

Taiwan Semiconductor Manufacturing Company Limited

2020 Annual Shareholders' Meeting

Meeting Agenda
(Translation)

June 9, 2020

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Note:

- 2019 Form 20-F is available at https://www.tsmc.com/english/investorRelations/sec_filings.htm
- Minutes of 2020 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

2020 Annual Shareholders' Meeting

Meeting Agenda

(Translation)

Time : 9:00 a.m., June 9, 2020

Place : TSMC's Headquarters

(No. 8, Li-Hsin Road 6, Hsinchu Science Park, Hsinchu, Taiwan)

(If a change in meeting venue is warranted due to COVID-19 epidemic prevention reasons, we will make the related public announcements on TSMC's website and Market Observation Post System.)

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 2019

(2) Audit Committee's review report

(3) To report 2019 earnings distribution

(4) To report 2019 employees' profit sharing bonus and directors' compensation

3. Proposed Resolutions

(1) To accept 2019 Business Report and Financial Statements

(2) To revise the Procedures for Lending Funds to Other Parties

4. Director Election

To elect one additional Independent Director

Voting by Poll

5. Other Business and Special Motion

6. Meeting Adjourned

Report Items

1. To report the business of 2019

Explanatory Notes : Please refer to Attachment I.

2. Audit Committee's review report

Explanatory Notes : Please refer to Attachment II.

3. To report 2019 earnings distribution

Explanatory Notes :

TSMC's Annual Shareholders' Meeting approved the amendments to TSMC's Articles of Incorporation on June 5, 2019 to authorize the Board of Directors to approve quarterly cash dividends after the close of each quarter. The respective amounts and payment dates of 2019 quarterly cash dividends approved by TSMC's Board of Directors are demonstrated in the table below:

2019	Approval Date (month/date/year)	Payment Date (month/date/year)	Cash Dividends Per Share (NT\$)	Total Amount (NT\$)
First Quarter	06/05/2019	10/17/2019	2.0	51,860,760,916
Second Quarter	08/13/2019	01/16/2020	2.5	64,825,951,145
Third Quarter	11/12/2019	04/16/2020	2.5	64,825,951,145
Fourth Quarter	02/11/2020	07/16/2020	2.5	64,825,951,145
Total			9.5	246,338,614,351

4. To report 2019 employees' profit sharing bonus and directors' compensation

Explanatory Notes :

- (1) The Board of Directors approved 2019 employees' profit sharing bonus and directors' compensation on February 11, 2020. The employees' profit sharing bonus and directors' compensation are to be distributed in cash.
- (2) 2019 employees' total amount of cash bonus and profit sharing bonus is NT\$46,331,490,068, of which NT\$23,165,745,034 has been distributed following each quarter as cash bonus, and NT\$23,165,745,034 will be distributed in July 2020 as profit sharing bonus.
- (3) 2019 directors' compensation is NT\$360,404,337.

Proposed Resolutions

**1. To accept 2019 Business Report and Financial Statements
(Proposed by the Board of Directors)**

Explanatory Notes :

- (1) TSMC's 2019 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) 2019 Business Report, Independent Auditors' Report, the aforementioned Financial Statements, and Earnings Distribution Table are attached hereto as Attachments I, III, IV and V.

**2. To revise the Procedures for Lending Funds to Other Parties
(Proposed by the Board of Directors)**

Explanatory Notes :

- (1) The R.O.C. Financial Supervisory Commission amended its “Regulations Governing Loaning of Funds and Making of Endorsements / Guarantees by Public Companies”. TSMC’s “Procedures for Lending Funds to Other Parties” require amendments to reflect such regulatory changes.

The major amendments are to exempt fund-lending by TSMC’s wholly-owned offshore subsidiaries to TSMC from the restrictions that would otherwise limit: (i) the total loan amount to 20% of the net worth of the lending subsidiaries; and (ii) the term of each loan to one year.

- (2) The Comparison Table for the Procedures for Lending Funds to Other Parties Before and After Revision is attached hereto as Attachment VI.

Director Election

To elect one additional Independent Director (Proposed by the Board of Directors)

Explanatory Notes :

- (1) TSMC's Articles of Incorporation state that the Company'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 is currently consisted of nine directors, five of whom are independent. The Board of Directors approved to increase the number of directors to ten and to elect one additional independent director at TSMC's 2020 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 9, 2020 to June 4, 2021).

- (2) TSMC's directors shall be elected by adopting candidates nomination system as specified in Article 192-1 of the R.O.C. Company Law. Shareholders shall elect the independent director from the List of Independent Director Candidate, whose education and professional qualifications, experience and relevant information are attached hereto as Attachment VII.

Voting by Poll :

Other Business and Special Motion

Meeting Adjourned

3. Attachment

Business Report

2019 was a year of continued milestones for TSMC. We delivered a tenth consecutive year of record revenue even as we faced business headwinds from trade tensions between countries. Such tensions created greater uncertainty for our customers and impacted the end demand for products. Thanks to the strong demand coming to our industry-leading 7-nanometer (N7) technology, our revenue increased 1.3% year-over-year in US dollar terms in 2019, in contrast to the global semiconductor industry's 12% year-over-year decline.

In 2019, we witnessed an acceleration of the deployment of 5G networks and smartphones in several major markets around the world. We expect a faster worldwide penetration of 5G smartphones with higher silicon content over the next several years. The need for higher power efficiency, speed and more complex functionalities in 5G smartphones will lead to increasing use of TSMC's leading edge technologies. Therefore, we raised our 2019 capital spending to US\$14.9 billion in order to meet this increased demand. We will continue to anticipate the growth that will follow.

We continued to work on the fundamentals of our business in 2019 by improving our quality systems to provide better service to our customers, enriching our R&D infrastructures, strengthening our IT architecture and security, and accelerating our technology differentiation.

By working consistently to provide the foundry industry's most advanced technologies and to make it available to all the product innovators, TSMC continuously expands the pool of innovators who fuel the semiconductor industry growth.

In 2019, our N7, in its second year, continued to see strong adoption across a wide range of products, from mobile, high performance computing (HPC), Internet of Things (IoT) and automotive applications. Our new 7-nanometer Plus (N7+) technology also came to the world's first high volume production with Extreme Ultraviolet (EUV) lithography technology. Together, this 7-nanometer family, N7 and N7+, represented 27% of our total wafer revenue in 2019. Our 6-nanometer (N6) technology just entered risk production in the first quarter of

2020 and further extends our 7-nanometer family well into the future.

Our 5-nanometer (N5) technology, with extensive EUV adoption, will begin volume production in the first half of 2020. As the foundry industry's most advanced solution, N5 is further expanding our customer product portfolio and increase our addressable markets.

Our 3-nanometer (N3) technology will be another full node stride from our N5 and offer the foundry industry's best PPA technology when it is introduced.

Our proprietary wafer-level packaging solutions of InFO (Integrated Fan-Out) and CoWoS[®] (Chip on Wafer on Substrate) continue to see strong momentum. We are developing 3D chip stacking solutions, such as SoIC (System on Integrated Chip), to provide system level solutions for the industry.

