Taiwan Semiconductor Manufacturing Company Limited

2019 Annual Shareholders' Meeting

Meeting Agenda

(Translation)

June 5, 2019

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Note:

- 2018 Form 20-F is available at http://www.tsmc.com/english/investorRelations/annual_reports.htm
- Minutes of 2019 Annual Shareholders' Meeting will be available on TSMC's website (http://www.tsmc.com/english/investorRelations/shareholders_meeting.htm) within 20 days after the Meeting.

1. Call Meeting to Order

2. Meeting Agenda

Taiwan Semiconductor Manufacturing Company Limited

2019 Annual Shareholders' Meeting Agenda

(Translation)

Time： 9:00 a.m., June 5, 2019

Place： TSMC's Headquarters
(No. 8, Li-Hsin Road 6, Hsinchu Science Park, Hsinchu, Taiwan)

Attendants： All shareholders or their proxy holders

Chairman： Dr. Mark Liu, Chairman of the Board of Directors

1. Chairman's Address

2. Report Items:

(1) To report the business of 2018

(2) Audit Committee's review report

(3) To report 2018 employees' profit sharing bonus and directors' compensation

3. Proposed Resolutions

(1) To accept 2018 Business Report and Financial Statements

(2) To approve the proposal for distribution of 2018 earnings

(3) To revise the Articles of Incorporation

(4) To revise the following TSMC policies:

i. Procedures for Acquisition or Disposal of Assets

ii. Procedures for Financial Derivatives Transactions

4. Director Election

To elect a new Independent Director to fill the vacancy

Voting by Poll

5. Other Business and Special Motion

6. Meeting Adjourned

Report Items

1. **To report the business of 2018**

   Explanatory Notes： Please refer to Attachment I.

2. **Audit Committee's review report**

   Explanatory Notes： Please refer to Attachment II.

3. **To report 2018 employees' profit sharing bonus and directors' compensation**

   Explanatory Notes：

   (1) The Board of Directors approved 2018 employees' profit sharing bonus and directors' compensation on February 19, 2019. The employees' profit sharing bonus and directors' compensation are to be distributed in cash.

   (2) 2018 employees' total cash bonus and profit sharing bonus is NT$47,140,080,660, of which NT$23,570,040,330 has been distributed following each quarter as cash bonus, and NT$23,570,040,330 will be distributed in July 2019 as profit sharing bonus.

   (3) 2018 directors' compensation is NT$349,271,420.

Proposed Resolutions

1. **To accept 2018 Business Report and Financial Statements (Proposed by the Board of Directors)**

   Explanatory Notes：

   (1) TSMC's 2018 Financial Statements, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows, were audited by independent auditors, Ms. Mei Yen Chiang and Mr. Yu Feng Huang, of Deloitte & Touche.

   (2) 2018 Business Report, Independent Auditors' Report, and the aforementioned Financial Statements are attached hereto as Attachments I, III and IV.

2. **To approve the proposal for distribution of 2018 earnings (Proposed by the Board of Directors)**

   Explanatory Notes：

   (1) The proposed earnings distribution is allocated from Earnings in 2018 Available for Distribution. Each common share holder will be entitled to receive a cash dividend of NT$8 per share.

   (2) The 2018 Earnings Distribution Proposal is attached hereto as Attachment V.

3. To revise the Articles of Incorporation
(Proposed by the Board of Directors)

Explanatory Notes：

(1) The R.O.C. Company Law was amended in August 2018, allowing a company to distribute its earnings on a quarterly basis, if its Articles of Incorporation so authorize. Earnings distributed by cash dividends require only the approval of the Board of Directors. Therefore, it is proposed to amend TSMC's Articles of Incorporation to authorize TSMC's Board of Directors to distribute earnings in cash after the close of each quarter.

In addition, the Chinese version of the Articles of Incorporation shall be revised to reflect the change in name of the "Hsinchu Science Park", and to make clear the Chairman's duty to observe the Board's resolutions while acting on behalf of the Board. The English version of these two revisions in the Articles of Incorporation remains unchanged.

(2) The comparison table for the Articles of Incorporation before and after revision is attached hereto as Attachment VI.

4. To revise the following TSMC policies
i. Procedures for Acquisition or Disposal of Assets
ii. Procedures for Financial Derivatives Transactions
(Proposed by the Board of Directors)

Explanatory Notes：

(1) The R.O.C. Financial Supervisory Commission recently amended its "Regulations Governing the Acquisition and Disposal of Assets by Public Companies". TSMC's "Procedures for Acquisition or Disposal of Assets" require amendments to reflect such regulatory amendments, and meanwhile, to address TSMC's future operational needs. The major amendments are as follows:

i. to include “right-of-use assets” in the definition of assets in response to the implementation of IFRS 16 “Leases” starting from January 1, 2019; and

ii. to increase the limits of TSMC’s and TSMC subsidiaries’ investment in securities for the purpose of reducing foreign exchange hedging costs and providing more flexibility for cash investments and strategic investments.

(2) TSMC’s “Procedures for Financial Derivatives Transactions” shall also be amended to reflect aforementioned regulatory amendments and to address the Company’s operational needs.

The major amendments are to revise the scope of financial derivatives instruments in accordance with the regulation, and to include highly probable forecasted transactions in the underlying assets/liabilities hedged to address operational needs.

(3) The comparison tables for the policies before and after revision are attached hereto as Attachment VII and Attachment VIII, respectively.

Director Election

To elect a new Independent Director to fill the vacancy
(Proposed by the Board of Directors)

Explanatory Notes：

(1) TSMC's Articles of Incorporation state that the Corporation's Board of Directors shall have seven to ten Directors, of which at least three must be independent; the Board of Directors is authorized to determine the number of Directors.

TSMC's Board of Directors elected at TSMC's 2018 Annual Shareholders' Meeting consisted of nine directors, five of whom were independent. After the resignation of Mr. Thomas J. Engibous as Independent Director, effective January 1, 2019, TSMC currently has eight directors, four of whom are independent.

The Board of Directors approved to elect a new independent director to fill such vacancy at TSMC's 2019 Annual Shareholders' Meeting. The term of office of the independent director to be elected shall expire on the same date as the term of the existing directors (from June 5, 2019 to June 4, 2021).

(2) The director shall be elected by adopting candidates nomination system as specified in Article 192-1 of the R.O.C. Company Law. The independent director shall be elected from the nominated candidate, whose education and professional qualifications, experience and relevant information are attached hereto as Attachment IX.

Voting by Poll：

Other Business and Special Motion

Meeting Adjourned

3. Attachment

Attachment I

Business Report

2018 was a year of important milestones for TSMC. 2018 was our seventh consecutive year of record revenue, net income and earnings per share. We ramped our 7-nanometer technology to high volume successfully, at least a full year ahead of any other semiconductor player. We have strong customer engagement and tape out activity across diversified applications. For the first time in history, a most advanced logic technology, as an open platform, was available for the whole semiconductor industry. With the strongest technology portfolio, the widest coverage of customers and the largest addressable market, we are poised in a better position than ever to catch the future growth opportunities for TSMC.

In today's world, we see digital computation becoming increasingly ubiquitous. We see massive devices being connected, generating higher volumes of data. We see many new applications and products are all embedded with AI (artificial intelligence). Semiconductors are becoming ever more pervasive. The need for higher performance, lower power and a greater degree of system integration will drive further product advancements that TSMC will help enable.

The rapid ramp up of our 7-nanometer technology in 2018 allowed us to capture all leading smartphone launches and many more mobile and high performance computing applications. In 2018, our second generation 7-nanometer technology (N7+) entered risk production and is scheduled for volume production in 2019. N7+ will be the industry's first commercially available EUV (extreme ultraviolet) process technology. At the same time, we continue our advanced technology development on 5-nanometer and target for volume production in the first half of 2020. Our advanced packaging solutions, with follow-on generations of InFOs (Integrated Fan-Out) and CoWoS® (Chip on Wafer on Substrate), continue to lead the industry in providing the most advanced system-level solutions.

Highlights of TSMC's accomplishments in 2018:

- Total wafer shipments increased 2.9 percent from 2017 to reach 10.8 million 12-inch equivalent wafers.
- Advanced technologies (28-nanometer and beyond) accounted for 63 percent

of total wafer revenue, up from 58 percent in 2017.

- We deployed 261 distinct process technologies, and manufactured 10,436 products for 481 customers.
- TSMC's market share in the total semiconductor foundry segment rose successively during the last nine years and reached 56 percent in 2018.

2018 Financial Performance

Consolidated revenue reached NT$1,031.47 billion, an increase of 5.5 percent over NT$977.45 billion in 2017. Net income was NT$351.13 billion and diluted earnings per share were NT$13.54. Both increased 2.3 percent from the 2017 level of NT$343.11 billion net income and NT$13.23 diluted EPS.

TSMC generated net income of US$11.64 billion on consolidated revenue of US$34.20 billion, which increased 3.3 percent and 6.5 percent respectively from the 2017 level of US$11.27 billion net income and US$32.11 billion consolidated revenue.

Gross profit margin was 48.3 percent compared with 50.6 percent in 2017, while operating profit margin was 37.2 percent compared with 39.4 percent a year earlier. Net profit margin was 34.0 percent, a decrease of 1.1 percentage points from 2017's 35.1 percent.

TSMC further raised its cash dividend payment to NT$8.0 per share for 2017 profit distribution from NT$7.0 in the prior year.

Technological Developments

In 2018, we continued to increase our R&D investment to US$2.85 billion to expand our technology offerings and to extend our technology leadership.

We leveraged our leadership in technology at 28-nanometer and developed 22-nanometer technologies to further enhance performance and density in 2018. Our 22ULP (ultra-low power) and 22ULL (ultra-low leakage) technologies are suitable for a wide range of applications in IoT (Internet of Things), RF (Radio Frequency) and wearable devices. We also extended our 16-nanometer technologies to 12FFC, which provides further enhancement in power, performance, and density. On specialty technologies, 16FFC RF has proven to be able to provide the foundry's first volume produced 5G mobile network chips based on FinFET in 2018.

In 2018, we successfully ramped up our 7-nanometer technology and set a new industry record in production ramp. More than 40 customer product tape-outs have been completed and we expect to receive more than 100 additional product tape-outs in 2019. The 7nm customer products include mobile devices, game consoles, AI, CPUs, GPUs and networking devices. Our second generation 7nm (N7+) technology entered risk production in August 2018, and will be the industry's first commercially available EUV process technology.

Our 5-nanometer technology development is well on-track for risk production in the second quarter of 2019. We have made significant progress in transistor and interconnect performance, yield learning and reliability qualification. Customer product tape-outs are scheduled in the first half of 2019, with volume production next year. We expect to see a significant number of customers leverage our 5-nanometer to establish leadership positions for their products. Furthermore, our 3-nanometer technology has entered the full development stage.

TSMC has been offering advanced packaging technology to integrate advanced SoCs, high bandwidth memories, and integrated passive device to enhance system-level performance. In 2018, we offered the 4th generation InFO solutions with finer interconnect line width and spacing to enable both mobile and high performance computing products. TSMC's CoWoS® offers a platform for heterogeneous integration with increasing interposer sizes. In May 2018, we announced TSMC-SoIC™ (System-on-Integrated Chips) solution, a clear industry-leading 3D IC packaging solution, integrating multiple heterogeneous chiplets with close proximity to deliver even higher system performance.

TSMC's ecosystem, the Open Innovation Platform® (OIP), is an important factor in empowering customers to unleash their innovations with fast time-to-market. In October 2018, we launched our virtual design environment (VDE) that allows our customers to conduct their design activities in a secure and safe cloud environment that significantly increases their design productivity. We continued to work with our ecosystem partners to expand our libraries and silicon IP portfolio to more than 20,000 items. More than 9,000 technology files and over 300 process design kits are available to customers via TSMC-Online which saw more than 100,000 customer downloads in 2018.

Corporate Developments

After having led the company for over 31 years, TSMC's Founder, Dr. Morris Chang, retired from the Company after the Annual Shareholders' Meeting on June 5, 2018. At the meeting, TSMC shareholders elected a new Board of Directors, which then convened to elect Dr. Mark Liu as Chairman and Dr. C.C. Wei as Chief Executive Officer (CEO) and Vice Chairman.

Honors and Awards

TSMC received recognition for achievements in innovation, business information disclosure, corporate governance, sustainability, investor relations and overall excellence in management from organizations including *Forbes, Fortune Magazine, CommonWealth Magazine, The Nikkei*, Thomson Reuters, PricewaterhouseCoopers, RobecoSAM and the Taiwan Stock Exchange. TSMC continued to receive multiple awards from *Institutional Investor Magazine* and *IR Magazine*. We were chosen once again as a component of the Dow Jones Sustainability Indices, becoming the only semiconductor company to be selected for 18 consecutive years. TSMC was also rated "Prime" by Institutional Shareholder Services, and "Leader" by Sustainalytics for our performance in sustainability. Meanwhile, we remained a major component in both MSCI ESG and FTSE4Good Emerging Index, reflecting our ongoing commitment to sustainability and corporate social responsibility.

Outlook

2019 is a year we face business headwinds from weakening global macroeconomic conditions and trade tensions between countries. TSMC will be working on the fundamentals of our business and will accelerate our technology differentiation. We will also strengthen our cybersecurity and proprietary information protection. When the clouds pass, we resolve to emerge as a stronger semiconductor force.

We believe the ongoing megatrend of 5G and AI will fuel the future growth of the semiconductor industry. With the broadest and most advanced technology portfolios, the relentless pursuit of manufacturing excellence and trusted customer relationships, TSMC is best-positioned to lead the industry to provide the most advanced and comprehensive solutions for future applications in the semiconductor sector.

TSMC’s four core values of Integrity, Commitment, Innovation and Customer Trust remain as the cornerstone of our Company culture. They will continue to guide our every aspect in the way we do business as we navigate towards future opportunities. We will continue to commit to world-class governance, sustainability, and good returns to our shareholders. We thank you for your trust and commitment to us, and look forward to a long and profitable future together.

