

CHUNGHWA TELECOM CO LTD
Form 6-K
April 30, 2008

1934 Act Registration No. 1-31731

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 April 30, 2008

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)

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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: 2008/04/30

Chunghwa Telecom Co., Ltd.

By: /s/ Joseph C.P. Shieh

Name: Joseph C.P. Shieh

Title: Senior Vice President CFO

Exhibit

Exhibit	Description
1	Press Release to Report Operating Results for the First Quarter of 2008
2	Financial Statements for the Three Months Ended March 31, 2008 and 2007 and Independent Accountants' Review Report (Stand alone)
3	Consolidated Financial Statements for the Three Months Ended March 31, 2008 and 2007 and Independent Accountants' Review Report
4	GAAP Reconciliations of Consolidated Financial Statements for the Three Months Ended March 31, 2007 and 2008

Chunghwa Telecom Reports its Operating Results for the First Quarter of 2008

Taipei, Taiwan, R.O.C. April 29, 2008 - Chunghwa Telecom Co., Ltd (TAIEX: 2412, NYSE: CHT) (Chunghwa or the Company), today reported its operating results for the first quarter of 2008. All figures are presented on consolidated basis and prepared in accordance with generally accepted accounting principles in the Republic of China (ROC GAAP).

Beginning in 2008, the Company reports its financial results in ROC GAAP only and provides reconciliations between ROC GAAP and generally accepted accounting principles in the United States (US GAAP) of net income and stockholders' equity to holders of American Depositary Shares (the ADSs) listed on the New York Stock Exchange (NYSE). The consolidated financial statements under ROC GAAP will be prepared every quarter, and the Company plans to publish reconciliation information every quarter in the year of 2008. For more information on the Company's change of the reporting principles from US GAAP to ROC GAAP, please refer to the Form 6-K filed with the Securities and Exchange Commission of the United States (the SEC) on April 25, 2008 (File No. 001-31731).

(Comparisons, unless otherwise stated, are with respect to the prior year period)

Financial Highlights for 1Q08:

- Total revenue increased by 12.1% to NT\$51.0 billion
- Internet and data revenue grew 2.9% to NT\$12.5 billion; ADSL & FTTB revenue increased by 2.3% to NT\$5.1 billion
- Mobile revenue grew 0.3% to NT\$18.1 billion; Mobile VAS revenue increased by 35.3%
- Net income totaled NT\$10.7 billion, representing a decrease of 11.4%
- Earnings per share (EPS) decreased by 1.8% to NT\$1.12

Revenue

Chunghwa's total revenue for the first quarter of 2008 increased by 12.1%, as compared with the first quarter of 2007, to NT\$51.0 billion, of which 28.3% was from fixed-line services, 35.6% was from mobile services, 24.6% was from Internet and data services, and the remainder was mainly from handset sales from our subsidiary SENA O on a consolidated basis.

Chunghwa's strong operating results in the first quarter of 2008 were primarily driven by the consolidation of revenue from the Company's acquisition of SENAOC, as well as continued growth in the Internet and data and mobile businesses. Chunghwa's Internet and data business achieved revenue of NT\$12.5 billion in the first quarter of 2008, representing a 2.9% increase, as compared with the first quarter of 2007. This was primarily driven by the continued total broadband subscriber growth and broadband speed upgrades. Mobile revenue increased by 0.3% in the first quarter of 2008 to NT\$18.1 billion, mainly due to growing mobile subscriber numbers and significant mobile VAS revenue growth. Fixed-line revenue remained flat year-over-year at NT\$14.4 billion for the first quarter of 2008. Among this, local revenue and domestic long distance revenue decreased 1.3% and 4.4%, respectively. The Company attributes these decreases to sustained mobile and VOIP substitution. The decrease of local and domestic long distance revenue was partially offset by the increase in international long distance revenue of 6.4%, which resulted from the growth of the Company's wholesale business and settlement income.

Costs and expenses

For the first quarter of 2008, total operating cost and expense increased year-over-year by 13.6% to NT\$34.5 billion, primarily due to NT\$3.7 billion in subsidiary operating costs and expenses. The increase of operating costs of the Company on a stand-alone basis was relatively smaller, mainly consisting of the increases of maintenance fee, telecom material expense, interconnection fee.

Income tax

The Company's income tax for the first quarter of 2008 was NT\$3.5 billion, representing a 5.9% increase compared to NT\$3.3 billion for the first quarter of 2007. This was due to a decrease in tax credit of NT\$0.3 billion.

