Chunghwa Telecom Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2009 and 2008 and Independent Accountants' Review Report

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors and Stockholders
Chunghwa Telecom Co., Ltd.

We have reviewed the accompanying consolidated balance sheets of Chunghwa Telecom Co., Ltd. and subsidiaries ("the Company") as of March 31, 2009 and 2008, and the related consolidated statements of income and cash flows for the three months then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our review.

Except for the matters described in the next paragraph, we conducted our reviews in accordance with Statement 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 discussed in Note 2 to the consolidated financial statements, the financial statements of certain subsidiaries as of and for the three months ended March 31, 2009 and 2008 have not been reviewed. The total assets of these subsidiaries were 1.70% (NT$7,665,048 thousand) and 1.11% (NT$5,204,421 thousand), and the total liabilities of these subsidiaries were 3.00% (NT$1,818,155 thousand) and 1.50% (NT$931,143 thousand), of the related consolidated amounts as of March 31, 2009 and 2008, respectively. The total revenues of these subsidiaries were 1.08% (NT$531,756 thousand) and 0.74% (NT$379,570 thousand) of the related consolidated revenues for the three months ended March 31, 2009 and 2008, respectively, and their net losses were NT$151,745 thousand and NT$153,036 thousand for the three months ended March 31, 2009 and 2008, respectively. As discussed in Note 12 to the consolidated financial statements, the financial statements of certain equity method investees as of and for the three months ended March 31, 2009 and 2008 have not been reviewed. The aggregate carrying values of these equity method investees were NT$2,347,725 thousand and NT$1,729,510 thousand as of March 31, 2009 and 2008, respectively, and the equity in losses of these equity method investees were NT$8,552 thousand and NT$57,579 thousand for the three months ended March 31, 2009 and 2008, respectively.

Based on our reviews, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain reviewed financial statements of certain subsidiaries and equity method investees referred to in the preceding paragraph, 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 Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

As discussed in Note 3 to the consolidated financial statements, beginning from January 1, 2008, the Company changed its method of accounting for bonuses paid to employees, directors and supervisors upon adoption of Interpretation 96-052 issued by the Accounting and Research Development Foundation in the Republic of China.

April 21, 2009

<u>Notice to Readers</u>

The accompanying consolidated 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 consolidated 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 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 accountants' review report and consolidated financial statements shall prevail.

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
MARCH 31, 2009 AND 2008
(Amounts In Thousands of New Taiwan Dollars, Except Par Value Data)
(Reviewed, Not Audited)

	2009		2008	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 2 and 4)	$ 69,152,899	15	$ 75,877,609	16
Financial assets at fair value through profit or loss (Notes 2 and 5)	8,993	-	418,169	-
Available-for-sale financial assets (Notes 2 and 6)	17,959,397	4	20,361,594	5
Held-to-maturity financial assets (Notes 2 and 7)	515,487	-	653,460	-
Trade notes and accounts receivable, net of allowance for doubtful accounts of $3,000,757 in 2009 and $3,319,213 in 2008 (Notes 2 and 8)	10,932,495	3	10,443,078	2
Receivables from related parties (Note 28)	777	-	8,470	-
Other current monetary assets (Notes 2, 9 and 31)	2,134,469	1	5,990,518	1
Inventories, net (Notes 2, 10 and 20)	3,413,255	1	2,697,293	1
Deferred income tax assets (Notes 2 and 25)	93,765	-	989,500	-
Restricted assets (Note 29)	85,256	-	2,865	-
Other current assets (Notes 11 and 20)	6,270,785	1	6,785,983	2
Total current assets	110,567,578	25	124,228,539	27
LONG-TERM INVESTMENTS				
Investments accounted for using equity method (Notes 2 and 12)	2,347,725	-	2,020,219	-
Financial assets carried at cost (Notes 2 and 13)	2,537,357	1	2,276,498	1
Held-to-maturity financial assets (Notes 2 and 7)	3,926,522	1	766,285	-
Other monetary assets (Notes 14 and 30)	1,000,000	-	1,030,000	-
Total long-term investments	9,811,604	2	6,093,002	1
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 15, 28 and 29)				
Cost				
Land	101,475,043	22	102,730,005	22
Land improvements	1,496,380	-	1,475,644	-
Buildings	63,118,981	14	62,743,257	13
Computer equipment	16,135,676	4	15,594,012	3
Telecommunications equipment	652,003,784	144	640,825,227	137
Transportation equipment	2,293,206	1	2,776,104	1
Miscellaneous equipment	7,332,790	2	7,665,316	2
Total cost	843,855,860	187	833,809,565	178
Revaluation increment on land	5,810,650	1	5,822,981	1
	849,666,510	188	839,632,546	179
Less: Accumulated depreciation	547,494,574	121	529,049,213	113
	302,171,936	67	310,583,333	66
Construction in progress and advances related to acquisitions of equipment	15,665,623	3	15,438,382	3
Property, plant and equipment, net	317,837,559	70	326,021,715	69
INTANGIBLE ASSETS (Note 2)				
3G concession	7,298,936	2	8,047,544	2
Goodwill	262,395	-	226,257	-
Others	557,600	-	478,011	-
Total intangible assets	8,118,931	2	8,751,812	2
OTHER ASSETS				
Leased assets (Note 29)	645,478	-	346,548	-
Idle assets (Note 2)	957,209	-	964,164	-
Refundable deposits	1,298,721	-	1,385,314	-
Deferred income tax assets (Notes 2 and 25)	1,549,668	1	1,387,809	1
Restricted assets (Note 29)	16,133	-	-	-
Others	841,281	-	581,860	-
Total other assets	5,308,490	1	4,665,695	1
TOTAL	$ 451,644,162	100	$ 469,760,763	100

