

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

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## FORM 6-K

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REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934

Dated Mar 28, 2007

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### Chunghwa Telecom Co., Ltd.

(Translation of Registrant's Name into English)

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21-3 Hsinyi Road Sec. 1,

Taipei, Taiwan, 100 R.O.C.

(Address of Principal Executive Office)

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(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)



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, 2006 and 2005 and Independent Auditors Report
2.	Financial Statements for the Years Ended December 31, 2006 and 2005 and Independent Auditors Report

**Chunghwa Telecom Co., Ltd. and its Subsidiaries**

**Consolidated Financial Statements for the**

**Years Ended December 31, 2006 and 2005 and**

**Independent Auditors Report**

**REPRESENTATION LETTER**

The entities included in the combined financial statements of Chunghwa Telecom Co., Ltd. as of and for the year ended December 31, 2006, which were prepared in conformity with the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, are the same as the entities included in the consolidated financial statements prepared in conformity with the revised R.O.C. Statement of Financial Accounting Standards No. 7, Consolidated Financial Statements . In addition, the information needed to be disclosed in the combined financial statements is included in the consolidated financial statements. Thus, Chunghwa Telecom Co., Ltd. and its subsidiaries did not prepare a separate set of combined financial statements.

Very truly yours,

CHUNGHWA TELECOM CO., LTD.

By

/s/ TAN HO CHEN  
TAN HO CHEN  
Chairman  
March 13, 2007

**INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Stockholders

Chunghwa Telecom Co., Ltd.

We have audited the accompanying consolidated balance sheet of Chunghwa Telecom Co., Ltd. and its subsidiaries as of December 31, 2006 and 2005, and the related consolidated statement of operations, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to first paragraph present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2006, and the consolidated results of their operations and consolidated cash flows for the year then ended in conformity with relevant regulations governing the preparation of financial statements of public companies (applied before August 12, 2005), the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As stated in Note 2 to the consolidated financial statements, the consolidated financial statements as of and for the year ended December 31, 2006 included the accounts for the period September 7, 2006 to December 31, 2006 of CHIEF Telecom, Inc. ( CHIEF ) and its subsidiaries since the equity interest of CHIEF owned by the Company was more than 50% of its outstanding common stock on September 7, 2006.

As stated in Notes 2 and 4 to the financial statements, the Company completed its privatization on August 12, 2005 and the accounts before privatization were subject to examination by the Executive Yuan and by the Ministry of Audit of the Control Yuan. The accounts as of and for the year ended December 31, 2004 have been examined by these government agencies, and adjustments from this examinations have been recognized in the accompanying financial statements.

As stated in Note 3 to the consolidated financial statements, on January 1, 2006, Chunghwa Telecom Co., Ltd. and its subsidiaries adopted the newly released Statements of Financial Accounting Standards No. 34, Accounting for Financial Instruments ( SFAS No. 34 ), and No. 36, Disclosure and Presentation for Financial Instruments ( SFAS No. 36 ), and related revisions of previously released standards.

March 13, 2007

Notice to Readers

*The accompanying financial statements are intended only to present the financial position, results of operations 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 accepted and applied in the Republic of China.*

*For the convenience of readers, the 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 auditors' report and financial statements shall prevail.*



## CHUNGHWA TELECOM CO., LTD. AND ITS SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2006 AND 2005

(Amounts in Thousands of New Taiwan Dollars, Except Par Value Data)

	2006		2005	
	Amount	%	Amount	%
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 2 and 5)	\$ 70,672,974	15	\$ 41,890,668	9
Financial assets at fair value through profit or loss (Notes 2, 3 and 6)	59,119		35,000	
Available-for-sale financial assets (Notes 2, 3 and 7)	6,950,716	2	14,067,017	3
Trade notes and accounts receivable, net of allowance for doubtful accounts of \$3,550,086 in 2006 and \$3,604,604 in 2005 (Notes 2, 8 and 26)	12,630,304	3	12,839,005	3
Other current monetary assets (Note 9)	5,965,595	1	5,706,740	1
Inventories, net (Notes 2 and 10)	2,182,583	1	2,120,472	1
Deferred income taxes (Notes 2 and 23)	56,564		2,321,399	1
Pledged assets (Note 27)	2,226			
Other current assets (Notes 11 and 25)	1,019,633		1,247,036	
Total current assets	99,539,714	22	80,227,337	18
<b>LONG-TERM INVESTMENTS</b>				
Investments accounted for using equity method (Notes 2 and 12)	1,751,570		1,524,938	
Financial assets at fair value through profit or loss (Notes 2, 3 and 6)			500,000	
Financial assets carried at cost (Notes 2, 3 and 13)	1,944,730		1,866,280	
Other monetary assets (Notes 3, 14 and 28)	2,000,000	1	2,000,000	1
Total investment	5,696,300	1	5,891,218	1
<b>PROPERTY, PLANT AND EQUIPMENT (Notes 2, 15 and 26)</b>				
Cost				
Land	100,937,183	22	101,784,869	22
Land improvements	1,476,683		1,474,429	
Buildings	59,011,713	13	57,451,040	13
Machinery and equipment	21,388,089	5	21,753,818	5
Telecommunications network facilities	636,486,870	138	627,609,240	137
Miscellaneous equipment	1,949,504		2,046,160	
Total cost	821,250,042	178	812,119,556	177
Revaluation increment on land	5,824,381	1	5,945,850	1
	827,074,423	179	818,065,406	178
Less: Accumulated depreciation	507,060,906	110	485,063,949	105
	320,013,517	69	333,001,457	73
Construction in progress and advances related to acquisitions of equipment	23,489,050	5	27,881,012	6
Property, plant and equipment, net	343,502,567	74	360,882,469	79
<b>INTANGIBLE ASSETS (Note 2)</b>				
3G concession	8,983,306	2	9,731,914	2