EBITDA and net income

EBITDA for the first quarter of 2008 increased by 4.4% year-over-year to NT\$26.1 billion, resulting in an EBITDA margin of 51.3%, down from 55.1% for the first quarter of 2007. The EBITDA margin declined because of the lower EBITDA margin of our subsidiaries. EBITDA margin of the Company on a stand-alone basis has maintained at the same level year-over-year. Net income for the first quarter of 2008 was NT\$10.7 billion, representing a decrease of 11.4%. This decrease in net income was primarily attributable to the mark-to-market unrealized loss of foreign derivative contract.

Capex

Capital expenditures totaled NT\$5.5 billion for the first quarter of 2008, of which 71% was

for wire line (including fixed-line and internet and data), 5.8% was for mobile equipment, and the remainder 23.3% was for other investments, including purchases of state-owned land where one of our outlets locates.

Cash Flows

Net cash flow from operations increased by 19.5% in the first quarter of 2008 to NT\$18.6 billion, as compared to NT\$15.6 billion in the first quarter of 2007. This was primarily due to the increase in accounts payable. As of March 31, 2008, the Company's cash and cash equivalents totaled NT\$75.9 billion.

Business Performance Highlights:

Internet and Data Services

- n Total HiNet subscribers decreased 5.8% year-over-year due to the separation of 350,000 Prepaid Card subscribers from the total HiNet subscriber base in May 2007. This decline was partially offset by the strong HiNet FTTB subscription growth, with 385,000 net additions over past twelve months bringing the total HiNet FTTB subscriber number to 622,000 as of March 31, 2008.

- n Overall, the Company had 4.28 million broadband subscribers (including ADSL and FTTB) at the end of the first quarter of 2008, representing a 4.1% increase in total broadband subscribers compared to the end of the first quarter of 2007. By the end of the first quarter of 2008, the number of ADSL and FTTB subscriptions with a service speed greater than 8 Mbps reached 1.28 million, representing a 29.9% increase of the total broadband subscribers.

- n As of the end of the first quarter of 2008, Chunghwa had 435,000 MOD subscribers, a 52.7% year-over-year increase, with the addition of 41,000 new subscribers during the first quarter of 2008 alone.

- n Internet and data revenue was NT\$12.5 billion in the first quarter of 2008, representing a 2.9% increase compared to the first quarter of 2007. This was primarily attributable to continued revenue growth from internet revenue and ADSL and FTTB access revenue along with the growth of our broadband business.

Mobile Services

- n As of March 31, 2008, Chunghwa had 8.72 million mobile subscribers, up by 2.0% compared to 8.70 million as of the first quarter of 2007.

- n Chunghwa remained the leading mobile operator in Taiwan. According to statistics published by the ROC National Communications Commission, the Company's total subscriber market share (including 2G, 3G and PHS) was 35.7%, while the Company's mobile revenue share was 34.2% as of the end of February 2008.

- n As of March 31, 2008, Chunghwa had 2.59 million 3G subscribers, a 12.9% increase as compared to that of the end of 2007. At the end of the first quarter of 2008, 3G ARPU was 61% higher than that of 2G.

n Mobile VAS revenue for the first quarter of 2008 was NT\$1.7 billion, posting a 35.3% increase year-over-year, with SMS revenue up 32.8% and mobile internet revenue up 54.7% year-over-year, respectively.

Fixed-line Services

n As of the end of the first quarter of 2008, the Company maintained its leading fixed-line market position, with fixed-line subscribers totaling 12.91 million.

Forecast for fiscal year 2008 (for the Company on a stand-alone basis only)

- Total revenue to be NT\$185.0 billion

- Operating costs and expenses to be NT\$128.2 billion

- Income before income tax to be NT\$56.62 billion

- Net income to be NT\$ 43.60 billion

Financial Statements

Financial statements and additional operational data can be found on the Company's website at www.cht.com.tw/ir/filedownload.

Note Concerning Forward-looking Statements

Except for statements in respect of historical matters, the statements made in this press release contain forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual performance, financial condition or results of operations of Chunghwa to be materially different from what may be implied by such forward-looking statements. Investors are cautioned that actual events and results could differ materially from those statements as a result of a number of factors including, among other things: extensive regulation of telecom industry; the intensely competitive telecom industry; our relationship with our labor union; general economic and political conditions, including those related to the telecom industry; possible disruptions in commercial activities caused by natural and human induced events and disasters, including terrorist activity, armed conflict and highly contagious diseases, such as SARS; and those risks identified in the section entitled Risk Factors in Chunghwa's annual reports on Form F-20 filed with the SEC.