Attachment II

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2018 Business Report, Financial Statements, and proposal for allocation of earnings. The CPA firm of Deloitte & Touche was retained to audit TSMC's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Taiwan Semiconductor Manufacturing Company Limited. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

Taiwan Semiconductor Manufacturing Company Limited

Chairman of the Audit Committee:

Sir Peter L. Bonfield

February 19, 2019

Independent Auditors' Report
(Consolidated Financial Statements)

The Board of Directors and Shareholders
Taiwan Semiconductor Manufacturing Company Limited

Opinion

We have audited the accompanying consolidated financial statements of Taiwan Semiconductor Manufacturing Company Limited and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2018 are stated as follows:

Estimate for sales returns and allowances

In consideration of business volume and market conditions, the Company provides a variety of business incentives to specific customers or products. The estimate for sales returns and allowance is based on historical experience and the varying contractual terms. Please refer to Notes 4, 5 and 26 to the consolidated financial statements for the details of the information about estimate for sales returns and allowances. Since the estimate for sales returns and allowances is subject to accounting judgment and estimation, and the result could also affect the net revenue in the consolidated financial statements, it has been identified as a key audit matter.

Our key audit procedures performed in respect of the above area included the following:

1. Understood and tested the design and operating effectiveness of the key controls over estimate for sales returns and allowances;

2. Understood and assessed the reasonableness of assumptions made and methodology used in estimating sales returns and allowances;

3. Sampled and inspected the sales contracts of main products by agreeing the contractual terms and performed an analysis to challenge the estimation on possibility that specific products could meet business incentives condition to verify the reasonableness of the accrual of the sales returns and allowances;

4. Performed a retrospective review to comparatively analyze the historical accuracy of judgments with reference to actual sales returns and allowance paid.

Timing to commence depreciation of property, plant and equipment (PP&E)

The Company continues to invest in capital expenditures to develop and build capacity in leading-edge technologies to meet customers' demand. Please refer to Notes 4, 5 and 17 to the consolidated financial statements for the details of the information and accounting policy about the depreciation of PP&E. According to IAS 16, depreciation of PP&E begins when the assets are available for use, and in the condition necessary for the assets to be capable of operating in the intended manner. Due to the significant capital expenditures of the Company, and the criteria to determine whether such assets are available for their intended use vary within categories of assets as well as involve subjective judgments, the validity of the timing to commence depreciation of PP&E could have a material impact on its financial performance. Consequently, the validity of the timing to commence depreciation of PP&E is identified as a key audit matter.

Our key audit procedures performed in respect of the above area included the following:

1. Understood and tested the design and operating effectiveness of the key controls over the timing to commence depreciation of PP&E;

2. Understood the criteria the assets are defined as available for their intended use and the corresponding accounting treatments;

3. Sampled and reviewed the appropriateness of the timing for commencing depreciation after the assets met the criteria of available for use in current year;

4. Performed an observation on the physical count of equipment under installation and construction in progress; sampled and inspected the supporting documentation to verify that the status of equipment under installation and construction in progress are not available for use;

5. Sampled equipment under installation and construction in progress which met the criteria of available for use and were transferred in the subsequent period to evaluate the reasonableness of the timing for commencing depreciation;

6. Sampled and reviewed the appropriateness of the equipment under installation and construction in progress which are not available for their intended use.

Other Matter

We have also audited the parent company only financial statements of Taiwan Semiconductor Manufacturing Company Limited as of and for the years ended December 31, 2018 and 2017 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Mei Yen Chiang and Yu Feng Huang.

Mei-yen Chiang   Yu Feng Huang

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 19, 2019

Notice to Readers

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

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

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	December 31, 2018		December 31, 2017	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 577,814,601	28	$ 553,391,696	28
Financial assets at fair value through profit or loss (Note 7)	3,504,590	-	569,751	-
Financial assets at fair value through other comprehensive income (Note 8)	99,561,740	5	-	-
Available-for-sale financial assets (Note 9)	-	-	93,374,153	5
Held-to-maturity financial assets (Note 10)	-	-	1,988,385	-
Financial assets at amortized cost (Note 11)	14,277,615	1	-	-
Hedging derivative financial assets (Note 13)	-	-	34,394	-
Hedging financial assets (Note 13)	23,497	-	-	-
Notes and accounts receivable, net (Note 14)	128,613,391	6	121,133,248	6
Receivables from related parties (Note 37)	584,412	-	1,184,124	-
Other receivables from related parties (Note 37)	65,028	-	171,058	-
Inventories (Notes 5, 15 and 41)	103,230,976	5	73,880,747	4
Other financial assets (Note 38)	18,597,448	1	7,253,114	-
Other current assets (Note 19)	5,406,423	-	4,222,440	-
Total current assets	951,679,721	46	857,203,110	43
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 5 and 8)	3,910,681	-	-	-
Held-to-maturity financial assets (Note 10)	-	-	18,833,329	1
Financial assets at amortized cost (Note 11)	7,528,277	-	-	-
Financial assets carried at cost (Note 12)	-	-	4,874,257	-
Investments accounted for using equity method (Notes 5 and 16)	17,865,838	1	17,861,488	1
Property, plant and equipment (Notes 5 and 17)	1,072,050,279	51	1,062,542,322	53
Intangible assets (Notes 5 and 18)	17,002,137	1	14,175,140	1
Deferred income tax assets (Notes 5 and 31)	16,806,387	1	12,105,463	1
Refundable deposits	1,700,071	-	1,283,414	-
Other noncurrent assets (Note 19)	1,584,647	-	2,983,120	-
Total noncurrent assets	1,138,448,317	54	1,134,658,533	57
TOTAL	$ 2,090,128,038	100	$ 1,991,861,643	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Notes 20 and 34)	$ 88,754,640	4	$ 63,766,850	3
Financial liabilities at fair value through profit or loss (Note 7)	40,825	-	26,709	-
Hedging derivative financial liabilities (Note 13)	-	-	15,562	-
Hedging financial liabilities (Note 13)	155,832	-	-	-
Accounts payable	32,980,933	2	28,412,807	1
Payables to related parties (Note 37)	1,376,499	-	1,656,356	-
Salary and bonus payable	14,471,372	1	14,254,871	1
Accrued profit sharing bonus to employees and compensation to directors and supervisors (Notes 25 and 33)	23,981,154	1	23,419,135	1
Payables to contractors and equipment suppliers	43,133,659	2	55,723,774	3
Income tax payable (Notes 5 and 31)	38,987,053	2	33,479,311	2
Provisions (Notes 5 and 21)	-	-	13,961,787	1
Long-term liabilities - current portion (Note 22)	34,900,000	2	58,401,122	3
Accrued expenses and other current liabilities (Notes 5, 24, 26 and 34)	61,760,619	3	65,588,396	3
Total current liabilities	340,542,586	17	358,706,680	18
NONCURRENT LIABILITIES				
Bonds payable (Notes 22 and 34)	56,900,000	3	91,800,000	5
Deferred income tax liabilities (Notes 5 and 31)	233,284	-	302,205	-
Net defined benefit liability (Notes 5 and 23)	9,651,405	-	8,850,704	1
Guarantee deposits (Notes 24 and 34)	3,353,378	-	7,586,790	-
Others	1,950,989	-	1,855,621	-
Total noncurrent liabilities	72,089,056	3	110,395,320	6
Total liabilities	412,631,642	20	469,102,000	24
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT				
Capital stock (Note 25)	259,303,805	12	259,303,805	13
Capital surplus (Note 25)	56,315,932	3	56,309,536	3
Retained earnings (Note 25)				
Appropriated as legal capital reserve	276,033,811	13	241,722,663	12
Appropriated as special capital reserve	26,907,527	1	-	-
Unappropriated earnings	1,073,706,503	52	991,639,347	49
	1,376,647,841	66	1,233,362,010	61
Others (Note 25)	(15,449,913)	(1)	(26,917,818)	(1)
Equity attributable to shareholders of the parent	1,676,817,665	80	1,522,057,533	76
NON - CONTROLLING INTERESTS	678,731	-	702,110	-
Total equity	1,677,496,396	80	1,522,759,643	76
TOTAL	$ 2,090,128,038	100	$ 1,991,861,643	100

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

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
NET REVENUE (Notes 5, 26, 37 and 45)	$1,031,473,557	100	$ 977,447,241	100
COST OF REVENUE (Notes 5, 15, 33, 37 and 41)	533,487,516	52	482,616,286	49
GROSS PROFIT BEFORE UNREALIZED GROSS PROFIT ON SALES TO ASSOCIATES	497,986,041	48	494,830,955	51
UNREALIZED GROSS PROFIT ON SALES TO ASSOCIATES	(111,788)	-	(4,553)	-
GROSS PROFIT	497,874,253	48	494,826,402	51
OPERATING EXPENSES (Notes 5, 33 and 37)				
Research and development	85,895,569	8	80,732,463	8
General and administrative	20,265,883	2	21,196,717	2
Marketing	5,987,828	1	5,972,488	1
Total operating expenses	112,149,280	11	107,901,668	11
OTHER OPERATING INCOME AND EXPENSES, NET (Notes 17, 18, 27 and 33)	(2,101,449)	-	(1,365,511)	(1)
INCOME FROM OPERATIONS (Note 45)	383,623,524	37	385,559,223	39
NON-OPERATING INCOME AND EXPENSES				
Share of profits of associates	3,057,781	-	2,985,941	1
Other income (Note 28)	14,852,814	2	9,610,294	1
Foreign exchange gain (loss), net (Note 43)	2,438,171	-	(1,509,473)	-
Finance costs (Note 29)	(3,051,223)	-	(3,330,313)	-
Other gains and losses, net (Note 30)	(3,410,804)	-	2,817,358	-
Total non-operating income and expenses	13,886,739	2	10,573,807	2
INCOME BEFORE INCOME TAX	397,510,263	39	396,133,030	41
INCOME TAX EXPENSE (Notes 5 and 31)	46,325,857	5	52,986,182	6
NET INCOME	351,184,406	34	343,146,848	35

(Continued)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018 Amount	%	2017 Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 5, 23, 25 and 31)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation	$ (861,162)	-	$ (254,681)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(3,309,089)	-	-	-
Gain on hedging instruments	40,975	-	-	-
Share of other comprehensive loss of associates	(14,217)	-	(20,853)	-
Income tax benefit related to items that will not be reclassified subsequently	195,729	-	30,562	-
	(3,947,764)	-	(244,972)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	14,562,386	1	(28,259,627)	(3)
Changes in fair value of available-for-sale financial assets	-	-	(218,832)	-
Cash flow hedges	-	-	4,683	-
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	(870,906)	-	-	-
Share of other comprehensive income (loss) of associates	93,260	-	(99,347)	-
Income tax expense related to items that may be reclassified subsequently	-	-	(3,536)	-
	13,784,740	1	(28,576,659)	(3)
Other comprehensive income (loss) for the year, net of income tax	9,836,976	1	(28,821,631)	(3)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 361,021,382	35	$ 314,325,217	32
NET INCOME ATTRIBUTABLE TO:				
Shareholders of the parent	$ 351,130,884	34	$ 343,111,476	35
Non-controlling interests	53,522	-	35,372	-
	$ 351,184,406	34	$ 343,146,848	35

(Continued)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018 Amount	2018 %	2017 Amount	2017 %
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Shareholders of the parent	$ 360,965,015	35	$ 314,294,993	32
Non-controlling interests	56,367	-	30,224	-
	$ 361,021,382	35	$ 314,325,217	32

	2018 Income Attributable to Shareholders of the Parent	2017 Income Attributable to Shareholders of the Parent
EARNINGS PER SHARE (NT$, Note 32)		
Basic earnings per share	$ 13.54	$ 13.23
Diluted earnings per share	$ 13.54	$ 13.23

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

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Shareholders of the Parent																
	Capital Stock - Common Stock			Retained Earnings				Others									
	Shares (In Thousands)	Amount	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Total	Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Cash Flow Hedges Reserve	Gain (Loss) on Hedging Instruments	Unearned Stock-Based Employee Compensation	Total	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2017	25,930,380	$ 259,303,805	$ 56,272,304	$ 208,297,945	$ -	$ 863,710,224	$ 1,072,008,169	$ 1,661,237	$ 2,641	$ -	$ 105	$ -	$ -	$ 1,663,983	$ 1,389,248,261	$ 802,865	$ 1,390,051,126
Appropriations of prior year's earnings																	
Legal capital reserve	-	-	-	33,424,718	-	(33,424,718)	-	-	-	-	-	-	-	-	-	-	-
Cash dividends to shareholders - NT$7 per share	-	-	-	-	-	(181,512,663)	(181,512,663)	-	-	-	-	-	-	-	(181,512,663)	-	(181,512,663)
Total	-	-	-	33,424,718	-	(214,937,381)	(181,512,663)	-	-	-	-	-	-	-	(181,512,663)	-	(181,512,663)
Net income in 2017	-	-	-	-	-	343,111,476	343,111,476	-	-	-	-	-	-	-	343,111,476	35,372	343,146,848
Other comprehensive income (loss) in 2017, net of income tax	-	-	-	-	-	(244,972)	(244,972)	(28,358,917)	(216,715)	-	4,121	-	-	(28,571,511)	(28,816,483)	(5,148)	(28,821,631)
Total comprehensive income (loss) in 2017	-	-	-	-	-	342,866,504	342,866,504	(28,358,917)	(216,715)	-	4,121	-	-	(28,571,511)	314,294,993	30,224	314,325,217
Adjustments to share of changes in equities of associates	-	-	7,085	-	-	-	-	-	-	-	-	-	(10,290)	(10,290)	(3,205)	-	(3,205)
From share of changes in equities of subsidiaries	-	-	10,994	-	-	-	-	-	-	-	-	-	-	-	10,994	(10,994)	-
Donation from shareholders	-	-	19,153	-	-	-	-	-	-	-	-	-	-	-	19,153	1,684	20,837
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(113,675)	(113,675)
Effect of disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,994)	(7,994)
BALANCE, DECEMBER 31, 2017	25,930,380	259,303,805	56,309,536	241,722,663	-	991,639,347	1,233,362,010	(26,697,680)	(214,074)	-	4,226	-	(10,290)	(26,917,818)	1,522,057,533	702,110	1,522,759,643
Effect of retrospective application	-	-	-	-	-	1,556,321	1,556,321	-	214,074	(524,915)	(4,226)	4,226	-	(310,841)	1,245,480	342	1,245,822
ADJUSTED BALANCE, JANUARY 1, 2018	25,930,380	259,303,805	56,309,536	241,722,663	-	993,195,668	1,234,918,331	(26,697,680)	-	(524,915)	-	4,226	(10,290)	(27,228,659)	1,523,303,013	702,452	1,524,005,465
Appropriations of prior year's earnings																	
Legal capital reserve	-	-	-	34,311,148	-	(34,311,148)	-	-	-	-	-	-	-	-	-	-	-
Special capital reserve	-	-	-	-	26,907,527	(26,907,527)	-	-	-	-	-	-	-	-	-	-	-
Cash dividends to shareholders - NT$8 per share	-	-	-	-	-	(207,443,044)	(207,443,044)	-	-	-	-	-	-	-	(207,443,044)	-	(207,443,044)
Total	-	-	-	34,311,148	26,907,527	(268,661,719)	(207,443,044)	-	-	-	-	-	-	-	(207,443,044)	-	(207,443,044)
Net income in 2018	-	-	-	-	-	351,130,884	351,130,884	-	-	-	-	-	-	-	351,130,884	53,522	351,184,406
Other comprehensive income (loss) in 2018, net of income tax	-	-	-	-	-	(765,274)	(765,274)	14,655,333	-	(4,097,465)	-	41,537	-	10,599,405	9,834,131	2,845	9,836,976
Total comprehensive income (loss) in 2018	-	-	-	-	-	350,365,610	350,365,610	14,655,333	-	(4,097,465)	-	41,537	-	10,599,405	360,965,015	56,367	361,021,382
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(1,193,056)	(1,193,056)	-	-	1,193,056	-	-	-	1,193,056	-	-	-
Basis adjustment for loss on hedging instruments	-	-	-	-	-	-	-	-	-	-	-	(22,162)	-	(22,162)	(22,162)	-	(22,162)
Adjustments to share of changes in equities of associates	-	-	(6,420)	-	-	-	-	-	-	-	-	-	8,447	8,447	2,027	-	2,027
From share of changes in equities of subsidiaries	-	-	2,681	-	-	-	-	-	-	-	-	-	-	-	2,681	(2,681)	-
Donation from shareholders	-	-	10,135	-	-	-	-	-	-	-	-	-	-	-	10,135	6	10,141
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(77,413)	(77,413)
BALANCE, DECEMBER 31, 2018	25,930,380	$ 259,303,805	$ 56,315,932	$ 276,033,811	$ 26,907,527	$ 1,073,706,503	$ 1,376,647,841	$ (12,042,347)	$ -	$ (3,429,324)	$ -	$ 23,601	$ (1,843)	$ (15,449,913)	$ 1,676,817,665	$ 678,731	$ 1,677,496,396

