



Taiwan Mobile Co., Ltd.

2015 Annual General Shareholders' Meeting

Agenda (Translation)

June 10, 2015

Note to Readers:

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 version shall prevail.

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Taiwan Mobile Co., Ltd.

Agenda of 2015 Annual General Shareholders' Meeting

Time: Wednesday, June 10, 2015 at 9:00 a.m.

Place: B2F, No. 108, Sec. 1, Dunhua S. Rd., Taipei City
(Fubon International Conference Center)

1. The Chairman — Call the meeting to order
2. Chairman's Address
3. Report Items
4. Proposed Resolutions
Voting by poll
5. Special Motions
6. Meeting Adjourned

Report Items

1. The 2014 Business Report

The 2014 Business Report is attached hereto as Attachment I. (page 7-9)

2. The 2014 Audit Committee Report

The 2014 Audit Committee Report is attached hereto as Attachment II. (page 10-11)

3. Corporate Social Responsibility Best Practice Principles

Corporate Social Responsibility Best Practice Principles is attached hereto as Attachment III. (page 12-16)

4. Revisions to the Ethical Corporate Management Best Practice Principles

Ethical Corporate Management Best Practice Principles- Before and After Amendments for Comparison and Completed Articles are attached hereto as Attachment IV. (page 17-31)

Proposed Resolutions

1. To accept the 2014 Business Report and Financial Statements

Taiwan Mobile's (The Company) financial statements were audited by certified public accountants, Simon Chen and Leo Chi, of KPMG and were approved at the board meeting on January 29, 2015. The 2014 Business Report, CPA's audit report, and financial statements are attached hereto as Attachments I, V and VI.

Resolution:

2. To ratify the proposal for the distribution of the 2014 retained earnings

(1) The Company's 2014 net income was NT\$15,005,428,205 (please see Attachment VII for the 2014 Earnings Distribution Proposal).

(2) Cash dividend proposed by the Board is NT\$15,243,654,866. 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 shares of dividends from the Company. Deducting 698,751,601 shares collectively owned by TCCI, TID and TUI from the total outstanding shares of 3,420,832,827, the share count entitled to receive dividends is 2,722,081,226, representing NT\$5.6 per share. Total amount of cash dividend paid to each shareholder shall be rounded down to the nearest whole number. In addition, the sum of the fractional balance, i.e. less than NT\$1, will be recognized as other income in the Company's P&L. 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.

Resolution:

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

To meet the operational requirements, the Company proposed to increase the transaction amount relating to the acquisition or disposal of the specific assets delegated to the Chairman and revised the related articles of the Rules and Procedures for Acquisition or Disposal of Assets.

Please refer to Attachment VIII for completed articles and the before and after amendments for comparison.

Resolution:

4. To approve the termination of TWM's delegated management contract with Taiwan Digital Service Co., Ltd. regarding TWM's direct store related operations

The Company's direct store related operations mandated to Taiwan Digital Service Co., Ltd. (TDS; Office Address: 13F, No.88, Yan Chang Rd., Taipei City) were approved by the 2013 Annual General Shareholders' meeting.

To enhance workforce stability and a sense of coherence for the employees of the direct stores,

the Company proposed to terminate the delegated management contract with TDS regarding its direct store related operations.

Resolution:

Special Motions

Meeting Adjourned

ATTACHMENTS



Business Report

As Taiwan moved into the 4G era in 2014, Taiwan Mobile (“TWM” or “the Company”) poured its resources into rolling out its Long Term Evolution (LTE) network at full speed nationwide. It was the first operator to adopt carrier aggregation, allowing it to integrate high and low-frequency bands to achieve the best spectrum combination. With wider network coverage, deeper indoor penetration and faster download speed, TWM was able to offer 4G users the best service quality. In addition, National Communications Commission (NCC) already approved TWM’s 5MHz x 2 spectrum purchase from Ambit on 700MHz band on January 7, 2015, making TWM the only owner of the largest contiguous 20MHz on the 700 frequency band. With a total 4G spectrum holding of 35MHz, TWM not only boasts one of the largest holdings in the nation, but its licensing cost is also NT\$6.6 billion lower than its rivals’. This not only demonstrates TWM’s commitment to maximizing shareholders’ interests, but also solidified its leadership in the 4G field.

Taiwan Mobile’s consolidated revenue rose 4% YoY to NT\$112.6bn in 2014. EBITDA also grew 1% YoY to NT\$31.3bn. Net income was NT\$15bn, while earnings per share came in at NT\$5.56, surpassing the Company’s target. Mobile broadband services remained the revenue growth driver, as surfing the internet using handheld devices became virtually a necessity. Leveraging its superior network performance, excellent service quality, innovative value-added products, and world-class information security, TWM was able to attract a large number of mobile internet users. Following the launch of the Company’s 4G services, coupled with the popular demand for Apple’s iPhone 6, TWM’s 4G user numbers surged in just a little over six months to more than 1 million by the end of 2014. The Company also saw impressive profit growth in its investments, including cable TV and e-commerce retail businesses.

As the Company steadily expanded its core business, it continued to gain recognition for its commitment to enhancing corporate value. These included:

World-class corporate governance

Taiwan Mobile is committed to maintaining integrity as a core value and promoting corporate governance. The Company’s compliance with global standards has won not only the trust of

investors, but also numerous awards and recognition from domestic and international rating institutions. Last year, TWM was selected for the third time as a member of the Dow Jones Sustainability Indices' (the world's first and most widely used global sustainability benchmarks) Emerging Markets Index. The Company was also a recipient for the eighth year in a row of "The Best of Asia: Icon on Corporate Governance, Taiwan region," the highest honor given by Corporate Governance Asia magazine in recognition of TWM's excellent performance. Furthermore, TWM received an "A++" rating and was ranked among the top five listed companies in "Transparency and Information Disclosure" by the Securities and Futures Institute for the ninth consecutive year.

A role model for corporate social responsibility

TWM's efforts to employ its corporate and financial resources to assist non-profit organizations in promoting social welfare have gained wide recognition. These included receiving the "Corporate Social Responsibility Award" from Global Views Monthly for the seventh time last year and "Taiwan's Top 10 Role Model Company for Sustainability," the "Integrity and Transparency Award," the "Role Model Award for Community Service and Outreach" and the "2014 Taiwan's Top 50 Corporate Sustainability Report Award – Gold Award in Telecom Sector" from the Taiwan Institute for Sustainable Energy Research. In addition, the Company's 2013 corporate social responsibility report received the International Standards on Assurance Engagements' 3000 certification, the first for a telecom operator in Taiwan. TWM also received the "Promoting and Deploying High-speed Broadband in Rural Areas" award from the NCC for supporting the government's policy of narrowing the digital gap between urban and rural areas.

Premium services and customer satisfaction

With customer care as its core value, TWM offers premium customer services, including world-class information security, network quality, and product and service innovations – all of which were critical to its earning the following recognitions: Swiss SGS Qualicert certification for its direct store channels and customer service system, and the "Trusted Brand Gold Award" from Reader's Digest for the eleventh consecutive year. In addition, TWM's cloud internet data center (IDC) received the "Brill Awards for Efficient IT" for its energy-saving and green design from Uptime Institute, the world's largest third party data center analysis institute, making it the first and the only recipient of the award in Taiwan.

Looking forward, with the extra spectrum acquired in the 700 frequency band and more spectrum slated to be released in the 1800 frequency band, TWM is confident it can continue to provide

excellent 4G mobile broadband services through the strategic expansion of its spectrum holdings. The Company will seek to expand its 4G business by introducing even higher-speed mobile internet services, a wider variety of handset selections and innovative rate plans. In addition to improving its operating leverage and EBITDA in telecoms, Taiwan Mobile expects to see further earnings growth from its cable TV and e-commerce retail businesses to maximize shareholders' value in 2015.

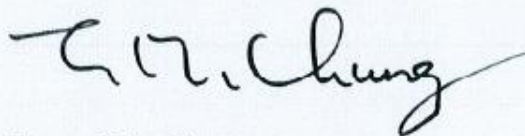
 **Taiwan Mobile Co., Ltd.**

Audit Committee Report

Date: January 28, 2015

The Board of Directors of Taiwan Mobile Co., Ltd. (TWM) has submitted the Company's 2014 financial statements to the Audit Committee. The CPA firm, KPMG, was retained by the Board to audit TWM's financial statements and has issued an audit report relating to the financial statements. The 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, I hereby submit this report on behalf of all members of the committee to the 2015 Annual General Meeting for ratifications.

Taiwan Mobile Co., Ltd.



Tsung-Ming Chung
Chairman of the Audit Committee



Audit Committee Report

April 30, 2015

The Board of Directors of Taiwan Mobile Co., Ltd. (TWM) has submitted the Company's business report and proposal for distribution of the 2014 earnings to the Audit Committee. The business report and proposal 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, I hereby submit this report on behalf of all members of the committee to the 2015 Annual General Meeting for ratifications.

Taiwan Mobile Co., Ltd.

Tsung-Ming Chung

Chairman of the Audit Committee



Taiwan Mobile Co., Ltd.

Corporate Social Responsibility Best Practice Principles **(“CSR Principles”)**

Chapter I General Principles

Article 1

For the purposes of sustainable development and the fulfillment of corporate social responsibility, Taiwan Mobile Co., Ltd. (the “Company”) hereby promulgates the CSR Principles.

Article 2

The CSR Principles apply to the Company, including the entire operations, products, service and any other related businesses of the Company and its business group.

Article 3

The Company shall assert the value of integrity, and shall combine its core resources and capabilities to fulfill the corporate social responsibility and to create maximum value for the stakeholders. The Company shall proactively exercise corporate governance, public welfare, environment sustainability, and bring them into the Company’s corporate management target and business strategy.

Article 4

To implement corporate social responsibility initiatives, the Company shall follow the principles below:

1. Exercise corporate governance.
2. Foster a sustainable environment.
3. Value human rights and commitments to employees.
4. Ensure product liability.
5. Develop public welfare.
6. Enhance disclosure of corporate social responsibility information.

Article 5

The Company shall establish a blueprint for sustainable development, via the corporate social responsibility committee (the “CSR Committee”), to enhance corporate governance through senior management’s participation and shall hold regular meetings, make decisions, report the execution results to the board of directors annually to make sure its strategies in line with market trends.

Chapter II Exercising Corporate Governance

Article 6

The Company shall follow the relevant domestic laws and regulations and Articles of Incorporation to establish governance framework with transparency and integrity, and the code of ethics so as to enhance corporate governance.