	2009		2008	
LIABILITIES AND STOCKHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term loans (Note 16)	$ 274,000	-	$ 75,000	-
Financial liabilities at fair value through profit or loss (Notes 2 and 5)	105,672	-	3,098,920	1
Trade notes and accounts payable	8,035,258	2	8,250,416	2
Payables to related parties (Note 28)	272,156	-	125,313	-
Income tax payable (Notes 2 and 25)	8,951,764	2	11,471,350	2
Accrued expenses (Note 17)	13,027,613	3	11,580,113	2
Current portion of long-term loans (Note 19)	6,300	-	20,000	-
Other current liabilities (Notes 2, 18, 20, 28 and 31)	15,606,433	3	14,224,619	3
Total current liabilities	46,279,196	10	48,845,731	10
NONCURRENT LIABILITIES				
Long-term loans (Note 19)	414,528	-	37,840	-
Deferred income	2,103,085	-	1,608,903	-
Total noncurrent liabilities	2,517,613	-	1,646,743	-
RESERVE FOR LAND VALUE INCREMENTAL TAX (Note 15)	94,986	-	94,986	-
OTHER LIABILITIES				
Accrued pension liabilities (Notes 2 and 27)	5,182,615	1	4,521,193	1
Customers' deposits	6,098,836	2	6,312,104	2
Other	372,200	-	482,084	-
Total other liabilities	11,653,651	3	11,315,381	3
Total liabilities	60,545,446	13	61,902,841	13
EQUITY ATTRIBUTABLE TO STOCKHOLDERS OF THE PARENT (Notes 2, 6, 15, 21 and 23)				
Common stock - $10 par value;				
Authorized: 12,000,000 thousand shares				
Issued: 9,696,808 thousand shares in 2009 and 9,557,777 thousand shares in 2008	96,968,082	21	95,577,769	20
Preferred stock - $10 par value	-	-	-	-
Additional paid-in capital:				
Capital surplus	179,193,581	40	198,308,651	42
Donated capital	13,170	-	13,170	-
Equity in additional paid-in capital reported by equity-method investees	3	-	3	-
Total additional paid-in capital	179,206,754	40	198,321,824	42
Retained earnings:				
Legal reserve	52,859,566	12	48,036,210	10
Special reserve	2,675,894	1	2,678,723	1
Unappropriated earnings	52,061,466	11	55,291,784	12
Total retained earnings	107,596,926	24	106,006,717	23
Other adjustments				
Cumulative translation adjustments	22,571	-	(8,015)	-
Unrecognized net loss of pension	(4)	-	(88)	-
Unrealized loss on financial instruments	(2,103,215)	-	(877,566)	-
Unrealized revaluation increment	5,813,187	1	5,823,200	1
Total other adjustments	3,732,539	1	4,937,531	1
Total equity attributable to stockholders of the parent	387,504,301	86	404,843,841	86
MINORITY INTEREST	3,594,415	1	3,014,081	1
Total stockholders' equity	391,098,716	87	407,857,922	87
TOTAL	$ 451,644,162	100	$ 469,760,763	100

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

(With Deloitte & Touche review report dated April 21, 2009)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(Amounts in Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2009		2008	
	Amount	**%**	**Amount**	**%**
NET REVENUES (Note 28)	$49,120,415	100	$50,957,027	100
OPERATING COSTS (Note 28)	28,152,131	57	28,177,252	55
GROSS PROFIT	20,968,284	43	22,779,775	45
OPERATING EXPENSES (Note 28)				
Marketing	5,133,315	10	4,734,102	9
General and administrative	953,359	2	888,775	2
Research and development	755,363	2	729,244	2
Total operating expenses	6,842,037	14	6,352,121	13
INCOME FROM OPERATIONS	14,126,247	29	16,427,654	32
NON-OPERATING INCOME AND GAINS (Note 28)				
Interest income	214,421	-	384,730	1
Foreign exchange gain, net	212,103	-	-	-
Valuation gain on financial instruments, net	23,520	-	-	-
Gain on disposal of financial instruments, net	-	-	497,671	1
Other	214,537	1	83,947	-
Total non-operating income and gains	664,581	1	966,348	2
NON-OPERATING EXPENSES AND LOSSES (Note 28)				
Loss on disposal of financial instruments, net	274,539	1	-	-
Impairment loss on assets	85,349	-	-	-
Equity in losses of equity method investees, net	8,552	-	47,547	-
Interest expense	5,857	-	1,620	-
Loss on disposal of property, plant and equipment, net	2,903	-	19,604	-
Valuation loss on financial instruments, net	-	-	2,181,698	4
Foreign exchange loss, net	-	-	708,614	2
Other	92,709	-	23,213	-
Total non-operating expenses and losses	469,909	1	2,982,296	6

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(Amounts in Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2009		2008	
	Amount	**%**	**Amount**	**%**
INCOME BEFORE INCOME TAX	$ 14,320,919	29	$ 14,411,706	28
INCOME TAX EXPENSES (Notes 2 and 25)	3,333,711	7	3,481,368	7
CONSOLIDATED NET INCOME	$ 10,987,208	22	$ 10,930,338	21
ATTRIBUTED TO				
Stockholders of the parent	$ 10,787,389	22	$ 10,716,108	21
Minority interest	199,819	-	214,230	-
	$ 10,987,208	22	$ 10,930,338	21

	2009		2008	
	Income Before Income Tax	**Net Income**	**Income Before Income Tax**	**Net Income**
EARNINGS PER SHARE (Note 26)				
Basic earnings per share	$ 1.45	$ 1.11	$ 1.45	$ 1.11
Diluted earnings per share	$ 1.44	$ 1.11	$ 1.45	$ 1.10

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

(With Deloitte & Touche review report dated April 21, 2009) (Concluded)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(Amounts in Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	$10,987,208	$10,930,338
Provision for doubtful accounts	134,841	195,589
Depreciation and amortization	9,240,105	9,717,307
Amortization of premium (discount) of financial assets	4,142	(594)
Loss (gain) on disposal of financial instruments, net	274,539	(497,671)
Valuation loss (gain) on financial instruments, net	(23,520)	2,181,698
Reversal of valuation loss on inventories	-	(4,962)
Loss on disposal of property, plant and equipment, net	2,903	19,604
Loss on disposal of leased assets, net	-	9
Equity in losses of equity method investees, net	8,552	47,547
Impairment loss on assets	85,349	-
Deferred income taxes	18,417	(869,105)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Financial assets held for trading	242,768	266,216
Trade notes and accounts receivable	(201,260)	918,098
Receivables from related parties	(700,285)	84,901
Other current monetary assets	60,957	1,209,600
Inventories	573,632	(606,551)
Other current assets	(1,732,160)	(3,364,400)
Increase (decrease) in:		
Trade notes and accounts payable	(3,390,973)	(2,822,370)
Payables to related parties	449,321	(169,057)
Income tax payable	3,264,076	4,213,402
Accrued expenses	(3,313,269)	(3,932,787)
Other current liabilities	26,829	369,940
Deferred income	30,790	103,753
Accrued pension liabilities	8,166	595,503
Net cash provided by operating activities	16,051,128	18,586,008
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(5,000,000)	(5,795,000)
Proceeds from disposal of available-for-sale financial assets	1,093,285	2,448,852
Acquisition of held-to-maturity financial assets	(883,860)	(300,000)
Proceeds from disposal of held-to-maturity financial assets	251,246	30,298
Acquisition of investments accounted for using equity method	(302,629)	(71,770)
Acquisition of financial assets carried at cost	-	(200,000)
Proceeds from disposal of financial assets carried at cost	-	354,933
Increase in other monetary assets	-	(30,000)
Acquisition of property, plant and equipment	(4,703,135)	(5,457,675)
Proceeds from disposal of property, plant and equipment	22	2,053