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

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 397,510,263	$ 396,133,030
Adjustments for:		
Depreciation expense	288,124,897	255,795,962
Amortization expense	4,421,405	4,346,736
Reversal of expected credit losses on investments in debt instruments	(2,383)	-
Finance costs	3,051,223	3,330,313
Share of profits of associates	(3,057,781)	(2,985,941)
Interest income	(14,694,456)	(9,464,706)
Loss on disposal or retirement of property, plant and equipment, net	1,005,644	1,097,908
Gain on disposal of intangible assets, net	(436)	-
Impairment loss on property, plant and equipment	423,468	-
Impairment loss on intangible assets	-	13,520
Impairment loss on financial assets	-	29,603
Loss on financial instruments at fair value through profit or loss, net	358,156	-
Loss on disposal of investments in debt instruments at fair value through other comprehensive income, net	989,138	-
Gain on disposal of available-for-sale financial assets, net	-	(76,986)
Gain on disposal of financial assets carried at cost, net	-	(12,809)
Gain from disposal of subsidiaries	-	(17,343)
Unrealized gross profit on sales to associates	111,788	4,553
Loss (gain) on foreign exchange, net	2,916,659	(9,118,580)
Dividend income	(158,358)	(145,588)
Loss arising from fair value hedges, net	2,386	30,293
Changes in operating assets and liabilities:		
Financial instruments at fair value through profit or loss	480,109	5,645,093
Notes and accounts receivable, net	(13,271,268)	1,061,805
Receivables from related parties	599,712	(214,565)
Other receivables from related parties	106,030	(13,873)
Inventories	(29,369,975)	(25,229,101)
Other financial assets	(4,601,295)	(502,306)
Other current assets	(513,051)	12,085
Other noncurrent assets	152,555	(1,276,130)
Accounts payable	4,540,583	2,572,072
Payables to related parties	(279,857)	394,182
Salary and bonus payable	216,501	582,054
Accrued profit sharing bonus to employees and compensation to directors and supervisors	562,019	525,129
Accrued expenses and other current liabilities	(20,226,384)	30,435,424
Provisions	-	(4,057,900)
Net defined benefit liability	(60,461)	44,615
Cash generated from operations	619,336,831	648,938,549
Income taxes paid	(45,382,523)	(63,620,382)
Net cash generated by operating activities	573,954,308	585,318,167

(Continued)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Financial instruments at fair value through profit or loss - debt instruments	$ (310,478)	$ -
Financial assets at fair value through other comprehensive income	(96,412,786)	-
Available-for-sale financial assets	-	(100,510,905)
Held-to-maturity financial assets	-	(1,997,076)
Financial assets at amortized cost	(2,294,098)	-
Financial assets carried at cost	-	(1,313,124)
Property, plant and equipment	(315,581,881)	(330,588,188)
Intangible assets	(7,100,306)	(4,480,588)
Land use right	-	(819,694)
Proceeds from disposal or redemption of:		
Financial instruments at fair value through profit or loss - debt instruments	487,216	-
Financial assets at fair value through other comprehensive income	86,639,322	-
Available-for-sale financial assets	-	69,480,675
Held-to-maturity financial assets	-	17,980,640
Financial assets at amortized cost	2,032,442	-
Financial assets carried at cost	-	58,237
Property, plant and equipment	181,450	326,232
Intangible assets	492	-
Proceeds from return of capital of investments in equity instruments at fair value through other comprehensive income	127,878	-
Proceeds from return of capital of financial assets carried at cost	-	14,828
Derecognition of hedging derivative financial instruments	-	33,008
Derecognition of hedging financial instruments	250,538	-
Interest received	14,660,388	9,526,253
Proceeds from government grants - property, plant and equipment	-	2,629,747
Proceeds from government grants - land use right and others	-	1,811
Cash outflow from disposal of subsidiary	-	(4,080)
Other dividends received	158,358	145,588
Dividends received from investments accounted for using equity method	3,262,910	4,245,772
Refundable deposits paid	(2,227,541)	(1,326,983)
Refundable deposits refunded	1,857,188	432,944
Net cash used in investing activities	(314,268,908)	(336,164,903)

(Continued)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	$ 23,922,975	$ 10,394,290
Repayment of bonds	(58,024,900)	(38,100,000)
Repayment of long-term bank loans	-	(31,460)
Interest paid	(3,233,331)	(3,482,703)
Guarantee deposits received	1,668,887	950,928
Guarantee deposits refunded	(1,948,106)	(3,823,183)
Cash dividends	(207,443,044)	(181,512,663)
Donation from shareholders	10,141	20,837
Decrease in non-controlling interests	(77,413)	(113,675)
Net cash used in financing activities	(245,124,791)	(215,697,629)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	9,862,296	(21,317,772)
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,422,905	12,137,863
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	553,391,696	541,253,833
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 577,814,601	$ 553,391,696

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

Independent Auditors' Report
(Parent Company Only Financial Statements)

The Board of Directors and Shareholders
Taiwan Semiconductor Manufacturing Company Limited

Opinion

We have audited the accompanying parent company only financial statements of Taiwan Semiconductor Manufacturing Company Limited (the "Company"), which comprise the parent company only balance sheets as of December 31, 2018 and 2017, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2018 and 2017, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2018 are stated as follows:

Estimate for sales returns and allowances

In consideration of business volume and market conditions, the Company provides a variety of business incentives to specific customers or products. The estimate for sales returns and allowance is based on historical experience and the varying contractual terms. Please refer to Notes 4, 5 and 21 to the parent company only financial statements for the details of the information about estimate for sales returns and allowances. Since the estimate for sales returns and allowances is subject to accounting judgment and estimation, and the result could also affect the net revenue in the parent company only financial statements, it has been identified as a key audit matter.

Our key audit procedures performed in respect of the above area included the following:

1. Understood and tested the design and operating effectiveness of the key controls over estimate for sales returns and allowances;

2. Understood and assessed the reasonableness of assumptions made and methodology used in estimating sales returns and allowances;

3. Sampled and inspected the sales contracts of main products by agreeing the contractual terms and performed an analysis to challenge the estimation on possibility that specific products could meet business incentives condition to verify the reasonableness of the accrual of the sales returns and allowances;

4. Performed a retrospective review to comparatively analyze the historical accuracy of judgments with reference to actual sales returns and allowance paid.

Timing to commence depreciation of property, plant and equipment (PP&E)

The Company continues to invest in capital expenditures to develop and build capacity in leading-edge technologies to meet customers' demand. Please refer to Notes 4, 5 and 12 to the parent company only financial statements for the details of the information and accounting policy about the depreciation of PP&E. According to IAS 16, depreciation of PP&E begins when the assets are available for use, and in the condition necessary for the assets to be capable of operating in the intended manner. Due to the significant capital expenditures of the Company, and the criteria to determine whether such assets are available for their intended use vary within categories of assets as well as involve subjective judgments, the validity of the timing to commence depreciation of PP&E could have a material impact on its financial performance. Consequently, the validity of the timing to commence depreciation of PP&E is identified as a key audit matter.

Our key audit procedures performed in respect of the above area included the following:

1. Understood and tested the design and operating effectiveness of the key controls over the timing to commence depreciation of PP&E;

2. Understood the criteria the assets are defined as available for their intended use and the corresponding accounting treatments;

3. Sampled and reviewed the appropriateness of the timing for commencing depreciation after the assets met the criteria of available for use in current year;

4. Performed an observation on the physical count of equipment under installation and construction in progress; sampled and inspected the supporting documentation to verify that the status of equipment under installation and construction in progress are not available for use;

5. Sampled equipment under installation and construction in progress which met the criteria of available for use and were transferred in the subsequent period to evaluate the reasonableness of the timing for commencing depreciation;

6. Sampled and reviewed the appropriateness of the equipment under installation and construction in progress which are not available for their intended use.

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

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company’s financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Mei Yen Chiang and Yu Feng Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 19, 2019

Notice to Readers

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

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

Taiwan Semiconductor Manufacturing Company Limited

PARENT COMPANY ONLY BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	December 31, 2018		December 31, 2017	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 240,202,525	12	$ 239,176,841	12
Financial assets at fair value through profit or loss (Note 7)	54,115	-	373,351	-
Financial assets at fair value through other comprehensive income	568,150	-	-	-
Available-for-sale financial assets	-	-	2,393,555	-
Financial assets at amortized cost	2,294,098	-	-	-
Hedging derivative financial assets (Note 8)	-	-	7,378	-
Hedging financial assets (Note 8)	23,497	-	-	-
Notes and accounts receivable, net (Note 9)	36,685,389	2	26,655,427	2
Receivables from related parties (Note 32)	86,452,584	4	92,141,837	5
Other receivables from related parties (Note 32)	1,234,662	-	3,143,872	-
Inventories (Notes 5, 10 and 35)	98,088,160	5	70,297,445	4
Other financial assets (Notes 33 and 35)	178,008	-	94,839	-
Other current assets (Note 14)	4,184,918	-	2,484,792	-
Total current assets	469,966,106	23	436,769,337	23
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income	963,610	-	-	-
Financial assets carried at cost	-	-	415,051	-
Investments accounted for using equity method (Notes 5 and 11)	549,560,884	26	463,986,364	24
Property, plant and equipment (Notes 5 and 12)	1,025,286,941	49	1,016,355,970	52
Intangible assets (Notes 5 and 13)	12,429,930	1	9,870,127	-
Deferred income tax assets (Notes 5 and 26)	15,586,674	1	10,829,473	1
Refundable deposits and others	1,666,863	-	1,163,069	-
Total noncurrent assets	1,605,494,902	77	1,502,620,054	77
TOTAL	$ 2,075,461,008	100	$ 1,939,389,391	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Notes 15 and 29)	$ 91,982,340	4	$ 63,766,850	3
Financial liabilities at fair value through profit or loss (Note 7)	30,232	-	18,764	-
Hedging derivative financial liabilities (Note 8)	-	-	15,562	-
Hedging financial liabilities (Note 8)	1,941	-	-	-
Accounts payable	30,472,292	2	25,605,223	1
Payables to related parties (Note 32)	4,546,752	-	4,829,664	-
Salary and bonus payable	12,442,707	1	12,283,321	1
Accrued profit sharing bonus to employees and compensation to directors (Notes 20 and 28)	23,919,312	1	23,388,002	1
Payables to contractors and equipment suppliers	41,279,910	2	50,363,976	3
Income tax payable (Notes 5 and 26)	38,706,990	2	32,950,667	2
Provisions (Notes 5 and 16)	-	-	13,174,825	1
Long-term liabilities - current portion (Note 17)	34,900,000	2	24,300,000	1
Accrued expenses and other current liabilities (Notes 5, 19, 21, 29 and 32)	49,778,042	2	57,686,386	3
Total current liabilities	328,060,518	16	308,383,240	16
NONCURRENT LIABILITIES				
Bonds payable (Notes 17 and 29)	56,900,000	3	91,800,000	5
Deferred income tax liabilities (Notes 5 and 26)	233,284	-	302,205	-
Net defined benefit liability (Notes 5 and 18)	9,651,405	1	8,850,704	1
Guarantee deposits (Notes 19 and 29)	3,346,648	-	7,582,479	-
Others	451,488	-	413,230	-
Total noncurrent liabilities	70,582,825	4	108,948,618	6
Total liabilities	398,643,343	20	417,331,858	22
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT				
Capital stock (Note 20)	259,303,805	12	259,303,805	13
Capital surplus (Note 20)	56,315,932	3	56,309,536	3
Retained earnings (Note 20)				
Appropriated as legal capital reserve	276,033,811	13	241,722,663	12
Appropriated as special capital reserve	26,907,527	1	-	-
Unappropriated earnings	1,073,706,503	52	991,639,347	51
	1,376,647,841	66	1,233,362,010	63
Others (Note 20)	(15,449,913)	(1)	(26,917,818)	(1)
Total equity	1,676,817,665	80	1,522,057,533	78
TOTAL	$ 2,075,461,008	100	$ 1,939,389,391	100