Article 7

1. The directors of the Company shall exercise due care of administrators to review the results of the implementation thereof periodically so as to ensure thorough implementation of the Company's corporate social responsibility policies.
2. The following matters are advised to be included in the Company's performance of corporate social responsibility initiatives:
 - (1) The CSR Committee shall report to the board of directors the Company's mission, vision and blueprint on corporate social responsibility and establish policies, systems, or management guidelines for corporate social responsibility. The performance plan of the Company's corporate social responsibility shall be approved by the board of directors.
 - (2) Enhancing the timeliness and accuracy of the disclosure of corporate social responsibility information.
 - (3) Senior management authorized by the board of directors shall manage and deal with the economic, environmental, and social issues arising from the operations, products, services and any other relevant activities, and report the status of the handling to the board of directors.

Article 8

The Company shall organize CSR training and course (including environmental education) from time to time.

Article 9

The Company adopts reasonable remuneration policies, to ensure that remuneration arrangements support the strategic target of the organization, and align with the interests of stakeholders. The employee performance evaluation system may, at the Company's discretion, be combined with corporate social responsibility policies, and comply with the Company's performance evaluation regulations.

Article 10

The Company shall establish a designated section for corporate social responsibility on the Company's website, create a communication channel for stakeholders and adequately respond to the stakeholders the important corporate social responsibility issues or issues which they are concerned about.

Chapter III Fostering a Sustainable Environment

Article 11

1. The Company shall follow the relevant environmental laws, regulations and international standards to properly protect the environment, use the core capabilities of information and communication service industry to provide eco/green services and improve the efficiency of energy or equipment, and shall establish a relevant system of environment management to enhance an intelligent, carbon-conserved society and achieve the goal of a sustainable environment.
2. The Company shall establish measurable goals for environmental sustainability.
3. The Company shall adopt enforcement measures such as concrete plans or action plans, and examine the results of their operations on a regular basis.

Article 12

The Company establishes a Sustainable Development Committee (“The Committee”) to promote and integrate all of the Company’s environmental protection-related activities. The committee is also tasked with incorporating the Company’s environmental management rules and sustainable management roadmap into its CSR policies. The Committee shall hold meetings from time to time and be responsible to develop action plans relating to reducing the energy consumption and carbon emissions, monitor the execution results and submit the report to the CSR Committee.

Article 13

The Company endeavors to utilize all resources more efficiently and evaluates the use of renewable materials which have a low impact on the environment to improve sustainability of natural resources.

Article 14

The Company, subject to the relevance to the environmental protection methods and the Company’s development in operations, products, and services, conducts business in accordance with the following principles to reduce the impact on the natural environment and human beings:

1. Reduce resource and energy consumption of the Company’s operation, products and services.
2. Reduce emission of pollutants, toxins and waste, and dispose or recycle waste properly.
3. Evaluate the sources of materials, and support due diligence of the conflict minerals.
4. Improve recyclability and reusability of raw materials or products.
5. Enhance the sustainability of renewable resources.
6. Enhance the durability of products.
7. Improve efficiency of products and services.
8. Use and economize the water resource efficiently.

Article 15

1. The Company adopts standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory annually and makes disclosures thereof, the scope of which shall include the following:
 - (1) Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the Company.
 - (2) Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating, or steam.
2. The Sustainable Development Committee shall establish the targets and strategies for carbon and greenhouse gas reduction and review the effect regularly.

Chapter IV Value Human Rights and Commitments to Employees

Article 16

The Company shall comply with the domestic labor laws, regulations, the International Bill of Human Rights, and shall adopt relevant management policies and processes, including:

1. Evaluating the impact of the Company's operations, products, services, and internal management on human rights, adopting corresponding handling processes or human right policies, and reviewing the effectiveness of the execution on a regular basis.
2. In the event of any infringement of human rights, the Company shall disclose the processes for the handling of the matter with respect to the stakeholders involved.
3. Providing an effective and appropriate appeals process and responding to any employee's appeals in an appropriate manner.

Article 17

The Company shall provide information for their employees and a platform to facilitate regular two-way communication between management and employees, so that the employees have knowledge of labor laws and the rights they enjoy in the countries where the Company has business operations, obtain relevant information on and express their opinions on the Company's operations, management and decisions. The Company shall, by reasonable means, inform employees of operation changes that might have material impacts.

Article 18

The Company endeavors to provide safe and healthful work environments for their employees, conduct various healthy exercises/activities, and organize seminars or inquiry for health from time to time.

Article 19

In order to enhance the employees' professional capabilities and to facilitate the Company's development, the Company shall, subject to a combination of annual development strategies and training requirements, establish and execute training programs to foster employees' career skills. The Company shall make performance evaluation for all employees regularly, and provide appropriate rewards, encouragement and assistance depending on the employees' performance.

Chapter V Ensure Product Liability

Article 20

The Company shall comply with the international guidelines, laws and regulations of the government and relevant standards of their industries to ensure the transparency and safety of its products and services. The Company further shall establish and disclose policies on consumer rights and interests.

Article 21

The Company shall provide a clear and effective appeals procedure to fairly and timely handle consumer complaints, comply with laws and regulations related to the Personal Information Protection Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

Article 22

The Company shall assess the impact that their procurement may have on society as well as the environment of the community that they are procuring from, and shall cooperate with their suppliers to jointly implement the corporate social responsibility initiative.

Chapter VI Develop Public Welfare

Article 23

With digital convergence as the Company's core strategy, the Company shall participate in public welfare activities and embrace a spirit of local rootedness and local concern in the fulfillment its CSR. Except for employing personnel from the location of the Company's operations to enhance community acceptance, the Company also provides enterprise resources to facilitate public welfare groups, disadvantaged minority groups, and any specific groups for learning and experiencing digital application, and provides proactive training programs to digital creative individuals to promote digital culture creativity.

Article 24

The Company shall stipulate and execute the enterprise volunteer guidelines, organize enterprise volunteering activities from time to time, encourage employees to join social services for the performance of corporate social responsibility.

Chapter VII Enhancing Disclosure of Corporate Social Responsibility Information**Article 25**

The Company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/GTSM listed Companies and shall fully disclose relevant and reliable information relating to its corporate social responsibility initiatives to improve information transparency.

Relevant information relating to corporate social responsibility which the Company shall disclose includes:

1. The policy, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility initiatives, as resolved by the board of directors.
2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
3. Goals and measures for realizing the corporate social responsibility initiatives established by the companies, and performance in implementation.
4. Major stakeholders and their concerns.
5. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.
6. Information related to carbon and greenhouse gas reduction.
7. Other information relating to corporate social responsibility initiatives.

Article 26

The Company shall adopt relevant laws, regulations and internationally recognized standards or guidelines when regularly producing corporate social responsibility reports to disclose the performance of its implementation of the corporate social responsibility policy, and shall obtain a third-party assurance or verification for reports.

Article 27

The CSR Principles shall be implemented after an approval is made by the board of directors, and shall be reported at the shareholders' meeting. The same procedure shall apply to any amendment thereto.



Taiwan Mobile Co., Ltd.

Ethical Corporate Management Best Practice Principles
- Before and After Amendments for Comparison

Amended	Original	Explanation
<p>Article 1 (Purpose of Enactment and Applicable Scope)</p> <p><u>Subject to the operation principles of integrity, transparency, and responsibility, Taiwan Mobile Co., Ltd. (the “Company”) enacts and executes</u> “The Ethical Corporate Management Best Practice Principles” (“Principles”) to establish a corporate culture of ethical management and sound development, and offer a framework to establish good commercial practices, <u>risk management mechanism, and to create a sustainable business environment.</u></p> <p>The Principles shall apply to the Company's subsidiaries, any foundation constituted as a juristic person to which the Company's direct or indirect accumulated contribution of funds exceeds 50% of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company.</p>	<p>Article 1 (Purpose of Enactment and Applicable Scope)</p> <p>The Ethical Corporate Management Best Practice Principles (“Principles”) are enacted to establish a corporate culture of ethical management and sound development, and offer a framework to establish good commercial practices.</p> <p>The Principles shall apply to the Company's subsidiaries, any foundation constituted as a juristic person to which the Company's direct or indirect accumulated contribution of funds exceeds 50% of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company.</p>	Wording amendment
<p>Article 2 (Prohibition of Unethical Conduct)</p> <p>When engaging in commercial activities, directors, managers, <u>employees, mandataries</u> of the Company or persons having substantial control over the Company (“Substantial Controllers”) shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits (see Article 3), nor commit unethical acts including breach of the principle of good faith, illegal acts, or breach of fiduciary duty (collectively “Unethical Conduct”) for purposes of acquiring or</p>	<p>Article 2 (Prohibition of Unethical Conduct)</p> <p>When engaging in commercial activities, directors, managers, <u>employees</u> of the Company or persons having substantial control over the Company (“Substantial Controllers”) shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits (see Article 3), nor commit unethical acts including breach of the principle of good faith, illegal acts, or breach of fiduciary duty (collectively “Unethical Conduct”) for purposes of acquiring or maintaining Benefits</p>	Wording amendment

<p>maintaining Benefits (see Article 3).</p> <p>The opposite parties of the Unethical Conduct referred to in the preceding paragraph include civil servants, political candidates, political parties or their members, state-run or private-owned businesses or institutions and their directors, supervisors, managers, employees or Substantial Controllers or other interested parties.</p>	<p>(see Article 3).</p> <p>The opposite parties of the Unethical Conduct referred to in the preceding paragraph include civil servants, political candidates, political parties or their members, state-run or private-owned businesses or institutions and their directors, supervisors, managers, employees or Substantial Controllers or other interested parties.</p>	
<p><u>Article 5 (Prevention Program)</u></p> <p><u>In order to exercise in the ethical management, the Company shall stipulate the “Operation Rules of Ethical Corporate Management Best Practice Principles” and comply with the relevant laws and regulations in the territories where the Company, affiliates, group enterprises or organizations have business operations.</u></p>	<p><u>Article 5 (Policy)</u></p> <p><u>Subject to the operation principles of integrity, transparency, and responsibility, the Company enacts the policy based on integrity and establishes good corporate governance and risk control management mechanism to create a sustainable business environment.</u></p>	<p>1. Original content consolidated into Article 1</p> <p>2. Adding the operation rules for the Principles</p>
<p>Article 6 (The Commitment and Execution)</p> <p>The Company shall clearly specify ethical corporate management principles in their internal rules and external documents, and the board of directors and management promises to rigorously and thoroughly enforce <u>ethical management</u> for internal management and external commercial activities.</p>	<p>Article 6 (The Commitment and Execution)</p> <p>The Company shall clearly specify ethical corporate management <u>policies</u> in their internal rules and external documents. <u>The board of directors and management promises to rigorously and thoroughly enforce <u>such policies</u></u> for internal management and external commercial activities.</p>	<p>Wording amendment</p>
<p>Article 7 (Engaging in Commercial Activities under Ethical Corporate Management Policies)</p> <p>The Company, <u>based on the principle of ethical management,</u> shall engage in commercial activities in a fair and transparent manner.</p> <p>Prior to the conclusion of any commercial transaction, the Company shall take into consideration the legality of their agents,</p>	<p>Article 7 (Engaging in Commercial Activities under Ethical Corporate Management Policies)</p> <p>The Company shall engage in commercial activities in a fair and transparent manner.</p> <p>Prior to the conclusion of any commercial transaction, the Company shall take into consideration the legality of their agents,</p>	<p>Wording amendment</p>