Highlights of TSMC's accomplishments in 2019:

- Total wafer shipments were 10.1 million 12-inch equivalent wafers as compared to 10.8 million 12-inch equivalent wafers in 2018.
- Advanced technologies (16-nanometer and beyond) accounted for 50 percent of total wafer revenue, up from 41 percent in 2018.
- We deployed 272 distinct process technologies, and manufactured 10,761 products for 499 customers.
- TSMC's market share in the total semiconductor foundry segment increased to 52 percent in 2019 as compared to 51 percent in the previous year.

2019 Financial Performance

Consolidated revenue reached NT\$1,069.99 billion, an increase of 3.7 percent over NT\$1,031.47 billion in 2018. Net income was NT\$345.26 billion and diluted earnings per share were NT\$13.32. Both decreased 1.7 percent from the 2018 level of NT\$351.13 billion net income and NT\$13.54 diluted EPS.

TSMC generated net income of US\$11.18 billion on consolidated revenue of US\$34.63 billion, which decreased 4.0 percent and increased 1.3 percent respectively from the 2018 level of US\$11.64 billion net income and US\$34.20

billion consolidated revenue.

Gross profit margin was 46.0 percent compared with 48.3 percent in 2018, while operating profit margin was 34.8 percent compared with 37.2 percent a year earlier. Net profit margin was 32.3 percent, a decrease of 1.7 percentage points from 2018's 34.0 percent.

To implement an earlier profit distribution to our shareholders, TSMC transitioned from annual cash dividend to quarterly cash dividend in 2019, and further raised its total cash dividend payments to NT\$10.0 per share in 2019 from NT\$8.0 a year ago.

Technological Developments

In 2019, we continued to increase our investment in R&D with a record US\$2.96 billion to meet our customer needs and to extend our technology leadership.

Our N5 reached risk production in 2019 and will begin volume production in the first half of 2020. N5 is expected to broaden our customer product portfolio and expand our addressable markets as customers seek to establish leadership positions for their products.

In its second year of ramp, N7 received more than 100 customer product tape-outs by the end of 2019, while N7+ began volume production with EUV. Our N6 is on track for volume production before the end of 2020. N6 provides a clear migration path for next wave N7 products.

Leveraging our leadership at 28-nanometer, our 22ULP (ultra-low power) and 22ULL (ultra-low leakage) technologies both began volume production in 2019. 22ULL supports IoT and wearable device applications while 22ULP supports image processing, digital TVs, set-top boxes and other consumer products. We also extended our 16-nanometer offerings with 12FFC+ and 16FFC+ in 2019 to support customer needs in ultra-low-power applications.

TSMC's advanced packaging solutions enable system integration with wafer level process, by seamless integration of front end wafer process and backend chip packaging. In 2019, we offered the 5th generation InFO solutions with finer

interconnect line width and spacing to enable both mobile and high performance computing products. TSMC's CoWoS[®] continued to integrate with larger interposer size for heterogeneous integration. We also are developing TSMC-SoIC[®] (System-on-Integrated Chip), an industry-leading 3D chip stacking solution that enables multiple chips in close proximity to deliver the best system performance.

TSMC's ecosystem, Open Innovation Platform[®] (OIP), empowers our 499 distinct customers to unleash their innovations with fast time-to-market. In 2019, we continued to add partners to our OIP Cloud Alliance, which offers our customers to design in a safe and secure cloud environment. This cloud design environment significantly increases design productivity. We also worked with our ecosystem partners to expand our libraries and silicon IP portfolio to over 26,000 items in 2019. More than 10,600 technology files and over 360 process design kits, from 0.5-micron to 5-nanometer, are available to customers via TSMC-Online. We saw more than 100,000 customer downloads in 2019.

Corporate Social Responsibility

At TSMC, we are dedicated to sound corporate governance and pursue profitable growth. We also commit to the environment, society, and balancing the interests of all stakeholders. A sound corporate governance built upon our core values is the foundation of TSMC's corporate social responsibility. As an important member of the global semiconductor industry, we recognize it is our responsibility to face up to the increasingly challenging global environment and lead by example.

In 2019, we established the Corporate Social Responsibility Executive Committee, led by Chairman. The Executive Committee will work with senior management across many key functions and the existing CSR committee to set our CSR strategy, and align with UN Sustainable Development Goals. Our focuses are driving actions on green manufacturing, creating an inclusive workplace for talent development, building a responsible supply chain and caring for the underprivileged. We will work hard to fulfill our role to pursue a sustainable future.

Honors and Awards

TSMC received recognition for achievements in innovation, corporate governance, sustainability, investor relations, business information disclosure and overall

excellence in management from organizations including *Forbes*, *Fortune Magazine*, *The Nikkei*, *CommonWealth Magazine*, PricewaterhouseCoopers, RobecoSAM (S&P Global) and the Taiwan Stock Exchange. In technology innovations, the Company was ranked 10th in the number of patents applications in the US Patent & Trademark Office, and ranked 1st in top 100 patent applicants in Taiwan. In sustainability, we were chosen once again as a component of the Dow Jones Sustainability Indices, becoming the only semiconductor company to be selected for 19 consecutive years. TSMC was also ranked 10th in *CorporateKnights* 2019 “Global 100 Most Sustainable Corporations in the World Ranking”. Meanwhile, we remained a major component in both MSCI ESG and FTSE4Good Emerging Index. In investor relations, TSMC continued to receive multiple awards from *Institutional Investor Magazine*.

Outlook

We believe the significant communication advancement brought by 5G networks will unlock new usage models across many different types of connected end devices, and drive exponential growth of data. Together with the continuous innovations in algorithms, a smarter and more intelligent society emerges. Digital computation now becomes increasingly ubiquitous and demands massive computation power. Therefore we expect the development of 5G-related and HPC applications will drive strong demand for our advanced technologies in the next several years. With the most advanced technology and capacity, and the widest coverage of customers, TSMC is well-positioned to lead the industry to capture the growth.

Macroeconomic uncertainties over trade tensions between countries continued in 2020. TSMC will remain agile and work on the fundamentals of our business and further accelerate our technology differentiation. We will be everyone’s foundry and treat all customers equally and fairly. We will fiercely protect our intellectual property. We will conduct our business with the utmost integrity and uphold our Trinity of Strengths of technology leadership, manufacturing excellence and customers’ trust.

TSMC’s dedicated foundry business model, open innovation platform and our four core values of Integrity, Commitment, Innovation and Customer Trust, are what enable us to be everyone’s foundry. As we enter a new digital age, we will continue working closely with IC innovators around the world to create values and generate good returns to our shareholders. We are dedicated to sound corporate governance,

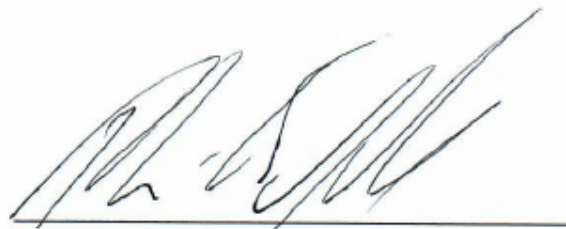
fulfilling our responsibilities as a global corporate citizen and pursuing a sustainable future. We thank you for your trust and commitment to TSMC, and look forward to a prosperous future with our shareholders.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2019 Business Report, Financial Statements, and proposal for allocation of quarterly 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 quarterly 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 11, 2020

**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 its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, 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, 2019 and 2018, 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, 2019. 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, 2019 are stated as follows:

Property, plant and equipment (PP&E) – commencement of depreciation related to PP&E classified as equipment under installation and construction in progress (EUI/CIP)

Refer to Notes 4, 5 and 14 to the consolidated financial statements.