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

Taiwan Semiconductor Manufacturing Company Limited

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018 Amount	2018 %	2017 Amount	2017 %
NET REVENUE (Notes 5, 21 and 32)	$1,023,925,713	100	$ 969,136,109	100
COST OF REVENUE (Notes 5, 10, 28, 32 and 35)	530,861,166	52	490,196,856	51
GROSS PROFIT BEFORE UNREALIZED GROSS PROFIT ON SALES TO SUBSIDIARIES AND ASSOCIATES	493,064,547	48	478,939,253	49
UNREALIZED GROSS PROFIT ON SALES TO SUBSIDIARIES AND ASSOCIATES	(109,046)	-	(1,562)	-
GROSS PROFIT	492,955,501	48	478,937,691	49
OPERATING EXPENSES (Notes 5, 28, and 32)				
Research and development	84,944,461	8	79,887,723	8
General and administrative	19,113,298	2	20,049,405	2
Marketing	3,201,670	-	3,048,781	1
Total operating expenses	107,259,429	10	102,985,909	11
OTHER OPERATING INCOME AND EXPENSES, NET (Notes 12, 22 and 28)	(1,668,234)	-	(1,261,665)	-
INCOME FROM OPERATIONS	384,027,838	38	374,690,117	38
NON-OPERATING INCOME AND EXPENSES				
Share of profits of subsidiaries and associates (Note 11)	12,509,959	1	18,757,236	2
Other income (Note 23)	2,005,107	-	1,696,595	-
Foreign exchange gain, net (Note 37)	1,927,029	-	(670,371)	-
Finance costs (Note 24)	(2,903,454)	-	(2,749,640)	-
Other gains and losses (Note 25)	(1,368,326)	-	1,592,239	-
Total non-operating income and expenses	12,170,315	1	18,626,059	2
INCOME BEFORE INCOME TAX	396,198,153	39	393,316,176	40
INCOME TAX EXPENSE (Notes 5 and 26)	45,067,269	5	50,204,700	5
NET INCOME	351,130,884	34	343,111,476	35

(Continued)

Taiwan Semiconductor Manufacturing Company Limited

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 5, 11, 18, 20 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation	$ (861,162)	-	$ (254,681)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(1,189,957)	-	-	-
Gain on hedging instruments	40,975	-	-	-
Share of other comprehensive loss of subsidiaries and associates	(2,135,880)	-	(20,853)	-
Income tax benefit related to items that will not be reclassified subsequently	195,729	-	30,562	-
	(3,950,295)	-	(244,972)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	14,578,483	1	(28,270,770)	(3)
Changes in fair value of available-for-sale financial assets	-	-	(425,692)	-
Cash flow hedges	-	-	4,683	-
Share of other comprehensive income (loss) of subsidiaries and associates	(794,057)	-	123,804	-
Income tax expense related to items that may be reclassified subsequently	-	-	(3,536)	-
	13,784,426	1	(28,571,511)	(3)
Other comprehensive income (loss) for the year, net of income tax	9,834,131	1	(28,816,483)	(3)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 360,965,015	35	$ 314,294,993	32
EARNINGS PER SHARE (NT$, Note 27)				
Basic earnings per share	$ 13.54		$ 13.23	
Diluted earnings per share	$ 13.54		$ 13.23	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

Taiwan Semiconductor Manufacturing Company Limited

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Capital Stock - Common Stock			Retained Earnings				Others							
	Shares (In Thousands)	Amount	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earning	Total	Foreign Currency Translation Reserve	Unrealized Gain/Loss from Available-for-sale Financial Assets	Unrealized Gain (Loss) on Assets at Fair Value Through Other Comprehensive Income	Cash Flow Hedges Reserve	Gain (Loss) on Hedging Instruments	Unearned Stock-Based Employee Compensation	Total	Total Equity
BALANCE, JANUARY 1, 2017	25,930,380	$ 259,303,805	$ 56,272,304	$ 208,297,945	$ -	$ 863,710,224	$1,072,008,169	$ 1,661,237	$ 2,641	$ -	$ 105	$ -	$ -	$ 1,663,983	$1,389,248,261
Appropriations of prior year's earnings															
Legal capital reserve	-	-	-	33,424,718	-	(33,424,718)	-	-	-	-	-	-	-	-	-
Cash dividends to shareholders - NT$7 per share	-	-	-	-	-	(181,512,663)	(181,512,663)	-	-	-	-	-	-	-	(181,512,663)
Total	-	-	-	33,424,718	-	(214,937,381)	(181,512,663)	-	-	-	-	-	-	-	(181,512,663)
Net income in 2017	-	-	-	-	-	343,111,476	343,111,476	-	-	-	-	-	-	-	343,111,476
Other comprehensive income (loss) in 2017, net of income tax	-	-	-	-	-	(244,972)	(244,972)	(28,358,917)	(216,715)	-	4,121	-	-	(28,571,511)	(28,816,483)
Total comprehensive income (loss) in 2017	-	-	-	-	-	342,866,504	342,866,504	(28,358,917)	(216,715)	-	4,121	-	-	(28,571,511)	314,294,993
Adjustments to share of changes in equities of associates	-	-	7,085	-	-	-	-	-	-	-	-	-	(10,290)	(10,290)	(3,205)
From share of changes in equities of subsidiaries	-	-	10,994	-	-	-	-	-	-	-	-	-	-	-	10,994
Donation from shareholders	-	-	19,153	-	-	-	-	-	-	-	-	-	-	-	19,153
BALANCE, DECEMBER 31, 2017	25,930,380	$ 259,303,805	$ 56,309,536	$ 241,722,663	$ -	$ 991,639,347	$1,233,362,010	$ (26,697,680)	$ (214,074)	$ -	$ 4,226	$ -	$ (10,290)	$ (26,917,818)	$1,522,057,533
Effect of retrospective application	-	-	-	-	-	1,556,321	1,556,321	-	214,074	(524,915)	(4,226)	4,226	-	(310,841)	1,245,480
ADJUSTED BALANCE, JANUARY 1, 2018	25,930,380	259,303,805	56,309,536	241,722,663	-	993,195,668	1,234,918,331	(26,697,680)	-	(524,915)	-	4,226	(10,290)	(27,228,659)	1,523,303,013
Appropriations of prior year's earnings															
Legal capital reserve	-	-	-	34,311,148	-	(34,311,148)	-	-	-	-	-	-	-	-	-
Special capital reserve	-	-	-	-	26,907,527	(26,907,527)	-	-	-	-	-	-	-	-	-
Cash dividends to shareholders - NT$8 per share	-	-	-	-	-	(207,443,044)	(207,443,044)	-	-	-	-	-	-	-	(207,443,044)
Total	-	-	-	34,311,148	26,907,527	(268,661,719)	(207,443,044)	-	-	-	-	-	-	-	(207,443,044)
Net income in 2018	-	-	-	-	-	351,130,884	351,130,884	-	-	-	-	-	-	-	351,130,884
Other comprehensive income (loss) in 2018, net of income tax	-	-	-	-	-	(765,274)	(765,274)	14,655,333	-	(4,097,465)	-	41,537	-	10,599,405	9,834,131
Total comprehensive income (loss) in 2018	-	-	-	-	-	350,365,610	350,365,610	14,655,333	-	(4,097,465)	-	41,537	-	10,599,405	360,965,015
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(1,193,056)	(1,193,056)	-	-	1,193,056	-	-	-	1,193,056	-
Basis adjustment for loss on hedging instruments	-	-	-	-	-	-	-	-	-	-	-	(22,162)	-	(22,162)	(22,162)
Adjustments to share of changes in equities of associates	-	-	(6,420)	-	-	-	-	-	-	-	-	-	8,447	8,447	2,027
From share of changes in equities of subsidiaries	-	-	2,681	-	-	-	-	-	-	-	-	-	-	-	2,681
Donation from shareholders	-	-	10,135	-	-	-	-	-	-	-	-	-	-	-	10,135
BALANCE, DECEMBER 31, 2018	25,930,380	$ 259,303,805	$ 56,315,932	$ 276,033,811	$ 26,907,527	$1,073,706,503	$1,376,647,841	$ (12,042,347)	$ -	$ (3,429,324)	$ -	$ 23,601	$ (1,843)	$ (15,449,913)	$1,676,817,665

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

Taiwan Semiconductor Manufacturing Company Limited

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 396,198,153	$ 393,316,176
Adjustments for:		
Depreciation expense	274,340,540	250,597,135
Amortization expense	4,352,847	4,325,028
Finance costs	2,903,454	2,749,640
Share of profits of subsidiaries and associates	(12,509,959)	(18,757,236)
Interest income	(1,847,202)	(1,554,792)
Loss on disposal or retirement of property, plant and equipment, net	557,598	1,008,989
Gain on disposal of intangible assets, net	(5,933)	(3,198)
Impairment loss on property, plant and equipment	423,468	-
Impairment loss on financial assets	-	6,137
Gain on financial instruments at fair value through profit or loss, net	(17,729)	-
Gain on disposal of available-for-sale financial assets, net	-	(115,690)
Unrealized gross profit on sales to subsidiaries and associates	109,046	1,562
Loss (gain) on foreign exchange, net	2,732,445	(9,118,776)
Dividend income	(157,905)	(141,803)
Changes in operating assets and liabilities:		
Financial instruments at fair value through profit or loss	301,714	(196,337)
Notes and accounts receivable, net	(15,821,089)	7,253,120
Receivables from related parties	5,689,253	(5,296,267)
Other receivables from related parties	216,794	(733,023)
Inventories	(27,790,715)	(23,793,099)
Other financial assets	(26,762)	2,029,903
Other current assets	(1,685,193)	510,739
Accounts payable	4,839,526	1,275,185
Payables to related parties	(282,912)	(10,337)
Salary and bonus payable	159,386	712,816
Accrued profit sharing bonus to employees and compensation to directors	531,310	593,231
Accrued expenses and other current liabilities	(21,092,059)	29,615,847
Provisions	-	(3,823,540)
Net defined benefit liability	(60,461)	44,615
Cash generated from operations	612,057,615	630,496,025
Income taxes paid	(43,956,272)	(61,695,694)
Net cash generated by operating activities	568,101,343	568,800,331

(Continued)

Taiwan Semiconductor Manufacturing Company Limited

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Held to maturity financial assets	$ -	$ (1,695,771)
Financial assets at amortized cost	(2,294,098)	-
Property, plant and equipment	(298,099,157)	(311,763,999)
Intangible assets	(6,885,163)	(4,351,050)
Proceeds from disposal or redemption of:		
Financial assets at fair value through other comprehensive income	651,971	-
Available-for-sale financial assets	-	140,395
Held-to-maturity financial assets	-	13,160,000
Property, plant and equipment	4,707,118	13,226,816
Intangible assets	15,881	27,409
Proceeds from return of capital of investments in equity instruments at fair value through other comprehensive income	3,456	-
Proceeds from return of capital of financial assets carried at cost	-	14,080
Derecognition of hedging derivative financial instruments	-	38,097
Derecognition of hedging financial instruments	57,954	-
Interest received	1,815,330	1,552,725
Other dividends received	157,905	141,803
Dividends received from investments accounted for using equity method	3,769,150	5,005,132
Refundable deposits paid	(2,218,292)	(1,227,010)
Refundable deposits refunded	1,762,043	416,600
Net cash used in investing activities	(296,555,902)	(285,314,773)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	27,154,770	10,394,485
Repayment of bonds	(24,300,000)	(38,100,000)
Interest paid	(2,957,663)	(2,916,969)
Guarantee deposits received	1,625,526	205,075
Guarantee deposits refunded	(120,717)	(89,507)
Cash dividends	(207,443,044)	(181,512,663)
Payment of partial acquisition of interests in subsidiaries	(64,633,400)	(82,433,287)
Proceeds from partial disposal of interests in subsidiaries	144,676	257,648
Donation from shareholders	10,095	7,938
Net cash used in financing activities	(270,519,757)	(294,187,280)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,025,684	(10,701,722)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	239,176,841	249,878,563
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 240,202,525	$ 239,176,841

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

Attachment V

Taiwan Semiconductor Manufacturing Company Limited
Earnings Distribution Proposal
December 31, 2018

Unit: NT$

Net Income of 2018	**351,130,884,146**
Less:	
- 10% Legal Reserve	-35,113,088,415
Plus:	
- Reversal of Special Reserve	11,459,458,083
Earnings in 2018 Available for Distribution	**327,477,253,814**
Plus:	
- Unappropriated Retained Earnings of Previous Years	722,977,627,806
- Adjustments due to Adoption of IFRS 9 And 15	1,556,320,933
Less:	
- Remeasurement of Defined Benefit Obligation	-765,273,821
- Disposal of Investments in Equity Instruments at Fair Value through Other Comprehensive Income	-1,193,056,168
Retained Earnings Available for Distribution as of December 31, 2018	**1,050,052,872,564**
Distribution Item:	
- Cash Dividends to Common Share Holders (NT$8 per share)	-207,443,043,664
Unappropriated Retained Earnings	**842,609,828,900**

Comparison Table for the Articles of Incorporation Before and After Revision

Before the Revision	After the Revision
Article 33	**Article 33** The distribution of earnings or the covering of losses may be made on a quarterly basis after the close of each quarter. When the earnings are to be distributed in cash, the distribution shall be approved by the Board of Directors in accordance with Article 228-1 and Paragraph V of Article 240 of the Company Law and reported to the shareholders' meeting, instead of being submitted to the shareholders' meeting for acceptance.
The Corporation shall not pay dividends or bonuses to shareholders when there are no earnings. When allocating the earnings for each fiscal year, the Corporation shall first offset its losses in previous years, set aside a legal capital reserve at 10% of the remaining earnings provided that the amount of accumulated legal capital reserve has not reached the total amount of the capital of the Corporation, then set aside a special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge.	The Corporation shall not pay dividends or bonuses to shareholders when there are no earnings. When allocating the earnings ~~for each fiscal year~~, the Corporation shall first estimate and reserve the taxes to be paid, offset its losses ~~in previous years~~, set aside a legal capital reserve at 10% of the remaining earnings provided that the amount of accumulated legal capital reserve has not reached the ~~total~~ amount of the paid-in capital of the Corporation, then set aside a special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge.
Before paying dividends or bonuses to shareholders, the Corporation shall set aside not more than 0.3% of its annual profits as compensation to its directors and not less than 1% as profit sharing	Before paying dividends or bonuses to shareholders, the Corporation shall set aside not more than 0.3% of its ~~annual~~ profits of the period for which the Corporation distributes the earnings as