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(Amounts in Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2009	2008
Increase in intangible assets	$ (36,651)	$ (30,941)
Increase in restricted assets	(16,157)	-
Increase in other assets	(244,435)	(68,193)
Net cash used in investing activities	(9,842,314)	(9,117,443)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	16,000	33,240
Repayment of long-term loans	(2,140)	(11,520)
Increase in long-term loans	385,128	-
Decrease in customers' deposits	(40,782)	(55,608)
Decrease in other liabilities	(59,489)	(250,739)
Capital reduction	(19,115,554)	(9,557,777)
Proceeds from exercise of employee stock option	17,811	8,887
Net cash used in financing activities	(18,799,026)	(9,833,517)
EFFECT OF EXCHANGE RATE CHANGES	(3,044)	(3,632)
EFFECT OF CHANGE ON CONSOLIDATED SUBSIDIARIES	457,990	13,192
NET DECREASE IN CASH AND CASH EQUIVALENTS	(12,135,266)	(355,392)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	81,288,165	76,233,001
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 69,152,899	$ 75,877,609
SUPPLEMENTAL INFORMATION		
Interest paid (excluding capitalized interest expense)	$ 2,465	$ 1,654
Income tax paid	$ 51,860	$ 138,405
NON-CASH FINANCING ACTIVITIES		
Current portion of long-term loans	$ 6,300	$ 20,000
CASH AND NON-CASH INVESTING ACTIVITIES		
Increase in property, plant and equipment	$ 3,651,310	$ 4,719,682
Payables to suppliers	1,051,148	737,993
Prepayments for equipment	677	-
	$ 4,703,135	$ 5,457,675

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CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(Amounts in Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

The following table presents the allocation of acquisition costs of InfoExplorer Co., Ltd., made during the three months ended March 31, 2009 to assets acquired and liabilities assumed, based on their fair values:

Cash and cash equivalents	$ 457,990
Receivables	1,674
Inventories	16,337
Other current assets	13,681
Property, plant, and equipment	20,261
Identifiable intangible assets	54,616
Refundable deposits	2,468
Other assets	2,338
Payables	(59,992)
Income tax payable	(587)
Other current liabilities	(4,685)
Total	504,101
Percentage of ownership	49.07%
	247,362
Goodwill	36,138
Acquisition costs of acquired subsidiary (cash prepaid for long-term investments in December 2008)	$ 283,500

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

(With Deloitte & Touche review report dated April 21, 2009) (Concluded)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

1. GENERAL

Chunghwa Telecom Co., Ltd. (“Chunghwa”) was incorporated on July 1, 1996 in the Republic of China (“ROC”) pursuant to the Article 30 of the Telecommunications Act. Chunghwa is a company limited by shares and, prior to August 2000, was wholly owned by the Ministry of Transportation and Communications (“MOTC”). Prior to July 1, 1996, the current operations of Chunghwa were carried out under the Directorate General of Telecommunications (“DGT”). The DGT was established by the MOTC in June 1943 to take primary responsibility in the development of telecommunications infrastructure and to formulate policies related to telecommunications. On July 1, 1996, the telecom operations of the DGT were spun-off to as Chunghwa which continues to carry out the business and the DGT continues to be the industry regulator.

As the dominate telecommunications service provider of fixed-line services in the ROC, Chunghwa is subject to additional regulations imposed by ROC.

Effective August 12, 2005, the MOTC had completed the process of privatizing Chunghwa by reducing the government ownership to below 50% in various stages. In July 2000, Chunghwa received approval from the Securities and Futures Commission (the “SFC”) for a domestic initial public offering and its common shares were listed and traded on the Taiwan Stock Exchange (the “TSE”) on October 27, 2000. Certain of Chunghwa’s common shares had been sold, in connection with the foregoing privatization plan, in domestic public offerings at various dates from August 2000 to July 2003. Certain of Chunghwa’s common shares had also been sold in an international offering of securities in the form of American Depository Shares (“ADS”) on July 17, 2003 and were listed and traded on the New York Stock Exchange (the “NYSE”). The MOTC sold common shares of Chunghwa by auction in the ROC on August 9, 2005 and completed the second international offering on August 10, 2005. Upon completion of the share transfers associated with these offerings on August 12, 2005, the MOTC owned less than 50% of the outstanding shares of Chunghwa and completed the privatization plan.

Senao International Co., Ltd. (“SENAO”) was incorporated in 1979. SENAO engages mainly in selling and maintaining mobile phone and its peripheral products. Chunghwa acquired 31.33% shares of SENAO on January 15, 2007 and has control in SENAO by obtaining four out of seven seats of the board of directors of SENAO on April 12, 2007. Furthermore, on March 27, 2009, the board of directors of Chunghwa resolved to purchase 48,000 thousand common shares of SENAO through SENAO’s private placement. The purchase price of these common shares is not yet determined, and Chunghwa’s ownership of SENAO is expected to increase to 41% after the purchase.

Chunghwa established Chunghwa International Yellow Pages Co., Ltd. (“CIYP”) in January 2007. CIYP engages mainly in yellow pages sales and advertisement services.

CHIEF Telecom Inc. (“CHIEF”) was incorporated in 1991. CHIEF engages mainly in internet communication and internet date center (“IDC”) service. Chunghwa acquired 70% shares of CHIEF on September 2006.

Unigate Telecom Inc. (“Unigate”) was established by CHIEF in 1999. Unigate engages mainly in telecommunication and information software service.