The Company's evaluation of when to commence depreciation of EUI/CIP involves determining when the assets are available for their intended use. The criteria the Company uses to determine whether EUI/CIP are available for their intended use involves subjective judgements and assumptions about the conditions necessary for the assets to be capable of operating in the intended manner. Changes in these assumptions could have a significant impact on when depreciation is recognized.

Given the subjectivity in determining the date to commence depreciation of EUI/CIP, performing audit procedures to evaluate the reasonableness of the Company's judgements and assumptions required a high degree of auditor judgement. Consequently, the validity of commencement of depreciation related to PP&E classified as EUI/CIP is identified as a key audit matter.

Our audit procedures related to the evaluation of when to commence depreciation of EUI/CIP included the following, among others:

1. We read the Company's policy and understand the criteria used to determine when to commence depreciation.
2. We tested the effectiveness of the controls over the evaluation of when to commence depreciation of EUI/CIP.
3. We sampled EUI/CIP at year end and performed the following for each selection:
 - a. Evaluated whether the selection did not meet the criteria specified by the Company for commencement of depreciation.
 - b. Observed the assets and evaluated their status at year end.

4. We sampled and evaluated whether the selection of EUI/CIP met the criteria specified by the Company for commencement of depreciation during the year.
5. We sampled and evaluated whether the selection of EUI/CIP met the criteria specified by the Company for commencement of depreciation subsequent to year end.

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, 2019 and 2018 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.

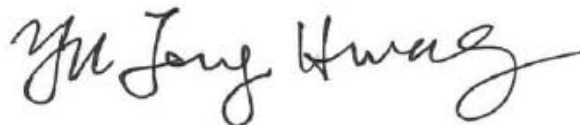
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings,

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, 2019 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 11, 2020

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)

ASSETS	December 31, 2019		December 31, 2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 455,399,336	20	\$ 577,814,601	28
Financial assets at fair value through profit or loss (Note 7)	326,839	-	3,504,590	-
Financial assets at fair value through other comprehensive income (Note 8)	127,396,577	6	99,561,740	5
Financial assets at amortized cost (Note 9)	299,884	-	14,277,615	1
Hedging financial assets (Note 10)	25,884	-	23,497	-
Notes and accounts receivable, net (Note 11)	138,908,589	6	128,613,391	6
Receivables from related parties (Note 33)	862,070	-	584,412	-
Other receivables from related parties (Note 33)	51,653	-	65,028	-
Inventories (Notes 5 and 12)	82,981,196	4	103,230,976	5
Other financial assets (Note 34)	11,041,091	-	18,597,448	1
Other current assets	5,320,795	-	5,406,423	-
Total current assets	822,613,914	36	951,679,721	46
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 8)	4,124,337	-	3,910,681	-
Financial assets at amortized cost (Note 9)	7,348,914	-	7,528,277	-
Investments accounted for using equity method (Note 13)	18,698,788	1	17,865,838	1
Property, plant and equipment (Notes 5 and 14)	1,352,377,405	60	1,072,050,279	51
Right-of-use assets (Notes 5 and 15)	17,232,402	1	-	-
Intangible assets (Notes 5 and 16)	20,653,028	1	17,002,137	1
Deferred income tax assets (Notes 5 and 27)	17,928,358	1	16,806,387	1
Refundable deposits	2,084,968	-	1,700,071	-
Other noncurrent assets	1,742,918	-	1,584,647	-
Total noncurrent assets	1,442,191,118	64	1,138,448,317	54
TOTAL	\$ 2,264,805,032	100	\$ 2,090,128,038	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Notes 17 and 30)	\$ 118,522,290	5	\$ 88,754,640	4
Financial liabilities at fair value through profit or loss (Note 7)	982,349	-	40,825	-
Hedging financial liabilities (Note 10)	1,798	-	155,832	-
Accounts payable	38,771,066	2	32,980,933	2
Payables to related parties (Note 33)	1,434,900	-	1,376,499	-
Salary and bonus payable	16,272,353	1	14,471,372	1
Accrued profit sharing bonus to employees and compensation to directors and supervisors (Note 29)	23,648,903	1	23,981,154	1
Payables to contractors and equipment suppliers	140,810,703	6	43,133,659	2
Cash dividends payable (Note 21)	129,651,902	6	-	-
Income tax payable (Notes 5 and 27)	32,466,156	1	38,987,053	2
Long-term liabilities - current portion (Notes 18 and 30)	31,800,000	1	34,900,000	2
Accrued expenses and other current liabilities (Notes 5, 15, 20, 22 and 30)	56,373,281	3	61,760,619	3
Total current liabilities	590,735,701	26	340,542,586	17
NONCURRENT LIABILITIES				
Bonds payable (Notes 18 and 30)	25,100,000	1	56,900,000	3
Deferred income tax liabilities (Notes 5 and 27)	344,393	-	233,284	-
Lease liabilities (Notes 5, 15 and 30)	15,041,833	1	-	-
Net defined benefit liability (Note 19)	9,182,496	-	9,651,405	-
Guarantee deposits (Notes 20 and 30)	176,904	-	3,353,378	-
Others	2,128,279	-	1,950,989	-
Total noncurrent liabilities	51,973,905	2	72,089,056	3
Total liabilities	642,709,606	28	412,631,642	20
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT				
Capital stock (Note 21)	259,303,805	11	259,303,805	12
Capital surplus (Note 21)	56,339,709	3	56,315,932	3
Retained earnings (Note 21)				
Appropriated as legal capital reserve	311,146,899	14	276,033,811	13
Appropriated as special capital reserve	10,675,106	-	26,907,527	1
Unappropriated earnings	1,011,512,974	45	1,073,706,503	52
	1,333,334,979	59	1,376,647,841	66
Others (Note 21)	(27,568,369)	(1)	(15,449,913)	(1)
Equity attributable to shareholders of the parent	1,621,410,124	72	1,676,817,665	80
NON - CONTROLLING INTERESTS	685,302	-	678,731	-
Total equity	1,622,095,426	72	1,677,496,396	80
TOTAL	\$ 2,264,805,032	100	\$ 2,090,128,038	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)