<p>suppliers, clients or other trading counterparties, and <u>whether they have conducted</u> Unethical Conduct <u>before</u>, if any, and avoid having any dealings with persons who have <u>or have been involved with</u> any record of Unethical Conduct.</p> <p>When entering into contracts with other parties, the Company shall include in such contracts provisions demanding ethical corporate management policy compliance and a provision that in the event the trading counterparties are suspected of engaging in <u>or involved with</u> Unethical Conduct, the Company may at any time terminate or cancel the contracts.</p>	<p>suppliers, clients or other trading counterparties, and their <u>records</u> of Unethical Conduct, if any, and avoid having any dealings with persons who have any <u>record</u>-of Unethical Conduct.</p> <p>When entering into contracts with other parties, the Company shall include in such contracts provisions demanding ethical corporate management policy compliance and a provision that in the event the trading counterparties are <u>suspected of engaging in</u> Unethical Conduct, the Company may at any time terminate or cancel the contracts.</p>	
<p>Article 8 (Prohibition of Offering and Accepting Bribes)</p> <p>When conducting business, the Company and its directors, managers, <u>employees, mandataries</u> and Substantial Controllers shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits in any form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.</p>	<p>Article 8 (Prohibition of Offering and Accepting Bribes)</p> <p>When conducting business, the Company and its directors, managers, <u>employees</u> and Substantial Controllers shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits in any form, including rebates, commissions, grease payments, or offer or accept improper Benefits in other ways to or from clients, agents, contractors, suppliers, public servants, or other stakeholders, unless the laws of the territories where such business is conducted permit so.</p>	<p>Wording amendment</p>
<p>Article 9 (Prohibition of Offering Illegal Political Donations)</p> <p>When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, managers, <u>employees, mandataries</u> and Substantial Controllers shall comply with the Political Donations Act and its own relevant internal</p>	<p>Article 9 (Prohibition of Offering Illegal Political Donations)</p> <p>When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, managers, <u>employees</u> and Substantial Controllers shall comply with the Political Donations Act and its own relevant internal operational procedures,</p>	<p>Wording amendment</p>

operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.	and shall not make such donations in exchange for commercial gains or business advantages.	
<p>Article 10 (Prohibition of Improper Charitable Donations or Sponsorship)</p> <p>When making or offering donations and sponsorship, the Company and its directors, managers, <u>employees, mandataries</u> and Substantial Controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.</p>	<p>Article 10 (Prohibition of Improper Charitable Donations or Sponsorship)</p> <p>When making or offering donations and sponsorship, the Company and its directors, managers, <u>employees</u> and Substantial Controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.</p>	Wording amendment
<p>Article 11 (Prohibition of Unjustifiable Presents, Hospitality or Other Improper Benefits)</p> <p>The Company and its directors, managers, <u>employees, mandataries</u> and Substantial Controllers shall not directly or indirectly offer or accept any unjustifiable presents, hospitality or other improper Benefits to establish business relationship or influence commercial transactions.</p>	<p>Article 11 (Prohibition of Unjustifiable Presents, Hospitality or Other Improper Benefits)</p> <p>The Company and its directors, managers, <u>employees</u> and Substantial Controllers shall not directly or indirectly offer or accept any unjustifiable presents, hospitality or other improper Benefits to establish business relationship or influence commercial transactions.</p>	Wording amendment
<p><u>Article 12 (Prohibition of Intellectual Property Infringement)</u></p> <p><u>The Company and its directors, managers, employees, mandataries and Substantial Controllers shall comply with the laws, regulations, internal process procedures, and applicable contracts pertaining to intellectual property. The Company shall not use, disclose, dispose, destroy, or make any other infringement to intellectual property without prior written consent of the owners of the intellectual property rights.</u></p>	Newly Added	Adding the Article of “Prohibition of Intellectual Property Infringement”.

<p><u>Article 13 (Prohibition of Unfair Competition)</u> <u>The Company shall follow the applicable competition laws and regulations when engaging in business activities, and shall not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.</u></p>	<p>Newly Added</p>	<p>Adding the Article of “Prohibition of Unfair Competition”.</p>
<p><u>Article 14 (Prohibition of Damages on Products or Services against Stakeholders)</u> <u>The Company and its directors, managers, employees, mandataries and Substantial Controllers shall comply with the applicable laws and regulations and international standards governing its products and services to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services. The Company shall adopt and announce a policy on the protection of the rights and interests of the consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of the consumers or other stakeholders. Where there are sufficient facts to determine, that the Company's products or services are likely to pose any hazard to the safety and health of the consumers or other stakeholders, the Company shall recall those products or suspend the services immediately.</u></p>	<p>Newly Added</p>	<p>Adding the Article of “Prohibition of Damages on Product or Services against Stakeholders”.</p>
<p><u>Article 15 (Organization and Responsibility)</u></p>	<p><u>Article 12 (Organization and Responsibility)</u></p>	<p>Adding persons</p>

<p>The directors, <u>managers, employees, mandataries and Substantial Controllers</u> of the Company shall exercise due care in urging the Company to prevent Unethical Conduct, and review, from time to time, the results of the preventive measures and continually make adjustments.</p> <p>To achieve sound ethical corporate management, the internal audit <u>department</u> shall <u>audit the execution and compliance of integrity operation as follows</u>, and report to the board of directors on a regular basis:</p> <ol style="list-style-type: none"> 1. <u>Stipulating the “Operation Rules of Ethical Corporate Management Best Practice Principles”.</u> 2. <u>Promoting and coordinating awareness and educational activities with respect to ethics policy.</u> 3. <u>Developing the whistleblowing mechanism and ensuring its operating effectiveness.</u> 4. <u>Assisting the board of directors and management in auditing and assessing whether ethical management is effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</u> 	<p>The board of directors of the Company shall exercise due care in urging the Company to prevent Unethical Conduct, and review, from time to time, the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its Ethical Corporate Management Best Practice Principles.</p> <p>To achieve sound ethical corporate management, the internal audit <u>office</u> shall <u>be in charge of enacting and enforcing the business integrity policies and prevention program ("Prevention Program")</u> and reporting to the board of directors on a regular basis.</p>	<p>who shall comply with the Principles; adding the responsible unit’s main duty; changing number of the article</p>
<p>Article 16 (Legal Compliance for Business Operation)</p> <p>The Company and its directors, managers, <u>employees, mandataries</u> and Substantial Controllers shall comply with laws, regulations and <u>the internal principles</u> when conducting business.</p>	<p>Article 13 (Legal Compliance for Business Operation)</p> <p>The Company and its directors, managers, <u>employees</u> and Substantial Controllers shall comply with laws and regulations and <u>the Prevention Program</u> when conducting business.</p>	<p>Wording amendment and article number changed</p>

<p>Article 17 (Avoiding Conflicts of Interest)</p> <p>The Company shall establish <u>regulations</u> for preventing conflicts of interest, <u>to distinguish, supervise, and manage the potential risks of Unethical Conduct resulting from conflict interests,</u> and offer appropriate means for directors, managers, <u>and any other stakeholders attending or present at the board meeting</u> to voluntarily explain whether their interests would potentially conflict with those of the Company.</p> <p>A director, <u>manager, and any other stakeholder attending or present at the board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting, shall state the important aspects of the stake in the meeting. Such person shall be</u> prohibited from <u>discussing and</u> participating in voting on any proposals if there is likelihood that the interests of this Company would be prejudiced, shall recuse himself or herself from any <u>discussion and</u> voting, and shall not exercise voting rights as proxy on behalf of another director. The directors shall exercise self-discipline and should not support one another in improper ways.</p> <p>The Company's directors, managers, <u>employees, mandataries and Substantial Controllers</u> shall not take advantage of their positions <u>or influence</u> in the Company to obtain improper Benefits for themselves, their spouses, parents, children or any other person.</p>	<p>Article 14 (Avoiding Conflicts of Interest of Directors and Managers)</p> <p>The Company shall establish <u>policies</u> for preventing conflicts of interest and offer appropriate means for directors and managers to voluntarily explain whether their interests would potentially conflict with those of the Company.</p> <p>The Company's directors shall <u>exercise a high degree of self-discipline.</u> A director <u>may present his opinion and answer relevant questions</u> but is prohibited from participating in voting on any proposals where there is likelihood that the interests of this Company would be prejudiced, shall recuse himself or herself from any voting, and shall not exercise voting rights as proxy on behalf of another director. The directors shall exercise self-discipline and should not support one another in improper ways.</p> <p>The Company's directors and managers shall not take advantage of their positions in the Company to obtain improper Benefits for themselves, their spouses, parents, children or any other person.</p>	<p>Adding persons who shall comply with the Principles and changing number of the article</p>
<p>Article 18 (Accounting and Internal Control)</p> <p>The Company shall establish effective</p>	<p>Article 15 (Accounting and Internal Control)</p> <p>The Company shall establish effective</p>	<p>Adding the language that the Company may</p>

