



Articles of Incorporation

Last amended on June 19, 2009

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 Equipments and Materials Import;
2. G901011 Type I Telecommunications Enterprise;
3. G902011 Type II Telecommunications Enterprise;
4. ZZ99999 Any other business (other than those approved by the relevant authorities) not prohibited or restricted by laws.

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 shall not 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. The Company may issue preferred shares out of the above authorized capital stock. 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 Rights and obligations attached to the preferred shares are set out below:

- (1) Holders of the preferred shares shall be entitled to receive in priority to all other classes of shares dividends and bonuses payable annually in respect of each fiscal

year, provided there are surplus profits after setting aside amounts for payment of taxes, recovery of prior year losses, and legal reserve set aside in accordance with the Company Act (“Legal Reserve”).

- (2) Holders of preferred shares shall be entitled to receive dividends and bonuses of 4.5% of the face value of the preferred shares per annum, in cash, payable in one installment; however, the entitlement to dividends and bonuses in the year in which the preferred shares are issued shall be proportional to the number of days in a fiscal year after the Date of Issue. (For the purpose of this Article, the Date of Issue shall mean the day after the day on which the preferred shares are fully paid up.) Holders of preferred shares shall not be entitled to the aforesaid dividends and bonuses in the year in which the preferred shares are converted to common shares, but shall nevertheless be entitled to participate in the distribution of surplus profits and capital reserves of common shareholders in that year.
- (3) Dividends and bonuses on the preferred shares shall be non-cumulative. If and to the extent that all or any part of the aforesaid dividends and bonuses are not paid because there is no or insufficient surplus profit in respect of a particular fiscal year, the rights of the holders of preferred shares to that part of the dividends and profits shall be revoked. .
- (4) Holders of preferred shares shall not be entitled to participate in the recapitalization of retained earnings or capital surplus.
- (5) Holders of preferred shares shall not be entitled to participate in the recapitalization of retained earnings or capital surplus.
- (6) Both holders of common shares and preferred shares shall be entitled to subscribe to new shares issued by the Company in rights issues.
- (7) Holders of preferred shares shall not be entitled to vote at any shareholders’ meetings of the Company and shall not have any right of election.
- (8) Holders of preferred shares shall have the right in priority to the common shareholders to distribution of the residual assets of the Company, provided however, the entitlement to the distribution shall not be in excess of the paid up capital of their respective preferred shares.
- (9) Capital surplus from share premium attributable to issuance of preferred shares shall not be transferred to the capital account, except for the purpose of recovery of prior year losses of the Company, prior to conversion of preferred shares to common shares, unless approved by two thirds of the preferred shareholders at the preferred shareholders’ meeting attended by at least one half of all preferred shareholders.
- (10) Preferred shares shall not be converted to common shares during the circulation period of the preferred shares but shall all be converted to common shares two years after the date of issue. Each preferred share is convertible into one common share. Rights and obligations attached to the common shares converted from preferred shares shall be the same as those attached to the common shares.

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 Shareholder 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 within 20 days after the shareholders' meeting, except however, for shareholders with less than 1,000 shares, public announcement of the meeting minute shall suffice. 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 and Supervisors

Article 21 There shall be 9 to 11 Directors and 2 to 3 Supervisors of the Company. Directors and Supervisors shall be persons with legal capacity and shall be elected and appointed by the shareholders at the shareholders' meeting. The tenure of offices of Directors and Supervisors shall be 3 years and the Directors and Supervisors shall be eligible for re-election and re-appointment. 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.

And at least one or more Supervisors, or one or more Supervisors and Directors shall not 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 and supervisors with respect to their liabilities resulting from exercising their duties during their terms of occupancy.

Article 21-1 According to Article 14-2 of Securities and Exchange Act, the independent directors shall be not less than 3 persons of the total directors, and the election of independent directors is adopted by candidates nomination systems which are regulated in Article 192-1 of Company Act.

To correspond to the Article 14-4 and Article 181-2 of Securities and Exchange Act, the ipso facto dismissal of supervisors will be applied when an audit committee is established.

Article 22 If one third of the offices of 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 or Supervisors are not elected and appointed in time before the expiration of the tenure of the relevant existing offices of Directors or Supervisors, the tenure of the existing offices shall be extended until such time when the new Directors or Supervisors duly elected and appointed 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 such as a Corporate Governance Committee and Audit Committee, 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.

Article 25 Unless otherwise provided for 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.

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 Supervisors shall independently exercise their supervisory powers in accordance with the relevant laws and shall be entitled to attend the Board meetings. Supervisors, however, shall not be entitled to vote at the aforesaid meetings.

Article 27-1 If all Supervisors of the Company are discharged, the Board shall, within 60 days, convene an extraordinary meeting of the shareholders to elect and appoint new Supervisors.

Article 27-2 The Board is authorized to decide the Chairman and Vice Chairman's remunerations which should not be higher than the upper limit on the remunerations payable to the President of the Company.

Article 27-3 The Board is authorized to decide the remuneration for 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 one President and several Vice Presidents of the Company. The President shall be nominated by the Chairman; and his 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, present the same firstly to the Supervisors for their inspection at least 30 days prior to the general meeting of the shareholders, and then to the shareholders at the general meeting of the shareholders for their approval:

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

Article 31 The profits of the Company of each fiscal year shall firstly be applied to payment of taxes and recovery of prior year losses, 10% of which balance shall then be set aside as Legal Reserve. Thereafter, the Company shall set aside a special surplus profit reserve in accordance with law or to satisfy the business needs of the Company. Any

balance left over shall be applied in the following order:

- (1) Dividends and bonuses for preferred shareholders;
- (2) Remuneration of Directors and Supervisors, not exceeding 0.3% of the surplus profit;
- (3) Employee bonuses in the sum of 1% to 3% of the profits;
- (4) The balance shall be distributed to the shareholders as dividends and bonuses in accordance with resolutions of the shareholders' meetings.

If any of the employee bonuses referred to in Item (3) above shall be paid in the form of bonus shares, the employees entitled to such bonus shares may include employees of subsidiaries of the Company satisfying certain criteria. The criteria and the proportion of such employee bonus shares distributable shall be determined by the Board.

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 profit, 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 profit and funding position 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 These Articles of Incorporation were agreed to and signed on 30 January 1997.

The first amendment was made on 18 February 1997.

The second amendment was made on 22 February 1997.

The third amendment was made on 2 April 1997.

The fourth amendment was made on 30 August 1997.

The fifth amendment was made on 12 December 1997.

The sixth amendment was made on 21 March 1998.

The seventh amendment was made on 23 June 1998.

The eighth amendment was made on 3 February 1999.

The ninth amendment was made on 22 June 1999.

The tenth amendment was made on 6 March 2000.

The eleventh amendment was made on 30 March 2001.

The twelfth amendment was made on 30 March 2001.

The thirteenth amendment was made on 26 April 2002.

The fourteenth amendment was made on 25 June 2003.

The fifteenth amendment was made on 15 June 2004.

The sixteenth amendment was made on 14 June 2005.

The seventeenth amendment was made on 15 June 2006.

The eighteenth amendment was made on 15 June 2007.

Except for the Article 7-2, which shall be effective on January 1st 2008, these

Articles of Incorporation and amendments thereto shall be effective upon approval by the general meetings.
The nineteenth amendment was made on 13 June 2008.
The twentieth amendment was made on 19 June 2009.