	2019		2018	
	Amount	%	Amount	%
NET REVENUE (Notes 5, 22, 33 and 39)	\$1,069,985,448	100	\$1,031,473,557	100
COST OF REVENUE (Notes 5, 12, 29, 33 and 37)	<u>577,286,947</u>	<u>54</u>	<u>533,487,516</u>	<u>52</u>
GROSS PROFIT BEFORE REALIZED (UNREALIZED) GROSS PROFIT ON SALES TO ASSOCIATES	492,698,501	46	497,986,041	48
REALIZED (UNREALIZED) GROSS PROFIT ON SALES TO ASSOCIATES	<u>3,395</u>	<u>-</u>	<u>(111,788)</u>	<u>-</u>
GROSS PROFIT	<u>492,701,896</u>	<u>46</u>	<u>497,874,253</u>	<u>48</u>
OPERATING EXPENSES (Notes 5, 29 and 33)				
Research and development	91,418,746	8	85,895,569	8
General and administrative	21,737,210	2	20,265,883	2
Marketing	<u>6,348,626</u>	<u>1</u>	<u>5,987,828</u>	<u>1</u>
Total operating expenses	<u>119,504,582</u>	<u>11</u>	<u>112,149,280</u>	<u>11</u>
OTHER OPERATING INCOME AND EXPENSES, NET (Notes 14, 15, 23 and 29)	<u>(496,224)</u>	<u>-</u>	<u>(2,101,449)</u>	<u>-</u>
INCOME FROM OPERATIONS (Note 39)	<u>372,701,090</u>	<u>35</u>	<u>383,623,524</u>	<u>37</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profits of associates	2,844,222	-	3,057,781	-
Other income (Note 24)	16,606,669	1	14,852,814	2
Foreign exchange gain, net (Note 36)	2,095,217	-	2,438,171	-
Finance costs (Note 25)	(3,250,847)	-	(3,051,223)	-
Other gains and losses, net (Note 26)	<u>(1,151,015)</u>	<u>-</u>	<u>(3,410,804)</u>	<u>-</u>
Total non-operating income and expenses	<u>17,144,246</u>	<u>1</u>	<u>13,886,739</u>	<u>2</u>
INCOME BEFORE INCOME TAX	389,845,336	36	397,510,263	39
INCOME TAX EXPENSE (Notes 5 and 27)	<u>44,501,527</u>	<u>4</u>	<u>46,325,857</u>	<u>5</u>
NET INCOME	<u>345,343,809</u>	<u>32</u>	<u>351,184,406</u>	<u>34</u>

(Continued)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

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

	2019		2018	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 5, 19, 21 and 27)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation	\$ 253,895	-	\$ (861,162)	-
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	334,327	-	(3,309,089)	-
Gain (loss) on hedging instruments	(109,592)	-	40,975	-
Share of other comprehensive loss of associates	(18,271)	-	(14,217)	-
Income tax benefit (expense) related to items that will not be reclassified subsequently	(20,992)	-	195,729	-
	<u>439,367</u>	<u>-</u>	<u>(3,947,764)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	(14,689,107)	(1)	14,562,386	1
Unrealized gain/(loss) on investments in debt instruments at fair value through other comprehensive income	2,566,373	-	(870,906)	-
Share of other comprehensive income (loss) of associates	(140,195)	-	93,260	-
	<u>(12,262,929)</u>	<u>(1)</u>	<u>13,784,740</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(11,823,562)</u>	<u>(1)</u>	<u>9,836,976</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 333,520,247</u>	<u>31</u>	<u>\$ 361,021,382</u>	<u>35</u>
NET INCOME ATTRIBUTABLE TO:				
Shareholders of the parent	\$ 345,263,668	32	\$ 351,130,884	34
Non-controlling interests	80,141	-	53,522	-
	<u>\$ 345,343,809</u>	<u>32</u>	<u>\$ 351,184,406</u>	<u>34</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Shareholders of the parent	\$ 333,440,460	31	\$ 360,965,015	35
Non-controlling interests	79,787	-	56,367	-
	<u>\$ 333,520,247</u>	<u>31</u>	<u>\$ 361,021,382</u>	<u>35</u>

(Continued)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	<u>2019</u>	<u>2018</u>
	Income Attributable to Shareholders of the Parent	Income Attributable to Shareholders of the Parent
EARNINGS PER SHARE (NT\$, Note 28)		
Basic earnings per share	<u>\$ 13.32</u>	<u>\$ 13.54</u>
Diluted earnings per share	<u>\$ 13.32</u>	<u>\$ 13.54</u>

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)

	Equity Attributable to Shareholders of the Parent										Others		Total Equity	
	Capital Stock - Common Stock		Retained Earnings		Foreign Currency Translation Reserve		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		Gain (Loss) on Hedging Instruments		Unearned Stock-Based Employee Compensation			Non-controlling Interests
	Shares (In Thousands)	Amount	Legal Capital Reserve	Special Reserve	Unappropriated Earnings	Total	Reserve	Income	Income	Income	Income	Total		
BALANCE, JANUARY 1, 2018	25,930,380	\$ 259,303,805	\$ 241,722,663	\$ 993,195,668	\$ 1,234,918,331	\$ (26,697,680)	\$ (524,915)	\$ 4,226	\$ (10,290)	\$ 1,523,303,013	\$ 702,452	\$ 1,524,005,465		
Appropriations of earnings	-	-	-	(34,311,148)	(34,311,148)	-	-	-	-	-	-	-		
Legal capital reserve	-	-	34,311,148	-	34,311,148	-	-	-	-	-	-	-		
Special capital reserve	-	-	-	26,907,527	26,907,527	-	-	-	-	-	-	-		
Cash dividends to shareholders	-	-	-	(207,443,044)	(207,443,044)	-	-	-	-	-	-	(207,443,044)		
Total	-	-	34,311,148	(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	-	9,834,131	2,845	9,835,976		
Total comprehensive income (loss) in 2018	-	-	-	350,365,610	350,365,610	14,655,333	(4,097,465)	41,537	-	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)		
Adjustments to share of changes in equities of associates	-	-	(6,420)	-	-	-	-	-	8,447	2,027	(2,681)	2,027		
From share of changes in equities of subsidiaries	-	-	2,681	-	-	-	-	-	-	2,681	6	10,141		
Donation from shareholders	-	-	10,135	-	-	-	-	-	-	10,135	-	10,141		
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(77,413)	(77,413)		
BALANCE, DECEMBER 31, 2018	25,930,380	\$ 259,303,805	\$ 276,033,811	\$ 1,073,706,503	\$ 1,376,647,841	\$ (12,042,347)	\$ (3,429,324)	\$ 23,601	\$ (1,843)	\$ 1,676,817,665	\$ 678,731	\$ 1,677,496,396		
Appropriations of earnings	-	-	35,113,088	-	35,113,088	-	-	-	-	-	-	-		
Legal capital reserve	-	-	-	16,232,421	16,232,421	-	-	-	-	-	-	-		
Special capital reserve	-	-	-	(388,955,707)	(388,955,707)	-	-	-	-	(388,955,707)	-	(388,955,707)		
Cash dividends to shareholders	-	-	-	(407,836,374)	(407,836,374)	-	-	-	-	(388,955,707)	-	(388,955,707)		
Total	-	-	35,113,088	(16,232,421)	(407,836,374)	-	-	-	-	(388,955,707)	-	(388,955,707)		
Net income in 2019	-	-	-	345,263,668	345,263,668	-	-	-	-	345,263,668	80,141	345,343,809		
Other comprehensive income (loss) in 2019, net of income tax	-	-	-	217,059	217,059	(14,829,053)	2,898,483	(109,657)	-	(11,823,208)	(354)	(11,823,562)		
Total comprehensive income (loss) in 2019	-	-	-	345,480,727	345,480,727	(14,829,053)	2,898,483	(109,657)	-	333,440,360	79,787	333,520,247		
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	162,118	162,118	-	(162,118)	-	-	(162,118)	-	-		
Basis adjustment for gain on hedging instruments	-	-	-	-	-	-	-	82,276	-	82,276	-	82,276		
Adjustments to share of changes in equities of associates	-	-	19,414	-	-	-	-	-	1,653	21,067	192	21,259		
From share of changes in equities of subsidiaries	-	-	370	-	-	-	-	-	-	370	(370)	-		
Donation from shareholders	-	-	3,993	-	-	-	-	-	-	3,993	13	4,006		
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(73,051)	(73,051)		
BALANCE, DECEMBER 31, 2019	25,930,380	\$ 259,303,805	\$ 311,146,899	\$ 1,011,512,974	\$ 1,333,334,979	\$ (26,871,400)	\$ (692,952)	\$ (3,820)	\$ (190)	\$ 1,621,410,124	\$ 685,302	\$ 1,622,095,426		