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Goodwill	72,411			
Patents and computer software, net	210,143		183,404	
Total intangible assets	9,265,860	2	9,915,318	2
<b>OTHER ASSETS</b>				
Idle assets (Note 2)	970,266			
Refundable deposits	1,545,800	1	1,577,167	
Deferred income taxes (Notes 2 and 23)	557,185		85,866	
Other	318,162		323,233	
Total other assets	3,391,413	1	1,986,266	
<b>TOTAL</b>	<b>\$ 461,395,854</b>	<b>100</b>	<b>\$ 458,902,608</b>	<b>100</b>

**LIABILITIES AND STOCKHOLDERS EQUITY**

<b>CURRENT LIABILITIES</b>				
Short-term loans (Notes 16 and 27)	\$ 126,000		\$	
Financial liabilities at fair value through profit or loss (Notes 2, 3 and 6)	24,844			
Trade notes and accounts payable (Note 26)	9,906,012	2	10,332,306	2
Income tax payable (Notes 2 and 23)	8,527,540	2	16,550	
Accrued expenses (Notes 17 and 26)	18,948,844	4	15,526,947	3
Current portion of long-term loans (Note 19)	322,917		200,000	
Lease payable (Notes 2 and 15)	1,138			
Other current liabilities (Note 18)	13,895,611	3	17,605,916	4
Total current liabilities	51,752,906	11	43,681,719	9
<b>LONG-TERM LIABILITIES</b>				
Long-term loans (Note 19)			300,000	
Lease payable (Notes 2 and 15)	441			
Deferred income	955,419		318,528	
Total long-term liabilities	955,860		618,528	
RESERVE FOR LAND VALUE INCREMENTAL TAX (Note 15)	94,986		94,986	
<b>OTHER LIABILITIES</b>				
Accrued pension liabilities (Notes 2 and 25)	1,263,423			
Customers deposits	6,654,161	2	7,391,902	2
Other	560,319		207,285	
Total other liabilities	8,477,903	2	7,599,187	2
Total liabilities	61,281,655	13	51,994,420	11
<b>STOCKHOLDERS EQUITY OWNED BY THE PARENT COMPANY (Notes 2, 3, 15, 20 and 21)</b>				
Common capital stock - 10 par values;				
Authorized: 12,000,000 thousand shares in 2006; 9,647,725 thousand shares in 2005				
Issued: 9,667,845 thousand shares in 2006; 9,647,725 thousand shares in 2005	96,678,451	21	96,477,249	21
Preferred stock \$10 par value				
Capital surplus:				
Paid-in capital in excess of par value	210,260,235	46	214,529,603	47
Donations	13,170		13,170	

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Equity in capital surplus reported by equity-method investees	(69)			
Total capital surplus	210,273,336	46	214,542,773	47
Retained earnings:				
Legal reserve	44,037,765	9	39,272,477	9
Special reserve	2,680,184	1	2,680,184	1
Unappropriated earnings	39,984,454	9	48,087,583	10
Total retained earnings	86,702,403	19	90,040,244	20
Other adjustments				
Cumulative translation adjustments	(3,304)		(2,942)	
Unrealized gain on financial instruments	541,072			
Capital surplus from revaluation of land	5,824,600	1	5,850,864	1
Total other adjustments	6,362,368	1	5,847,922	1
Total stockholders' equity owned by the parent company	400,016,558	87	406,908,188	89
MINORITY INTEREST	97,641			