CHIEF Telecom (Hong Kong) Limited (“CHIEF (HK)”) was established by CHIEF in 2003. CHIEF (HK) engages mainly in internet communication and internet data center (“IDC”) service.

Chief International Corp. (“CIC”) was established by CHIEF in 2008. CIC engages mainly in internet communication and internet data center (“IDC”) service.

Chunghwa System Integration Co., Ltd. (“CHSI”) was incorporated in 2002. CHSI engages mainly in providing communication and information integration services. Chunghwa has acquired 100% shares of CHSI in December 2007.

Concord Technology Co., Ltd. (“Concord”), a subsidiary of CHSI, was incorporated in 2006. Concord engages mainly in investment.

Glory Network System Service (Shanghai) Co., Ltd. (“GNSS (Shanghai)”), a subsidiary of Concord, was incorporated in 2006. GNSS (Shanghai) engages mainly in planning and designing of systems and communications and information integration services. On March 20, 2009, the stockholders of GNSS (Shanghai) resolved to dissolve GNSS (Shanghai). GNSS (Shanghai) has not yet into dissolution process until GNSS (Shanghai) completed the application to the local government for approval of dissolution.

Chunghwa Telecom Global, Inc. (“CHTG”) was incorporated in 2004. CHTG engages mainly in international data and internet services and long distance call wholesales to carriers. Chunghwa acquired 100% shares of CHTG in December 2007.

Donghwa Telecom Co., Ltd. (“DHT”) was incorporated in 2004. DHT engages mainly in international telecommunications, IP fictitious internet and internet transfer services. Chunghwa acquired 100% shares of DHT in December 2007.

Spring House Entertainment Inc. (“SHE”) was incorporated in 2000. SHE engages mainly in network services, producing digital entertainment contents and broadband visual sound terrace development. SHE was an equity method investee before Chunghwa obtained control interest over it in January 2008.

Chunghwa established Light Era Development Co., Ltd. (“LED”) in February 2008. LED engages mainly in development of property for rent and sale.

Chunghwa established Chunghwa Telecom Singapore Pte. Ltd. (“CHTS”) in July 2008, CHTS engages mainly in telecommunication wholesale, internet transfer services, international data, long distance call wholesales to carriers and the world satellite business.

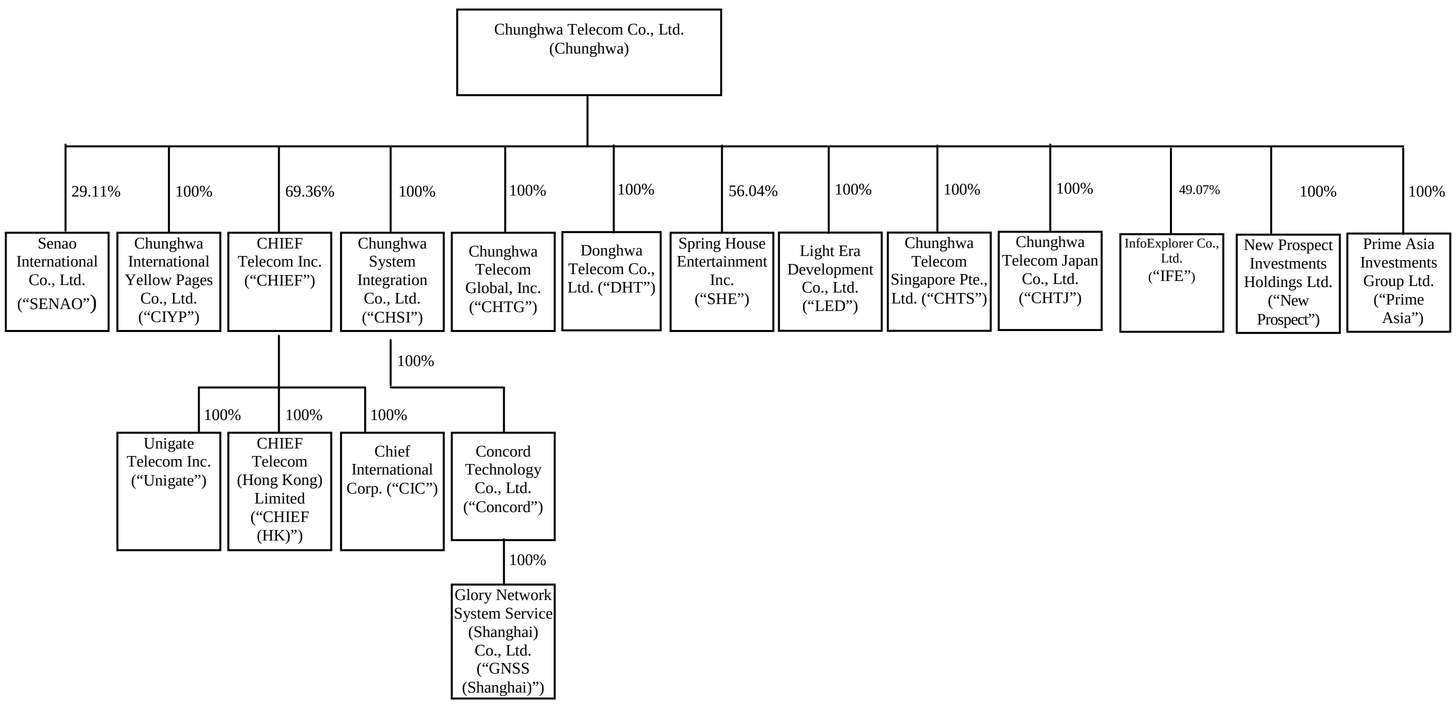
Chunghwa established Chunghwa Telecom Japan Co., Ltd. (“CHTJ”) in October 2008. CHTJ engages mainly in telecommunication business, information processing and information providing service, development and sale of software and consulting services in telecommunication.

InfoExplorer Co., Ltd. (“IFE”) was incorporated in 2008. IFE engages mainly in information system planning and maintenance, software development, and information technology consultation services. Chunghwa acquired 49% shares of IFE on January 5, 2009 and has control of IFE by obtaining four out of seven seats of the board of directors of IFE on January 20, 2009, the date of acquisition. IFE’s financial results have been consolidated with Chunghwa from the date of acquisition.

Chunghwa has established New Prospect Investments Holdings Ltd. (“New Prospect”) and Prime Asia Investments Group Ltd. (“Prime Asia“) in March 2006, but not on operation stage yet. Both holding companies are operating as investment companies and Chunghwa has 100% ownership right in an amount of US$1 in each holding company.