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)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 389,845,336	\$ 397,510,263
Adjustments for:		
Depreciation expense	281,411,832	288,124,897
Amortization expense	5,472,409	4,421,405
Expected credit losses recognized (reversal) on investments in debt instruments	1,714	(2,383)
Finance costs	3,250,847	3,051,223
Share of profits of associates	(2,844,222)	(3,057,781)
Interest income	(16,189,374)	(14,694,456)
Share-based compensation	2,818	-
Loss on disposal or retirement of property, plant and equipment, net	949,965	1,005,644
Loss (gain) on disposal of intangible assets, net	2,377	(436)
Impairment loss (reversal of impairment loss) on property, plant and equipment	(301,384)	423,468
Loss on financial instruments at fair value through profit or loss, net	955,723	358,156
Loss (gain) on disposal of investments in debt instruments at fair value through other comprehensive income, net	(537,835)	989,138
Loss from disposal of subsidiaries	4,598	-
Unrealized (realized) gross profit on sales to associates	(3,395)	111,788
Loss (gain) on foreign exchange, net	(5,228,218)	2,916,659
Dividend income	(417,295)	(158,358)
Loss (gain) arising from fair value hedges, net	(13,091)	2,386
Gain on lease modification	(2,075)	-
Changes in operating assets and liabilities:		
Financial instruments at fair value through profit or loss	848,750	480,109
Notes and accounts receivable, net	(18,119,552)	(13,271,268)
Receivables from related parties	(277,658)	599,712
Other receivables from related parties	13,375	106,030
Inventories	20,249,780	(29,369,975)
Other financial assets	3,383,500	(4,601,295)
Other current assets	(76,263)	(513,051)
Other noncurrent assets	-	152,555
Accounts payable	5,860,068	4,540,583
Payables to related parties	58,401	(279,857)
Salary and bonus payable	1,800,981	216,501
Accrued profit sharing bonus to employees and compensation to directors and supervisors	(332,251)	562,019
Accrued expenses and other current liabilities	(2,372,032)	(20,226,384)
Net defined benefit liability	(215,014)	(60,461)
Cash generated from operations	667,182,815	619,336,831
Income taxes paid	(52,044,071)	(45,382,523)
Net cash generated by operating activities	<u>615,138,744</u>	<u>573,954,308</u>

(Continued)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

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

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Financial instruments at fair value through profit or loss	\$ (124,748)	\$ (310,478)
Financial assets at fair value through other comprehensive income	(257,558,240)	(96,412,786)
Financial assets at amortized cost	(313,958)	(2,294,098)
Property, plant and equipment	(460,422,150)	(315,581,881)
Intangible assets	(9,329,869)	(7,100,306)
Proceeds from disposal or redemption of:		
Financial instruments at fair value through profit or loss - debt instruments	2,418,153	487,216
Financial assets at fair value through other comprehensive income	230,444,486	86,639,322
Financial assets at amortized cost	14,349,190	2,032,442
Property, plant and equipment	287,318	181,450
Intangible assets	-	492
Proceeds from return of capital of investments in equity instruments at fair value through other comprehensive income	1,107	127,878
Derecognition of hedging financial instruments	(436,606)	250,538
Interest received	16,874,985	14,660,388
Proceeds from government grants - property, plant and equipment	2,565,338	-
Proceeds from government grants - land use right and others	850,623	-
Other dividends received	320,242	158,358
Dividends received from investments accounted for using equity method	1,718,954	3,262,910
Refundable deposits paid	(1,465,766)	(2,227,541)
Refundable deposits refunded	<u>1,019,294</u>	<u>1,857,188</u>
Net cash used in investing activities	<u>(458,801,647)</u>	<u>(314,268,908)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	31,804,302	23,922,975
Repayment of bonds	(34,900,000)	(58,024,900)
Repayment of the principal portion of lease liabilities	(2,930,589)	-
Interest paid	(3,597,145)	(3,233,331)
Guarantee deposits received	62,203	1,668,887
Guarantee deposits refunded	(701,269)	(1,948,106)
Cash dividends	(259,303,805)	(207,443,044)
Donation from shareholders	4,006	10,141
Decrease in non-controlling interests	<u>(75,869)</u>	<u>(77,413)</u>
Net cash used in financing activities	<u>(269,638,166)</u>	<u>(245,124,791)</u>

(Continued)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

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

	2019	2018
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	\$ <u>(9,114,196)</u>	\$ <u>9,862,296</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(122,415,265)	24,422,905
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>577,814,601</u>	<u>553,391,696</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 455,399,336</u>	<u>\$ 577,814,601</u>

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, 2019 and 2018, 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 accompanying parent company only financial position of the Company as of December 31, 2019 and 2018, 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, 2019. 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, 2019 are stated as follows:

Property, plant and equipment (PP&E) – commencement of depreciation related to PP&E classified as equipment under installation and construction in progress (EUI/CIP)

Refer to Notes 4, 5 and 12 to the parent company only financial statements.

The Company's evaluation of when to commence depreciation of EUI/CIP involves determining when the assets are available for their intended use. The criteria the Company uses to determine whether EUI/CIP are available for their intended use involves subjective judgements and assumptions about the conditions necessary for the assets to be capable of operating in the intended manner. Changes in these assumptions could have a significant impact on when depreciation is recognized.

Given the subjectivity in determining the date to commence depreciation of EUI/CIP, performing audit procedures to evaluate the reasonableness of the Company's judgements and assumptions required a high degree of auditor judgement. Consequently, the validity of commencement of depreciation related to PP&E classified as EUI/CIP is identified as a key audit matter.

Our audit procedures related to the evaluation of when to commence depreciation of EUI/CIP included the following, among others:

1. We read the Company's policy and understand the criteria used to determine when to commence depreciation.
2. We tested the effectiveness of the controls over the evaluation of when to commence depreciation of EUI/CIP.
3. We sampled EUI/CIP at year end and performed the following for each selection:
 - a. Evaluated whether the selection did not meet the criteria specified by the Company for commencement of depreciation.
 - b. Observed the assets and evaluated their status at year end.
4. We sampled and evaluated whether the selection of EUI/CIP met the criteria specified by the Company for commencement of depreciation during the year.

