved by the Audit Committee.
9	<p>The Company’s rules and procedures of making loans <u>shall comply with the following:</u></p> <p>1.~8. (omitted)</p>	<p>The Company’s rules and procedures of making loans are as follows:</p> <p>1.~8. (omitted)</p>	Clarify the provisions of this rules and

	<p>9. If any violation of the Regulation or the operational procedures by the relevant person in the Company occurs, it shall be resolved by the Company's internal rules. <u>The responsible persons of the Company who has violated the provisions of subparagraph 1 and subparagraph 3 of paragraph 1, shall be liable jointly and severally with the borrower, for the repayment of the loan at issue and for the damages, if any, to the Company resulted therefrom.</u></p> <p>10. (omitted)</p>	<p>9. If any violation of the Regulation or the operational procedures by the relevant person in the Company occurs, it shall be resolved by the Company's internal rules.</p> <p>10. (omitted)</p>	procedures.
11	<p>The operational procedures, <u>after approval by one-half or more of all Audit Committee members</u>, shall be approved by the board of directors, and for approval by the shareholders' meeting. Where there any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions <u>to Audit Committee</u> and for discussion by the shareholders' meeting. The same shall apply to any amendments to the operational procedures. <u>If the resolution has not been approved by one-half or more of all Audit Committee members under the preceding paragraph, such approval may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of all Audit Committee members shall be noted in the minutes of the directors meeting.</u> <u>The term "all Audit Committee members" as used in paragraph 1 and the term "all directors" in the preceding paragraph, shall mean the actual number of persons currently holding those positions.</u></p>	<p>The operational procedures, after approval by the board of directors, will be submitted <u>to the Audit Committee</u> and for approval by the shareholders' meeting. Where there any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions <u>to Audit Committee</u> and for discussion by the shareholders' meeting. The same shall apply to any amendments to the operational procedures. <u>Where the Company has established the position of independent director, when it submits the operational procedures for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions; the independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.</u></p>	Formulation and revision to the procedures shall be approved by the Audit Committee.
12	<p>The Company's operational procedures for endorsements/guarantees <u>shall comply with the following:</u></p> <p>(omitted)</p>	<p>The Company's operational procedures for endorsements/guarantees <u>are</u> as follows:</p>	Clarify the provisions of this rules and procedures.
25	<p>The Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:</p> <p>1.~2. (omitted)</p> <p>3. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and</p>	<p>The Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:</p> <p>1.~2. (omitted)</p> <p>3. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and</p>	Clearly define "long-term investment".

	the aggregate amount of all endorsements/guarantees for, <u>the carrying amount of the investment using equity method</u> , and balance of loans to, such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement. (omitted)	the aggregate amount of all endorsements/guarantees for, investment of a <u>long-term nature</u> , and balance of loans to, such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement. (omitted)	
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Rules and Procedures of Lending and Making Endorsements/Guarantees **(the "operational procedures")**

Approved on June 25, 2003

First amendment on June 15, 2006

Second amendment on June 15, 2007

Third amendment on June 19, 2009

Fourth amendment on June 18, 2010

Fifth amendment on June 21, 2013

Sixth amendment on June 15, 2016

Seventh amendment on June 12, 2019

Chapter I General Provisions

Article 1 The operational procedures are promulgated pursuant to Article 36-1 of the Securities and Exchange Act ("the Act") and "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" ("the Regulation").

Article 2 The Company shall comply with the operational procedures when making loans to and endorsements/guarantees for others; provided that where another act or regulation provides otherwise, the provisions of such law or regulation shall prevail.

Article 3 Under Article 15 of the Company Act, the Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:

1. Where a company or a business entity having a business relationship with the Company and requests a loan arrangement; or
2. Where a company or a business entity having a necessary and short-term financing facility with the Company.

The term "short-term" as used in the preceding paragraph means one year, or where the operating cycle exceeds one year, one operating cycle.

Article 4 The term "endorsements/guarantees" as used in the operational procedures refers to the following:

1. Financing endorsements/guarantees, including:
 - (1) Bill discount financing.
 - (2) Endorsement or guarantee made to meet the financing needs of another company.
 - (3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company itself.

2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the Company itself or another company with respect to customs duty matters.
3. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.

Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with the operational procedures.

Article 5 The Company may make endorsements/guarantees for the following companies:

1. A company which has a business relationship with the Company.
2. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.

Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several guarantees for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs.

Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the Company, or through a company in which the Company holds 100% of the voting shares.

Article 6 "Subsidiary" and "parent company" as referred to in the operational procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

"Net worth" in the operational procedures means the equity of the balance sheet attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 7 The term "announce and report" as used in the operational procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).

"Date of occurrence" in the operational procedures means the date of contract signing, date of payment, date of boards of directors resolutions, or other date that can confirm the counterparty and total amount of loans or endorsements/guarantees, whichever date is earlier.

Chapter II Formulation of Operation Procedures

Section I Loans of Funds to Others

Article 8 The operational procedures formulated by the Company shall be approved by one-half or more of all Audit Committee members, then be approved by the Board, and shall be submitted for approval by the shareholders' meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinion to the shareholders' meeting for discussion. The same shall apply to any amendments to the operational procedures.

If the resolution has not been approved by one-half or more of all Audit Committee members under the preceding paragraph, such approval may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of all Audit Committee members shall be noted in the minutes of the directors meeting.

The term "all Audit Committee members" as used in paragraph 1 and the term "all directors" in the preceding paragraph, shall mean the incumbents currently holding those positions.

Article 9 The Company's rules and procedures of making loans shall comply with the following:

1. Entities to which the Company may loan funds: pursuant to Article 3 of the operational procedures.
2. Evaluation standards for loaning funds to others:
 - (1) Where funds are loaned for reasons of business dealings: the maximum amount to a single borrower shall be limited to the total business amount between the two companies. The total business amount between the two companies means the purchase amount or sales amount of the goods for the last twelve-month period prior to the time of lending, whichever is higher.
 - (2) Where short-term financing is needed, the reasons and necessity of loan shall be limited to the following circumstances:
 - (i) A company in which the Company directly and indirectly holds more than 50 percent of the voting shares, and has the requirement of short-term loan; or
 - (ii) The loan has been approved by the Company's board of directors.
3. The aggregate amount of loans and the maximum amount permitted to a single borrower:
 - (1) The aggregate amount of loans by the Company, including the reason of business dealing and short-term loan, shall not exceed 40 percent of the Company's net worth.
 - (2) The maximum amount permitted to business dealing and to a single borrower:
 - (i) Where funds are loaned for reasons of business dealings: the aggregate

amount of loans shall not exceed 40 percent of the Company's net worth. The loan to a single borrower shall be limited to the total amount of trading between the two companies.