As of March 31, 2009 and 2008, the Company had 27,303 and 26,666 employees, respectively.

The following diagram presents information regarding the relationship and ownership percentages between Chunghwa and its subsidiaries as of March 31, 2009:



Chunghwa together with its subsidiaries are hereinafter referred to collectively as the "Company". Minority interest in the aforementioned subsidiaries are presented as a separate component of stockholders' equity

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements were prepared in conformity with the Securities and Exchange Act, the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the ROC ("ROC GAAP"). The preparation of consolidated financial statements requires management to make reasonable estimates and assumptions on allowances for doubtful accounts, valuation allowances on inventories, depreciation of property, plant and equipment, impairment of assets, bonuses paid to employees, directors and supervisors, pension plans and income tax which are inherently uncertain. Actual results may differ from these estimates. The significant accounting policies are summarized as follows:

Principle of Consolidation

The Company accounts for business combinations in accordance with the requirements of the Statement of Financial Accounting Standards No. 25, "Business Combinations".

The accompanying consolidated financial statements include the accounts of all directly and indirectly majority owned subsidiaries of the Company, and the accounts of investees in which the Company's ownership percentage is less than 50% but over which the Company has a controlling interest. All significant intercompany transactions and balances are eliminated upon consolidation.

The consolidated financial statements for the three months ended March 31, 2009 include the accounts of Chunghwa, SENAO, CIYP, CHIEF, Unigate, CHIEF (HK), CIC, CHSI, Concord, GNSS (Shanghai), CHTG, DHT, SHE, LED, CHTS, CHTJ, IFE, New Prospect and Prime Asia. The consolidated financial statements for the three months ended March 31, 2008 include the accounts of Chunghwa, SENAO, CIYP, CHIEF, Unigate, CHIEF (HK), CHSI, Concord, GNSS (Shanghai), CHTG, DHT, SHE, SHE (B.V.I.), SHE (Japan), AKP, LED, New Prospect and Prime Asia.

For foreign subsidiaries using their local currency as their functional currency, assets and liabilities are translated in New Taiwan dollars at the exchange rates in effect on the balance sheet date; stockholders' equity accounts are translated into New Taiwan dollars at historical exchange rates and income statement accounts are translated into New Taiwan dollars at average exchange rates during the period.

The financial statements as of and for the three months ended March 31, 2009 and 2008 of the following subsidiaries were based on unreviewed financial statements: CIYP, CHIEF, Unigate, CHIEF (HK), CIC, CHSI, Concord, GNSS (Shanghai), CHTG, DHT, SHE, LED, CHTS, CHTJ, IFE, New Prospect and Prime Asia, as of and for the three months ended March 31, 2009; CIYP, CHIEF, Unigate, CHIEF (HK), CHSI, Concord, GNSS (Shanghai), CHTG, DHT, SHE, SHE (B.V.I.), SHE (Japan), AKP, LED, New Prospect and Prime Asia, as of and for the three months ended March 31, 2008. The total assets of these subsidiaries were 1.70% (NT$7,665,048 thousand) and 1.11% (NT$5,204,421 thousand), and the total liabilities of these subsidiaries were 3.00% (NT$1,818,155 thousand) and 1.50% (NT$931,143 thousand), of the related consolidated amounts as of March 31, 2009 and 2008, respectively. The total revenues of these subsidiaries were 1.08% (NT$531,756 thousand) and 0.74% (NT$379,570 thousand) of the related consolidated revenues for the three months ended March 31, 2009 and 2008, respectively, and their net loss were NT$151,745 thousand and NT$153,036 thousand for the three months ended March 31, 2009 and 2008, respectively.

Classification of Current and Noncurrent Assets and Liabilities

Current assets are assets expected to be converted to cash, sold or consumed within one year from balance sheet date. Current liabilities are obligations expected to be settled within one year from balance sheet date. Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

As LED engages mainly in development of property for rent and sale, its operating cycle is over one year.

Cash Equivalents

Cash equivalents are commercial paper purchased with maturities of three months or less from the date of acquisition. The carrying amount approximates fair value.

Financial Assets and Liabilities at Fair Value Through Profit or Loss

Financial instruments classified as financial assets or financial liabilities at fair value through profit or loss ("FVTPL") include financial assets or financial liabilities held for trading and are designated as FVTPL on initial recognition. The Company recognizes a financial asset or a financial liability when the Company becomes a party to the contractual provisions of the financial instrument. A financial asset is derecognized when the Company losses control of its contractual rights over the financial asset. A financial liability is derecognized when the obligation specified in the relevant contract is discharged, cancelled or expired.

Financial instruments at FVTPL are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized as expenses as incurred. Financial assets or financial liabilities at FVTPL are remeasured at fair value, subsequently with changes in fair value recognized in earnings. Cash dividends received subsequently (including those received in the period of investment) are recognized as income. On derecognition of a financial asset or a financial liability, the difference between its carrying amount and the sum of the consideration received and receivable or consideration paid and payable is recognized in earnings. A regular way purchase or sale of financial assets is accounted for using trade date accounting.

Derivatives that do not meet the criteria for hedge accounting is classified as financial assets or financial liabilities held for trading. When the fair value is positive, the derivative is recognized as a financial asset; when the fair value is negative, the derivative is recognized as a financial liability.

Available-for-sale Financial Assets

Available-for-sale financial assets are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition. Changes in fair value from subsequent remeasurement are reported as a separate component of stockholders' equity. The corresponding accumulated gains or losses are recognized in earnings when the financial asset is derecognized from the balance sheet. A regular way purchase or sale of financial assets is accounted for using trade date accounting.

The recognition and derecognition of available-for-sale financial assets are similar to those of financial assets at FVTPL.

Fair values are determined as follows: Listed stocks - at closing prices at the balance sheet date; open-end mutual funds - at net asset values at the balance sheet date; bonds - quoted at prices provided by the Taiwan GreTai Securities Market; and financial assets and financial liabilities without quoted prices in an active market - at values determined using valuation techniques.

Cash dividends are recognized in earnings on the ex-dividend date, except for the dividends declared before acquisition are treated as a reduction of investment cost. Stock dividends are recorded as an increase in the number of shares and do not affect investment income. The total number of shares subsequent to the increase of stock dividends is used for recalculate cost per share.