The forward-looking statements in this press release reflect the current belief of Chunghwa as of the date of this press release and we undertake no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such date.

SPECIAL NOTE REGARDING NON-GAAP FINANCIAL MEASURES

A body of generally accepted accounting principles is commonly referred to as GAAP. A non-GAAP financial measure is generally defined by the SEC as one that purports to measure historical or future financial performance, financial position or cash flows but excludes or includes amounts that would not be so adjusted in the most comparable U.S. GAAP measure. We disclose in this report certain non-GAAP financial measures, including EBITDA. EBITDA for any period is defined as consolidated net income (loss) excluding (i) depreciation and amortization, (ii) total net comprehensive financing cost (which is comprised of net interest expense, exchange gain or loss, monetary position gain or loss and other financing costs and derivative transactions), (iii) other expenses, net, (iv) income tax, (v) cumulative effect of change in accounting principle, net of tax and (vi) (income) loss from discontinued operations.

In managing our business we rely on EBITDA as a means of assessing our operating performance. We believe that EBITDA can be useful to facilitate comparisons of operating

performance between periods and with other companies because it excludes the effect of (i) depreciation and amortization, which represents a non-cash charge to earnings, (ii) certain financing costs, which are significantly affected by external factors, including interest rates, foreign currency exchange rates and inflation rates, which have little or no bearing on our operating performance, (iii) income tax and tax on assets and statutory employee profit sharing, which is similar to a tax on income and (iv) other expenses or income not related to the operation of the business. EBITDA is also a useful basis of comparing our results with those of other companies because it presents operating results on a basis unaffected by capital structure and taxes.

EBITDA is not a measure of financial performance under U.S. GAAP or ROC GAAP. EBITDA should not be considered as an alternate measure of net income or operating income, as determined on a consolidated basis using amounts derived from statements of operations prepared in accordance with ROC GAAP, as an indicator of operating performance or as cash flows from operating activity or as a measure of liquidity. EBITDA has material limitations that impair its value as a measure of a company's overall profitability since it does not address certain ongoing costs of our business that could significantly affect profitability such as financial expenses and income taxes, depreciation, pension plan reserves or capital expenditures and associated charges. The EBITDA presented herein relates to ROC GAAP, which we use to prepare our consolidated financial statements.

About Chunghwa Telecom

Chunghwa Telecom (TAIEX 2412, NYSE: CHT) is the leading telecom service provider in Taiwan. Chunghwa Telecom provides fixed-line, mobile and Internet and data services to residential and business customers in Taiwan.

If you have any questions in connection with the change of accounting policy, please contact the following person:

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Chunghwa Telecom Co., Ltd.

Financial Statements for the

Three Months Ended March 31, 2008 and 2007 and

Independent Accountants' Review Report

INDEPENDENT ACCOUNTANTS REVIEW REPORT

The Board of Directors and Stockholders

Chunghwa Telecom Co., Ltd.

We have reviewed the accompanying balance sheets of Chunghwa Telecom Co., Ltd. as of March 31, 2008 and 2007, and the related statements of income and cash flows for the three months then ended, all expressed in New Taiwan dollars. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

Except for the matters described in the next paragraph, we conducted our reviews in accordance with Statement on of Auditing Standards No. 36, "Review of Financial Statements", issued by the Auditing Committee of the Accounting Research and Development Foundation of the Republic of China. A review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an audit opinion.

As stated in Note 12 to the financial statements, we did not review the financial statements of equity-accounted investments, the investments in which are reflected in the accompanying financial statements using the equity method of accounting. The aggregate carrying values of the equity method investees were NT\$6,169,658 thousand and NT\$3,077,587 thousand as of March 31, 2008 and 2007 and the equity in their net losses were NT\$31,680 thousand and NT\$8,750 thousand for the three months then ended.

Based on our reviews, except for such adjustments, if any, as might have been determined to be necessary had the investment information mentioned in the preceding paragraph and related information been based on the investees' reviewed financial statements, we are not aware of any material modifications that should be made to the financial statements referred to above for them to be in conformity with the Securities and Exchange Act, the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting with respect to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As stated in Note 3 to the financial statements, on January 1, 2008, the Company adopted Interpretation 2007-052 issued by the Accounting and Research Development Foundation of the Republic of China that requires companies to record bonuses paid to employees, directors and supervisors as an expense rather than an appropriation of earnings.

We have also reviewed the consolidated financial statements of the Company and its subsidiaries as of and for the three months ended March 31, 2008, and have issued a reserve review report.