(ii) Where short-term financing is needed: the aggregate amount of loans shall not exceed 40 percent of the Company's net worth. The loan to a single borrower shall be the lowest amount of the following items:

- A. 40 percent of the Company's net worth;
- B. The amount that the Company invested in this borrower company or business entity; or
- C. The amount that equals to the proportion of shares invested by the Company to the borrower company or business entity, multiples the total loan amount of the borrower company or business entity. The total loan amount means the total loan amount, including the long-term, short-term loans mentioned in the latest financial statement of the borrower company, plus the loan lent by the Company to the borrower company or business entity.

The loan to a single borrower shall be limited to 40% of the Company's net worth and shall not be applied to the item (ii) and (iii) when a single borrower is a company in which the Company directly and indirectly holds 100% of voting shares.

4. Duration of loans and calculation of interest:

- (1) The duration of each loan shall not exceed the maximum of one year or one business year (whichever is longer) from the lending date.
- (2) Calculation of interest: Pursuant to the lending agreement approved by the board of directors, if the lending agreement does not mention the calculation of interest, the interest shall be calculated every six months.

5. Procedures for handling loans of funds:

The borrower shall provide an application form to illustrate the amount of the loan, lending period, purpose, security/collateral, and other requirements that the Company has requested. The borrower shall provide basic information and financial information to the Company's financial department for evaluation, and the result of evaluation will be submitted for the board of directors' approval.

6. Detailed review procedures, including:

- (1) The necessity of and reasonableness of extending loans to others.
- (2) Borrower credit status and risk assessment.
- (3) Impact on the Company's business operations, financial condition, and shareholders' equity.
- (4) Whether security/collateral must be obtained and appraisal of the value thereof.

7. Announcement and reporting procedures: pursuant to the Section I of the Chapter IV in the operational procedures.
8. Subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights:
 - (1) The Company shall be attentive to the borrower's and guarantor's financial, business and credit situations. If there is any security/collateral provided, the Company will inspect whether the value of the security/collateral is changed.
 - (2) If the borrower fails to return the loan after receiving a notice from the Company requesting loan repayment, the Company will directly file with the courts for a ruling. In the event that there is any security/collateral or promissory note provided, such security/collateral or promissory note will be submitted and disposed.
9. If any violation of the Regulation or the operational procedures by the relevant person in the Company occurs, it shall be resolved by the Company's internal rules. The responsible persons of the Company who have violated the provisions of subparagraph 1 and subparagraph 3 of paragraph 1, shall be liable jointly and severally with the borrower, for the repayment of the loan at issue and for the damages, if any, to the Company resulted therefrom.
10. Procedures for controlling and managing loans of funds to others by subsidiaries: The internal auditor of the Company will periodically review the loans of funds to others by the subsidiaries, audit whether the subsidiaries are complying with the operational procedure and make an audit report.

Article 10 Where a subsidiary of the Company intends to make loans to others, the Company shall instruct it to formulate its own procedures for loaning funds to others in compliance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", and it shall comply with the procedures when loaning funds.

Section II Endorsements/Guarantees for Others

Article 11 The operational procedures, after approval by one-half or more of all Audit Committee members, shall be approved by the board of directors, and for approval by the shareholders' meeting. Where there any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions for discussion by the shareholders' meeting. The same shall apply to any amendments to the operational procedures.

If the resolution has not been approved by one-half or more of all Audit Committee members under the preceding paragraph, such approval may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of all Audit Committee members shall be noted in the minutes of the directors meeting.

The term “all Audit Committee members” as used in paragraph 1 and the term “all directors” in the preceding paragraph, shall mean the actual number of persons currently holding those positions.

Article 12 The Company’s operational procedures for endorsements/guarantees shall comply with the following:

1. Entities for which the Company may make endorsements/guarantees: Pursuant to Article 5 of the operational procedures.
2. The total amount of endorsement/guarantee provided by the Company to any individual entity deriving from business relations shall not exceed the total business amount between such party and the Company. The total business amount refers to purchase amount or sales amount of the goods between the parties, whichever is higher, for the last twelve-month period immediately before the time of making the endorsement/guarantee.
3. The aggregate amount the Company is permitted to make in endorsements/guarantees and the maximum amount of endorsements/guarantees for any single entity:
 - (1) The aggregate amount of endorsements/guarantees shall not exceed 100 percent of the Company's net worth.
 - (2) The aggregate amount of endorsements/guarantees and the maximum amount permitted to a single entity:
 - (i) Where an endorsement/guarantee is made due to needs arising from business dealings: the aggregate amount of endorsements/guarantees shall not exceed 100 percent of the Company's net worth. The endorsements/guarantees to a single entity shall be limited to the total amount of trading between the two companies.
 - (ii) b. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares: the aggregate amount of endorsements/guarantees shall not exceed 100 percent of the Company's net worth. The endorsements/guarantees to a single entity shall be limited to the total amount of investment by the Company to such single entity. However, for a company in which the Company directly and indirectly holds 100 percent of the voting shares, the amount of endorsements/guarantees to a single entity shall be limited to 200 percent of the total amount invested by the Company to the single entity.
 - (3) The aggregate amount of endorsements/guarantees and the maximum amount permitted to a single entity by the Company and its subsidiaries:
 - (i) Where an endorsement/guarantee is made due to needs arising from business dealings: the aggregate amount of endorsements/guarantees shall not exceed 100 percent of the Company's net worth. The endorsements/guarantees to a single entity shall be limited to the total amount of trading between the single

entity and the Company and its subsidiaries.