<p>accounting and internal control systems for business activities which may be at a higher risk of being involved in Unethical Conduct, and should not have under-the-table accounts or maintain secret accounts, and shall conduct reviews from time to time so as to ensure that the design and enforcement of the systems continue to be effective.</p> <p>The internal <u>audit department</u> of the Company shall inspect the Company's compliance with the system mentioned in the preceding paragraph and prepare and submit audit reports to the board of directors on a regular basis. <u>The Company may assign accountants to perform the inspection, and may request assistance from other professionals if required.</u></p>	<p>accounting systems and internal control systems for business activities which may be at a higher risk of being involved in Unethical Conduct, and should not have under-the-table accounts or maintain secret accounts, and shall conduct reviews from time to time so as to ensure that the design and enforcement of the systems continue to be effective.</p> <p>The internal <u>auditors</u> of the Company shall inspect the Company's compliance with the system mentioned in the preceding paragraph and prepare and submit audit reports to the board of directors on a regular basis.</p>	<p>delegate external professionals to do the inspection and changing number of the article</p>
<p>Article 19 (Operational Procedures and Guidelines)</p> <p>The operational <u>principles and rules</u> established by the Company for the prevention of Unethical Conduct shall specifically regulate the rules of business conduct for the Company's directors, managers, <u>employees</u>, and Substantial Controllers.</p>	<p>Article 16 (Operational Procedures and Guidelines)</p> <p>The operational <u>procedures and guidelines</u> established by the Company for the prevention of Unethical Conduct, which have specifically specified the rules of business conduct for the Company's directors, managers, <u>employees</u>, and Substantial Controllers, shall contain the following:—</p> <ol style="list-style-type: none"> 1. Standards for determining whether improper Benefits have been offered or accepted.— 2. Procedures for offering legitimate political donations.— 3. Procedures and the standard rates for offering charitable donations or sponsorship.— 4. Rules for avoiding work related conflicts of interest and how they should be reported and handled.— 5. Rules for keeping confidential trade secrets and sensitive business information obtained in 	<p>Enacting the “Operation Rules of Ethical Corporate Management Best Practice Principles” and including the related requirements in the operation rules. Article number changed</p>

	<p>the ordinary course of business.—</p> <p>6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of Unethical Conduct.</p> <p>7. Handling procedures for violations of the Principles.—</p> <p>8. Disciplinary measures on offenders.</p>	
<p>Article 20 (Training and Reviews)</p> <p><u>The chairman, general manager, or senior management shall communicate the importance of ethics to its directors, employees, and mandataries on a regular basis.</u></p> <p>The Company shall periodically organize training <u>or</u> awareness programs for its directors, managers, <u>employees, mandataries</u> and Substantial Controllers. Each business department of the Company shall propagate the principles to the counterparties of any commercial transaction the Company engages in, and have such counterparties fully understand the Company's resolution to implement the Principles and the consequences of committing Unethical Conduct.</p> <p>The Company shall combine the Principles with its employee performance evaluation system and human resource policies to establish a clear and effective reward and punishment system.</p>	<p>Article 17 (Training and Reviews)</p> <p>The Company shall periodically organize training <u>and</u> awareness programs for its directors, managers, <u>employees</u>, and Substantial Controllers. Each business department of the Company shall propagate the principles to the counterparties of any commercial transaction the Company engages in, and have such counterparties fully understand the Company's resolution to implement the Principles and related policies, Prevention Program and the consequences of committing Unethical Conduct.</p> <p>The Company shall combine the Principles with its employee performance appraisal system and human resource policies to establish a clear and effective reward and punishment system.</p>	<p>Wording amendment</p>
<p>Article 21 (Whistleblowing, Punishment and Appeals Process)</p> <p>In cases where the Company's directors, manager, <u>employees, mandataries</u> or Substantial Controller has discovered a violation of the Principles, the directors, manager, employees or Substantial Controller</p>	<p>Article 18 (Whistleblowing and Punishment)</p> <p>In cases where the Company's directors, manager, <u>employees</u> or Substantial Controller has discovered a violation of the Principles, the directors, manager, employees or Substantial Controller shall report such violation to the audit committee, managers, internal audit</p>	<p>Wording amendment</p>

<p>shall report such violation to the Audit Committee, managers, internal audit officer or other appropriate channels of the Company. The Company shall keep confidential the identity of the person who reports such violation and the report's content, and shall investigate and deal with such report actively. If any violation of the Principles is confirmed, a disciplinary action will be imposed depending upon the nature and degree of such violation.</p>	<p>officer or other appropriate <u>officers</u> of the Company. The Company shall keep confidential the identity of the person who reports such violation and the report's content, and shall investigate and deal with such report actively. If any violation of the Principles is confirmed, a disciplinary action will be imposed depending upon the nature and degree of such violation.</p>	
<p>Article 22 (Disclosure of Information) (Omitted)</p>	<p>Article 19 (Disclosure of Information) (Omitted)</p>	<p>Article number changed</p>
<p>Article 23 (Review and Amendment to the Principles)</p> <p>The Company shall monitor the development of relevant local and international regulations concerning ethical corporate management from time to time, and encourage its directors, managers and employees to make suggestions so as to review and improve the Principles and achieve better results from implementation.</p>	<p>Article 20 (Review and Amendment to the Principles)</p> <p>The Company shall monitor the development of relevant local and international regulations concerning ethical corporate management from time to time, and encourage its directors, managers and <u>employees</u> to make suggestions so as to review and improve the Principles and achieve better results from implementation.</p>	<p>Wording amendment</p>
<p>Article 24 (Enforcement) (Omitted)</p>	<p>Article 21 (Enforcement) (Omitted)</p>	<p>Article number changed</p>



Ethical Corporate Management Best Practice Principles

Officially resolved by the board of directors on January 27, 2011
First amendment was approved by the board of directors on October 27, 2011
Second amendment was approved by the board of directors on April 30, 2015

Article 1 (Purpose of Enactment and Applicable Scope)

Subject to the operation principles of integrity, transparency, and responsibility, Taiwan Mobile Co., Ltd. (the “Company”) enacts and executes “The Ethical Corporate Management Best Practice Principles” (“Principles”) to establish a corporate culture of ethical management and sound development, and offer a framework to establish good commercial practices, risk management mechanism, and to create a sustainable business environment.

The Principles shall apply to the Company's subsidiaries, any foundation constituted as a juristic person to which the Company's direct or indirect accumulated contribution of funds exceeds 50% of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company.

Article 2 (Prohibition of Unethical Conduct)

When engaging in commercial activities, directors, managers, employees, mandataries of the Company or persons having substantial control over the Company (“Substantial Controllers”) shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits (see Article 3), nor commit unethical acts including breach of the principle of good faith, illegal acts, or breach of fiduciary duty (collectively “Unethical Conduct”) for purposes of acquiring or maintaining Benefits (see Article 3).

The opposite parties of the Unethical Conduct referred to in the preceding paragraph include civil servants, political candidates, political parties or their members, state-run or private-owned businesses or institutions and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.

Article 3 (The Types of Benefits)

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

Article 4 (Legal Compliance)

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

Article 5 (Prevention Program)

In order to exercise in business operation, the Company shall stipulate the “Operation Rules of Ethical Corporate Management Best Practice Principles” and comply with the relevant laws and regulations in the country where the Company, affiliates, group enterprises or organizations have business operations.

Article 6 (The Commitment and Execution)

The Company shall clearly specify ethical corporate management principles in their internal rules and external documents. The board of directors and management promises to rigorously and thoroughly enforce ethical management for internal management and external commercial activities.

Article 7 (Engaging in Commercial Activities under Ethical Corporate Management Policies)

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

Prior to the conclusion of any commercial transaction, the Company shall take into consideration the legality of their agents, suppliers, clients or other trading counterparties, and whether they have conducted Unethical Conduct before, if any, and avoid having any dealings with persons who have or have been involved with any record of Unethical Conduct.

When entering into contracts with other parties, the Company shall include in such contracts provisions demanding ethical corporate management policy compliance and a provision that in the event the trading counterparties are suspected of engaging in or involved with Unethical Conduct, the Company may at any time terminate or cancel the contracts.

Article 8 (Prohibition of Offering and Accepting Bribes)

When conducting business, the Company and its directors, managers, employees, mandataries and Substantial Controllers shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits in any form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 9 (Prohibition of Offering Illegal Political Donations)

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

Article 10 (Prohibition of Improper Charitable Donations or Sponsorship)

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

Article 11 (Prohibition of Unjustifiable Presents, Hospitality or Other Improper Benefits)

The Company and its directors, managers, employees, mandataries and Substantial Controllers shall not directly or indirectly offer or accept any unjustifiable presents, hospitality or other improper Benefits to establish business relationship or influence commercial transactions.

Article 12 (Prohibition of Intellectual Property Infringement)

The Company and its directors, managers, employees, mandataries and Substantial Controllers shall comply with the laws, regulations, internal process procedures, and applicable contracts pertaining to intellectual property. The Company shall not use, disclose, dispose, destroy, or make any other infringement to intellectual property without prior written consent of the owners of the intellectual property rights.

Article 13 (Prohibition of Unfair Competition)

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

Article 14 (Prohibition of Damages on Products or Services against Stakeholders)

The Company and its directors, managers, employees, mandataries and Substantial Controllers shall comply with the applicable laws and regulations and international standards governing its products and services to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of the products and services. The Company shall adopt and announce a policy on the protection of the rights and interests of the consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of the consumers or other stakeholders. Where there are sufficient facts to determine that the Company's products or services are likely to pose any hazard to the safety and health of the consumers or other stakeholders, the Company shall recall those products or suspend the services immediately.

Article 15 (Organization and Responsibility)

The directors, managers, employees, mandataries and Substantial Controllers of the Company shall exercise due care in urging the Company to prevent Unethical Conduct, and review, from time to

time, the results of the preventive measures and continually make adjustments.

To achieve sound ethical corporate management, the internal audit department shall audit the execution and compliance of ethical management as follows, and report to the board of directors on a regular basis:

1. Stipulate the “Operation Rules of Ethical Corporate Management Best Practice Principles”.
2. Promoting and coordinating awareness and educational activities with respect to ethics policy.
3. Developing the whistleblowing mechanism and ensuring its operating effectiveness.
4. Assisting the board of directors and management team in auditing and assessing whether ethical management is effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 16 (Legal Compliance for Conducting Business)

The Company and its directors, managers, employees, mandataries and Substantial Controllers shall comply with the laws, regulations and the internal principles when conducting business.

Article 17 (Avoiding Conflicts of Interest)

The Company shall establish regulations for preventing conflicts of interest, to distinguish, supervise, and manage the potential risks of Unethical Conduct resulting from conflict interests, and offer appropriate means for directors, managers, and any other stakeholders attending or present at the board meeting to voluntarily explain whether their interests would potentially conflict with those of the Company.

A director, manager, and any other stakeholder attending or present at the board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting, shall state the important aspects of the stake in the meeting. Such person shall be prohibited from discussing and participating in voting on any proposals if there is likelihood that the interests of this Company would be prejudiced, shall recuse himself or herself from any discussion and voting, and shall not exercise voting rights as proxy on behalf of another director. The directors shall exercise self-discipline and should not support one another in improper ways.