Before the Revision	After the Revision
bonuses to its employees; provided, however, that the Corporation shall have reserved a sufficient amount to offset its accumulated losses. Directors' compensation is governed by the rules set by the Board of Directors; directors who also serve as executive officers of the Corporation are not entitled to receive compensation to directors. Employees' profit sharing bonuses are resolved by a majority vote at a Board of Directors meeting attended by at least two-thirds of the total number of directors and shall be reported to the shareholders' meeting. The Corporation may issue profit sharing bonuses to employees of an affiliated company meeting the conditions set by the Board of Directors or, by the person duly authorized by the Board of Directors.	compensation to its directors and not less than 1% as profit sharing bonuses to its employees; provided, however, that the Corporation shall have reserved a sufficient amount to offset its accumulated losses. Directors' compensation is governed by the rules set by the Board of Directors; directors who also serve as executive officers of the Corporation are not entitled to receive compensation to directors. Employees' profit sharing bonuses are resolved by a majority vote at a Board of Directors meeting attended by at least two-thirds of the total number of directors and shall be reported to the shareholders' meeting. The Corporation may issue profit sharing bonuses to employees of an affiliated company meeting the conditions set by the Board of Directors or, by the person duly authorized by the Board of Directors.
After the Corporation has set aside the capital reserves pursuant to the first Paragraph of this Article, the balance left over shall be allocated according to the following principles per resolution of the shareholders' meeting: Earnings may be distributed in total after taking into consideration financial, business and operational factors. Earnings of the Corporation may be distributed by way of cash dividend and/or stock dividend. Since the Corporation is in a capital-intensive industry at the steady growth stage of its business, distribution of earnings shall be made preferably by way of cash dividend. Distribution of earnings may also be made by way of stock dividend, provided however, the ratio for stock dividend shall not exceed 50% of total distribution.	After the Corporation has set aside the capital reserves pursuant to the ~~first~~second Paragraph of this Article, the balance left over shall be allocated according to the applicable laws and regulations, the relevant rules set forth herein, and the following principles~~ per resolution of the shareholders' meeting~~: Earnings may be distributed in total after taking into consideration financial, business and operational factors. Earnings of the Corporation may be distributed by way of cash dividend and/or stock dividend. Since the Corporation is in a capital-intensive industry at the steady growth stage of its business, distribution of earnings shall be made preferably by way of cash dividend. Distribution of earnings may also be made by way of stock dividend, provided however, the ratio for stock

Before the Revision	After the Revision
	dividend shall not exceed 50% of total distribution.
In case there are no earnings for distribution in a certain year, or the earnings of a certain year are far less than the earnings actually distributed by the Corporation in the previous year, or considering the financial, business or operational factors of the Corporation, the Corporation may allocate a portion or all of its reserves for distribution in accordance with relevant laws or regulations or the orders of the authorities in charge.	In case there are no earnings for distribution~~ in a certain year~~, or the earnings ~~of a certain year ~~are far less than the earnings actually distributed by the Corporation~~ in the previous year~~previously, or considering the financial, business or operational factors of the Corporation, the Corporation may allocate a portion or all of its reserves for distribution in accordance with relevant laws or regulations or the orders of the authorities in charge. When the reserves are to be distributed in cash, the distribution may be approved by the Board of Directors in accordance with Article 241 of the Company Law and reported to the shareholders' meeting, instead of being submitted to the shareholders' meeting for acceptance.
Article 36 These Articles of Incorporation are agreed to and signed on December 10, 1986 by all the promoters of the Corporation, and the first Amendment was approved by the shareholders' meeting on April 28, 1987, the second Amendment on November 27, 1989, the third Amendment on May 28, 1991, the fourth Amendment on May 18, 1993, the fifth Amendment on January 28, 1994, the sixth Amendment on May 12, 1995, the seventh Amendment on April 8, 1996, the eighth Amendment on May 13, 1997, the ninth Amendment on May 12, 1998, the tenth Amendment on May 11, 1999, the eleventh Amendment on April 14, 2000, the twelfth Amendment on September 5, 2000, the thirteenth Amendment on	**Article 36** These Articles of Incorporation are agreed to and signed on December 10, 1986 by all the promoters of the Corporation, and the first Amendment was approved by the shareholders' meeting on April 28, 1987, the second Amendment on November 27, 1989, the third Amendment on May 28, 1991, the fourth Amendment on May 18, 1993, the fifth Amendment on January 28, 1994, the sixth Amendment on May 12, 1995, the seventh Amendment on April 8, 1996, the eighth Amendment on May 13, 1997, the ninth Amendment on May 12, 1998, the tenth Amendment on May 11, 1999, the eleventh Amendment on April 14, 2000, the twelfth Amendment on September 5, 2000, the thirteenth Amendment on

Before the Revision	After the Revision
May 15, 2001, the fourteenth Amendment on May 7, 2002, the fifteenth Amendment on June 3, 2003, the sixteenth Amendment on December 21, 2004, the seventeenth Amendment on May 10, 2005, the eighteenth Amendment on May 16, 2006, the nineteenth Amendment on May 7, 2007, the twentieth Amendment on June 15, 2010, the twenty-first Amendment on June 12, 2012, the twenty-second Amendment on June 7, 2016, the twenty-third Amendment on June 8, 2017, and the twenty-fourth Amendment on June 5, 2018.	May 15, 2001, the fourteenth Amendment on May 7, 2002, the fifteenth Amendment on June 3, 2003, the sixteenth Amendment on December 21, 2004, the seventeenth Amendment on May 10, 2005, the eighteenth Amendment on May 16, 2006, the nineteenth Amendment on May 7, 2007, the twentieth Amendment on June 15, 2010, the twenty-first Amendment on June 12, 2012, the twenty-second Amendment on June 7, 2016, the twenty-third Amendment on June 8, 2017, ~~and~~ the twenty-fourth Amendment on June 5, 2018, and the twenty-fifth Amendment on June 5, 2019.

Comparison Table for the Procedures for Acquisition or Disposal of Assets Before and After Revisions

Before the Revision	After the Revision
Article 2 1. "Assets" used herein means: (1) long/short term securities investments (including equities, bonds, corporate bonds, bank indentures, security interest in funds, depository receipts, warrants, beneficiary securities, asset-based securities, etc.); (2) real estate (including lands, plants and buildings, investment property and right to use land) and equipment; (3) memberships; (4) patents, copyrights, trademarks, franchise rights as intangible assets; (5) derivatives products; (6) assets that are acquired or disposed through mergers, spin-offs, acquisitions or share transfers, and other major assets. 2. "Date of the Event" used herein means, in principle, the contract date, the payment date, the transaction date, the title transfer	**Article 2** 1. "Assets" used herein means: (1) ~~long/short term~~ securities investments (including equities, bonds, corporate bonds, bank indentures, security interest in funds, depository receipts, warrants, beneficiary securities, asset-based securities, etc.); (2) real estate (including lands, plants and buildings~~,~~ and investment property ~~and right to use land~~) and equipment; (3) memberships; (4) patents, copyrights, trademarks, franchise rights as intangible assets; (5) right-of-use assets; (~~5~~6) derivatives products; (~~6~~7) assets that are acquired or disposed through mergers, spin-offs, acquisitions or share transfers, and other major assets. 2. "Date of the Event" used herein means, in principle, the contract date, the payment date, the transaction date, the title transfer

Before the Revision	After the Revision
date, the date of relevant board resolutions or other dates in which the transaction parties and the transaction amount(s) can be ascertained (whichever is earlier). For investments required to be approved by relevant government authorities, the Date of the Event means any of the above-mentioned dates or the date on which the government approval letter is received, whichever is earlier. 3. "Professional Appraiser" used herein means any appraisers/appraisal institutions specializing in real estate or other lawful appraisers/appraisal institutions of real estate and equipment. 4. "Related Parties" and "Subsidiaries" used herein mean those companies satisfying the relevant standards stipulated in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. 5. "Latest Financial Statements" used herein means the financial statements of the Company audited or examined by a certified public accountant which has been disclosed in accordance with applicable regulation before the subject acquisition or disposal of assets. The term "10% of the company's total asset" used herein shall be calculated	date, the date of relevant board resolutions or other dates in which the transaction parties and the transaction amount(s) can be ascertained (whichever is earlier). For investments required to be approved by relevant government authorities, the Date of the Event means any of the above-mentioned dates or the date on which the government approval letter is received, whichever is earlier. 3. "Professional Appraiser" used herein means any appraisers/appraisal institutions specializing in real estate or other lawful appraisers/appraisal institutions of real estate and equipment. 4. "Related Parties" and "Subsidiaries" used herein mean those companies satisfying the relevant standards stipulated in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. 5. "Latest Financial Statements" used herein means the financial statements of the Company audited or examined by a certified public accountant which has been disclosed in accordance with applicable regulation before the subject acquisition or disposal of assets. The term "10% of the company's total asset" used herein shall be calculated

Before the Revision	After the Revision
based on the total asset stated in the most recent standalone financial report prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. For any Subsidiary whose shares have no par value or a par value of other than NT$10, the "20% of its paid-in capital" criteria under these Procedures shall be replaced by "10% of its equity attributable to shareholders of the parent". Any unspecified terms in these Procedures shall be subject to the "Guidelines for Handling Acquisition or Disposal of Assets by Public Companies" announced by the regulatory authority.	based on the total asset stated in the most recent standalone financial report prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. ~~For any Subsidiary whose shares have no par value or a par value of other than NT$10, the "20% of its paid-in capital" criteria under these Procedures shall be replaced by "10% of its equity attributable to shareholders of the parent".~~ Any unspecified terms in these Procedures shall be subject to the "Guidelines for Handling Acquisition or Disposal of Assets by Public Companies" announced by the regulatory authority.
Article 3 The procedures for acquiring or disposing assets by the Company and the amount limitations are specified as follows: 1. The acquisition or disposal of long term security investments shall be reviewed and evaluated by the department responsible therefor and implemented after approval by the Board of Directors (the "Board"), while the Board can authorize the Chairman to handle the matter and report to the Board for ratification on an after-the-event basis. 2. The acquisition or disposal of short	**Article 3** The procedures for acquiring or disposing assets by the Company and the amount limitations are specified as follows: 1. The acquisition or disposal of ~~long term~~ security investments classified as non-current assets shall be reviewed and evaluated by the department responsible therefor and implemented after approval by the Board of Directors (the "Board"), while the Board can authorize the Chairman to handle the matter and report to the Board for ratification on an after-the-event basis. 2. The acquisition or disposal of ~~short~~

Before the Revision	After the Revision
term security investments shall be reviewed and evaluated by the department responsible therefor and implemented within the limits of amount set forth in Item 6 of this Article.	~~term~~ security investments classified as current assets shall be reviewed and evaluated by the department responsible therefor and implemented within the limits of amount set forth in Item 6 of this Article.
3. The acquisition or disposal of real estate shall be reviewed and evaluated by the department responsible therefor and implemented after approval by the Board, while the Board can authorize the Chairman to handle the matter and report to the Board for ratification on an after-the-event basis.	3. The acquisition or disposal of real estate or related right-of-use assets shall be reviewed and evaluated by the department responsible therefor and implemented after approval by the Board, while the Board can authorize the Chairman to handle the matter and report to the Board for ratification on an after-the-event basis.
4. The acquisition of equipment shall be handled by the department responsible therefor in accordance with relevant internal rules of the Company after approval by the Board. The disposal of equipment shall be directly handled by the department responsible therefor in accordance with relevant internal rules of the Company.	4. The acquisition of equipment or related right-of-use assets shall be handled by the department responsible therefor in accordance with relevant internal rules of the Company after approval by the Board. The disposal of equipment shall be directly handled by the department responsible therefor in accordance with relevant internal rules of the Company.
5. Responsible Departments • For acquisition or disposal of long/short term security investments, the departments responsible therefor shall be the Finance Division or other related department. • For acquisition or disposal of real estate and equipment, the	5. Responsible Departments • For acquisition or disposal of ~~long/short term~~ security investments, the departments responsible therefor shall be the Finance Division or other related department. • For acquisition or disposal of real estate, ~~and~~ equipment or related

Before the Revision	After the Revision
departments responsible therefor shall be the Material Management Division, Accounting Division or other related department.	right-of-use assets, the departments responsible therefor shall be the Material Management Division, Accounting Division or other related department.
6. Limits of Amounts • The acquisition of real estate by the Company for non-business use shall not exceed 15% of the Company's net worth. The acquisition of real estate for non-business use by each of its Subsidiaries shall not exceed 5% of the Company's net worth.	6. Limits of Amounts • The acquisition of real estate and related right-of-use assets by the Company for non-business use shall not exceed 15% of the Company's net worth. The acquisition of real estate and related right-of-use assets for non-business use by each of its Subsidiaries shall not exceed 5% of the Company's net worth.
• The total amount of all long/short term security investments of the Company shall not exceed 70% of the Company's net worth. The total amount of all long/short term security investments of each of its Subsidiaries shall not exceed 30% of the Company's net worth.	• The total amount of all ~~long/short term~~ security investments of the Company shall not exceed 70% of the Company's net worth. The total amount of all ~~long/short term~~ security investments of each of its Subsidiaries shall not exceed ~~30~~60% of the Company's net worth.
• The amount of investment of the Company in each individual security shall not exceed 30% of the Company's net worth. The amount of investment of each of its Subsidiaries in each individual security shall not exceed 20% of the Company's net worth.	• The amount of investment of the Company in each individual security shall not exceed ~~30~~40% of the Company's net worth. The amount of investment of each of its Subsidiaries in each individual security shall not exceed ~~20~~40% of the Company's net worth.
7. Material asset transactions must be approved by the Audit Committee in accordance with relevant regulations	7. Material asset transactions must be approved by the Audit Committee in accordance with relevant regulations

