

CHUNGHWA TELECOM CO LTD  
Form 6-K  
March 28, 2007

1934 Act Registration No. 1-31731

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**SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER**

**PURSUANT TO RULE 13a-16 OR 15d-16 OF**

**THE SECURITIES EXCHANGE ACT OF 1934**

Dated Mar 28, 2007

**Chunghwa Telecom Co., Ltd.**

(Translation of Registrant's Name into English)

**21-3 Hsinyi Road Sec. 1,**

**Taipei, Taiwan, 100 R.O.C.**

(Address of Principal Executive Office)

(Indicate by check mark whether the registrant files or will file annual reports under cover of form 20-F or Form 40-F.)

Form 20-F  Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes  No

(If Yes is marked, indicated below the file number assigned to the registrant in connection with Rule 12g3-2(b): Not applicable)

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant Chunghwa Telecom Co., Ltd. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: 2007/03/28

Chunghwa Telecom Co., Ltd.

By: /s/ Tan HoChen  
Name: Tan HoChen  
Title: Chairman & CEO

Exhibit

| <b>Exhibit</b> | <b>Description</b>   |
|----------------|--|
| 1.             | Consolidated Financial Statements for the Years Ended December 31, 2005 and 2006, and for Each of the Years in the Three Year Period Ended December 31, 2006 and Report of Independent Registered Public Accounting Firm |
| 2.             | Press Release to report Operating Results for 2006   |

**Chunghwa Telecom Co., Ltd. and  
Subsidiaries  
Consolidated Financial Statements for the  
Years Ended December 31, 2005 and 2006, and for  
Each of the Years in the Three Year Period Ended  
December 31, 2006 and  
Report of Independent Registered Public  
Accounting Firm**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors and Stockholders

Chunghwa Telecom Co., Ltd.

We have audited the accompanying consolidated balance sheets of Chunghwa Telecom Co., Ltd. and subsidiaries (the Company) as of December 31, 2005 and 2006, and the related consolidated statements of operations and comprehensive income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2006, all expressed in New Taiwan dollars. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Chunghwa Telecom Co., Ltd. and subsidiaries as of December 31, 2005 and 2006 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2006 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated financial statements, the Company adopted SFAS No. 158 on December 31, 2006 and the impact on accumulated other comprehensive income is NT\$226 million.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2006, based on the criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 13, 2007 expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Our audits also comprehended the translation of New Taiwan Dollar amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 4. Such U.S. dollar amounts are presented for the convenience of the readers.

March 13, 2007

**CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

(Amounts in Millions, Except Shares and Par Value Data)

|  | Notes   | 2005<br>NT\$      | December 31<br>2006<br>NT\$ | US\$             |
|--|---------|-------------------|-----------------------------|------------------|
| (Note 4)                                   |         |                   |                             |                  |
| <b>ASSETS</b>                              |         |                   |                             |                  |
| <b>CURRENT ASSETS</b>                      |         |                   |                             |                  |
| Cash and cash equivalents                  | 2,5,24  | \$ 41,891         | \$ 70,673                   | \$ 2,169         |
| Short-term investments                     | 2,6,24  | 14,171            | 6,951                       | 213              |
| Trade notes and accounts receivable, net   | 2,7,20  | 12,839            | 12,630                      | 388              |
| Inventories                                | 2,8     | 2,120             | 2,183                       | 67               |
| Prepaid expenses                           |         | 1,149             | 907                         | 28               |
| Deferred income taxes                      | 2,19    | 3,353             | 1,271                       | 39               |
| Other current assets                       | 18,19   | 5,805             | 6,287                       | 192              |
| Total current assets                       |         | 81,328            | 100,902                     | 3,096            |
| LONG-TERM INVESTMENTS                      | 2,9,24  | 3,391             | 3,546                       | 109              |
| INVESTMENT IN PRIVATE MUTUAL FUND          | 2,10    | 481               |                             |                  |
| PROPERTY, PLANT AND EQUIPMENT, NET         | 2,11,20 | 293,525           | 277,426                     | 8,513            |
| INTANGIBLE ASSETS                          |         |                   |                             |                  |
| 3G concession, net                         | 2       | 9,732             | 8,983                       | 276              |
| Patents and computer software, net         | 2       | 184               | 210                         | 6                |
| Goodwill                                   | 2       |                   | 73                          | 2                |
| Total intangible assets                    |         | 9,916             | 9,266                       | 284              |
| OTHER ASSETS                               |         |                   |                             |                  |
| Deferred income taxes, non-current         | 2,19    | 2,626             | 3,457                       | 106              |
| Other                                      | 21,24   | 3,901             | 4,184                       | 128              |
| Total other assets                         |         | 6,527             | 7,641                       | 234              |
| <b>TOTAL</b>                               |         | <b>\$ 395,168</b> | <b>\$ 398,781</b>           | <b>\$ 12,236</b> |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b> |         |                   |                             |                  |
| <b>CURRENT LIABILITIES</b>                 |         |                   |                             |                  |
| Short-term loans                           | 14,24   | \$                | \$ 126                      | \$ 4             |
| Trade notes and accounts payable           | 20      | 10,673            | 9,906                       | 304              |
| Income tax payable                         | 2,19    | 997               | 12,469                      | 383              |
| Accrued expenses                           | 12,20   | 16,010            | 19,937                      | 612              |
| Current portion of deferred income         | 2       | 8,907             | 8,354                       | 256              |
| Current portion of long-term loan          | 15,24   | 200               | 323                         | 10               |
| Customers deposits                         | 24      | 7,392             | 6,654                       | 204              |
| Other current liabilities                  | 13,20   | 12,507            | 9,344                       | 286              |
| Total current liabilities                  |         | 56,686            | 67,113                      | 2,059            |
| <b>LONG-TERM LIABILITIES</b>               |         |                   |                             |                  |