The Company's directors, managers, employees, mandataries and Substantial Controllers shall not take advantage of their positions or influence in the Company to obtain improper Benefits for themselves, their spouses, parents, children or any other person.

Article 18 (Accounting and Internal Control)

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

The internal audit department of the Company shall inspect the Company's compliance with the system mentioned in the preceding paragraph and prepare and submit audit reports to the board of directors on a regular basis. The Company may assign accountants to perform the inspection, and may request assistance from other professionals if required.

Article 19 (Operational Procedures and Guidelines)

The operational principles and rules established by the Company for the prevention of Unethical Conduct shall specifically regulate the rules of business conduct for the Company's directors, managers, employees, and Substantial Controllers.

Article 20 (Training and Reviews)

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

The Company shall periodically organize training or awareness programs for its directors, managers, employees, mandataries and Substantial Controllers. Each business department of the Company shall propagate the principles to the counterparties of any commercial transaction the Company engages in, and have such counterparties fully understand the Company's resolution to implement the Principles and the consequences of committing Unethical Conduct.

The Company shall combine the Principles with its employee performance evaluation system and human resource policies to establish a clear and effective reward and punishment system.

Article 21 (Whistleblowing, Punishment and Appeals Process)

In cases where the Company's directors, manager, employees, mandataries or Substantial Controller has discovered a violation of the Principles, the directors, manager, employees or Substantial Controller shall report such violation to the Audit Committee, managers, internal audit officer or other appropriate channels of the Company. The Company shall keep confidential the identity of the person who reports such violation and the report's content, and shall investigate and deal with such report actively. If any violation of the Principles is confirmed, a disciplinary action will be imposed depending upon the nature and degree of such violation.

Article 22 (Disclosure of Information)

The Company shall disclose the status of the enforcement of the Principles on its company website, annual report and public prospectus.

Article 23 (Review and Amendment to the Principles)

The Company shall monitor the development of relevant local and international regulations concerning ethical corporate management from time to time, and encourage its directors, managers and employees to make suggestions so as to review and improve the Principles and achieve better results from implementation.

Article 24 (Enforcement)

The Ethical Corporate Management Best Practice Principles of the Company shall be implemented after the Principles are reviewed by the Audit Committee and resolved by the board of directors, and then the Principles shall be submitted at the shareholders' meeting. The same procedure shall apply to any amendment thereto.

Attachment V

The 2014 Consolidated Financial Statements **Independent Auditors' Report**

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

We have audited the accompanying consolidated balance sheets of Taiwan Mobile Co., Ltd. and subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2014 and 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Taiwan Mobile Co., Ltd. and subsidiaries as of December 31, 2014 and 2013, and the consolidated results of their operations and their consolidated cash flows for the years ended December 31, 2014 and 2013, in conformity with the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" and with the IFRSs, IASs, IFRIC Interpretations and SIC Interpretations endorsed by the Financial Supervisory Commission.

We have also audited the standalone balance sheets of Taiwan Mobile Co., Ltd. as of December 31, 2014 and 2013, and the related statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2014 and 2013, on which we have issued an unqualified and modified unqualified audit report, respectively.

KPMG
Taipei, Taiwan (the Republic of China)
January 29, 2015

Note to Readers

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

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2014 AND 2013

(NTS'000, except for par value)

ASSETS	2014.12.31		2013.12.31		LIABILITIES AND EQUITY	2014.12.31		2013.12.31	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 4, 6(a) and 7)	\$ 7,903,777	5	7,954,294	6	Short-term borrowings (Notes 4, 6(m) and 7)	\$ 18,900,000	12	30,605,813	22
Current available-for-sale financial assets (Notes 4, 6(b) and 7)	2,213,757	1	960,945	1	Short-term notes and bills payable (Notes 4 and 6(m))	5,593,031	4	2,396,971	2
Current held-to-maturity financial assets (Note 4)	6	-	-	-	Notes payable	191,951	-	408,904	-
Accounts and notes receivable, net (Notes 4, 5 and 6(d))	14,990,240	10	14,583,899	10	Accounts payable	7,590,325	5	6,661,431	5
Accounts receivable from related parties (Note 7)	34,561	-	49,557	-	Accounts payable to related parties (Note 7)	79,392	-	73,080	-
Other receivables (Note 7)	1,000,549	1	494,348	-	Other payables (Note 7)	12,310,967	8	11,657,899	9
Inventories (Notes 4 and 6(e))	3,210,988	2	3,781,354	3	Current tax liabilities (Note 4)	2,114,614	1	1,512,072	1
Prepayments (Note 7)	486,343	-	521,368	-	Current provisions (Notes 4 and 6(q))	217,083	-	193,886	-
Non-current assets held for sale (Notes 4 and 6(f))	-	-	50,275	-	Advance receipts (Note 6(n))	2,264,612	2	2,619,906	2
Other current financial assets (Notes 4, 7 and 8)	2,967,826	2	1,046,057	1	Long-term liabilities, current portion (Note 6(p))	2,208,218	2	1,000,000	1
Other current assets	26,657	-	51,771	-	Other current liabilities	1,998,735	1	1,475,676	1
Total current assets	32,834,704	21	29,493,868	21	Total current liabilities	53,468,928	35	58,605,638	43
NON-CURRENT ASSETS					NON-CURRENT LIABILITIES				
Non-current available-for-sale financial assets (Notes 4 and 6(b))	3,480,153	2	1,226,889	1	Bonds payable (Note 6(o))	14,794,293	10	14,792,647	11
Non-current financial assets at cost (Notes 4 and 6(c))	192,652	-	178,325	-	Long-term borrowings (Notes 6(p) and 7)	13,182,326	9	2,000,000	1
Non-current debt instrument investment without active market (Note 4)	500,000	-	500,000	-	Non-current provisions (Notes 4 and 6(q))	1,014,349	1	880,069	1
Investments accounted for using equity method (Notes 4, 5, 6(g) and 7)	897,246	1	2,289,356	2	Deferred tax liabilities (Notes 4, 5 and 6(u))	2,688,568	2	2,599,791	2
Property, plant and equipment (Notes 4, 5 and 6(i))	47,066,319	31	42,985,801	31	Accrued pension liabilities (Notes 4 and 6(t))	122,423	-	115,463	-
Investment properties, net (Notes 4 and 6(j))	354,208	-	320,394	-	Guarantee deposits	820,504	-	818,386	-
Concessions (Notes 4, 6(k) and 8)	39,103,292	26	32,748,545	24	Other non-current liabilities (Note 6(r))	933,611	-	19,744	-
Goodwill (Notes 4, 5 and 6(k))	15,845,930	10	15,845,930	11	Total non-current liabilities	33,556,074	22	21,226,100	15
Other intangible assets, net (Notes 4, 5 and 6(k))	6,219,622	4	6,242,796	5	Total liabilities	87,025,002	57	79,831,738	58
Deferred tax assets (Notes 4, 5 and 6(u))	882,732	1	924,576	1	EQUITY ATTRIBUTABLE TO OWNERS OF PARENT				
Other non-current financial assets (Notes 4, 6(n), 7 and 8)	271,574	-	250,717	-	(Notes 4 and 6(v))				
Other non-current assets (Notes 6(l) and 7)	5,888,820	4	5,345,182	4	Ordinary shares	34,208,328	22	34,208,328	25
Total non-current assets	120,702,548	79	108,858,511	79	Capital surplus	14,715,830	10	12,456,891	9
					Retained earnings				
					Legal reserve	21,537,666	14	19,262,044	14
					Unappropriated retained earnings	19,817,858	13	22,171,132	16
					Other equity interests	(302,986)	-	412,682	-
					Treasury shares	(29,717,344)	(20)	(31,077,183)	(23)
					Total equity attributable to owners of parent	60,259,352	39	57,433,894	41
					Non-controlling interests (Notes 6(h) and 6(v))	6,252,898	4	1,086,747	1
					Total equity	66,512,250	43	58,520,641	42
TOTAL	\$ 153,537,252	100	138,352,379	100	TOTAL	\$ 153,537,252	100	138,352,379	100

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	(NT\$'000, except for EPS)			
	2014		2013	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 6(x) and 7)	\$ 112,623,879	100	108,407,931	100
OPERATING COSTS (Notes 4, 7 and 12)	75,098,238	66	69,571,020	64
GROSS PROFIT FROM OPERATIONS	37,525,641	34	38,836,911	36
OPERATING EXPENSES (Notes 4, 7 and 12)				
Marketing	12,979,675	12	12,883,401	12
Administrative	4,945,362	4	4,944,818	5
	17,925,037	16	17,828,219	17
NET OTHER INCOME AND EXPENSES (Note 6(y))	110,111	-	63,143	-
NET OPERATING INCOME	19,710,715	18	21,071,835	19
NON-OPERATING INCOME AND EXPENSES (Notes 4, 6(z) and 7)				
Other income	541,030	-	156,348	-
Other gains and losses, net	(780,195)	(1)	(1,356,445)	(1)
Finance costs	(601,834)	-	(397,322)	-
Share of profit (loss) of associates accounted for using equity method	(4,639)	-	(55,403)	-
Total non-operating income and expenses	(845,638)	(1)	(1,652,822)	(1)
PROFIT BEFORE TAX	18,865,077	17	19,419,013	18
TAX EXPENSE (Notes 4 and 6(u))	3,233,643	3	3,351,840	3
PROFIT FROM CONTINUING OPERATIONS	15,631,434	14	16,067,173	15
LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX (Notes 4 and 6(f))	(78,329)	-	(249,392)	-
PROFIT	15,553,105	14	15,817,781	15
OTHER COMPREHENSIVE INCOME (LOSS)				
Exchange differences on translation	14,226	-	303	-
Unrealized gains (losses) on available-for-sale financial assets	(763,588)	(1)	54,782	-
Actuarial gains (losses) on defined benefit plans	(23,207)	-	560	-
Share of other comprehensive income (loss) of associates accounted for using equity method	47,120	-	(1,859)	-
Income tax generated from other comprehensive income	3,945	-	(95)	-
OTHER COMPREHENSIVE INCOME (AFTER TAX)	(721,504)	(1)	53,691	-
COMPREHENSIVE INCOME	\$ 14,831,601	13	15,871,472	15
PROFIT ATTRIBUTABLE TO				
Owners of parent	\$ 15,005,428	14	15,583,447	15
Non-controlling interests	547,677	-	234,334	-
	\$ 15,553,105	14	15,817,781	15
COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Owners of parent	\$ 14,271,279	13	15,655,368	15
Non-controlling interests	560,322	-	216,104	-
	\$ 14,831,601	13	15,871,472	15
EARNINGS PER SHARE				
BASIC (Note 6(w))				
Basic earnings per share from continuing operations	\$	5.57	\$	5.84
Basic loss per share from discontinued operations		(0.01)		(0.05)
Total basic earnings per share	\$	5.56	\$	5.79
DILUTED (Note 6(w))				
Diluted earnings per share from continuing operations	\$	5.56	\$	5.83
Diluted loss per share from discontinued operations		(0.01)		(0.05)
Total diluted earnings per share	\$	5.55	\$	5.78