Before the Revision	After the Revision
and be approved by the Board.	and be approved by the Board.
Article 4 The Company shall report and publicly disclose the following acquisition or disposal of assets in accordance with the relevant regulations within two days commencing immediately from the Date of the Event: 1. the 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% of the Company's paid-in capital, 10% of the Company's total assets, or NT$300 million; provided, this shall not apply to buying or selling of government bonds or bonds under repurchase and resale agreements, nor to subscription or redemption of money market funds issued by domestic securities investment trusts; 2. mergers, spin-offs, acquisitions or shares transfer; 3. the acquisition or disposal of other assets where the transaction amount reaches 20% of the Company's paid-in capital or exceeds NT$300 million. The following situations shall not be subject to the above reporting/disclosure	**Article 4** The Company shall report and publicly disclose the following acquisition or disposal of assets in accordance with the relevant regulations within two days commencing immediately from the Date of the Event: 1. the acquisition or disposal of real estate <u>or related right-of-use assets</u> from or to a related party, or acquisition or disposal of assets other than real estate <u>or related right-of-use assets</u> from or to a related party where the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT$300 million; provided, this shall not apply to buying or selling of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, nor to subscription or redemption of money market funds issued by domestic securities investment trusts; 2. mergers, spin-offs, acquisitions or shares transfer; 3. the acquisition or disposal of other assets where the transaction amount reaches 20% of the Company's paid-in capital or exceeds NT$300 million. The following situations shall not be subject to the above reporting/disclosure

Before the Revision	After the Revision
requirements: 1. buying or selling government bonds;	requirements: 1. buying or selling <u>domestic</u> government bonds;
2. buying or selling bonds under repurchase and resale agreements, or subscribing or redeeming money market funds issued by domestic securities investment trusts;	2. buying or selling bonds under repurchase and resale agreements, or subscribing or redeeming money market funds issued by domestic securities investment trusts;
3. acquisition or disposal of equipment for business use with non-related parties in an amount not exceeding NT$1 billion;	3. acquisition or disposal of equipment <u>or related right-of-use assets</u> for business use with non-related parties in an amount not exceeding NT$1 billion;
4. acquisition of real estate by way of contracting third parties to construct on land owned or leased by the Company, distribution of building under joint construction project, distribution of profit under joint construction project, or selling building under joint construction project, and the amount of transaction not exceeding NT$ 500 million (based on the amount the Company intends to contribute).	4. acquisition of real estate by way of contracting third parties to construct on land owned or leased by the Company, distribution of building under joint construction project, distribution of profit under joint construction project, or selling building under joint construction project <u>with non-related parties</u>, and the amount of transaction not exceeding NT$ 500 million (based on the amount the Company intends to contribute).
The “transaction amount” referred to above shall be calculated as follows:	The “transaction amount” referred to above shall be calculated as follows:
1. the amount of each single transaction for acquisition or disposal of assets;	1. the amount of each single transaction for acquisition or disposal of assets;
2. the cumulative amount of several transactions with the same party for the acquisition or disposal of the same kind of assets within one year;	2. the cumulative amount of several transactions with the same party for the acquisition or disposal of the same kind of assets within one year;

Before the Revision	After the Revision
3. the cumulative amount for acquisition or disposal (acquisition and disposal shall be accumulated separately) of real estate under the same development project within one year; or	3. the cumulative amount for acquisition or disposal (acquisition and disposal shall be accumulated separately) of real estate or related right-of-use assets under the same development project within one year; or
4. the cumulative amount for acquisition or disposal (acquisition and disposal shall be accumulated separately) of the same security within one year.	4. the cumulative amount for acquisition or disposal (acquisition and disposal shall be accumulated separately) of the same security within one year.
"Within one year" as used in the preceding paragraph refers to one year preceding the Date of the Event of the subject acquisition or disposal of assets. Transactions that have been previously disclosed in accordance with the Procedures shall be excluded.	"Within one year" as used in the preceding paragraph refers to one year preceding the Date of the Event of the subject acquisition or disposal of assets. Transactions that have been previously disclosed in accordance with the Procedures shall be excluded.
Article 6	**Article 6**
The evaluation procedures of the Company's asset acquisition or disposal are as follows:	The evaluation procedures of the Company's asset acquisition or disposal are as follows:
1. Except for transactions with government institutions, contracting third parties to construct on land owned or leased by the Company, or acquisition of equipment for business use, an appraisal report issued by a Professional Appraiser shall be obtained prior to the Date of the Event for any acquisition or disposal of real estate or equipment by the Company the amount for	1. Except for transactions with domestic government institutions, contracting third parties to construct on land owned or leased by the Company, or acquisition of equipment or related right-of-use assets for business use, an appraisal report issued by a Professional Appraiser shall be obtained prior to the Date of the Event for any acquisition or disposal of real estate,

Before the Revision	After the Revision
which is 20% of the Company's paid-in capital or NT$300 million, and the following provisions shall be complied with:	~~or~~ equipment or related right-of-use assets by the Company the amount for which is 20% of the Company's paid-in capital or NT$300 million, and the following provisions shall be complied with:
(1) If for any special reason, restricted price, specific price, or special price must be used as a reference for the transaction price, the transaction shall be approved by the Board in advance. The above procedures shall also be followed in case the transaction terms are changed subsequently.	(1) If for any special reason, restricted price, specific price, or special price must be used as a reference for the transaction price, the transaction shall be approved by the Board in advance. The above procedures shall also be followed in case the transaction terms are changed subsequently.
(2) If the discrepancy between the result of the appraisal report of the Professional Appraiser and the transaction price exceeds 20% of the transaction price, (unless all the appraisal results for the assets to be acquired exceed the transaction price, or all the appraisal results for the assets to be disposed are less than the transaction price), the Company shall request a certified public accountant to handle the matter in accordance with the provision of Auditing Standard No.20 and issue a statement on the reasons for such discrepancy and the fairness of the transaction price.	(2) If the discrepancy between the result of the appraisal report of the Professional Appraiser and the transaction price exceeds 20% of the transaction price, (unless all the appraisal results for the assets to be acquired exceed the transaction price, or all the appraisal results for the assets to be disposed are less than the transaction price), the Company shall request a certified public accountant to handle the matter in accordance with the provision of Auditing Standard No.20 and issue a statement on the reasons for such discrepancy and the fairness of the transaction price.
(3) If the transaction price is over NT$1 billion, the Company	(3) If the transaction price is over NT$1 billion, the Company

Before the Revision	After the Revision
shall retain at least two Professional Appraisers to perform the appraisal. In case the discrepancy between the two appraisal reports is over 10% of the transaction price, (unless all the appraisal results for the assets to be acquired exceed the transaction price, or all the appraisal results for the assets to be disposed are less than the transaction price), the Company shall request a certified public accountant to handle the matter in accordance with the provision of Auditing Standard No.20 and issue a statement on the reasons for such discrepancy and the fairness of the transaction price. (4) The appraisal report shall be issued within 3 months before the contract date; provided that if the asset's publicly declared value remains the same and the appraisal report was issued no longer than 6 months, the original Professional Appraiser may present supplemental opinions. 2. Before the Date of the Event of the acquisition or disposal of securities, the latest financial statements of the target company audited or reviewed by a certified public accountant shall be obtained for the assessment and reference of the transaction	shall retain at least two Professional Appraisers to perform the appraisal. In case the discrepancy between the two appraisal reports is over 10% of the transaction price, (unless all the appraisal results for the assets to be acquired exceed the transaction price, or all the appraisal results for the assets to be disposed are less than the transaction price), the Company shall request a certified public accountant to handle the matter in accordance with the provision of Auditing Standard No.20 and issue a statement on the reasons for such discrepancy and the fairness of the transaction price. (4) The appraisal report shall be issued within 3 months before the contract date; provided that if the asset's publicly declared value remains the same and the appraisal report was issued no longer than 6 months, the original Professional Appraiser may present supplemental opinions. 2. Before the Date of the Event of the acquisition or disposal of securities, the latest financial statements of the target company audited or reviewed by a certified public accountant shall be obtained for the assessment and reference of the transaction

Before the Revision	After the Revision
price. Should the transaction price reach 20% of the Company's paid-in capital or NT$300 million, a fairness opinion issued by a certified public accountant shall be obtained before the Date of the Event of such acquisition or disposal of securities. If the certified public accountant engaged needs to use the report of an expert as evidence, such certified public accountant shall do so in accordance with the provisions of Auditing Standard No. 20; provided however, that these requirements are not applicable if such securities have a publicly quoted price from an active market or if the regulatory authorities require otherwise.	price. Should the transaction price reach 20% of the Company's paid-in capital or NT$300 million, a fairness opinion issued by a certified public accountant shall be obtained before the Date of the Event of such acquisition or disposal of securities. If the certified public accountant engaged needs to use the report of an expert as evidence, such certified public accountant shall do so in accordance with the provisions of Auditing Standard No. 20; provided however, that these requirements are not applicable if such securities have a publicly quoted price from an active market or if the regulatory authorities require otherwise.
3. If the Company's acquisition or disposal of memberships or intangible assets reaches 20% of the Company's paid-in capital or NT$300 million, excluding transactions with government agency(ies), the opinions of the fairness of the transaction price shall be obtained from a certified public accountant prior to the Date of the Event of the subject acquisition or disposal of assets. The certified public accountant shall handle the matter in accordance with the provision of Auditing Standard No.20.	3. If the Company's acquisition or disposal of memberships, ~~or~~ intangible assets or related right-of-use assets reaches 20% of the Company's paid-in capital or NT$300 million, excluding transactions with domestic government agency(ies), the opinions of the fairness of the transaction price shall be obtained from a certified public accountant prior to the Date of the Event of the subject acquisition or disposal of assets. The certified public accountant shall handle the matter in accordance with the provision of Auditing Standard No.20.
4. For acquisition or disposal of assets through court auction procedures,	4. For acquisition or disposal of assets through court auction procedures,

Before the Revision	After the Revision
the appraisal report or certified public accountant's opinion can be replaced by documents issued by the courts. 5. Any Professional Appraiser and its appraisal personnel, certified public accountants, lawyers, or securities underwriters from whom the Company has acquired appraisal reports and opinions, shall not be a related party of the Company or the other party of the transaction. The transaction price referred to in the preceding paragraph shall be calculated in accordance with Article 4, paragraph 2 herein, and "within one year" refers to one year preceding the Date of Event of the current transaction. Items for which an appraisal report from a professional appraiser or an opinion from a certified public accountant has been obtained need not be counted toward the transaction price.	the appraisal report or certified public accountant's opinion can be replaced by documents issued by the courts. 5. Any Professional Appraiser and its appraisal personnel, certified public accountants, lawyers, or securities underwriters from whom the Company has acquired appraisal reports and opinions, shall ~~not be a related party of the Company or the other party of the transaction~~ satisfy the requirements as set forth in the relevant regulations. The transaction price referred to in the preceding paragraph shall be calculated in accordance with Article 4, paragraph 2 herein, and "within one year" refers to one year preceding the Date of Event of the current transaction. Items for which an appraisal report from a professional appraiser or an opinion from a certified public accountant has been obtained need not be counted toward the transaction price.
Article 8 The procedures for acquisition or disposal of assets by the Company from or to a related party are as follows: 1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring the compliance with the provision of Article 6, if the transaction amount reaches 10% of	**Article 8** The procedures for acquisition or disposal of assets by the Company from or to a related party are as follows: 1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring the compliance with the provision of Article 6, if the transaction amount reaches 10% of

Before the Revision	After the Revision
the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or an opinion from a certified public accountant in accordance with Article 6.	the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or an opinion from a certified public accountant in accordance with Article 6.
2. If 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% of the Company's paid-in capital, 10% of the Company's total assets, or NT$300 million, (except for buying or selling government bonds, bonds under repurchase and resale agreements and subscribing or redeeming money market funds issued by domestic securities investment trusts), the Company may not enter into any transaction contract or make a payment until the following matters have been approved by the Audit Committee and then submitted to the Board for approval:	2. If the Company intends to acquire or dispose of real estate or related right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real estate or related right-of-use assets from or to a related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT$300 million, (except for buying or selling domestic government bonds, bonds under repurchase and resale agreements and subscribing or redeeming money market funds issued by domestic securities investment trusts), the Company may not enter into any transaction contract or make a payment until the following matters have been approved by the Audit Committee and then submitted to the Board for approval:
(1) The purpose, necessity and anticipated benefit of the proposed acquisition or disposal of assets.	(1) The purpose, necessity and anticipated benefit of the proposed acquisition or disposal of assets.
(2) The reason for choosing the related party as a trading counterparty.	(2) The reason for choosing the related party as a trading counterparty.

Before the Revision	After the Revision
(3) With respect to the acquisition of real estate from a related party, information regarding the evaluation of the reasonableness of the preliminary transaction terms in accordance with applicable regulations.	(3) With respect to the acquisition of real estate or related right-of-use assets from a related party, information regarding the evaluation of the reasonableness of the preliminary transaction terms in accordance with applicable regulations.
(4) The date and price at which the related party originally acquired the real estate, the original trading counterparty, and such trading counterparty's relationship to the Company and such related party.	(4) The date and price at which the related party originally acquired the real estate, the original trading counterparty, and such trading counterparty's relationship to the Company and such related party.
(5) Monthly cash flow forecasts for the year commencing from the anticipated month of the signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.	(5) Monthly cash flow forecasts for the year commencing from the anticipated month of the 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 an opinion by a certified public accountant obtained in compliance with the preceding subparagraph 1.	(6) An appraisal report from a professional appraiser or an opinion by a certified public accountant obtained in compliance with the preceding subparagraph 1.
(7) Restrictive covenants and other important stipulations associated with the transaction.	(7) Restrictive covenants and other important stipulations associated with the transaction.
3. With respect to the acquisition or disposal of equipment for business use between the Company and its	3. With respect to the acquisition or disposal of equipment or related right-of-use assets for business use,

Before the Revision	After the Revision
Subsidiaries, the Board may delegate the Chairman to decide such matters when the transaction is within NT$500 million and submit such transaction for ratification by the Board in its next meeting.	or the right-of-use assets of real estate for business use between the Company and its Subsidiaries, or between Subsidiaries whose shares or capital are 100% owned, directly or indirectly, by the Company, the Board may delegate the Chairman to decide such matters when the transaction is within NT$500 million and submit such transaction for ratification by the Board in its next meeting.
4. When a matter is submitted for discussion by the Board pursuant to the preceding paragraph, the Board shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.	4. When a matter is submitted for discussion by the Board pursuant to the preceding paragraph, the Board shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.
The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 4, paragraph 2 herein, and "within one year" refers to one year preceding the Date of Event of the current transaction. Items that have been previously approved by the Board need not be counted toward the transaction amount.	The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 4, paragraph 2 herein, and "within one year" refers to one year preceding the Date of Event of the current transaction. Items that have been previously approved by the Board need not be counted toward the transaction amount.