5. We sampled and evaluated whether the selection of EUI/CIP met the criteria specified by the Company for commencement of depreciation subsequent to year end.

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.

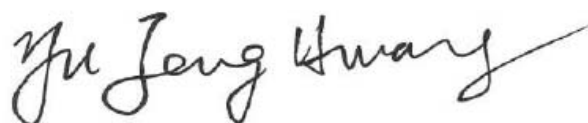
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies 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, 2019 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 11, 2020

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)

ASSETS	December 31, 2019		December 31, 2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 141,450,698	6	\$ 240,202,525	12
Financial assets at fair value through profit or loss (Note 7)	27,481	-	54,115	-
Financial assets at fair value through other comprehensive income	-	-	568,150	-
Financial assets at amortized cost	-	-	2,294,098	-
Hedging financial assets (Note 8)	3,504	-	23,497	-
Notes and accounts receivable, net (Note 9)	49,124,933	2	36,685,389	2
Receivables from related parties (Note 31)	82,194,501	4	86,452,584	4
Other receivables from related parties (Note 31)	968,123	-	1,234,662	-
Inventories (Notes 5 and 10)	76,263,851	4	98,088,160	5
Other financial assets	358,245	-	178,008	-
Other current assets	4,726,789	-	4,184,918	-
Total current assets	355,118,125	16	469,966,106	23
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income	877,110	-	963,610	-
Investments accounted for using equity method (Note 11)	558,503,889	24	549,560,884	26
Property, plant and equipment (Notes 5 and 12)	1,310,900,634	57	1,025,286,941	49
Right-of-use assets (Notes 5 and 13)	15,030,020	1	-	-
Intangible assets (Notes 5 and 14)	16,271,444	1	12,429,930	1
Deferred income tax assets (Notes 5 and 25)	16,728,622	1	15,586,674	1
Refundable deposits and others	2,046,228	-	1,666,863	-
Total noncurrent assets	1,920,357,947	84	1,605,494,902	77
TOTAL	\$ 2,275,476,072	100	\$ 2,075,461,008	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Notes 15 and 28)	\$ 148,510,290	7	\$ 91,982,340	4
Financial liabilities at fair value through profit or loss (Note 7)	982,302	-	30,232	-
Hedging financial liabilities (Note 8)	1,798	-	1,941	-
Accounts payable	36,029,135	2	30,472,292	2
Payables to related parties (Note 31)	5,716,635	-	4,546,752	-
Salary and bonus payable	14,215,161	1	12,442,707	1
Accrued profit sharing bonus to employees and compensation to directors (Note 27)	23,526,149	1	23,919,312	1
Payables to contractors and equipment suppliers	139,754,491	6	41,279,910	2
Cash dividends payable (Note 19)	129,651,902	6	-	-
Income tax payable (Notes 5 and 25)	32,241,052	1	38,706,990	2
Long-term liabilities - current portion (Notes 16 and 28)	31,800,000	1	34,900,000	2
Accrued expenses and other current liabilities (Notes 5, 13, 18, 20, 28 and 31)	43,111,632	2	49,778,042	2
Total current liabilities	605,540,547	27	328,060,518	16
NONCURRENT LIABILITIES				
Bonds payable (Notes 16 and 28)	25,100,000	1	56,900,000	3
Deferred income tax liabilities (Notes 5 and 25)	333,606	-	233,284	-
Lease liabilities (Notes 5, 13 and 28)	13,300,263	1	-	-
Net defined benefit liability (Note 17)	9,182,496	-	9,651,405	1
Guarantee deposits (Notes 18 and 28)	170,446	-	3,346,648	-
Others	438,590	-	451,488	-
Total noncurrent liabilities	48,525,401	2	70,582,825	4
Total liabilities	654,065,948	29	398,643,343	20
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT				
Capital stock (Note 19)	259,303,805	11	259,303,805	12
Capital surplus (Note 19)	56,339,709	2	56,315,932	3
Retained earnings (Note 19)				
Appropriated as legal capital reserve	311,146,899	14	276,033,811	13
Appropriated as special capital reserve	10,675,106	-	26,907,527	1
Unappropriated earnings	1,011,512,974	45	1,073,706,503	52
	1,333,334,979	59	1,376,647,841	66
Others (Note 19)	(27,568,369)	(1)	(15,449,913)	(1)
Total equity	1,621,410,124	71	1,676,817,665	80
TOTAL	\$ 2,275,476,072	100	\$ 2,075,461,008	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)

	2019		2018	
	Amount	%	Amount	%
NET REVENUE (Notes 5, 20 and 31)	\$1,059,646,793	100	\$1,023,925,713	100
COST OF REVENUE (Notes 5, 10, 27, 31 and 34)	<u>579,507,047</u>	<u>55</u>	<u>530,861,166</u>	<u>52</u>
GROSS PROFIT BEFORE REALIZED (UNREALIZED) GROSS PROFIT ON SALES TO SUBSIDIARIES AND ASSOCIATES	480,139,746	45	493,064,547	48
REALIZED (UNREALIZED) GROSS PROFIT ON SALES TO SUBSIDIARIES AND ASSOCIATES	<u>3,395</u>	<u>-</u>	<u>(109,046)</u>	<u>-</u>
GROSS PROFIT	<u>480,143,141</u>	<u>45</u>	<u>492,955,501</u>	<u>48</u>
OPERATING EXPENSES (Notes 5, 27 and 31)				
Research and development	90,482,815	8	84,944,461	8
General and administrative	20,353,327	2	19,113,298	2
Marketing	<u>3,231,777</u>	<u>-</u>	<u>3,201,670</u>	<u>-</u>
Total operating expenses	<u>114,067,919</u>	<u>10</u>	<u>107,259,429</u>	<u>10</u>
OTHER OPERATING INCOME AND EXPENSES, NET (Notes 12, 13, 21 and 27)	<u>(151,230)</u>	<u>-</u>	<u>(1,668,234)</u>	<u>-</u>
INCOME FROM OPERATIONS	<u>365,923,992</u>	<u>35</u>	<u>384,027,838</u>	<u>38</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profits of subsidiaries and associates (Note 11)	22,906,788	2	12,509,959	1
Other income (Note 22)	2,180,251	-	2,005,107	-
Foreign exchange gain, net (Note 33)	1,994,370	-	1,927,029	-
Finance costs (Note 23)	(3,191,609)	-	(2,903,454)	-
Other gains and losses (Note 24)	<u>(1,068,573)</u>	<u>-</u>	<u>(1,368,326)</u>	<u>-</u>
Total non-operating income and expenses	<u>22,821,227</u>	<u>2</u>	<u>12,170,315</u>	<u>1</u>
INCOME BEFORE INCOME TAX	388,745,219	37	396,198,153	39
INCOME TAX EXPENSE (Notes 5 and 25)	<u>43,481,551</u>	<u>4</u>	<u>45,067,269</u>	<u>5</u>
NET INCOME	<u>345,263,668</u>	<u>33</u>	<u>351,130,884</u>	<u>34</u>

(Continued)