- (ii) A company in which the Company directly and indirectly holds more than 50 percent of the voting shares: the aggregate amount of endorsements/guarantees shall not exceed 100 percent of the Company's net worth. The endorsements/guarantees to a single entity shall be limited to the total amount of investment by the Company and the subsidiaries to such single entity. However, for a company in which the Company or its subsidiary directly and indirectly holds 100 percent of the voting shares, the amount of endorsements/guarantees to a single entity shall be limited to 200 percent of the total amount invested by the Company and its subsidiary.

In the event that the aggregate amount of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent of the Company's net worth or more, an explanation of the necessity and reasonableness thereof shall be given at the shareholders meeting.

4. Procedures for making endorsements/guarantees: the entity for which the endorsement/guarantee is made shall provide an application form of endorsement/guarantee to the Company, and the Company's personnel will evaluate and decide the application according to the review procedures and authorized level.
5. Detailed review procedures, including:
 - (1) The necessity of and reasonableness of endorsements/guarantees.
 - (2) Credit status and risk assessment of the entity for which the endorsement/guarantee is made.
 - (3) The impact on the Company's business operations, financial condition, and shareholders' equity.
 - (4) Whether security/collateral must be obtained and appraisal of the value thereof.
6. Procedures for controlling and managing endorsements/guarantees by subsidiaries:
7. The internal auditor of the Company will periodically review the endorsements/guarantees to others by the subsidiaries, audit whether the subsidiaries are complying with the operational procedures and make an audit report.
8. Procedures for use and custody of corporate chops: the Company shall use the corporate chop which is registered with the Ministry of Economic Affairs as the exclusive chop of endorsements/guarantees. This exclusive corporate chop shall be kept by a specific person who is approved by the board of directors, and every sealing or usage of the chop shall comply with the procedures indicated by the Company.

When providing the endorsement/guarantee to foreign company, the endorsement/guarantee letter executed by the Company should be signed by the person delegated by the board of directors.
9. Hierarchy of decision-making authority and delegation thereof: any external

endorsements/guarantees shall be approved by the board of directors.

10. Announcing and reporting procedures: Pursuant to the clauses in Section II, Chapter IV.

11. If any violation of the Regulation or the operational procedures by the relevant person in the Company occurs, it shall be resolved by the Company's internal regulations.

12. For circumstances in which an entity for which the Company makes any endorsement/guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, the Company shall proactively monitor the financial, operation, and credit of the subsidiary. If there is any material adverse change in the subsidiary, the Company shall implement control measures including terminating the endorsement/guarantee.

In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under subparagraph 11 of the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be applied.

Article 13 Where a subsidiary of the Company intends to make endorsements/guarantees for others, the Company shall instruct it to formulate its own procedures for endorsements/guarantees in compliance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", and it shall comply with the procedures when making endorsements/guarantees.

Chapter III Case Evaluation

Section I Loans of Funds to Others

Article 14 Before making a loan of funds to others, the Company shall carefully evaluate whether the loan is in compliance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and the operational procedures. The Company may loan funds to others only after the evaluation results under this paragraph and Article 9, paragraph 6 have been submitted to and resolved upon by the board of directors. The Company shall not empower any other person to make such decision.

Loans of funds between the Company and its subsidiaries, or loans of funds between the subsidiaries, shall be submitted for a resolution by the board of directors pursuant to the preceding paragraph, and the Chairman may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.

The "certain monetary limit" mentioned in the preceding paragraph shall be in compliance with the limitation on loans that the Company or any of its subsidiaries to any single entity shall not provide loan of funds exceed 10% of the net worth in its latest financial statements of the lending company.

Where the Company has independent directors, when it loans funds to others, it shall take

into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.

Article 15 The Company shall prepare a memorandum book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated under paragraph 1 of the preceding Article.

The Company's internal auditors shall audit the operational procedures and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violation found.

Article 16 If, as a result of a change in circumstances, an entity for which an loan of fund is made does not meet the requirements of these operational procedures or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the Audit Committee, and shall complete the rectification according to the timeframe set out in the plan.

Section II Endorsements/Guarantees for Others

Article 17 Before making an endorsement/guarantee for others, the Company shall carefully evaluate whether the endorsement/guarantee is in compliance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and the operational procedures. The Company may make an endorsement/guarantee only after the evaluation results under this paragraph and Article 12, paragraph 5 have been submitted to and resolved upon by the board of directors.

Where the Company has independent directors, when it makes endorsements/guarantees for others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.

Article 18 The Company shall prepare a memorandum book for its endorsement/guarantee activities and record in detail the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of approval by the board of directors, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under paragraph 1 of the preceding Article.

The Company's internal auditors shall audit the operational procedures and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violation found.

Article 19 Where the Company needs to exceed the limits set out in the operational procedures to

satisfy its business requirements, and where the conditions set out in the operational procedures are complied with, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. It shall also amend the operational procedures accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit.

Where the Company has established the position of independent director, when it makes endorsements/guarantees for others, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.

Article 20 If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made no longer meets the requirements of the operational procedures, or the amount of endorsements/guarantees exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the Audit Committee, and shall complete the rectification according to the timeframe set out in the plan.

Chapter IV Information Disclosure

Section I Loans of Funds to Others

Article 21 The Company shall announce and report the previous month's loan balances of itself and its subsidiaries by the 10th day of each month.

Article 22 The Company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:

1. The aggregate balance of loans to others by the Company and its subsidiaries reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
2. The balance of loans by the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement.
3. The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.

The Company shall announce and report on behalf of any subsidiary thereof that is not the listed company in the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.

Article 23 The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for the implementation of necessary auditing procedures.

Section II Endorsements/Guarantees for Others

Article 24 The Company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month.

Article 25 The Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:

1. The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.
2. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
3. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, the carrying amount of the investment using equity method, and balance of loans to, such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement.
4. The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.

The Company shall announce and report on behalf of any subsidiary thereof that is not the listed company in the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 4 of the preceding paragraph.

Article 26 The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for the implementation of necessary audit procedures.

Chapter V Supplemental Provisions

Article 27 The operational procedures shall be enforced after approved by the shareholders' meeting; the amendment of the operational procedures also shall be approved by the shareholders' meeting.



Taiwan Mobile Co., Ltd.