An impairment loss is recognized when there is objective evidence that the financial asset is impaired. If, in a subsequent period, the amount of the impairment loss decreases, for equity securities, the previously recognized impairment loss is reversed to the extent to the decrease and recorded as an adjustment to stockholders' equity; for debt securities, the amount of the decrease is recognized in earnings, provided that the decrease is clearly attributable to an event which occurred after the impairment loss was recognized.

Held-to-maturity Financial Assets

Held-to-maturity financial assets are carried at amortized cost using the effective interest method. Those financial assets are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition. Gains and losses are recognized at the time of derecognition, impairment or amortization. A regular way purchase or sale of financial assets is accounted for using trade date accounting.

If there is objective evidence which indicates that a financial asset is impaired, a loss is recognized. If, in a subsequent period, the amount of the impairment loss decreases and the decrease is clearly attributable to an event which occurred after the impairment loss was recognized, the previously recognized impairment loss is reversed to the extent of the decrease. The reversal may not result in a carrying amount that exceeds the amortized cost that would have been determined as if no impairment loss had been recognized.

Revenue Recognition, Account Receivables and Allowance for Doubtful Receivables

Revenues are recognized when they are realized or realizable and earned. Revenues are realized or realizable and earned when the Company has persuasive evidence of an arrangement, the goods have been delivered or the services have been rendered to the customer, the sales price is fixed or determinable and collectibility is reasonably assured.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts agreed between the Company and the customers for goods sold in the normal course of business, net of sales discounts and volume rebates. For trade receivables due within one year from the balance sheet date, as the nominal value of the consideration to be received approximates its fair value and transactions are frequent, fair value of the consideration is not determined by discounting all future receipts using an imputed rate of interest.

Usage revenues from fixed-line services (including local, domestic long distance and international long distance), cellular services, Internet and data services, and interconnection and call transfer fees from other telecommunications companies and carriers are billed in arrears and are recognized based upon minutes of traffic processed when the services are provided in accordance with contract terms.

The costs of providing services are recognized as incurred. Incentives to third party dealers for inducing business which are payable when the end user enters into an airtime contract are recognized in marketing expenses as incurred.

Other revenues are recognized as follows: (a) one-time subscriber connection fees (on fixed-line services) are deferred and recognized over the average expected customer service periods, (b) monthly fees (on fixed-line services, wireless and Internet and data services) are accrued every month, and (c) prepaid services (fixed line, cellular and Internet) are recognized as income based upon actual usage by customers or when the right to use those services expires.

Where the Company enters into transactions which involve both the provision of air time bundled with products such as 3G data card and handset, total consideration received from handsets in these arrangements is allocated and measured using units of accounting within the arrangement based on relative fair values limited to the amount that is not contingent upon the delivery of other items or services.

Where the Company sells products to third party cellular phone stores the Company records the direct sale of the products, typically handsets, as gross revenue when the Company is the primary obligor in the arrangement and when title is passed and the products are accepted by the stores.

An allowance for doubtful receivables is provided based on a review of the collectibility of accounts receivable. The Company determines the amount of allowance for doubtful receivables by examining the aging analysis of outstanding accounts receivable.

Inventories

Inventories including merchandise and work-in-process are stated at the lower of cost (weighted-average cost) or net realizable value item by item, except for those that may be appropriate to group items of similar or related inventories. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

Beginning from 2008, the Company classified certain land as land held for development within inventories. Prior to 2008, such land was classified as part of property, plant, and equipment. Such land is stated at the lower of cost or net realizable value. Prepayments for licensing and other miscellaneous costs have been capitalized as part of inventory. Profit shall be recognized in full when the land is sold, provided (a) the profit is determinable, that is, the collectibility of the sales price is reasonably assured or the amount that will not be collectible can be estimated, and (b) the earnings process is virtually complete.

Investments Accounted for using Equity Method

Investments in companies in which the Company exercises significant influence over the operating and financial policy decisions are accounted for by the equity method. Under the equity method, the investment is initially stated at cost and subsequently adjusted for its proportionate share in the net earnings of the investee companies. Any cash dividends received are recognized as a reduction in the carrying value of the investments.

Gains or losses on sales from the Company to equity method investees wherein Chunghwa exercises significant influence over these equity method investees are deferred in proportion to the Company's ownership percentage in the investees until such gains or losses are realized through transactions with third parties. Gains or losses on sales from equity method investees to Chunghwa are deferred in proportion to Chunghwa's ownership percentages in the investees until they are realized through transactions with third parties.

Effective January 1, 2006, pursuant to the revised Statement of Financial Accounting Standards No. 5, the cost of an investment shall be analyzed and the difference between the cost of investment and the fair value of identifiable net assets acquired, representing goodwill, shall not be amortize and instead shall be tested for impairment annually. If the fair value of identifiable net assets acquired exceeds the cost of investment, the excess shall be proportionately allocated as reductions to fair values of noncurrent assets except (a) financial assets other than investments accounted for using equity method, (b) assets to be disposed of by sale, (c) deferred tax assets, and (d) prepaid assets relating to pension or other postretirement benefit plans. If any excess remains after reducing the aforementioned items, the remaining excess shall be recognized as an extraordinary gain.

When the Company subscribes for additional investees shares at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment in the investee differs from the amount of the Company share of the investee's equity. The Company records such a difference as an adjustment to long-term investments with the corresponding amount charged or credited to additional paid-in capital to the extent available, with the balance charged to retained earnings.

Financial Assets Carried at Cost

Investments in equity instruments that do not have a quoted price in an active market and whose fair values cannot be reliably measured such as non-publicly traded stocks are measured at their original cost. If there is objective evidence which indicates that a financial asset is impaired, a loss is recognized. A subsequent reversal of such impairment loss is not allowed.

The accounting treatment for cash dividends and stock dividends arising from financial assets carried at cost is the same as that for cash dividends and stock dividends arising from available-for-sale financial assets.

Property, Plant and Equipment

Property, plant and equipment are stated at cost plus a revaluation increment, if any, less accumulated depreciation and accumulated impairment loss. The interest costs that are directly attributable to the acquisition, construction of a qualifying asset are capitalized as property, plant and equipment. Major renewals and betterments are capitalized, while maintenance and repairs are expensed as incurred.