Taiwan Semiconductor Manufacturing Company Limited

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

	2019		2018	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 5, 17, 19 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation	\$ 253,895	-	\$ (861,162)	-
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	121,740	-	(1,189,957)	-
Gain (loss) on hedging instruments	(109,592)	-	40,975	-
Share of other comprehensive income (loss) of subsidiaries and associates	194,524	-	(2,135,880)	-
Income tax benefit (expense) related to items that will not be reclassified subsequently	(20,992)	-	195,729	-
	<u>439,575</u>	<u>-</u>	<u>(3,950,295)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	(14,698,117)	(2)	14,578,483	1
Share of other comprehensive income (loss) of subsidiaries and associates	2,435,334	-	(794,057)	-
	<u>(12,262,783)</u>	<u>(2)</u>	<u>13,784,426</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(11,823,208)</u>	<u>(2)</u>	<u>9,834,131</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 333,440,460</u>	<u>31</u>	<u>\$ 360,965,015</u>	<u>35</u>
EARNINGS PER SHARE (NT\$, Note 26)				
Basic earnings per share	<u>\$ 13.32</u>		<u>\$ 13.54</u>	
Diluted earnings per share	<u>\$ 13.32</u>		<u>\$ 13.54</u>	

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)

	Capital Stock - Common Stock		Retained Earnings				Others			Total Equity		
	Shares (In Thousands)	Amount	Legal Capital Reserve	Special Reserve	Unappropriated Earning	Total	Foreign Currency Translation Reserve	Unrealized Gain (Loss) on Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments		Unearned Stock-Based Employee Compensation	
BALANCE, JANUARY 1, 2018	25,930,380	\$ 259,303,803	\$ 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	-	-	-	-	(34,311,148)	-	-	-	-	-	-	-
Legal capital reserve	-	-	34,311,148	-	(26,907,527)	-	-	-	-	-	-	-
Special capital reserve	-	-	-	26,907,527	(207,443,044)	(207,443,044)	-	-	-	-	-	(207,443,044)
Cash dividends to shareholders	-	-	-	26,907,527	(268,661,719)	(207,443,044)	-	-	-	-	-	(207,443,044)
Total	-	-	34,311,148	-	(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 gain (loss) on hedging instruments	-	-	-	-	-	-	-	-	(22,162)	-	(22,162)	(22,162)
Adjustments to share of changes in equities of associates	-	-	-	-	-	-	-	-	-	-	8,447	2,027
From share of changes in equities of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	2,681
Donation from shareholders	-	-	-	-	-	-	-	-	-	-	-	10,135
BALANCE, DECEMBER 31, 2018	25,930,380	\$ 259,303,803	\$ 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
Appropriations of prior year's earnings	-	-	-	-	(35,113,088)	-	-	-	-	-	-	-
Legal capital reserve	-	-	35,113,088	-	16,232,421	-	-	-	-	-	-	-
Special capital reserve	-	-	-	(16,232,421)	(388,955,707)	(388,955,707)	-	-	-	-	-	(388,955,707)
Cash dividends to shareholders	-	-	-	(16,232,421)	(407,836,374)	(388,955,707)	-	-	-	-	-	(388,955,707)
Total	-	-	35,113,088	-	(407,836,374)	(388,955,707)	-	-	-	-	-	(388,955,707)
Net income in 2019	-	-	-	-	345,263,668	345,263,668	-	-	-	-	-	345,263,668
Other comprehensive income (loss) in 2019, net of income tax	-	-	-	-	217,059	217,059	(14,829,053)	2,898,483	(109,697)	-	(12,040,267)	(11,823,208)
Total comprehensive income (loss) in 2019	-	-	-	-	345,480,727	345,480,727	(14,829,053)	2,898,483	(109,697)	-	(12,040,267)	333,440,460
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	162,118	162,118	-	(162,118)	-	-	(162,118)	-
Basis adjustment for gain (loss) on hedging instruments	-	-	-	-	-	-	-	-	82,276	-	82,276	82,276
Adjustments to share of changes in equities of associates	-	-	-	-	-	-	-	-	-	1,653	1,653	21,067
From share of changes in equities of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	370
Donation from shareholders	-	-	-	-	-	-	-	-	-	-	-	3,993
BALANCE, DECEMBER 31, 2019	25,930,380	\$ 259,303,803	\$ 311,146,899	\$ 10,675,106	\$ 1,011,512,974	\$ 1,333,334,979	\$ (26,871,400)	\$ (692,952)	\$ (3,820)	\$ (190)	\$ (27,568,369)	\$ 1,621,410,124

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)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 388,745,219	\$ 396,198,153
Adjustments for:		
Depreciation expense	267,464,543	274,340,540
Amortization expense	5,338,886	4,352,847
Finance costs	3,191,609	2,903,454
Share of profits of subsidiaries and associates	(22,906,788)	(12,509,959)
Interest income	(2,002,877)	(1,847,202)
Loss on disposal or retirement of property, plant and equipment, net	582,289	557,598
Gain on disposal of intangible assets, net	(6,183)	(5,933)
Impairment loss (reversal of impairment loss) on property, plant and equipment	(301,384)	423,468
Loss (gain) on financial instruments at fair value through profit or loss, net	18,291	(17,729)
Gain on disposal of investments accounted for using equity method, net	(15,200)	-
Unrealized (realized) gross profit on sales to subsidiaries and associates	(3,395)	109,046
Gain (loss) on foreign exchange, net	(6,289,978)	2,732,445
Dividend income	(177,374)	(157,905)
Gain on lease modification	(2,555)	-
Changes in operating assets and liabilities:		
Financial instruments at fair value through profit or loss	964,207	301,714
Notes and accounts receivable, net	(20,264,116)	(15,821,089)
Receivables from related parties	4,258,083	5,689,253
Other receivables from related parties	442,439	216,794
Inventories	21,824,309	(27,790,715)
Other financial assets	(211,869)	(26,762)
Other current assets	(515,166)	(1,685,193)
Accounts payable	5,626,778	4,839,526
Payables to related parties	1,169,883	(282,912)
Salary and bonus payable	1,772,454	159,386
Accrued profit sharing bonus to employees and compensation to directors	(393,163)	531,310
Accrued expenses and other current liabilities	(3,618,263)	(21,092,059)
Net defined benefit liability	(215,014)	(60,461)
Cash generated from operations	644,475,665	612,057,615
Income taxes paid	(51,043,594)	(43,956,272)
Net cash generated by operating activities	<u>593,432,071</u>	<u>568,101,343</u>

(Continued)