Rules for Election of the Directors

Officially resolved in the Founders' Meeting held on January 30, 1997
First amendment was approved by the Shareholders Meeting on April 26, 2002
Second amendment was approved by Shareholders Meeting on June 15, 2007
Third amendment was approved by Shareholders Meeting on June 21, 2013

- Article 1 These Regulations are duly enacted in accordance with Article 21 of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" in an effort to incorporate a fair, just, and open procedure for the election of directors.
- Article 2 The election of the Company's directors, unless otherwise provided in the applicable laws, regulations, or the Articles of Incorporation, shall be conducted in accordance with these Regulations.
- Article 3 The election of the Company's directors shall take into account the arrangement of the board of directors. The board members shall have the necessary knowledge, skill, and experience for performing their duties. The board of directors shall have the following abilities:
1. judgment on operations
 2. accounting and financial analysis
 3. business management
 4. crisis management
 5. industrial knowledge
 6. global view
 7. leadership
 8. decision making
- Article 4 (Delete)
- Article 5 The independent directors of the Company shall meet one of the following professional qualification requirements, together with at least five years working experience:
1. An instructor or higher in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college, or university;
 2. A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company.
 3. Working experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company.
- A person to whom any of the following circumstances applies may not serve as an independent director, or if already serving in such capacity, shall ipso facto be dismissed:

1. Any of the circumstances in the subparagraphs of Article 30 of the Company Act.
2. Elected in the capacity of the government, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.
3. Any violation of the independent director qualification requirements set out in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”.

Article 6 Two years before being elected or during the term of office, an independent director of the Company may not have any of the following:

1. An employee of the Company or any of its affiliates.
2. A director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the company holds, directly or indirectly, more than 50 percent of the voting shares.
3. A natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under other names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.
4. A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
5. A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company or that holds shares ranking in the top five in holdings.
6. A director, supervisor, officer, or shareholder holding five percent or more shares of a specified company or institution that has a financial or business relationship with the Company.
7. A professional individual or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliates of the Company, or a spouse thereof.

The preceding paragraph in relation to "two years before being elected" does not apply where an independent director of the Company has served as an independent director of the company or any of its affiliates, or of a specified company or institution that has a financial or business relationship with the company, as stated in subparagraph 2 or 6 of the preceding paragraph, but is currently no longer in that position.

No independent director of the Company may concurrently serve as an independent director of more than three other public companies.

Article 7 The election of the directors of the Company is subject to the provisions of Article 192-1 of the Company Act in that a candidate nomination system shall be adopted, that such system shall be expressly stated in the Articles of Incorporation of the Company, and that shareholders shall elect directors from among those listed in the slate of director candidates.

The Company shall, prior to the book closure date before the convening of the shareholders’ meeting, publish a notice specifying a period for receiving nominations of the director candidates, the number of directors to be elected, the place for receiving such nominations, and other necessary matters; the period for receiving nominations shall be

no less than 10 days.

The Company may present a slate of director candidates nominated by the methods set out below, and, upon evaluation by the board of directors that all candidates so nominated are qualified director candidates, submit it to the shareholders' meeting for elections:

1. A shareholder holding one percent or more of the total number of issued shares may present a slate of director candidates in writing to the Company; the number of nominees may not exceed the number of directors to be elected.
2. The board of directors presents a slate of director candidates; the number of nominees may not exceed the number of directors to be elected.
3. Other methods designated by the authority.

When providing a recommended slate of director candidates under the preceding paragraph, a shareholder or the board of directors shall include in the documentation attached thereto each nominee's name, educational background, working experience, a written undertaking indicating the nominee's consent to serve as a director if elected as such, a written statement that none of the circumstances in Article 30 of the Company Act exists, and other relevant documentary proof.

When calling a shareholders' meeting for the purpose of director elections, the board of directors, or other person having the authority to call a shareholders' meeting, shall review the qualifications of each director nominee; except under any of the following circumstances, all qualified nominees shall be included in the slate of director candidates:

1. the nominating shareholder submits the nomination at a time not within the published period for receiving nominations.
2. the shareholding of the nominating shareholder holds less than one percent, at the time of book closure, of the Company under Article 165, paragraph 2 or 3 of the Company Act.
3. the number of nominees exceeds the number of directors to be elected.
4. the relevant documentary proof required under the preceding paragraph is not attached.

The procedure of reviewing the director nominees shall be recorded and retained for at least one year. However, if any shareholder files a lawsuit regarding the election of the directors, the record shall be retained until the lawsuit ends.

The Company shall, forty days prior to the shareholders' meeting date or twenty-five days prior to the extra-ordinary shareholders' meeting date, announce publicly the recommended slate of director candidates and each nominee's name, educational background, working experience, and the amount of shares each nominee owns. The Company shall also inform the result of review to the nominating shareholder and, for the nominee(s) not included in the slate of directors, the Company shall provide the reasons.

Article 8 The Company's directors shall be elected by means of single-named cumulative ballots method. Each share is entitled to have votes equivalent to the number of directors to be elected, and the number of votes may be used to elect one candidate or be allocated among several candidates.

- Article 9 According to the seats set forth in the Articles of Incorporation, the voting rights for the independent directors or non-independent directors shall be counted separately. In the election of the directors, the candidates who acquired more votes should win the seats; and, if two or more persons receive the same number of votes, resulting in the total number of persons to be elected exceeding the number specified in the Company's Articles of Incorporation, those persons who have received the same number of votes shall draw straws to decide who is elected. If any person who has received the same number of votes as others, but is absent at the meeting, the chairman shall draw the straw on the absent person's behalf.
- Article 10 Before beginning of the election, the chairman shall designate a certain number of persons who are also shareholders to check, count ballots and perform the relevant duties. The ballot box used for voting shall be prepared by the board of directors and checked in public by the person assigned to check the ballots before voting.
- Article 11 The Board of Directors shall prepare the election ballots which equal to the number of directors to be elected with the number of voting rights. The ballots shall be given to the shareholders present at the shareholders' meeting. In the election of directors, the names of the voters may be represented by their shareholder number.
- Article 12 If the candidate is a shareholder of this Company, electors shall fill in the "candidate" column the candidate's name and shareholder's number on each ballot. If the candidate is not a shareholder, electors shall fill in the candidate's name and ID number. If the candidate is a government agency or a legal entity, the full name of the government agency or the legal entity or the name of the representative should be filled in the column. If there are more than one representative, the full names of the representatives should be filled in separately.
- Article 13 A ballot shall be construed as null and void under the following conditions:
1. The elector has failed to use the ballot prepared by the board of directors.
 2. Blank ballots not completed by the voter.
 3. The writing is unclear and illegible.
 4. If the candidate is a shareholder of the Company, the name or shareholder's number of the candidate filled in the ballot is inconsistent with the shareholders' register. If the candidate is not a shareholder of this Company, the name or ID number of the candidate filled in the ballot is incorrect.
 5. Ballots with other written characters in addition to candidate's name, shareholder's number (ID number) and the number of votes cast for the candidate.
 6. The name of the candidates filled in the ballots being the same as another candidate's name and the respective shareholder's numbers (ID numbers) not being indicated to distinguish them.
- Article 14 The ballots should be calculated during the meeting right after the voting and the results