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|   |       |            |            |           |
|---|-------|------------|------------|-----------|
| Deferred income, net of current portion   | 2     | 10,147     | 9,350      | 287       |
| Long-term loan, net of current portion  | 15,24 | 300        |            |           |
| Accrued pension liabilities   | 2,18  |            | 1,612      | 50        |
| Other   |       | 207        | 561        | 17        |
| Total long-term liabilities   |       | 10,654     | 11,523     | 354       |
| Total liabilities   |       | 67,340     | 78,636     | 2,413     |
| MINORITY INTEREST   |       |            | 98         | 3         |
| COMMITMENTS AND CONTINGENCIES   | 21,23 |            |            |           |
| STOCKHOLDERS EQUITY   | 16    |            |            |           |
| Capital stock NT\$10 (US\$0.3) par value  |       |            |            |           |
| Authorized 9,647,724,900 common shares at December 31, 2005; 12,000,000,000 common shares at December 31, 2006            |       |            |            |           |
| Issued and outstanding 9,647,724,900 common shares at December 31, 2005, 9,667,845,093 common shares at December 31, 2006 |       |            |            |           |
| Capital surplus   |       | 96,477     | 96,678     | 2,967     |
| Retained earnings   |       | 157,490    | 164,330    | 5,042     |
| Other comprehensive income  |       | 73,864     | 58,727     | 1,801     |
|   |       | (3)        | 312        | 10        |
| Total stockholders equity   |       | 327,828    | 320,047    | 9,820     |
| TOTAL   |       | \$ 395,168 | \$ 398,781 | \$ 12,236 |

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

## CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(Amounts in Millions, Except Shares and Per Share and Per ADS Data)

|   | Notes | 2004<br>NT\$     | Year Ended December 31<br>2005<br>NT\$ |                  | 2006<br>NT\$ | US\$            |
|---|-------|------------------|--|------------------|--------------|-----------------|
|   |       |                  |  |                  |              | (Note 4)        |
| REVENUES  | 20    | \$ 185,163       | \$ 184,696                             | \$ 186,342       | \$ 186,342   | \$ 5,718        |
| <b>OPERATING COSTS AND EXPENSES</b>                                 |       |                  |  |                  |              |                 |
| Costs of revenues, excluding depreciation and amortization          | 20    | 58,664           | 68,073                                 | 62,606           |              | 1,921           |
| Marketing, excluding depreciation and amortization                  | 2     | 19,298           | 23,650                                 | 20,651           |              | 633             |
| General and administrative, excluding depreciation and amortization |       | 2,550            | 3,505                                  | 3,314            |              | 102             |
| Research and development, excluding depreciation and amortization   | 2     | 2,476            | 3,144                                  | 2,824            |              | 87              |
| Depreciation and amortization cost of revenues                      |       | 38,358           | 38,800                                 | 38,353           |              | 1,177           |
| Depreciation and amortization other operating expenses              |       | 2,345            | 2,363                                  | 2,297            |              | 70              |
| Total operating costs and expenses                                  |       | 123,691          | 139,535                                | 130,045          |              | 3,990           |
| <b>INCOME FROM OPERATIONS</b>                                       |       | <b>61,472</b>    | <b>45,161</b>                          | <b>56,297</b>    |              | <b>1,728</b>    |
| <b>OTHER INCOME</b>   |       |                  |  |                  |              |                 |
| Interest  |       | 224              | 452                                    | 804              |              | 25              |
| Other income  |       | 901              | 1,527                                  | 735              |              | 22              |
| Total other income  |       | 1,125            | 1,979                                  | 1,539            |              | 47              |
| <b>OTHER EXPENSES</b>   |       |                  |  |                  |              |                 |
| Interest  |       | 5                | 2                                      | 6                |              |                 |
| Impairment loss on long-term investments                            |       |                  | 740                                    |                  |              |                 |
| Other expense   |       | 415              | 366                                    | 490              |              | 15              |
| Total other expenses  |       | 420              | 1,108                                  | 496              |              | 15              |
| <b>INCOME BEFORE INCOME TAX AND MINORITY INTEREST</b>               |       | <b>62,177</b>    | <b>46,032</b>                          | <b>57,340</b>    |              | <b>1,760</b>    |
| INCOME TAX  | 2,19  | 11,259           | 12,733                                 | 15,281           |              | 469             |
| <b>INCOME BEFORE MINORITY INTEREST</b>                              |       | <b>50,918</b>    | <b>33,299</b>                          | <b>42,059</b>    |              | <b>1,291</b>    |
| MINORITY INTEREST   |       |                  |  | 13               |              |                 |
| <b>NET INCOME</b>   |       | <b>\$ 50,918</b> | <b>\$ 33,299</b>                       | <b>\$ 42,072</b> |              | <b>\$ 1,291</b> |
| NET INCOME PER SHARE  | 2     | \$ 5.18          | \$ 3.39                                | \$ 4.34          |              | \$ 0.13         |
| <b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>         |       |                  |  |                  |              |                 |
|   |       | 9,836,839,398    | 9,836,839,398                          | 9,686,928,910    |              | 9,686,928,910   |
| NET INCOME PER PRO FORMA EQUIVALENT ADS                             | 2     | \$ 51.76         | \$ 33.85                               | \$ 43.43         |              | \$ 1.33         |



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|   |             |             |             |             |
|---|-------------|-------------|-------------|-------------|
| WEIGHTED AVERAGE NUMBER OF PRO FORMA<br>EQUIVALENT ADSs OUTSTANDING | 983,683,940 | 983,683,940 | 986,692,891 | 986,692,891 |
| COMPREHENSIVE INCOME  |             |             |             |             |
| Net income  |             |             |             |             |