

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 NT\$	December 31 2006 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
<b>LONG-TERM INVESTMENTS</b>	2,9,24	3,391	3,546	109
<b>INVESTMENT IN PRIVATE MUTUAL FUND</b>	2,10	481		
<b>PROPERTY, PLANT AND EQUIPMENT, NET</b>	2,11,20	293,525	277,426	8,513
<b>INTANGIBLE ASSETS</b>				
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
<b>OTHER ASSETS</b>				
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>		\$ 395,168	\$ 398,781	\$ 12,236
<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 NT\$	Year Ended December 31		2006	US\$
			2005 NT\$	NT\$		
						(Note 4)
REVENUES	20	\$ 185,163	\$ 184,696	\$ 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 EQUIVALENT ADSs OUTSTANDING		983,683,940	983,683,940	986,692,891	986,692,891
COMPREHENSIVE INCOME					
Net income	2	\$ 50,918	\$ 33,299	\$ 42,072	\$ 1,291
Cumulative translation adjustments		(5)	2		
Unrealized gain on available-for-sale securities	2,6			541	16
Comprehensive income		\$ 50,913	\$ 33,301	\$ 42,613	\$ 1,307

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

## CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Amounts in Millions, Except Shares Data)

	Capital Stock			Retained Earnings			Accumulated Other		Treasury	Total Stockholders' Equity
	Common Shares	Amount NT\$	Capital Surplus NT\$	Legal Reserve NT\$	Losses Reserve NT\$	Unappropriated Earnings NT\$	Total NT\$	Comprehensive Income (Loss) NT\$		
BALANCE, DECEMBER 31, 2003 (IN NT\$)	9,647,724,900	\$ 96,477	\$ 135,873	\$ 29,437	\$ 2,675	\$ 46,293	\$ 78,405	\$	\$	\$ 310,755
Additional capital contributed by government			32							32
Additional capital contributed by the MOTC through selling shares to employees at a discounted price			457							457
Appropriations and distributions of 2003 earnings:										
Legal reserve				4,850		(4,850)				
Special reserve					1	(1)				
Dividends declared						(43,414)	(43,414)			(43,414)
Net income						50,918	50,918			50,918
Cumulative translation adjustment for foreign-currency investments in unconsolidated companies								(5)		(5)
BALANCE, DECEMBER 31, 2004 (IN NT\$)	9,647,724,900	96,477	136,362	34,287	2,676	48,946	85,909	(5)		318,743
Additional capital contributed by government			6							6
Additional capital contributed by the MOTC through selling shares to employees at a discounted price			12,770							12,770
Additional capital contributed by MOTC pension			8,352							8,352
Appropriations and distributions of 2004 earnings:										
Legal reserve				4,986		(4,986)				
Special reserve					4	(4)				
Dividends declared						(45,344)	(45,344)			(45,344)
Net income						33,299	33,299			33,299
Cumulative translation adjustment for foreign-currency investments in unconsolidated companies								2		2
BALANCE, DECEMBER 31, 2005 (IN NT\$)	9,647,724,900	96,477	157,490	39,273	2,680	31,911	73,864	(3)		327,828
Additional capital contributed by the MOTC through selling shares to employees at a discounted price (Note 17)			503							503
Employee stock bonus (Note 16)	23,005,695	230	1,151							1,381
Appropriations and distributions of 2005 earnings:										
Legal reserve				4,765		(4,765)				
Cash dividends NT\$4.3 per share						(40,660)	(40,660)			(40,660)

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Stock dividends NT\$0.2 per share	189,114,498	1,891	9,456	(11,347)	(11,347)					
Consolidated net income				42,072	42,072					42,072
Purchase treasury stock 192,000 thousand shares									(11,392)	(11,392)
Cancellation of treasury stock 192,000 thousand shares	(192,000,000)	(1,920)	(4,270)	(5,202)	(5,202)				11,392	
Unrealized gain on available-for-sale securities									541	541
Adjustment to initially apply SFAS No. 158, net of tax									(226)	(226)
<b>BALANCE, DECEMBER 31, 2006 (IN NT\$)</b>	<b>9,667,845,093</b>	<b>\$ 96,678</b>	<b>\$ 164,330</b>	<b>\$ 44,038</b>	<b>\$ 2,680</b>	<b>\$ 12,009</b>	<b>\$ 58,727</b>	<b>\$ 312</b>	<b>\$</b>	<b>\$ 320,047</b>
<b>BALANCE, DECEMBER 31, 2006 (IN US\$) (Note 4)</b>	<b>9,667,845,093</b>	<b>\$ 2,967</b>	<b>\$ 5,042</b>	<b>\$ 1,351</b>	<b>\$ 82</b>	<b>\$ 368</b>	<b>\$ 1,801</b>	<b>\$ 10</b>	<b>\$</b>	<b>\$ 9,820</b>

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

**CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Amounts in Millions)

	2004	Year Ended December 31		US\$
	NT\$	2005	2006	(Note
		NT\$	NT\$	4)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income	\$ 50,918	\$ 33,299	\$ 42,072	\$ 1,291
Adjustments to reconcile net income to net cash provided by operating activities:				
Provision for doubtful accounts	1,565	920	617	