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(NT\$'000, except for per share amounts)

	Equity Attributable to Owners of Parent										
	Ordinary Shares	Capital Surplus	Retained Earnings		Other Equity Interests			Treasury Shares	Total	Non- controlling Interests	Total Equity
			Legal Reserve	Unappropriated	Exchange Differences on Translation	Unrealized Gain (Loss) on Available-for- Sale Financial Assets					
BALANCE, JANUARY 1, 2013	\$ 34,208,328	12,431,851	18,061,894	22,606,173	25,483	314,543	(31,077,183)	56,571,089	1,072,204	57,643,293	
Distribution of retained earnings for the year ended December 31, 2012:											
Legal reserve	-	-	1,469,160	(1,469,160)	-	-	-	-	-	-	
Cash dividends	-	-	-	(14,526,578)	-	-	-	(14,526,578)	-	(14,526,578)	
Legal reserve used to distribute cash dividends	-	-	(269,010)	-	-	-	-	(269,010)	-	(269,010)	
Total distribution of retained earnings	-	-	1,200,150	(15,995,738)	-	-	-	(14,795,588)	-	(14,795,588)	
Profit for the year ended December 31, 2013	-	-	-	15,583,447	-	-	-	15,583,447	234,334	15,817,781	
Other comprehensive income for the year ended December 31, 2013	-	-	-	(735)	(535)	73,191	-	71,921	(18,230)	53,691	
Total comprehensive income for the year ended December 31, 2013	-	-	-	15,582,712	(535)	73,191	-	15,655,368	216,104	15,871,472	
Changes in equity of associates accounted for using equity method	-	25,040	-	-	-	-	-	25,040	24,410	49,450	
Adjustments arising from changes in percentage of ownership of subsidiaries	-	-	-	(22,015)	-	-	-	(22,015)	22,015	-	
Cash dividends from subsidiaries paid to non-controlling interests	-	-	-	-	-	-	-	-	(247,986)	(247,986)	
BALANCE, DECEMBER 31, 2013	34,208,328	12,456,891	19,262,044	22,171,132	24,948	387,734	(31,077,183)	57,433,894	1,086,747	58,520,641	
Distribution of retained earnings for the year ended December 31, 2013:											
Legal reserve	-	-	2,275,622	(2,275,622)	-	-	-	-	-	-	
Cash dividends	-	-	-	(15,064,599)	-	-	-	(15,064,599)	-	(15,064,599)	
Total distribution of retained earnings	-	-	2,275,622	(17,340,221)	-	-	-	(15,064,599)	-	(15,064,599)	
Profit for the year ended December 31, 2014	-	-	-	15,005,428	-	-	-	15,005,428	547,677	15,553,105	
Other comprehensive income for the year ended December 31, 2014	-	-	-	(18,481)	6,346	(722,014)	-	(734,149)	12,645	(721,504)	
Total comprehensive income for the year ended December 31, 2014	-	-	-	14,986,947	6,346	(722,014)	-	14,271,279	560,322	14,831,601	
Changes in equity of associates accounted for using equity method	-	1,665	-	-	-	-	-	1,665	(258)	1,407	
Disposal of TWM's shares by subsidiaries	-	1,520,403	-	-	-	-	1,359,839	2,880,242	-	2,880,242	
Difference between consideration and carrying amount of subsidiaries' shares disposed of	-	85,965	-	-	-	-	-	85,965	229,995	315,960	
Adjustments arising from changes in percentage of ownership of subsidiaries	-	650,906	-	-	-	-	-	650,906	2,864,113	3,515,019	
Cash dividends from subsidiaries paid to non-controlling interests	-	-	-	-	-	-	-	-	(224,481)	(224,481)	
Increase in non-controlling interests	-	-	-	-	-	-	-	-	1,736,460	1,736,460	
BALANCE, DECEMBER 31, 2014	\$ 34,208,328	14,715,830	21,537,666	19,817,858	31,294	(334,280)	(29,717,344)	60,259,352	6,252,898	66,512,250	

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(NTS'000)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES	\$ 18,865,077	19,419,013
Profit from continuing operations before tax	(94,363)	(300,472)
Loss from discontinued operations before tax	18,770,714	19,118,541
Profit before tax		
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	9,721,579	8,767,518
Amortization expense	1,871,429	1,234,149
Gain on disposal of non-current assets held for sale, net	(153,706)	-
Loss on disposal of property, plant and equipment, net	969,694	1,395,538
Provision for bad debt expense	373,778	321,110
Finance costs	601,834	397,373
Interest income	(94,992)	(95,023)
Dividend income	(22,803)	(24,246)
Share-based payments of subsidiaries	2,840	-
Impairment loss on non-financial assets (from discontinued operations)	17,794	-
Share of loss of associates accounted for using equity method	4,639	55,403
Loss (gain) on disposal of investments	168	(4,046)
Gain on disposal of investments accounted for using equity method	-	(5,874)
Others	(1,076)	184
Total adjustments to reconcile profit (loss)	13,291,178	12,042,086
Changes in operating assets and liabilities		
Accounts and notes receivable	(1,782,136)	(3,590,403)
Accounts receivable from related parties	14,996	21,482
Other receivables	(49,560)	(9,118)
Inventories	570,348	(1,212,808)
Prepayments	72,751	47,189
Other current assets	27,412	30,630
Other assets	14,266	18,265
Notes payable	(216,953)	48,235
Accounts payable	924,698	(469,971)
Accounts payable to related parties	6,312	8,703
Other payables	(429,711)	1,079,894
Provisions	27,444	41,840
Advance receipts	(301,410)	(489,918)
Other current liabilities	459,458	506,844
Accrued pension liabilities	(16,247)	(213)
Total changes in operating assets and liabilities	(678,332)	(3,969,349)
Net cash inflows generated from operating activities	31,383,560	27,191,278
Interest received	1,510	-
Interest paid	(6,291)	(1,165)
Income taxes paid	(3,040,263)	(2,357,102)
Net cash flows from operating activities	28,338,516	24,833,011

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(NTS'000)

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(13,569,058)	(11,525,906)
Acquisition of intangible assets	(829,831)	(29,190,087)
Increase in prepayments for equipment	(304,769)	(303,046)
Net cash inflows from new consolidated entities	1,193,252	-
Net cash inflows from disposal of subsidiaries	14,533	-
Acquisition of investments accounted for using equity method	(320,273)	(1,067,850)
Proceeds from disposal of investments accounted for using equity method	-	12,855
Acquisition of available-for-sale financial assets	(4,273,724)	(1,000,000)
Proceeds from disposal of available-for-sale financial assets	-	194,277
Acquisition of financial assets at cost	(60,000)	-
Increase in refundable deposits	(164,135)	(207,141)
Decrease in refundable deposits	154,372	220,613
Increase in other financial assets	(2,392,255)	(1,218,816)
Decrease in other financial assets	447,544	1,471,101
Proceeds from disposal of non-current assets held for sale	250,291	-
Proceeds from disposal of property, plant and equipment	5,856	110,239
Proceeds from disposal of intangible assets	-	1
Proceeds from investees' capital reduction	45,673	3,002
Increase in other non-current assets	(3,706)	-
Acquisition of held-to-maturity financial assets	(6)	-
Interest received	93,540	95,940
Dividend received	48,142	34,566
Net cash used in investing activities	<u>(19,664,554)</u>	<u>(42,370,252)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	119,246,379	73,873,936
Decrease in short-term borrowings	(130,955,823)	(46,435,716)
Increase in short-term notes and bills payable	19,467,020	3,894,957
Decrease in short-term notes and bills payable	(16,274,202)	(1,498,542)
Proceeds from issuance of bonds	-	5,796,043
Repayments of bonds	-	(4,000,000)
Proceeds from long-term borrowings	10,000,000	3,000,000
Repayments of long-term borrowings	(1,105,000)	-
Cash dividends paid (including paid to non-controlling interests)	(15,289,071)	(15,043,570)
Proceeds from disposal of treasury shares	2,970,389	-
Disposal of ownership interests in subsidiaries (without losing control)	323,859	-
Increase in guarantee deposits received	169,229	193,527
Decrease in guarantee deposits received	(214,427)	(186,458)
Interest paid	(586,873)	(302,404)
Increase in non-controlling interests	3,512,800	-
Net cash flows from (used in) financing activities	<u>(8,735,720)</u>	<u>19,291,773</u>
EFFECT OF EXCHANGES RATE CHANGES ON CASH AND CASH EQUIVALENTS	11,241	8,622
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(50,517)</u>	<u>1,763,154</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,954,294	6,191,140
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 7,903,777</u></u>	<u><u>7,954,294</u></u>

The 2014 Financial Statements
Independent Auditors' Report

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

We have audited the accompanying balance sheets of Taiwan Mobile Co., Ltd. as of December 31, 2014 and 2013, and the related statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2014 and 2013. These non-consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these non-consolidated financial statements based on our audits.

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

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of Taiwan Mobile Co., Ltd. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years ended December 31, 2014 and 2013, in conformity with the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers."