(the list of new directors) of the election should be announced by the chairman at the meeting

Article 15 The Company's Board of Directors shall issue notifications to the directors elected

Article 16 These Regulations shall be effective from the date they are approved in the shareholder's meeting. The same applies to amendments

APPENDICES

Appendix I

Shares Owned by Directors

As of April 14, 2019

Title	Name	Current Shareholding	
		Shares	%
Chairman	Fu-Chi Investment Co., Ltd. Representative: Daniel M. Tsai	5,748,763	0.17%
Vice-Chairman	Fu-Chi Investment Co., Ltd. Representative: Richard M. Tsai	5,748,763	0.17%
Independent Director	Jack J.T. Huang	0	0.00%
Independent Director	Hsueh-Jen Sung	0	0.00%
Independent Director	Char-Dir Chung	0	0.00%
Director	Fu-Chi Investment Co., Ltd. Representative: San-Cheng Chang	5,748,763	0.17%
Director	TCC Investment Co., Ltd. Representative: Howard Lin	200,496,761	5.82%
Director	TCC Investment Co., Ltd. Representative: Jamie Lin	200,496,761	5.82%
The total shares owned by the directors are 206,245,524 shares, or 5.99% of the total issued shares.			

Note:

1. According to Article 26 of the Security and Exchange Act, total shares owned by all directors shall not be less than 2.4% of total shares issued, or 82,625,281 shares.
2. As the Company's supervisors were replaced by the Audit Committee, the minimum holding requirement of supervisors no longer applies.



Taiwan Mobile Co., Ltd.

Articles of Incorporation

Last amended on June 12, 2018

Chapter I General Provisions

Article 1 The Company shall be incorporated as a company limited by shares, under the Company Act of the Republic of China. The name of the Company shall be 台灣大哥大股份有限公司.

Article 2 The scope of business of the Company shall be:

1. F401021 Regulated Telecom Radio Frequency Equipment and Materials Import;
2. G901011 Type I Telecommunications Enterprise;
3. G902011 Type II Telecommunications Enterprise;
4. I301040 Third-Party Payment;
5. I301020 Data Processing Services;
6. J303010 Magazine and Periodical Publication;
7. J304010 Book Publishers;
8. J305010 Audio Tape and Record Publishers;
9. J399010 Software Publication;
10. J399990 Other Publishers Not Elsewhere Classified;
11. F108031 Wholesale of Drugs, Medical Goods;
12. F208031 Retail Sale of Medical Equipment;
13. E601010 Electric Appliance Construction;
14. E701010 Telecommunications Construction;
15. CC01080 Electronic Parts and Components Manufacturing;
16. E601020 Electric Appliance Installation;
17. E602011 Frozen and Air-conditioning Engineering
18. E603090 Illumination Equipment Construction;
19. IG03010 Energy Technical Services;
20. H703100 Real Estate Rental and Leasing;
21. JE01010 Rental and Leasing Business; and
22. ZZ99999 Any other business (other than those approved by the relevant authorities) not prohibited or restricted by law.

Article 3 The Company may act as a guarantor where necessary for the purpose of carrying out its business.

Article 4 The Company shall have its registered head office in Taipei, Taiwan, Republic of China and shall, where necessary and with a resolution to do so by the Board of Directors ("Board"), set up branch offices either within or outside the territory of the Republic of China.

Article 5 (Deleted)

Article 6 The Company's aggregate investment may exceed forty percent of its paid-up capital.

Chapter II Capital Stock

Article 7 The total registered capital stock of the Company shall be Sixty Billion New Taiwan Dollars (NT\$60,000,000,000), divided into Six Billion (6,000,000,000) shares with a par value of Ten New Taiwan Dollars (NT\$10) per share. Any unissued shares shall be issued, where necessary, upon the approval of the Board.

Two hundred and fifty million shares of the above total capital stock of the Company with a par value of Ten New Taiwan Dollars (NT\$10) per share shall be retained for the issuance of employee stock options, which may be issued from time to time upon the approval of the Board.

Article 7-1 (Deleted)

Article 7-2 The Company may, upon the approval at a shareholders' meeting which is attended by shareholders holding at least 50% of the issued capital stock, by more than two-thirds of the shareholders attending the meeting, transfer the treasury shares to its employees at a price lower than the average buyback price.

Article 8 Share certificates of the Company shall be issued only if they bear the names of the shareholders, be appropriately serial numbered, be signed by or affixed with the personal seals of three or more Directors of the Company, and be duly signed and authenticated by the responsible authority or a share registry endorsed by the regulatory authority. The Company is exempted from issuing any physical share certificates for the shares issued. A physical share certificate may be issued for all the new shares issued at a particular point in time, provided that the share certificate shall be placed in custody or for registration with a centralized depository.

Article 9 Shareholders shall provide their names, addresses, and specimens of their personal seals to the Company for record. The same shall also be provided upon variation of any of the above details. Where any personal seals of the shareholders are lost, the specimens of the personal seals shall only be replaced with new specimens if the shareholders report the loss to the Company.

Article 10 Upon transfer of shares, the transferor and transferee shall complete an application for registration of the transfer and affix their personal seals on the application. The application and the associated share certificates, affixed with the personal seals of the transferor and transferee on the back page, together with other documents evidencing the transfer, shall be submitted to the Company for the purpose of registration of the transfer. The transferee shall not have a right of action against the Company with respect to matters associated with or arising from the transfer if the name of the transferee is not recorded on the share certificates and the name and address of the transferee are not entered onto the register of shareholders of the Company.