Attachment VIII

Comparison Table for the Procedures for Financial Derivatives Transactions Before and After Revisions

Before the Revision	After the Revision
Article 1 The “Procedures for Financial Derivatives Transactions” (the “Procedures”) serve to meet the following objectives: (1) To manage TSMC’s (the “Company”) earnings volatility and to limit asset and liability exposure resulting from fluctuations in the financial markets such as movements in interest rates and foreign exchange rates; (2) To effectively control the risks arising from conducting financial derivative transactions. Any other matters not set forth in the Procedures shall be governed in accordance with the applicable laws, rules, and regulations.	**Article 1** The “Procedures for Financial Derivatives Transactions” (the “Procedures”) serve to ~~meet the following objectives:~~ ~~(1) To manage TSMC’s (the “Company”) earnings volatility and to limit asset and liability exposure resulting from fluctuations in the financial markets such as movements in interest rates and foreign exchange rates;~~ ~~(2) To~~ effectively control the risks arising from conducting TSMC’s (the “Company”) financial derivative transactions. Any other matters not set forth in the Procedures shall be governed in accordance with the applicable laws, rules, and regulations.
Article 2 “Financial derivatives” referred herein are broadly defined as instruments that derive their value from the performance of underlying assets, interest or currency exchange rates, or other. Such instruments include swaps, options, futures, forwards, and various	**Article 2** “Financial derivatives” referred herein are broadly defined as instruments that derive their value from the performance of ~~underlying assets,~~ interest rates, ~~or currency~~ foreign exchange rates, prices of financial instruments, indexes, credit ratings, or other variables. Such

Before the Revision	After the Revision
combinations thereof. "Forwards" referred herein exclude insurance, performance, after-sale service, long-term lease and long-term purchase (sales) agreements. The Company shall be prohibited from conducting or entering into transactions involving instruments that are not specified herein.	instruments include swaps, options, futures, forwards, ~~and~~ various combinations thereof, embedded derivatives contracts, or structured products. "Forwards" referred herein exclude insurance, performance, after-sale service, long-term lease and long-term purchase (sales) agreements. The Company shall be prohibited from conducting or entering into transactions involving instruments that are not specified herein.
Article 3 Financial derivatives are strictly used for hedging purposes to limit the Company's net exposure after internal netting of income against expense, and asset against liability in terms of timing, amount and currency type. Transactions involving financial derivatives need to be ascertained to be conducted for hedging purposes.	**Article 3** Financial derivatives are strictly used for hedging purposes to limit the Company's net exposure after internal netting of income against expense, and asset against liability ~~in terms of timing, amount and currency type~~, incurred from business activities or highly probable forecasted transactions. Transactions involving financial derivatives need to be ascertained to be conducted for hedging purposes.
Article 7 Transaction Execution The authorized dealers, based on the net position incurring from business activities of the Company, shall evaluate the proposed transactions with and obtain agreement from the Finance Director and Finance Manager before executing such agreed transactions. The levels of delegation and authority to	**Article 7** Transaction Execution The authorized dealers, based on the net position incurring from business activities or highly probable forecasted transactions of the Company, shall evaluate the proposed transactions with and obtain agreement from the Finance Director and Finance Manager before executing such agreed transactions. The

Before the Revision	After the Revision
execute each transaction are limited as follows: Delegated Amount of Each Transaction CFO US$75 MM+ Finance Director US$ 50 MM+ ~ 75 MM Finance Manager US$ 25 MM+ ~ 50 MM Authorized Dealer Up to US$25 MM Transaction Ratification A written ratification shall be obtained according to the following combinations of authorization, for every executed transaction. Delegated Amount of Each Transaction CFO & Finance Director US$50MM+ Finance Director & Finance Manager Up to US$50MM The banks and other counterparties need to be informed in writing of the delegation systems herein in order to manage and control the Company's derivative transactions and positions. The written confirmation with banks and other counterparties, regardless of the size of transaction amount, must all be ratified by the Finance Manager of the Company.	levels of delegation and authority to execute each transaction are limited as follows: Delegated Amount of Each Transaction CFO US$75 MM+ Finance Director Up to US$ ~~50 MM+ ~~ 75 MM Finance Manager Up to US$ ~~25 MM+ ~~ 50 MM Authorized Dealer Up to US$25 MM Transaction Ratification A written ratification shall be obtained according to the following combinations of authorization, for every executed transaction. Delegated Amount of Each Transaction CFO & Finance Director US$50MM+ Finance Director & Finance Manager Up to US$50MM The banks and other counterparties need to be informed in writing of the identity of the ~~delegation systems herein~~ delegated personnel in order to manage and control the Company's derivative transactions and positions. The written confirmation with banks and other counterparties, regardless of the size of transaction amount, must all be ratified by the Finance Manager of the Company.
Article 13 Internal audit personnel is required to evaluate the sufficiency of the internal control system in connection with financial derivative transactions on a	**Article 13** Internal audit personnel is required to evaluate the sufficiency of the internal control system in connection with financial derivative transactions on a

Before the Revision	After the Revision
periodic basis, to conduct auditing of the compliance by related departments of the Procedures, and to produce report with trading cycle analysis on a monthly basis. A written report of any violation must be submitted to notify the Audit Committee of the same.	periodic basis, to conduct auditing of the compliance by related departments of the Procedures, and to produce ~~report with trading cycle analysis on a~~ monthly ~~basis~~reports. A written report of any violation must be submitted to notify the Audit Committee of the same.

Attachment IX

List of Independent Director Candidate

Name	Shareholdings (shares)	Education & Professional Qualifications	Major Past Positions & Current Positions
Moshe N. Gavrielov	-	● Bachelor Degree in Electrical Engineering, Technion - Israel Institute of Technology ● Master Degree in Computer Science, Technion - Israel Institute of Technology	**Major Past Positions:** ● Director, Xilinx, Inc. February 2008 ~ January 2018 ● President and CEO, Xilinx, Inc. January 2008 ~ January 2018 ● Executive Vice President and General Manager of the Verification Division, Cadence Design Systems, Inc. April 2005 ~ November 2007 ● CEO, Verisity, Ltd. March 1998 ~ April 2005 ● In a variety of executive management positions, LSI Logic Corp. nearly 10 years ● In a variety of engineering and engineering management positions, National Semiconductor Corporation and Digital Equipment Corporation **Current Positions:** ● Member of Compensation Committee, TSMC ● Executive Chairman, Wind River Systems, Inc. (a nonpublic company) ● Director, Foretellix, Ltd. (a nonpublic company) ● Director, San Jose Institute of Contemporary Art (non profit)

4. Appendix

Appendix I

Taiwan Semiconductor Manufacturing Company Limited
Rules and Procedures of Shareholders' Meeting

1. Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures. Any matter not provided in these Rules and Procedures shall be handled in accordance with relevant laws and regulations.

2. Shareholders attending the Meeting shall submit the attendance card for the purpose of signing in.

   The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders.

3. The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.

4. The Company may appoint designated counsel, CPA or other related persons to attend the Meeting.

   Persons handling affairs of the Meeting shall wear identification cards or badges.

5. The process of the Meeting shall be taperecorded or videotaped and these tapes shall be preserved for at least one year.

6. The Chairman of the Board of Directors shall be the chairman presiding at the Meeting in the case that the Meeting is convened by the Board of Directors. If, for any reason, the Chairman of the Board of Directors cannot preside at the Meeting, the Vice Chairman of the Board of Directors or one of the Directors shall preside at the Meeting in accordance with Article 208 of the Company Law of the Republic of China.

   If the Meeting is convened by any other person entitled to convene the Meeting, such person shall be the chairman to preside at the Meeting.

7. Chairman shall call the Meeting to order at the time scheduled for the

Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one - third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Law of the Republic of China. The aforesaid tentative resolutions shall be executed in accordance with relevant provisions of the Company Law of the Republic of China.

If during the process of the Meeting the number of outstanding shares represented by the shareholders present becomes sufficient to constitute the quorum, the chairman may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of the Company Law of the Republic of China.

8. The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda.

   The above provision applies *mutatis mutandis* to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting.

   Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved.

   The shareholders cannot designate any other person as chairman and continue the Meeting in the same or other place after the Meeting is adjourned. However, in the event that the Chairman adjourns the Meeting in violation of these Rules and Procedures, the shareholders may designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting.

9. Shareholders attending the Meeting shall have the obligation to observe Meeting rules, obey resolutions and maintain order at Meeting place.

10. Any legal entity designated as proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting.

11. When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number

(or the number of Attendance Card) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairman.

Unless otherwise permitted by the chairman, each shareholder shall not, for each discussion item, speak more than two times (each time not exceeding 5 minutes). In case the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the chairman may stop the speech of such shareholder.

If any shareholder present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail.

Unless otherwise permitted by the chairman and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders, otheriwse the chairman shall stop such interruption.

If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.

After the speech of a shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.

12. The chairman may announce to end the discussion of any resolution and go into voting if the Chairman deems it appropriate.

13. The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s). The result of voting shall be announced at the Meeting and placed on record.

14. Except otherwise specified in the Company Law of the Republic of China or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the chairman.

15. During the Meeting, the chairman may, at his discretion, set time for intermission. In case of incident of force majeure, the chairman may decide to temporarily suspend the Meeting and announce, depending on the situation, when the Meeting will resume or, by resolution of the shareholders present at the Meeting, the chairman may resume the

Meeting within five days without further notice or public announcement.

16. If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.

17. The chairman may conduct the disciplinary officers or the security guard to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear badges marked "Disciplinary Officers" for identification purpose.

18. These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

Appendix II

Articles of Incorporation

of

Taiwan Semiconductor Manufacturing Company Limited

Section I - General Provisions

Article 1

The Corporation shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name shall be 台灣積體電路製造股份有限公司 in the Chinese language, and Taiwan Semiconductor Manufacturing Company Limited in the English language.

Article 2

The scope of business of the Corporation shall be as follows:

1. Manufacturing and sales of integrated circuits and assembly of other semiconductor devices in wafer form at the order of and pursuant to product design specifications provided by customers.
   Provision of packaging and testing services related to the above services.
   Providing computer assisted design services and technology for integrated circuits.
   Providing mask making and mask design services.
   (CC01080 Electronic Parts and Components Manufacturing)
2. Researching, developing, designing, manufacturing and selling LED lighting devices and related applications products and systems.
   (CC01080 Electronic Parts and Components Manufacturing)
   (CC01040 Electric Wires and Cables Manufacturing)
3. Researching, developing, designing, manufacturing and selling renewable energy and efficiency related technologies and products, including solar cells, solar photovoltaic modules and their related systems and applications.
   (CC01080 Electronic Parts and Components Manufacturing)
   (IG03010 Energy Technical Services)
   (CC01090 Batteries Manufacturing)
4. Selling recycled and processed chemical, metal, and plastic materials and products derived from the Corporation's manufacturing activities.
   (C801990 Other Chemical Materials Manufacturing)
   (C802990 Other Chemical Products Manufacturing)
   (CA02990 Other Fabricated Metal Products Manufacturing)
   (C805990 Other Plastic Products Manufacturing)

Article 3

The Corporation shall have its head office in Hsinchu Science Park, Taiwan, Republic of China, and shall be free, upon approval of government authorities in charge, to set up representative and branch offices at various locations within and without the territory of the Republic of China, wherever and whenever the Corporation deems it necessary or advisable to carry out any or all of its activities.

Article 4

Public announcements of the Corporation shall be made in accordance with the Company Law and other relevant rules and regulations of the Republic of China.

Article 5

The Corporation may provide endorsement and guarantee and act as a guarantor.

Article 6

The total amount of the Corporation’s reinvestment shall not be subject to the restriction of not more than forty percent of the Corporation’s paid-up capital as provided in Article 13 of the Company Law. Any matters regarding the reinvestment shall be resolved in accordance with the resolutions of the Board of Directors.

Section II - Capital Stock

Article 7

The total capital stock of the Corporation shall be in the amount of 280,500,000,000 New Taiwan Dollars, divided into 28,050,000,000 shares, at ten New Taiwan Dollars each, and may be paid-up in installments.

The Corporation may issue employee stock options from time to time. A total of 500,000,000 shares among the above total capital stock should be reserved for issuing employee stock options.

Article 8

The Corporation may issue shares without printing share certificate(s). If the Corporation decides to print share certificates for shares issued, the Corporation shall comply with relevant provisions of the Company Law and relevant rules and regulations of the Republic of China.

Article 9

The share certificates of the Corporation shall all be name-bearing share certificates, and issued in accordance with the Company Law and relevant rules and regulations of the Republic of China.

Article 10

All transfer of stocks, pledge of rights, loss, succession, gift, loss of seal, amendment of seal, change of address or similar stock transaction conducted by shareholders of the Corporation shall follow the “Guidelines for Stock Operations for Public Companies” unless specified otherwise by law and securities regulations.

Article 11

Registration for transfer of shares shall be suspended sixty (60) days immediately before the date of regular meeting of shareholders, and thirty (30) days immediately before the date of any special meeting of shareholders, or within five (5) days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Corporation.

Article 12

Shareholders’ meetings of the Corporation are of two types, namely: (1) regular meetings and (2) special meetings. Regular meetings shall be convened, by the Board of Directors, within six (6) months after the close of each fiscal year. Special meetings shall be convened in accordance with the relevant laws, rules and regulations of the Republic of China.