KPMG
Taipei, Taiwan (the Republic of China)
January 29, 2015

Notice to Readers

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

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

TAIWAN MOBILE CO., LTD.
BALANCE SHEETS
DECEMBER 31, 2014 AND 2013

(NTS'000, except for par value)

	2014.12.31		2013.12.31	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6(a) and 7)	\$ 1,167,487	1	601,723	1
Current available-for-sale financial assets (Notes 4, 6(b))	204,310	-	202,354	-
Accounts and notes receivable, net (Notes 4, 5 and 6(d))	10,606,824	8	11,807,587	9
Accounts receivable from related parties (Note 7)	261,589	-	1,744,392	1
Other receivables	371,843	-	335,115	-
Other receivable from related parties (Note 7)	333,917	-	2,433,533	2
Inventories (Notes 4 and 6(e))	1,999,682	2	2,283,349	2
Prepayments (Note 7)	303,705	-	409,844	-
Other current assets	1,810	-	1,801	-
Total current assets	15,251,167	11	19,819,698	15
NON-CURRENT ASSETS				
Non-current available-for-sale financial assets (Notes 4 and 6(b))	2,587,050	2	-	-
Non-current financial assets at cost (Notes 4 and 6(c))	7,050	-	50,324	-
Investments accounted for using equity method (Notes 4, 5 and 6(f))	47,285,131	34	39,513,049	30
Property, plant and equipment (Notes 4, 5 and 6(h))	32,294,190	23	28,975,365	22
Investment properties, net (Notes 4 and 6(i))	554,966	-	1,765,018	1
Concessions (Notes 4 and 6(j))	31,505,997	22	32,748,545	24
Goodwill (Notes 4, 5 and 6(j))	7,121,871	5	7,121,871	5
Computer software, net (Notes 4 and 6(j))	489,502	-	376,627	-
Deferred tax assets (Notes 4, 5 and 6(s))	779,560	1	815,573	1
Other non-current assets (Notes 6(k) and 8)	2,746,422	2	2,991,162	2
Total non-current assets	125,371,739	89	114,357,534	85
TOTAL	\$140,622,906	100	134,177,232	100

	2014.12.31		2013.12.31	
	Amount	%	Amount	%
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 6(l) and 7)	\$ 27,880,000	20	37,170,000	28
Short-term notes and bills payable (Notes 4 and 6(l))	5,593,031	4	2,396,971	2
Accounts payable	4,353,712	3	4,025,392	3
Accounts payable to related parties (Note 7)	88,659	-	94,029	-
Other payables (Note 7)	8,885,881	6	8,884,409	7
Current tax liabilities (Note 4)	940,108	1	470,808	-
Current provisions (Notes 4 and 6(p))	118,947	-	109,116	-
Advance receipts (Note 6(m))	1,673,685	1	1,973,963	1
Long-term liabilities, current portion (Note 6(o))	2,000,000	2	1,000,000	1
Other current liabilities	1,716,023	1	1,112,012	1
Total current liabilities	53,250,046	38	57,236,700	43
NON-CURRENT LIABILITIES				
Bonds payable (Note 6(n))	14,794,293	11	14,792,647	11
Long-term borrowings (Note 6(o))	10,000,000	7	2,000,000	2
Non-current provisions (Notes 4 and 6(p))	616,959	-	564,470	-
Deferred tax liabilities (Notes 4, 5 and 6(s))	1,313,577	1	1,744,211	1
Accrued pension liabilities (Notes 4 and 6(r))	28,286	-	28,882	-
Guarantee deposits	360,393	-	376,428	-
Total non-current liabilities	27,113,508	19	19,506,638	14
Total liabilities	80,363,554	57	76,743,338	57
Ordinary shares	34,208,328	24	34,208,328	26
Capital surplus	14,715,830	11	12,456,891	9
Retained earnings				
Legal reserve	21,537,666	15	19,262,044	14
Unappropriated retained earnings	19,817,858	14	22,171,132	17
Other equity interests	(302,986)	-	412,682	-
Treasury shares	(29,717,344)	(21)	(31,077,183)	(23)
Total equity (Note 6(t))	60,259,352	43	57,433,894	43
TOTAL	\$140,622,906	100	134,177,232	100

TAIWAN MOBILE CO., LTD.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(NT\$'000, except for EPS)

	2014		2013	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 6(v) and 7)	\$ 81,649,07	100	78,928,492	100
OPERATING COSTS (Notes 4, 7 and 12)	52,822,02	65	51,265,449	65
GROSS PROFIT FROM OPERATIONS	28,827,04	35	27,663,043	35
Unrealized gain on sales	42,761	-	33,405	-
Realized gain on sales	30,533	-	-	-
NET GROSS PROFIT FROM OPERATIONS	28,814,818	35	27,629,638	35
OPERATING EXPENSES (Notes 4, 7 and 12)				
Marketing	20,018,364	24	15,989,050	20
Administrative	3,135,187	4	3,435,206	4
	23,153,551	28	19,424,256	24
NET OTHER INCOME AND EXPENSES (Note 6(w))	52,013	-	52,635	-
NET OPERATING INCOME	5,713,280	7	8,258,017	11
NON-OPERATING INCOME AND EXPENSES (Notes 4, 6(x) and 7)				
Other income	550,826	1	229,807	-
Other gains and losses, net	(955,375)	(1)	(1,318,154)	(2)
Finance costs	(599,276)	(1)	(444,094)	(1)
Share of profit of subsidiaries and associates accounted for using equity method	11,031,482	13	9,862,077	13
Total non-operating income and expenses	10,027,657	12	8,329,636	10
PROFIT BEFORE TAX	15,740,937	19	16,587,653	21
TAX EXPENSE (Notes 4 and 6(s))	735,509	1	1,004,206	1
PROFIT	15,005,42	18	15,583,447	20
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized gains (losses) on available-for-sale financial assets	(390,99)	(1)	(3,043)	-
Actuarial losses on defined benefit plans	(14,79)	-	(17,260)	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	(330,87)	-	89,290	-
Income tax generated from other comprehensive income	2,51	-	2,934	-
OTHER COMPREHENSIVE INCOME (AFTER TAX)	(734,14)	(1)	71,921	-
COMPREHENSIVE INCOME	\$ 14,271,27	17	15,655,368	20
EARNINGS PER SHARE (Note 6(u))				
BASIC	\$ 5.56		5.79	
DILUTED	\$ 5.55		5.78	

TAIWAN MOBILE CO., LTD.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(NT\$'000, except for per share amounts)

	Ordinary Shares	Capital Surplus	Retained Earnings		Other Equity Interests		Treasury Shares	Total Equity
			Legal Reserve	Unappropriated	Exchange Differences on Translation	Unrealized Gain (Loss) on Available-for-Sale Financial Assets		
BALANCE, JANUARY 1, 2013	\$ 34,208,328	12,431,851	18,061,894	22,606,173	25,483	314,543	(31,077,183)	56,571,089
Distribution of retained earnings for the year ended December 31, 2012 (Note 1):								
Legal reserve	-	-	1,469,160	(1,469,160)	-	-	-	-
Cash dividends	-	-	-	(14,526,578)	-	-	-	(14,526,578)
Legal reserve used to distribute cash dividends	-	-	(269,010)	-	-	-	-	(269,010)
Total distribution of retained earnings	-	-	1,200,150	(15,995,738)	-	-	-	(14,795,588)
Profit for the year ended December 31, 2013	-	-	-	15,583,447	-	-	-	15,583,447
Other comprehensive income for the year ended December 31, 2013	-	-	-	(735)	(535)	73,191	-	71,921
Total comprehensive income for the year ended December 31, 2013	-	-	-	15,582,712	(535)	73,191	-	15,655,368
Changes in equity of associates accounted for using equity method	-	25,040	-	-	-	-	-	25,040
Adjustments arising from changes in percentage of ownership of subsidiaries	-	-	-	(22,015)	-	-	-	(22,015)
								15
BALANCE, DECEMBER 31, 2013	34,208,328	12,456,891	19,262,044	22,171,132	24,948	387,734	(31,077,183)	57,433,894
Distribution of retained earnings for the year ended December 31, 2013 (Note 2):								
Legal reserve	-	-	2,275,622	(2,275,622)	-	-	-	-
Cash dividends	-	-	-	(15,064,599)	-	-	-	(15,064,599)
Total distribution of retained earnings	-	-	2,275,622	(17,340,221)	-	-	-	(15,064,599)
Profit for the year ended December 31, 2014	-	-	-	15,005,428	-	-	-	15,005,428
Other comprehensive income for the year ended December 31, 2014	-	-	-	(18,481)	6,346	(722,014)	-	(734,149)
Total comprehensive income for the year ended December 31, 2014	-	-	-	14,986,947	6,346	(722,014)	-	14,271,279
Changes in equity of associates accounted for using equity method	-	1,665	-	-	-	-	-	1,665
Disposal of TWM's shares by subsidiaries	-	1,520,403	-	-	-	-	1,359,839	2,880,242
Difference between consideration and carrying amount of subsidiaries' shares disposed of	-	85,965	-	-	-	-	-	85,965
Adjustments arising from changes in percentage of ownership of subsidiaries	-	650,906	-	-	-	-	-	650,906
BALANCE, DECEMBER 31, 2014	\$ 34,208,328	14,715,830	21,537,666	19,817,858	31,294	(334,280)	(29,717,344)	60,259,352

Note 1: The remuneration to directors of \$39,667 thousand and the bonus to employees of \$396,673 thousand have been expensed and deducted from 2012 earnings.

Note 2: The remuneration to directors of \$42,075 thousand and the bonus to employees of \$420,753 thousand have been expensed and deducted from 2013 earnings.

TAIWAN MOBILE CO., LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(NT\$'000)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES	\$ 15,740,937	16,587,653
Profit before tax		
Adjustments		
Adjustments to reconcile profit (loss)		
Share of profit of subsidiaries and associates accounted for using equity method	(11,031,482)	(9,862,077)
Depreciation expense	7,600,128	7,008,086
Amortization expense	1,505,417	994,221
Loss on disposal of property, plant and equipment, net	950,715	1,285,754
Finance costs	599,276	444,094
Provision for bad debt expense	334,960	286,698
Unrealized gain on sales	42,761	33,405
Realized gain on sales	(30,533)	-
Interest income	(18,531)	(38,975)
Dividend income	(9,835)	(11,628)
Total adjustments to reconcile profit (loss)	(57,124)	139,578
Changes in operating assets and liabilities		
Accounts and notes receivable	1,164,238	(941,074)
Accounts receivable from related parties	1,482,803	(1,704,873)
Other receivables	(46,827)	211,472
Other receivable from related parties	14,616	(542,393)
Inventories	283,667	(334,014)
Prepayments	106,139	(15,923)
Other current assets	(9)	1,900
Accounts payable	328,320	(733,372)
Accounts payable to related parties	(5,370)	25,757
Other payables	(1,001,011)	488,164
Provisions	(5,416)	(5,845)
Advance receipts	(245,267)	(294,734)
Other current liabilities	549,000	419,300
Accrued pension liabilities	(15,387)	860
Total changes in operating assets and liabilities	2,609,496	(3,424,775)
Net cash inflows generated from operating activities	18,293,309	13,302,456
Interest received	1,510	-
Interest paid	(4,351)	(1,134)
Income taxes paid	(1,056,066)	(1,103,859)
Net cash flows from operating activities	\$ 17,234,402	12,197,463

TAIWAN MOBILE CO., LTD.

STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(NT\$'000)

	2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(9,196,218)	(6,776,085)
Increase in prepayments for equipment	(280,962)	(137,989)
Acquisition of intangible assets	(108,375)	(29,148,300)
Acquisition of investments accounted for using equity method	(3,172,155)	(1,153,350)
Acquisition of available-for-sale financial assets	(2,980,000)	-
Increase in financing provided to investees	(2,920,000)	(4,445,000)
Decrease in financing provided to investees	5,005,000	4,190,000
Increase in refundable deposits	(125,248)	(109,629)
Decrease in refundable deposits	94,717	88,819
Proceeds from disposal of intangible assets	12,660	20,394
Proceeds from disposal of property, plant and equipment	12,484	33,005
Proceeds from investees' capital reduction	43,274	-
Interest received	26,943	33,085
Dividend received	9,717,061	5,240,570
Increase in other financial assets	-	(720)
Net cash used in investing activities	(3,870,819)	(32,165,200)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	109,300,000	71,900,000
Decrease in short-term borrowings	(122,200,000)	(44,400,000)
Proceeds of financing from investee	21,070,000	7,270,000
Repayment of financing from investee	(17,460,000)	(7,400,000)
Increase in short-term notes and bills payable	19,067,020	3,894,957
Decrease in short-term notes and bills payable	(15,874,202)	(1,498,542)
Proceeds from long-term borrowings	10,000,000	3,000,000
Repayments of long-term borrowings	(1,000,000)	-
Increase in guarantee deposits received	110,213	119,069
Decrease in guarantee deposits received	(127,049)	(126,859)
Cash dividends paid	(15,064,590)	(14,795,584)
Interest paid	(619,211)	(344,979)
Proceeds from issuance of bonds	-	5,796,043
Repayments of bonds	-	(4,000,000)
Net cash flows from (used in) financing activities	(12,797,819)	19,414,105
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	565,764	(553,632)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	601,723	1,155,355
CASH AND CASH EQUIVALENTS AT END OF YEAR\$	<u>1,167,487</u>	<u>601,723</u>



Taiwan Mobile Co., Ltd.
2014 Earnings Distribution Proposal

Unit: NT\$

Item	Amount
Unappropriated retained earnings as of December 31, 2013	4,830,911,384
Actuarial losses of 2014	(18,481,587)
Net income of 2014 (Note 1)	15,005,428,205
Legal reserve appropriation (10%)	(1,500,542,821)
Special reserve appropriation	(302,986,349)
Retained earnings available for distribution	18,014,328,832
Appropriation:	
Cash dividends (Note 2)	(15,243,654,866)
Unappropriated retained earnings balance	2,770,673,966

Note 1: Employee cash bonuses of NT\$396,056,971 and remuneration to directors of NT\$33,845,697 were booked as expenses in 2014, and the amounts proposed by the BOD equals to the amount expensed.

Note 2: Dividend per share will be based on the actual outstanding shares on the ex-dividend date.



Rules and Procedures for Acquisition or Disposal of Assets

(the “Procedures”)

Before and After Amendments for Comparison

Article	Amended	Original	Explanation
7	<p>The following items shall be specified in the Procedures:</p> <ol style="list-style-type: none"> 1. (omitted) 2. (omitted) 3. Operating procedures: <ol style="list-style-type: none"> (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: <ol style="list-style-type: none"> (i) The Company may delegate the chairman to decide such matters when a single transaction does not exceed <u>NT\$1,000,000,000 (one billion)</u>, subject to ratifications at the next board meeting. <u>The above does not apply to any long-term securities investment in excess of NT\$ 300,000,000.</u> (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. <p>(following omitted)</p>	<p>The following items shall be specified in the Procedures:</p> <ol style="list-style-type: none"> 1. (omitted) 2. (omitted) 3. Operating procedures: <ol style="list-style-type: none"> (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: <ol style="list-style-type: none"> (i) The Company may delegate the chairman to decide such matters when a single transaction does not exceed <u>NT\$ 300,000,000</u>, subject to ratifications at the next board meeting. (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 	<p>Increasing the transaction amount delegated to the chairman; the transaction amount of the long-term securities investment delegated to the chairman remains the current amount</p>

		effective after approved by the board of directors. (following omitted)	
14	<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 paid-in capital, 10% or more of the Company's total assets, or NT\$300,000,000 or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, 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 to 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 the acquisition or disposal of business-use equipment 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\$ <u>1,000,000,000 (one billion)</u> and have the decisions subsequently ratified by the next board of directors meeting.</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 paid-in capital, 10% or more of the Company's total assets, or NT\$300,000,000 or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, 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 to 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 the acquisition or disposal of business-use equipment 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\$<u>300,000,000</u> and have the decisions subsequently ratified by the next board of directors meeting.</p>	Increasing the transaction amount delegated to the chairman
24	<p>(paragraph 1 to 3 omitted)</p> <p>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</p>	<p>(paragraph 1 to 3 omitted)</p> <p>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</p>	Wording amendment

	<p>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. (following omitted)</p>	<p>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>FSC</u> for review. (following omitted)</p>	
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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

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 law 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, depository receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real estate (including land, houses and buildings, investment property, and rights to use land) and equipment.
3. Membership.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Derivatives.
6. Assets acquired or disposed of in connection with mergers, spin-offs, acquisitions, or transfer of shares in accordance with law.
7. Other major assets.

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

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and

swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.

2. 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, 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.

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 not be a related party of any party to the transaction.

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 and equipment:
 - (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, 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.

B. The acquisition or disposal of equipment 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:

(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 does not exceed 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.

(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: 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 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 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 or 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:

1. In the event that due to special circumstances it is necessary to give a limited 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 membership 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.

Article 11-1 The transaction amounts referred to in the preceding three articles shall be calculated 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 due to professional appraisers for the appraisal report and CPA for the CPA's opinions can be excluded from the

calculation.

Article 12 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 13 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 11-1 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 14 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 domestic money market funds, 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 from a related party, information regarding evaluation of the reasonableness of the pre-determined transaction terms in accordance with Articles 15 and 16.
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 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.

With respect to the acquisition or disposal of business-use equipment 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.

Article 15 The Company that acquires real estate 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 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 from a related party and appraises the cost of the real estate in accordance with paragraphs 1 and 2 shall also engage a CPA to check the appraisal and render a specific opinion.

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 Article 14 and the preceding three paragraphs do not apply:

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. 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.

Article 16 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 17. 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.

- (3) 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.

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.

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.

Article 17 Where the Company acquires real estate from a related party and the results of appraisals conducted in accordance with Articles 15 and 16 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 transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. 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 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 investment 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 at a 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.

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.

Section IV Engaging in Derivatives Trading

Article 18 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 19 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 transaction 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.

Article 20 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 21 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 19 and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of Article 20 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 22 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.

Article 23 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 24 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, 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 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 paragraphs 3 and 4.

Article 25 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 26 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 27 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 28 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 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.

Chapter III Public Disclosure of Information

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 domestic money market funds.
2. Merger, spin-off, acquisition, or transfer of shares.
3. Losses from derivatives trading reaching the limits of aggregate losses or losses on individual contract set out in the procedures adopted by the Company.
4. Any asset transactions other than those referred to in the preceding three 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:
 - (1) Trading of government bonds.
 - (2) Securities trading by investment management companies on foreign or domestic securities exchanges or over-the-counter markets, or subscription of securities by a securities firm, either in the primary market or in accordance with relevant regulations.
 - (3) Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.
 - (4) Where the type of asset acquired or disposed of is equipment for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500,000,000.

- (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 less than NT\$500,000,000.

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 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.

The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company's headquarters, where they shall be retained for 5 years except where another act provides otherwise.

Article 31 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 32 Information required to be publicly announced and reported in accordance with the provisions of 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.

Where the subsidiaries of the Company are required to make public announcements due to reaching 20% of the paid-in capital or 10% of total assets, in accordance with paragraph 1 of Article 30, the Company's paid-in capital and total assets shall be applied as the bases.

Article 32-1 The Company has established the Audit 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.

Article 32-2 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.

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.

Article 33 The Procedures shall be effective from the date approved by the shareholders' meeting.

APPENDIXES



Shares Owned by Directors

As of April 14, 2014

Title	Name	Current shareholding	
		Shares	%
Chairman	Fu-Chi Venture Corp. Representative: Richard Tsai	5,748,763	0.17%
Vice-Chairman	Fu-Chi Venture Corp. Representative: Daniel Tsai	5,748,763	0.17%
Independent Director	Jack J.T. Huang	0	0.00%
Independent Director	Tsung-Ming Chung	0	0.00%
Independent Director	Hsueh Jen Sung	0	0.00%
Independent Director	Guu-Chang Yang	0	0.00%
Director	TCC Investment Co., Ltd. Representative: James Jeng	200,496,761	5.86%
Director	TCC Investment Co., Ltd. Representative: Howard Lin	200,496,761	5.86%
Director	Fu-Chi Venture Corp. Representative: Vivien Hsu	5,748,763	0.17%
The total shares owned by the directors are 206,245,524 shares, or 6.03% 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 82,099,987 shares.
2. As the Company's supervisors were replaced by the Audit Committee, the minimum holding requirement of supervisors no longer applies.



Proposal on Employee Bonuses and Compensation to Directors

The proposal for the 2014 earnings distribution has been resolved by the BOD as follows pending AGM approval

1. Proposed employee cash bonus: NT\$396,056,971

Proposed remuneration to directors: NT\$33,845,697

2. The employee cash bonuses and remuneration to directors were booked as expenses in 2014, and the amounts proposed by the BOD equals to the amount expensed.

**Impact of Stock Dividend Distribution on
Business Performance & EPS**

Not applicable. The BOD proposes to distribute only cash dividend this year.

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. 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 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 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 31 In the event that the Company, according to the financial report, earns profits in a fiscal year, such profits shall first be applied to pay the applicable taxes, recover losses, set aside Legal Reserve pursuant to laws and regulations, and set aside or reverse special reserve in accordance with the law or to satisfy the business needs of the Company. Any balance left over shall be applied to the following items:

- (1) Remuneration of Directors, not exceeding 0.3%;
- (2) Employee bonuses in the sum of 1% to 3%;
- (3) The remaining balance and any unappropriated earnings of the previous fiscal years

shall be distributed to the shareholders as dividends in accordance with resolutions of the shareholders' meetings.

If any of the employee bonuses referred to in Item (2) 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 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.



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.