- Article 11** Where a share certificate is lost, the shareholder shall immediately file an application to report the loss and submit the same to the Company for audit and record. The shareholder shall also apply to the competent court for a judgment declaring the original share certificate invalid, in accordance with the procedures for public announcement of invalidation of a certificate under the Code of Civil Procedures. After obtaining the judgment from the court, the shareholder shall apply to the Company for the share certificate to be reissued, with the original copy of the aforementioned court judgment. Where a share certificate is worn out or defaced and the shareholder wishes to apply for a replacement of the share certificate, the shareholder shall apply to the Company for the replacement by submitting to the Company the original copy of the share certificate with a completed application for replacement of share certificate.
- Article 12** The Company shall charge for administrative fees and stamp duties for the reissue of share certificates due to loss of the original share certificates or for other reasons.
- Article 13** Registration of share transfers shall be suspended for a 60-day period immediately prior to a general meeting of the shareholders; for a 30-day period immediately prior to an extraordinary meeting of the shareholders; and for a 5-day period immediately prior to the record date for distribution of dividend, bonuses or other benefits.
- Article 14** Shareholders shall submit specimens of their personal seals to the Company for record. The same personal seals shall be used by the shareholders for the purposes of claiming their dividends and when exercising their rights as shareholders via written documents.

Chapter III Shareholders' Meetings

- Article 15** There are two types of shareholders' meetings, the general meetings and the extraordinary meetings.
1. General Meetings – General meetings shall be held within 6 months of the end of each fiscal year, and shall be convened by the Board by no less than 30 days' prior notice to the shareholders.
 2. Extraordinary Meetings – Extraordinary meetings shall be convened in accordance with the relevant laws, by no less than 15 days' prior notice to the shareholders.
- Article 16** A shareholder is entitled to appoint a proxy to attend and vote on behalf of the shareholder at a shareholders' meeting by completing and submitting to the Company a form prescribed by the Company stating the scope of authorization.
- Article 17** The Chairman or, in his absence, the Vice Chairman, shall preside as the chairman of the shareholders' meetings of the Company. If neither the Chairman nor the Vice Chairman shall be present at the meetings, the Chairman shall designate one of the Directors as the chairman, failing which, the Directors present at the meetings shall elect the chairman from amongst themselves.
- Article 18** Except under the circumstances set forth in Article 179 of the Company Act,

shareholders of the Company shall be entitled to one vote for each share held at the shareholders' meeting.

Article 18-1 Shareholders may exercise their voting rights in written or electronic forms at the shareholders' meetings.

Article 19 Unless otherwise provided by the Company Act, all resolutions of a shareholders meeting of the Company shall be passed, at a meeting attended by shareholders holding at least 50% of the issued capital stock, by more than 50% of the shareholders attending the meeting.

Article 20 Resolutions at a shareholders' meeting shall be recorded in a meeting minute signed by or affixed with the personal seal of the chairman. The meeting minute shall be distributed to all the shareholders of the Company by public announcement within 20 days after the shareholders' meeting. The meeting minute shall contain information such as the time and venue of the meeting, name of the chairman of the meeting, manner in which resolutions are passed, and a summary and outcome of all proceedings of the meeting.

Chapter IV Directors

Article 21 There shall be 9 to 11 Directors of the Company. Directors shall be persons with legal capacity and shall be elected by the shareholders at the shareholders' meeting. The tenure of the offices of the Directors shall be 3 years and the Directors shall be eligible for re-elections. The election of Directors is adopted by candidate nomination system per Article 192-1 of the Company Act. Not more than half of the Directors of the Company shall have the following relationships among them:

1. A spousal relationship.
2. A familial relationship within the second degree of kinship.

The Chairman and the Vice Chairman shall be elected from amongst the Directors by a simple majority of the Directors present at the Board meetings attended by at least two thirds of all the Directors.

The Company may purchase liability insurance for directors with respect to their liabilities resulting from exercising their duties during their terms of occupancy.

Article 21-1 According to Article 14-2 of the Securities and Exchange Act, among the directors, there shall be no less than 3 independent directors. The independent directors shall together constitute the Audit Committee and replace the role of the supervisors.

Article 22 If one third of the offices of the Directors become vacant, the Board shall convene an extraordinary meeting of the shareholders within 60 days to re-elect and re-appoint Directors to fill the vacancies. The tenure of offices so filled shall be the balance of the term of the relevant offices.

Article 23 If any new Directors are not elected in time before the expiration of the tenure of the relevant existing offices of the Directors, the tenure of the existing offices shall be extended until such time when the new Directors duly elected to assume

their offices.

- Article 24** The business policy and other imperative matters of the Company shall be determined by the Board. The Board shall be entitled to form different functional committees, and determine the duties and responsibilities of the committees. Except for the first meeting of each term of the Board which shall be convened by the Director who received a ballot representing the largest number of votes at the election of Directors, Board meetings shall be convened by the Chairman, who shall also be the chairman of the meetings. If the Chairman is unable to perform his duties for any reasons, the Vice Chairman shall act on his behalf. If the Vice Chairman is also absent from the meetings, the Chairman shall designate one of the Directors to act on his behalf, failing which, the Directors present at the meetings shall elect a person from amongst themselves to act on behalf of the Chairman.
The notice of the Board meetings may be made and delivered by letter, email or facsimile.
- Article 25** Unless otherwise provided for in the Company Act, all resolutions of the Board shall be passed by a simple majority of the Directors present at the Board meetings attended by at least 50% of all the Directors. If a Director is unable to attend the meeting, he shall be entitled to authorize another Director to represent him at the meeting by executing a power of attorney stating therein the scope of authorization with respect to each matter proposed to be dealt with at the meeting, however, a Director attending the meeting shall not be authorized to represent more than one absent Directors at the meeting. If any Director attends the Board meeting by video conference, it is deemed that such Director has participated in person.
- Article 26** All proceedings at a Board meeting shall be recorded in a meeting minute signed by or affixed with the personal seal of the chairman of the meeting. The meeting minute shall be distributed to all Directors of the Company within 20 days after the Board meeting. The meeting minute shall contain information such as the time and venue of the meeting, name of the chairman of the meeting, manner in which resolutions are passed, and a summary and outcome of all proceedings of the meeting.
- Article 27** The Audit Committee shall exercise their powers and other relevant matters in accordance with the relevant laws, regulations or the Company's Articles of Incorporation.
- Article 27-1** (Deleted)
- Article 27-2** (Deleted)
- Article 27-3** The Board is authorized to decide the compensation to directors (including independent directors), according to his/her contribution to the operation and involvement in the operation of the Company, comparable to peer's levels, transportation and other allowance included.