Article 13

Written notices shall be sent to all shareholders at their latest places of residence as registered with the Corporation for the convening of shareholders’ meetings, at least thirty (30) days in advance, in case of regular meetings; and at least fifteen (15) days in advance, in case of special meetings. The purpose(s) for convening any such meeting shall be clearly stated in the written notices sent out to the shareholders. Notices shall be written in Chinese, and English when necessary.

Article 14

Except as provided in the Company Law of the Republic of China, shareholders’ meetings may be held if attended by shareholders in person or by proxy representing more than one half of the total issued and outstanding capital stock of the Corporation, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting. According to regulatory requirements, shareholders may also vote via an electronic voting system, and those who do shall be deemed as attending the shareholders’ meeting in person; electronic voting shall be conducted in accordance with the relevant laws and regulations.

Article 15

Each share of stock shall be entitled to one vote.

Article 16

If a shareholder is unable to attend a meeting, he/she may appoint a representative to attend it, and to exercise, on his/her behalf, all rights at the meeting, in accordance with Article 177 of the Company Law. A representative does not need to be a shareholder of the Corporation.

Article 17

The shareholders' meeting shall be presided over by the Chairman of the Board of Directors of the Corporation. In his absence, either the Vice Chairman of the Board of Directors, or one of the Directors shall preside in accordance with Article 208 of the Company Law.

Article 18

The resolutions of the shareholders' meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the chop of the chairman of the meeting. Such minutes, together with the attendance list and proxies, shall be filed and kept at the head office of the Corporation. The minutes shall be drafted in both the Chinese language and the English language.

Section III - Directors

Article 19

The Corporation shall have seven to ten Directors. The Board of Directors is authorized to determine the number of Directors.

The aforesaid Board of Directors must have at least three independent directors.

Article 19-1

For the election of Directors, each share has the same voting rights equal to the number of Directors to be elected, and a shareholder may cast all his/her voting rights to one candidate or among several candidates; those candidates receiving more voting rights shall be elected as Directors.

Directors shall be elected by adopting candidates nomination system as specified in Article 192-1 of the Company Law. The nomination of directors and related announcement shall comply with the relevant regulations of the Company Law and the Securities and Exchange Law. The election of independent directors and non-independent directors shall be held together; provided, however, the number of independent directors and non-independent directors elected shall be calculated separately.

Article 19-2

In compliance with Articles 14-4 of the Securities and Exchange Law, the Corporation shall establish an Audit Committee, which shall consist of all independent directors. The Audit Committee or the members of Audit Committee shall be responsible for those responsibilities of Supervisors specified under the Company Law, the Securities and Exchange Law and other relevant regulations.

Article 20

The term of office for Directors shall be three (3) years, and all Directors shall be eligible for re-election.

Article 21

Except as otherwise provided in the Company Law of the Republic of China, a meeting of the Board of Directors may be held if attended by a majority of total Directors and resolutions shall be adopted with the concurrence of the majority of the Directors present at the meeting.

Article 22

The Directors shall elect from among themselves a Chairman of the Board of Directors, and may elect a Vice Chairman of the Board of Directors, by a majority in a meeting attended by over two-thirds of the Directors. The Chairman shall not have a second or casting vote at any meeting of the Board of Directors. The Chairman of the Board of Directors shall have the authority to represent the Corporation.

Article 23

Except the first Board meeting of every term of the newly elected Board of Directors, which shall be convened by the Director who has received the largest number of votes after such new election, meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors, upon written notice mailed to all the other Directors, at least fourteen days, unless in case of urgent circumstances, prior to the date of the meeting, specifying the date and place of the meeting and its agenda. The meeting of the Board of Directors shall be held at least once every quarter. Such prescribed notices may be waived in writing by any Director, either before or after the meeting. The meetings of the Board of Directors may be convened, at any time, without such prescribed notice in case of urgent circumstances. Notices shall be written in both the Chinese language and the English language. Personal attendance at a meeting will represent a waiver of the notice. Any Director attending the meeting via video conference shall be deemed attending the meeting in person.

Article 24

The Chairman of the Board of Directors shall preside over all meetings of the Board of Directors. In addition, the Chairman shall have the right to execute documents in accordance with the resolutions of the Board of Directors in the name and on behalf of the Corporation as well as acting on behalf of the Board pursuant to Board resolutions and the Corporation's objectives when the Board is not in session. In his absence, the Vice Chairman of the Board of Directors, or any one of the Directors shall be acting for him according to Article 208 of the Company Law.

Article 25

A Director may, by written authorization, appoint another Director to attend on his behalf any meeting of the Board of Directors, and to vote for him on all matters presented at such meeting, but no Director may act as proxy for more than one other Director.

Article 26

The Directors shall exercise their functions by resolutions adopted at meetings of Shareholders and the Board of Directors.

Article 27

In the case that vacancies on the Board of Directors exceed, for any reason, one third of the total number of the Directors, then the Board of Directors shall convene a shareholders' meeting to elect new Directors to fill such vacancies in accordance with relevant laws, rules and regulations. Except for the election of new Directors across the board, the new Directors shall serve the remaining term of the predecessors.

Article 28

The Board of Directors is authorized to determine the salary for the Chairman, Vice-Chairman and Directors, taking into account the extent and value of the services provided for the management of the Corporation and the standards of the industry within the R.O.C. and overseas.

Section IV - Management of the Corporation

Article 29

The Corporation may, by resolution of the Board of Directors, appoint one or more Chief Executive Officer, President(s), Vice President(s) or such other officers to meet the Corporation's operational or managerial needs.

The Chief Executive Officer shall cause to be prepared and furnished to the Board of Directors of the Corporation a balance sheet of the Corporation and related statements of income and loss, as of the end of each calendar month, quarter and year. Quarterly statements shall be furnished no more than forty-five (45) days after the end of each quarter, and year-end statements shall be furnished no more than ninety (90) days after the end of each year. Such financial statements shall be prepared in accordance with generally accepted accounting principles applied in the Republic of China on a consistent basis. Such statements shall be accompanied by a certification of the Corporation that such statements have been so prepared. Subject to the policies of the Corporation, the officers as stated in the previous paragraph shall be responsible for the overall control of allocated business and operation of the Corporation and shall make reports to the Board of Directors, and shall also supervise and control day-to-day business and operation of the Corporation in accordance with the policies of the Board of Directors headed by the Chairman. The Vice President-Finance shall have special responsibility for the financial affairs and accounting of the Corporation.

Article 30

The Chief Executive Officer reports to the Board of Directors. The President(s), Vice President(s) and other officers shall perform such duties as designated by the Chief Executive Officer or the Board of Directors.

Article 31

Subject to the provisions of the Company Law of the Republic of China and these Articles of Incorporation, all actions of the Corporation's employees shall be in conformance with, and in furtherance of, the directions of the Board of Directors.

Section V - Financial Reports

Article 32

The fiscal year for the Corporation shall be from January 1 of each year to December 31 of the same year. After the close of each fiscal year, the following reports shall be prepared by the Board of Directors, and submitted to the regular shareholders' meeting for acceptance:

1. Business Report;
2. Financial Statements;
3. Proposal Concerning Appropriation of Earnings or Covering of Losses.

Article 33

This Corporation shall not pay dividends or bonuses to shareholders when there are no earnings. When allocating the earnings for each fiscal year, the Corporation shall first offset its losses in previous years and set aside a legal capital reserve at 10% of the earnings left over, until the accumulated legal capital reserve has equaled the total capital of the Corporation; then set aside special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge.

Before paying dividends or bonuses to shareholders, this Corporation shall set aside not more than 0.3% of its annual profits as compensation to its directors and not less than 1% as profit sharing bonuses to its employees; provided, however, that this Corporation shall have reserved a sufficient amount to offset its accumulated losses. Directors' compensation is governed by the rules set by the Board of Directors; directors who also serve as executive officers of this Corporation are not entitled to receive compensation to directors. Employees' profit sharing bonuses are resolved by a majority vote at a Board of Directors meeting attended by two-thirds of the total number of directors and shall be reported to the shareholders' meeting. This Corporation may issue profit sharing bonuses to employees of an affiliated company meeting the conditions set by the Board of Directors or, by the person duly authorized by the Board of Directors.

After this Corporation has set aside the capital reserves pursuant to the first Paragraph of this Article, the balance left over shall be allocated according to the following principles per resolution of the shareholders' meeting: Earnings may be distributed in total after taking into consideration financial, business and operational factors. Earnings of this Corporation may be distributed by way of cash dividend and/or stock dividend. Since this Corporation is in a capital-intensive industry at the steady growth stage of its business, distribution of earnings shall be made preferably by way of cash dividend. Distribution of earnings may also be made by way of stock dividend, provided however, the ratio for stock dividend shall not exceed 50% of total distribution.

In case there are no earnings for distribution in a certain year, or the earnings of a certain year are far less than the earnings actually distributed by this Corporation in the previous year, or considering the financial, business or operational factors of this Corporation, this Corporation may allocate a portion or all of its reserves for distribution in accordance with relevant laws or regulations or the orders of the authorities in charge.

Section VI - Supplementary Provisions

Article 34

The internal organization of the Corporation and the detailed procedures of business operation shall be determined by the Board of Directors.

Article 35

In regard to all matters not provided for in these Articles of Incorporation, the Company Law of the Republic of China shall govern.

Article 36

These Articles of Incorporation are agreed to and signed on December 10, 1986 by all the promoters of the Corporation, and the first Amendment was approved by the shareholders' meeting on April 28, 1987, the second Amendment on November 27, 1989, the third Amendment on May 28, 1991, the fourth Amendment on May 18, 1993, the fifth Amendment on January 28, 1994, the sixth Amendment on May 12, 1995, the seventh Amendment on April 8, 1996, the eighth Amendment on May 13, 1997, the ninth Amendment on May 12, 1998, the tenth Amendment on May 11, 1999, the eleventh Amendment on April 14, 2000, the twelfth Amendment on September 5, 2000, the thirteenth Amendment on May 15, 2001, the fourteenth Amendment on May 7, 2002, the fifteenth Amendment on June 3, 2003, the sixteenth Amendment on December 21, 2004, the seventeenth Amendment on May 10, 2005, the eighteenth Amendment on May 16, 2006, the nineteenth Amendment on May 7, 2007, the twentieth Amendment on June 15, 2010, the twenty-first Amendment on June 12, 2012, the twenty-second Amendment on June 7, 2016, the twenty-third Amendment on June 8, 2017, and the twenty-fourth Amendment on June 5, 2018.

Taiwan Semiconductor Manufacturing Company Limited
Rules for Election of Directors

Article 1

Unless otherwise provided in the Company Law or the Articles of Incorporation of this Company, the directors of this Company shall be elected in accordance with the rules specified herein.

Article 2

Election of directors of this Company shall be held at the shareholders' meeting. This Company shall prepare ballots and note the number of voting rights.

Article 3

In the election of directors of this Company, the names of voters may be represented by shareholders' numbers.

Article 4

This Company’s directors shall be elected by adopting the candidate nomination system specified in Article 192-1 of the ROC Company Law.

Article 5

In the election of directors of this Company, each share shall have voting rights equivalent to the number of seats to be elected and such voting rights can be combined to vote for one person or divided to vote for several persons. The election of independent directors and non-independent directors shall be held together; provided, however, that the number of independent directors and non-independent directors elected shall be calculated separately.

Article 6

In the election of directors of this Company, candidates who acquire more votes should win the seats of directors. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present.

Article 7

At the beginning of the election, the Chairman shall appoint several persons each to check and record the ballots. The persons to check the ballots may be appointed from among the shareholders present.

Article 8

The ballot box used for voting shall be prepared by this Company and checked in public by the person to check the ballots before voting.

Article 9

If the candidate is a shareholder of this Company, voters shall fill in the "candidate" column the candidate's name and shareholder's number, and the number of votes cast for such candidate. If the candidate is not a shareholder of this Company, voters shall fill in the "candidate" column the candidate's name, the candidate's ID number, and the number of votes cast for such candidate. If the candidate is a government agency or a legal entity, the full name of the government agency or the legal entity or the name(s) of their representative(s) should be filled in the column.

Article 10

Ballots shall be deemed void under the following conditions:

(1) Ballots not placed in the ballot box;

(2) Ballots not prepared by this Company;

(3) Blank ballots not completed by the voter;

(4) If the candidate is a shareholder of this Company, the name or shareholder's number of the candidate filled in the ballot inconsistent with the shareholders' register. If the candidate is not a shareholder of this Company, the name or ID number of the candidate filled in the ballot is incorrect;

(5) Ballots with other written characters or symbols in addition to candidate's name, shareholder's number (ID number) and the number of votes cast for the candidate;

(6) Illegible writing;

(7) Any of the candidate's name, shareholder's number (ID number) or the number of votes cast for such candidate being erased or changed;

(8) The name of the candidates filled in the ballots being the same as another

candidate's name and the respective shareholder's numbers (ID numbers) not being indicated to distinguish them;

(9) The total votes cast by the voter exceeding the total voting rights of such voter; or

(10) The number of candidates filled in the ballot exceeding the number of the seats to be elected.

Article 11

The ballots should be calculated during the meeting right after the vote casting and the results of the election should be announced by the Chairman at the meeting.

Article 12

This Company shall issue notifications to the directors elected.

Article 13

These Rules and any revision thereof shall become effective after approval at the shareholders' meeting.

Taiwan Semiconductor Manufacturing Company Limited

Shareholdings of All Directors

Record Date: April 7, 2019

Title	Name	Current Shareholding (Shares)
Chairman	Mark Liu	12,913,114
Vice Chairman	C.C. Wei	7,179,207
Director	Mei-ling Chen (Representative of National Development Fund, Executive Yuan)	1,653,709,980
Director	F.C. Tseng	34,472,675
Independent Director	Sir Peter Leahy Bonfield	-
Independent Director	Stan Shih	1,480,286
Independent Director	Kok-Choo Chen	-
Independent Director	Michael R. Splinter	-
Total		**1,709,755,262**

Note 1: Total shares issued as of 4/7/2019: 25,930,380,458 common shares.

Note 2: Under the relevant regulations of the ROC, TSMC's Directors are required to hold in the aggregate not less than 207,443,043 shares. As of 4/7/2019, TSMC's Directors (not including Independent Directors) together held 1,708,274,976 shares.

Note 3: As TSMC has established the audit committee, the minimum shareholding requirements for supervisors do not apply.