Taiwan Semiconductor Manufacturing Company Limited

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

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Financial assets at amortized cost	\$ -	\$ (2,294,098)
Property, plant and equipment	(450,287,869)	(298,099,157)
Intangible assets	(9,252,712)	(6,885,163)
Proceeds from disposal or redemption of:		
Financial assets at fair value through other comprehensive income	775,282	651,971
Property, plant and equipment	1,118,338	4,707,118
Intangible assets	-	15,881
Proceeds from return of capital of financial assets carried at cost	2,300,000	-
Proceeds from return of capital of investments in equity instruments at fair value through other comprehensive income	1,107	3,456
Derecognition of hedging financial instruments	(93,536)	57,954
Interest received	2,016,735	1,815,330
Other dividends received	177,374	157,905
Dividends received from investments accounted for using equity method	2,225,194	3,769,150
Refundable deposits paid	(1,447,188)	(2,218,292)
Refundable deposits refunded	<u>1,007,262</u>	<u>1,762,043</u>
Net cash used in investing activities	<u>(451,460,013)</u>	<u>(296,555,902)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	59,615,602	27,154,770
Repayment of bonds	(34,900,000)	(24,300,000)
Repayment of the principal portion of lease liabilities	(2,630,308)	-
Interest paid	(3,536,180)	(2,957,663)
Guarantee deposits received	23,063	1,625,526
Guarantee deposits refunded	(4,061)	(120,717)
Cash dividends	(259,303,805)	(207,443,044)
Payment of partial acquisition of interests in subsidiaries	(10,602)	(64,633,400)
Proceeds from partial disposal of interests in subsidiaries	18,500	144,676
Donation from shareholders	<u>3,906</u>	<u>10,095</u>
Net cash used in financing activities	<u>(240,723,885)</u>	<u>(270,519,757)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(98,751,827)	1,025,684
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>240,202,525</u>	<u>239,176,841</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 141,450,698</u>	<u>\$ 240,202,525</u>

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

Taiwan Semiconductor Manufacturing Company Limited
2019 Earnings Distribution Table

Unit: NT\$

Net Income of 2019	345,263,668,067
Less:	
- Special Reserve	-12,120,109,646
Earnings in 2019 Available for Distribution	333,143,558,421
Plus:	
- Unappropriated Retained Earnings of Previous Years	842,609,828,900
- Disposal of Investments in Equity Instruments at Fair Value through Other Comprehensive Income	162,116,727
- Remeasurement of Defined Benefit Obligation	217,059,275
Retained Earnings Available for Distribution as of December 31, 2019	1,176,132,563,323
Distribution Item ^{Note:}	
- 1Q19 Cash Dividends to Common Share Holders (NT\$2.0 per share)	-51,860,760,916
- 2Q19 Cash Dividends to Common Share Holders (NT\$2.5 per share)	-64,825,951,145
- 3Q19 Cash Dividends to Common Share Holders (NT\$2.5 per share)	-64,825,951,145
- 4Q19 Cash Dividends to Common Share Holders (NT\$2.5 per share)	-64,825,951,145
Unappropriated Retained Earnings	929,793,948,972

Note: Cash dividends were approved by the Board of Directors and to be reported at the Annual Shareholders' Meeting.

Comparison Table for the Procedures for Lending Funds to Other Parties Before and After Revisions

Before the Revision	After the Revision
<p>Article 3</p> <p>The total amount available for lending purpose shall not exceed twenty percent (20%) of the net worth of the Company.</p> <p>The lending limits for any borrower are set forth below:</p> <ol style="list-style-type: none"> 1. The total amount for lending to a company having a business relationship with the Company shall not exceed the total transaction amount between the parties during the period of twelve (12) months prior to the time of lending (for purposes of the Procedures, the “transaction amount” shall mean the sales or purchasing amount between the parties, whichever is higher), and shall not exceed ten percent (10%) of the net worth of the Company. 2. The total amount for lending to a company in need of funds for a short-term period shall not exceed ten percent (10%) of the net worth of the Company. <p>The total amount available to each borrower shall not be more than thirty percent (30%) of the borrower’s net worth, provided that this restriction will not apply to subsidiaries whose voting</p>	<p>Article 3</p> <p>The total amount available for lending purpose shall not exceed twenty percent (20%) of the net worth of the Company.</p> <p>The lending limits for any borrower are set forth below:</p> <ol style="list-style-type: none"> 1. The total amount for lending to a company having a business relationship with the Company shall not exceed the total transaction amount between the parties during the period of twelve (12) months prior to the time of lending (for purposes of the Procedures, the “transaction amount” shall mean the sales or purchasing amount between the parties, whichever is higher), and shall not exceed ten percent (10%) of the net worth of the Company. 2. The total amount for lending to a company in need of funds for a short-term period shall not exceed ten percent (10%) of the net worth of the Company. <p>The total amount available to each borrower shall not be more than thirty percent (30%) of the borrower’s net worth, provided that this restriction will not apply to subsidiaries whose voting</p>

Before the Revision	After the Revision
<p>shares are 100% owned, directly or indirectly, by the Company.</p> <p>For fund-lending (for financing needs) between offshore subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company, the total amount for such fund-lending shall not be subject to the limit of twenty percent (20%) of the net worth of the lending subsidiary and the lending will not be subject to the restrictions under Article 4. However, these offshore subsidiaries shall stipulate the loan amount limits and term of loans in its lending procedures for such lending in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” announced by the securities regulatory authority.</p>	<p>shares are 100% owned, directly or indirectly, by the Company.</p> <p>For fund-lending (for financing needs) between offshore subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company, <u>or fund-lending to the Company by offshore subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company</u>, the total amount for such fund-lending shall not be subject to the limit of twenty percent (20%) of the net worth of the lending subsidiary and the lending will not be subject to the restrictions under Article 4. However, these offshore subsidiaries shall stipulate the loan amount limits <u>total limit of fund-lending as well as the fund-lending limit</u> and term of loan <u>tenor to each borrower</u> in its lending procedures for such lending in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” announced by the securities regulatory authority.</p>

Attachment VII

List of Independent Director Candidate

Name	Shareholdings (shares)	Education & Professional Qualifications	Major Past Positions & Current Positions
Yancey Hai	-	<ul style="list-style-type: none"> ● Master Degree in International Business Management, the University of Texas at Dallas 	<p>Major Past Positions:</p> <ul style="list-style-type: none"> ● Vice Chairman and CEO, Delta Electronics, Inc. ● Country Manager, GE Capital Taiwan <p>Current Positions:</p> <ul style="list-style-type: none"> ● Chairman and Chair of Strategic Steering Committee, Delta Electronics, Inc. ● Director of: <ul style="list-style-type: none"> - CTCI Corporation - Delta Electronics Power (Dongguan) Co., Ltd. (a nonpublic company) - Delta Electronics (Shanghai) Co., Ltd. (a nonpublic company) - Delta Networks, Inc. (a nonpublic company) - Delta Electronics Capital Company (a nonpublic company) - Cytotec Co., Ltd. (a nonpublic company) ● Independent Director, USI Corporation

4. Appendix

**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, otherwise 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.

**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 the Distribution of Earnings or Covering of Losses.

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, the Corporation shall first estimate and reserve the taxes to be paid, offset its losses, 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 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 profits of the period for which the Corporation distributes the earnings as 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 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: 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.

In case there are no earnings for distribution, or the earnings are far less than the earnings actually distributed by the Corporation 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.

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, the twenty-fourth Amendment on June 5, 2018, and the twenty-fifth Amendment on June 5, 2019.

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 11, 2020

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	-
Independent Director	Moshe N. Gavriellov	-
Total		1,709,755,262

Note 1: Total shares issued as of 4/11/2020: 25,930,380,458 common shares.

Note 2: Current shareholdings owned by the directors did not include any common shares held in the form of American Depositary Shares.

Note 3: As TSMC has a majority of independent directors, and has established the audit committee that satisfies the requirements of the Securities and Exchange Act, the minimum shareholding requirements for directors and supervisors do not apply.