Chapter V Managers and Officers

Article 28 There shall be several Presidents and Vice Presidents of the Company. The President shall be nominated by the Chairman; and his/her appointment or removal shall be approved by more than 50% of the Directors. The Vice Presidents shall be nominated by the President; and their appointment or removal shall be approved by more than 50% of the Directors.

Article 29 The Company may, by resolution of the Board, retain consultants or key officers.

Article 29-1 The Company shall purchase liability insurance for key management based on their duties and terms.

Chapter VI Financial Reports

Article 30 The fiscal year of the Company shall begin on 1 January and end on 31 December of each year. The Board shall prepare the following reports after the end of each fiscal year, and present to the shareholders at the general meeting of the shareholders for their ratifications in accordance with the legal procedure:

- (1) Business Report
- (2) Financial Statements
- (3) Proposal for distribution of earnings to shareholders or recovery of prior year losses.

Article 30-1 If the Company has profits in a fiscal year, it shall set aside 1% to 3% of the profits as employee bonuses and not more than 0.3% of the profits as director compensation. However, if the Company has accumulated losses, it shall first reserve a certain amount for offsetting losses, then allocate for the employee bonuses and director compensation proportionally from the remaining amount. Qualification requirements of employees entitled to receive shares or cash set for in the above paragraph shall be applied to the employees of subsidiaries who meet certain requirements.

Article 31 In the event that the Company, according to the final settlement, earns profits in a fiscal year, such profits shall first be set aside to pay the applicable taxes, offset losses, set aside for legal reserve pursuant to laws and regulations, unless the legal reserve has reached the Company's total paid-up capital. The remaining profits shall be set aside for special reserve in accordance with the laws, regulations, or the business requirements. Any further remaining profits plus unappropriated earnings shall be distributed in accordance with the proposal submitted by the Board, for approval at a shareholders' meeting.

Article 31-1 The Company adopts a dividend distribution policy whereby only surplus profits of the Company shall be distributed to shareholders. That is, only the surplus profits, after setting aside amounts for retained earnings based on the Company's capital budget plan, shall be distributed as cash dividend. The value of stock dividend in a particular year shall not be more than 80% of the value of dividend distributed for that year. The amount of the distributable dividend, the forms in which dividend shall be distributed and the ratios thereto, shall depend on the actual profits and cash positions of the Company and shall be approved by resolutions of the Board, who shall, upon such approval, recommend the same to

the shareholders for approval by resolution at the shareholders' meetings.

Article 32 The internal organization and the detailed procedures relevant to the business operation of the Company shall be separately determined by the Board.

Article 33 Matters not specifically provided for in these Articles of Incorporation shall be governed by the Company Act and any other relevant laws.

Article 34 The Articles of Incorporation were agreed to and signed on January 30, 1997.
The first amendment was made on February 18, 1997.
The second amendment was made on February 22, 1997.
The third amendment was made on April 2, 1997.
The fourth amendment was made on August 30, 1997.
The fifth amendment was made on December 12, 1997.
The sixth amendment was made on March 21, 1998.
The seventh amendment was made on June 23, 1998.
The eighth amendment was made on February 3, 1999.
The ninth amendment was made on June 22, 1999.
The tenth amendment was made on March 6, 2000.
The eleventh amendment was made on March 30, 2001.
The twelfth amendment was made on March 30, 2001.
The thirteenth amendment was made on April 26, 2002.
The fourteenth amendment was made on June 25, 2003.
The fifteenth amendment was made on June 15, 2004.
The sixteenth amendment was made on June 14, 2005.
The seventeenth amendment was made on June 15, 2006.
The eighteenth amendment was made on June 15, 2007, except for the Article 7-2, which shall be effective on January 1, 2008
The nineteenth amendment was made on June 13, 2008.
The twentieth amendment was made on June 19, 2009.
The twenty-first amendment was made on June 15, 2011.
The twenty-second amendment was made on June 22, 2012.
The twenty-third amendment was made on June 21, 2013.
The twenty-fourth amendment was made on 12, June 2014.
The twenty-fifth amendment was made on 15, June 2016.
The twenty-sixth amendment was made on 14, June 2017.
The twenty-seventh amendment was made on 12 June 2018.



Taiwan Mobile Co., Ltd.

Rules and Procedures Governing Shareholders' Meeting

Officially resolved in the Founders Meeting held on September 30, 1997
First amendment was approved by the Shareholders' meeting on April 26, 2002
Second amendment was approved by the Shareholders' meeting on June 15, 2006

Article 1:

The Company's Shareholders' meeting (the "Meeting") shall be conducted in accordance with the Rules and Procedures.

Article 2:

Shareholders attending the Meeting shall submit the attendance card for the purpose of signing in. Representatives appointed by institutional shareholders to attend the Meeting shall submit the Letter of Appointment and the supporting identification documents of the appointee upon signing in. If an institutional shareholder appoints both a proxy and a representative, the appointed representative shall be accepted.

The Meeting shall be held at the Company's headquarter or at a place that is both convenient for shareholders to attend and suitable for holding the Meeting. The Meeting shall start not earlier than 9:00 a.m. or later than 3:00 p.m.

The Company may appoint designated counsel, Certified Public Accountant or other relevant persons to attend the Meeting.

The staff in charge of handling the affairs of the Meeting shall wear badges.

If the Meeting is called by the board of directors, the board chairman shall preside at the Meeting. In case the chairman is on leave of absence, or cannot exercise his powers and authority, the vice chairman shall act in lieu of him. If the vice chairman is also on leave of absence, or cannot exercise his powers and authority, the chairman shall designate a director to act in lieu of him. If the chairman does not designate a director, the directors shall elect one from among themselves to act in lieu of the chairman. If the Meeting is called by any other person than the board of directors, who has the right to call the Meeting, the said person shall preside at that Meeting. If there are more than two said persons calling the Meeting, one of the two persons shall be chairing the Meeting.