When an indication of impairment is identified, any excess of the carrying amount of an asset over its recoverable amount is recognized as a loss. If the recoverable amount increases in a subsequent period, the amount previously recognized as impairment would be reversed and recognized as a gain. However, the adjusted amount may not exceed the carrying amount that would have been determined, net of depreciation, as if no impairment loss had been recognized.

An impairment loss on a revalued asset is charged to “unrealized revaluation increment” under equity to the extent available, with the balance is recognized as a loss in earnings. If the recoverable amount increases in a subsequent period, the amount previously recognized as impairment loss could be reversed and recognized as a gain, with the remaining credited to “unrealized revaluation increment”.

Depreciation expense is computed using the straight-line method over the following estimated service lives: land improvements - 10 to 30 years; buildings - 5 to 60 years; computer equipment - 3 to 10 years; telecommunication equipment - 5 to 30 years; transportation equipment - 5 to 10 years; and miscellaneous equipment - 2 to 12 years.

Upon sale or disposal of property, plant and equipment, the related cost, accumulated depreciation, accumulated impairment losses and any unrealized revaluation increment are deducted from the corresponding accounts, and any gain or loss recorded as non-operating gains or losses in the year of sale or disposal.

Intangible Assets

Intangible assets mainly include 3G Concession, computer software, patents and goodwill.

The 3G Concession is valid through December 31, 2018. The 3G Concession and any additional licensing fees are amortized on a straight-line basis from the date operations commence through the date the license expires. Computer software costs and patents are amortized using the straight-line method over the estimated useful lives of 2-20 years.

Goodwill represents the excess of the consideration paid for acquisition over the fair value of identifiable net assets acquired. Goodwill is tested for impairment annually. If an event occurs or circumstances change which indicates that the fair value of goodwill is more likely than not below its carrying amount, an impairment loss is recognized. A subsequent reversal of such impairment loss is not allowed.

The Company adopted the Statements of Financial Accounting Standards No. 37, “Intangible Assets.” Expenditure on research shall be expensed as incurred. Development Costs are capitalized when those costs meet relative criteria and are amortized using the straight-line method over estimated useful lives. Development costs do not meet relative criteria shall be expensed as incurred.

When an indication of impairment is identified, any excess of the carrying amount of an asset over its recoverable amount is recognized as a loss. If the recoverable amount increases in a subsequent period, the amount previously recognized as impairment would be reversed and recognized as a gain. However, the adjusted amount may not exceed the carrying amount that would have been determined, as if no impairment loss had been recognized.

Idle Assets

Idle assets are carried at the lower of recoverable amount or carrying amount.

Pension Costs

For employees under defined benefit pension plans, pension costs are recorded based on actuarial calculations. For employees under defined contribution pension plans, pension costs are recorded based on the actual contributions made to employees’ individual pension accounts during their service periods.

Expense Recognition

The costs of providing services are recognized as incurred. The cost includes incentives to third party dealers for inducing business which are payable when the end user enters into an airtime contract.

Treasury Stock

Treasury stock is recorded at cost and shown as a reduction to stockholders' equity. Upon cancellation of treasury stock, the treasury stock account is reduced and the common stock and capital surplus are reversed on a pro rata basis. If capital surplus is not sufficient, the difference is charged to retained earnings.

Share-based Compensation

Employee stock options granted on or after January 1, 2008 are accounted for using fair value method in accordance with under SFAS No. 39, "Accounting for Share-based Payment." The adoption of SFAS No. 39 did not have any impact on the Company.

Employee stock options granted between January 1, 2004 and December 31, 2007 were accounted for under the interpretations issued by the Accounting Research and Development Foundation (the "ARDF"). The Company adopted the intrinsic value method, under which compensation cost was amortized over the vesting period.

Income Tax

The Company applies inter-period allocations for its income tax, whereby deferred income tax assets and liabilities are recognized for the tax effects of temporary differences and unused tax credits. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. A deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent based on the expected length of time before it is realized or settled.

Any tax credits arising from purchases of machinery, equipment and technology, research and development expenditures, personnel training, and investments in important technology-based enterprises are recognized using the flow-through method.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

Income taxes (10%) on undistributed earnings is recorded in the year of stockholders approval which is the year subsequent to the year the earnings are generated.

Foreign-currency Transactions

Foreign-currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Exchange gains or losses derived from foreign-currency transactions or monetary assets and liabilities denominated in foreign currencies are recognized in earnings. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are revalued at prevailing exchange rates with the resulting gains or losses recognized in earnings.

The financial statements of foreign equity investees are translated into New Taiwan dollars at the following exchange rates. Assets and liabilities - spot rates at period-end; stockholders' equity - historical rates, income and expenses - average rates during the period. The resulting translation adjustments are recorded as a separate component of stockholders' equity.

Hedge Accounting

A hedging relationship qualifies for hedge accounting only if, all of the following conditions are met: (a) at the inception of the hedge, there is formal documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge; (b) the hedge is expected to be highly effective in achieving offsetting changes in fair value attributable to the hedged risk, consistently with the risk management strategy documented for that particular hedging relationship; (c) the effectiveness of the hedge can be reliably measured; (d) the hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

The gain or loss from remeasuring the hedging instrument at fair value and the gain or loss on the hedged item attributable to the hedged risk are recognized in earnings.

3. EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES

The Company adopted the newly-revised Statements of Financial Accounting Standards No. 10, “Accounting for Inventories,” (“SFAS No. 10”) beginning from January 1, 2009, which requires inventories to be stated at the lower of cost (weighted-average cost) or net realizable value item by item, except for those that may be appropriate to group items of similar or related inventories. The inventory-related incomes and expenses shall be classified in operating cost. The adoption of the revised SFAS No. 10 does not have significant impact on the Company’s consolidated net income and basic earnings per share (after income tax) for the three months ended March 31, 2009. The Company reclassified the non-operating income of $4,962 thousand to operating costs for the three months ended March 31, 2008.

In March 2007, the ARDF issued an Interpretation 96-052 that requires companies to recognize bonuses paid to employees, directors and supervisors as an expense rather than an appropriation of earnings beginning from January 1, 2008. Beginning from 2009, such bonuses are classified as an operating activity for purposes of the statement of cash flows when paid.