April 19, 2008

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 review such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the accountants' review 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.**BALANCE SHEETS****MARCH 31, 2008 AND 2007****(Amounts in Thousands of New Taiwan Dollars, Except Par Value Data)****(Reviewed, Not Audited)**

	2008		2007	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 2 and 4)	\$ 71,229,520	16	\$ 78,902,427	17
Financial assets at fair value through profit or loss (Notes 2 and 5)	417,396		87,123	
Available-for-sale financial assets (Notes 2 and 6)	19,728,932	4	8,234,556	2
Held-to-maturity financial assets (Notes 2 and 7)	653,460			
Trade notes and accounts receivable, net of allowance for doubtful accounts of \$3,218,245 in 2008 and \$3,522,352 in 2007 (Notes 2 and 8)	9,500,820	2	10,732,784	2
Receivables from related parties (Note 24)	236,656		72,103	
Other current monetary assets (Notes 5 and 9)	5,956,766	1	5,758,962	1
Inventories, net (Notes 2 and 10)	2,756,191	1	2,622,593	1
Deferred income taxes (Notes 2 and 21)	923,308		21,947	
Other current assets (Note 11)	4,348,738	1	3,885,349	1
Total current assets	115,751,787	25	110,317,844	24
LONG-TERM INVESTMENTS				
Investments accounted for by the equity method (Notes 2 and 12)	7,529,636	2	3,077,587	1
Financial assets carried at cost (Notes 2 and 13)	2,261,048		1,941,280	
Held-to-maturity financial assets (Notes 2 and 7)	766,285			
Other monetary assets (Notes 14 and 25)	1,000,000		2,000,000	
Total investments	11,556,969	2	7,018,867	1
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 15 and 24)				
Cost				
Land	102,536,500	22	100,929,302	22
Land improvements	1,475,644		1,477,705	
Buildings	62,212,666	13	59,069,045	13
Computer equipment	15,255,556	3	15,847,042	3
Telecommunications equipment	639,985,191	138	631,549,115	135
Transportation equipment	2,773,701	1	3,282,702	1
Miscellaneous equipment	7,571,465	2	8,078,325	2
Total cost	831,810,723	179	820,233,236	176
Revaluation increment on land	5,822,981	2	5,824,220	1
	837,633,704	181	826,057,456	177
Less: Accumulated depreciation	528,325,861	114	511,187,144	110
	309,307,843	67	314,870,312	67
Construction in progress and advances related to acquisitions of equipment	15,430,445	3	22,237,788	5

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Property, plant and equipment, net	324,738,288	70	337,108,100	72
INTANGIBLE ASSETS (Note 2)				
3G concession	8,047,545	2	8,796,153	2
Other	313,561		194,756	
Total intangible assets	8,361,106	2	8,990,909	2
OTHER ASSETS				
Idle assets (Note 2)	927,731		928,602	
Refundable deposits	1,273,418		1,436,854	1
Deferred income taxes (Notes 2 and 21)	1,335,679	1	676,949	
Other	480,933		322,324	
Total other assets	4,017,761	1	3,364,729	1
TOTAL	\$ 464,425,911	100	\$ 466,800,449	100
LIABILITIES AND STOCKHOLDERS EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss (Notes 2 and 5)	\$ 3,097,198	1	\$ 34,415	
Trade notes and accounts payable	6,323,587	1	7,116,844	2
Payables to related parties (Note 24)	1,390,136		2,036,285	
Income tax payable (Notes 2 and 21)	11,096,011	2	11,888,153	3
Accrued expenses (Notes 3 and 16)	11,227,587	3	10,707,354	2
Other current liabilities (Note 17)	13,536,001	3	12,728,022	3
Total current liabilities	46,670,520	10	44,511,073	10
DEFERRED INCOME	1,608,903		1,058,822	
RESERVE FOR LAND VALUE INCREMENTAL TAX (Note 15)	94,986		94,986	
OTHER LIABILITIES				
Accrued pension liabilities (Notes 2 and 23)	4,508,849	1	1,905,424	1
Customers deposits	6,218,730	2	6,442,452	1
Other	480,082		503,934	
Total other liabilities	11,207,661	3	8,851,810	2
Total liabilities	59,582,070	13	54,516,691	12
STOCKHOLDERS EQUITY (Notes 2, 15, 18 and 19)				
Common capital stock - \$10 par value;				
Authorized: 12,000,000 thousand shares				
Issued: 9,557,777 thousand shares in 2008; 9,667,845 thousand shares in 2007	95,577,769	20	96,678,451	21
Preferred stock \$10 par value				