The entire proceedings of the Meeting shall be tape recorded or videotaped and these tapes shall be archived for a minimum of one year.

Article 2-1:

Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of the Company may propose to the Company a proposal for discussion at the Meeting, but only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. The board of directors shall not include a proposal into the agenda if the proposal falls under any clause set forth in Company Act Article 172-1, Paragraph 4. Prior to the date on which share transfer registration is suspended before the convention of the Meeting, the Company shall give a public notice announcing the place and the period for shareholders to submit proposals for discussions at the Meeting; and the period for

accepting such proposals shall not be less than ten(10) days.

The number of words of a proposal to be submitted by a shareholder shall be limited to no more than three hundred (300) words, and any proposal containing more than 300 words shall not be included in the agenda of the Meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the Meeting where his proposal is to be discussed and shall take part in the discussion of such proposal.

The Company shall, prior to preparing and delivering the Meeting notice, inform the proposal submitting shareholders of the results of the proposal, and shall list in the Meeting notice the proposals conforming to the requirements set out in this rule. With regard to the proposals submitted by shareholders but not included in the agenda of the Meeting, the cause for exclusion of such proposals and explanation shall be made by the board of directors at the Meeting to be convened.

Article 3:

The presence of shareholders in the Meeting and their voting thereof shall be calculated in accordance with the number of shares.

The number of shares representing shareholders present at the Meeting shall be calculated based on the submitted attendance cards plus the number of shares whose voting powers are exercised in writing or by way of electronic transmission.

Article 4:

The chairman shall call the Meeting to order at the time scheduled for the Meeting provided that the number of shares represented by the shareholders present at the Meeting reaches the specified quorum. The chairman may postpone the start time for the Meeting if the number of represented shares has not yet constituted the quorum at the time of the Meeting. The number of postponement shall be limited to a maximum of two times and each postponement shall not exceed thirty minutes. If after two postponements no quorum can yet be constituted but the number of represented shares is more than one-third of the total issued shares, tentative resolutions may be made by a majority vote of the present shareholders in accordance with Article 175 of the Company Act. If during the process of tentative resolutions the number of represented shares becomes sufficient to constitute the quorum, the Chairman may call the Meeting to order and submit the tentative resolutions to the Meeting for approval.

Article 5:

If the Meeting is convened by the board of directors, the agenda of the Meeting shall be set by the board of directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the scheduled agenda.

If the Meeting is convened by any person other than the board of directors, the provision set forth in the preceding paragraph shall be applicable *mutatis mutandis*.

Unless otherwise resolved at the Meeting, the chairman shall not adjourn the Meeting until the discussion items (including extraordinary motions) listed on the agenda have been resolved.

After the Meeting is adjourned, the shareholders shall not appoint another chairman to continue the Meeting at the same place or at a new location unless the chairman has violated the Rules and Procedures for the Meeting in adjourning the Meeting.

Article 6:

During the proceedings of the Meeting, the chairman may, at his discretion, set time for intermission.

Article 7:

When a shareholder present at the Meeting wishes to speak, the shareholder shall first fill out a slip,

specifying therein the shareholder's serial number (or the number of attendance card), the name of the shareholder, and the key points of the speech. The chairman shall determine the sequence of speeches by the shareholders.

If any shareholder present at the Meeting submits a slip for speech but does not speak, no speech shall be deemed to have been made by such shareholder. In case there is a discrepancy between the contents of the speech and the contents specified on the slip, the contents of actual speech shall prevail.

Article 8:

A shareholder shall not speak more than two times for each discussion item, unless with the prior consent from the chairman, and each speech shall not exceed 5 minutes.

Article 9:

In case the speech of a shareholder violates the time provisions or exceeds the scope of the discussion item, the chairman may stop the speech of such shareholder. While a shareholder is speaking, other shareholders shall not interrupt the speech unless the shareholders have obtained prior consent of the chairman and the speaking shareholder. Otherwise, the chairman shall stop such interruption. If the offender defies the order to stop, Article XIV shall be applicable.

Article 10:

Any legal entity designated as proxy by a shareholder to be present at the Meeting may appoint only one representative to attend the Meeting. If an institutional shareholder designates two or more representatives to attend the Meeting, only one representative may speak for each discussion item.

Article 11:

After the speech of a shareholder, the chairman may respond in person or appoint an appropriate person to respond. When the chairman considers that the discussion item has reached the extent for making a resolution, he may announce discontinuance of the discussion and submit the motion for resolution.

Article 12:

Unless otherwise specified for in the Company Act or the Articles of Incorporation of the Company, resolutions shall be adopted by a majority vote at the Meeting. The resolution is deemed to have been adopted if no objection is heard in response to the chairman's inquiry. Such a resolution is equivalent to a decision duly resolved through voting.

In case of an amendment or an alternative to a discussion item, the chairman shall determine the sequence of voting. If any one of them has been resolved, the other(s) shall be deemed vetoed and no further voting is necessary.

Each share hereof is entitled to one voting power. However, shares that fall under the clause set forth under Article 179-2 of the Company Act shall have no voting power.

Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by the person shall not exceed 3% of the total number of voting shares of the company, otherwise, the portion of excessive voting power shall not be counted.

Article 13:

The persons for supervising the casting of votes and the counting thereof for resolutions shall be designated by the chairman. The person supervising the casting of votes, however, shall be a shareholder. The results of resolution(s) shall be announced in the Meeting, and recorded in the Meeting minutes.

Article 14:

The chairman may direct disciplinary (or security) personnel to assist in maintaining the order of the Meeting. Such disciplinary (or security) personnel shall wear badges marked –Disciplinary Personnel “ for identification purpose. The chairman or the disciplinary (or security) personnel may expel anyone who disturbs the order of the Meeting.

Article 15:

If the continuation of the Meeting proves to be impossible due to force majeure, the chairman may suspend or reschedule the Meeting.

Article 16:

Any matters not provided in the Rules and Procedures shall be handled in accordance with the Company Act, Articles of Incorporation of the Company and relevant laws and regulations.

Article 17:

The Rules & Procedures were put into effect by the Founders’ Meeting. Any amendments are subject to the approval of the Shareholders’ Meeting.