4. CASH AND CASH EQUIVALENTS

	March 31	
	2009	**2008**
Cash		
Cash on hand	$ 150,357	$ 121,407
Bank deposits	12,696,229	17,412,013
Negotiable certificate of deposit, annual yield rate - ranging from 0.185%-2.45% and 1.63%-4.544% for the three months ended March 31, 2009 and 2008, respectively.	41,650,791	37,347,144
	54,497,377	54,880,564
Cash equivalents		
Commercial paper, annual yield rate - ranging from 0.16%-0.27% and 1.92%-2.03% for the three months ended March 31, 2009 and 2008, respectively.	14,655,522	20,997,045
	$ 69,152,899	$ 75,877,609

5. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31 2009	March 31 2008
Current		
Derivatives - financial assets		
Forward exchange contracts	$ 8,993	$ 331,695
Index future contracts	-	86,474
	$ 8,993	$ 418,169
Derivatives - financial liabilities		
Forward exchange contracts	$ 105,672	$ 14,324
Currency option contracts	-	3,075,125
Index future contracts	-	9,471
	$ 105,672	$ 3,098,920

Chunghwa entered into investment management agreements with a well-known financial institution (fund managers) to manage its investment portfolios in 2006. The investment portfolios managed by these fund managers aggregated to an original amount of US$100,000 thousand. Chunghwa will terminate the investment management agreements on April 14, 2009, and the fund managers will dispose of the investment portfolios before the termination date.

The Company entered into forward exchange contracts and index future contracts to reduce its exposure to foreign currency risk and variability in operating results due to fluctuations in exchange rates and stock prices. However, derivatives that do not meet the criteria for hedge accounting is classified as financial assets or financial liabilities held for trading.

Outstanding forward exchange contracts on March 31, 2009 and 2008 were as follows:

	Currency	Maturity Period	Contract Amount (in Thousands)	
March 31, 2009				
Sell	EUR/USD	2009.04	EUR	3,540
	GBP/USD	2009.04	GBP	3,680
	JPY/USD	2009.04	JPY	304,000
	USD/NTD	2009.04	USD	96,000
	USD/EUR	2009.04	USD	4,514
	USD/GBP	2009.04	USD	5,278
	USD/JPY	2009.04	USD	3,137
Buy	NTD/USD	2009.04	NTD	137,091
March 31, 2008				
Sell	EUR/USD	2008.05	EUR	17,800
	GBP/USD	2008.05	GBP	2,070
	JPY/USD	2008.05	JPY	444,000
	USD/NTD	2008.04-06	USD	320,000
Buy	NTD/USD	2008.04	NTD	279,695

The Company did not have any outstanding index future contracts on March 31, 2009.

Outstanding index future contracts on March 31, 2008 were as follows:

March 31, 2008	Maturity Period	Units	Contract Amount (in Thousands)	
AMSTERDAM IDX FUT	2008.04	13	EUR	1,088
CAC40 10 EURO FUT	2008.04	4	EUR	178
IBEX 35 INDEX FUTR	2008.04	7	EUR	893
MINI S&P/MIB FUT	2008.06	34	EUR	1,037
FTSE 100 IDX FUT	2008.06	17	GBP	936
TOPIX INDEX FUTURE	2008.06	24	JPY	290,400
S&P 500 FUTURE	2008.06	16	USD	5,260
S&P 500 EMINI FUTURE	2008.06	47	USD	3,090

As of March 31, 2008, the deposits paid for index future contracts were $86,474 thousand.

In September 2007, Chunghwa entered into a 10-year, foreign currency derivative contract with Goldman Sachs Group Inc. (“Goldman”) and valuations were made biweekly starting from September 20, 2007 which were 260 valuation periods totally. Under the terms of the contract, if the NT dollar/US dollar exchange rate was less than NT$31.50 per US dollar at any two consecutive biweekly valuation dates during the valuation period starting from October 4, 2007 to September 5, 2017, Chunghwa was required to make a cash payment to Goldman. The settlement amount was determined by the difference between the applicable exchange rates and the base amount of US$4,000 thousand. Conversely, if the NT dollar/US dollar exchange rate was above NT$31.50 per US dollar using the same valuation methodology, Goldman would have a settlement obligation to Chunghwa determined using a base amount of US$2,000 thousand. Further, if the exchange rate was at or above NT$32.70 per US dollar starting from December 12, 2007 at any time, the contract would be terminated at that time. In accordance with the terms of the contract, Chunghwa deposited US$3,000 thousand with Goldman with annual yield rate of 8%. On October 21, 2008, the exchange rate was above NT$32.70 per US dollar, so the contract was terminated at that time.

Net loss arising from financial assets and liabilities at fair value through profit or loss for the three months ended March 31, 2009 and 2008 were $14,956 thousand (including realized settlement loss of $9,865 thousand and valuation loss of $5,091 thousand) and $1,893,141 thousand (including realized settlement gain of $258,494 thousand and valuation loss of $2,151,635 thousand), respectively.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	March 31	
	2009	2008
Open-end mutual funds	$ 17,768,474	$ 19,323,499
Real estate investment trust fund	190,923	241,451
Foreign listed stocks	-	796,644
	$ 17,959,397	$ 20,361,594

For the three months ended March 31, 2009 and 2008, movements of unrealized gain or loss on financial instruments mentioned above were as follows:

	Three Months Ended March 31	
	2009	2008
Balance, beginning of period	$ (2,264,932)	$ 37,420
Recognized in stockholders' equity	(60,920)	(1,052,042)
Transferred to profit or loss	227,894	136,967
Balance, end of period	$ (2,097,958)	$ (877,655)

Global economic and financial circumstances have significantly changed. As a result, Chunghwa determined that the impairment losses of available-for-sale financial assets is other-than-temporary in nature, and recorded impairment losses of $85,349 thousand and nil for the three months ended March 31, 2009 and 2008, respectively. Chunghwa recorded impairment losses of $1,139,105 thousand in 2008.

7. HELD-TO-MATURITY FINANCIAL ASSETS

	Three Months Ended March 31	
	2009	2008
Corporate bonds, nominal interest rate ranging from 0.889%-4.75% and 0%-4% for 2009 and 2008, respectively; effective interest rate ranging from 0.889%-2.95% and 0.994%-4% for 2009 and 2008, respectively	$ 4,411,896	$ 1,349,078
Collateralized loan obligation, nominal and effective interest rate were both 2.175% for 2009 and 2008	30,113	70,667
	4,442,009	1,419,745
Less: Current portion	515,487	653,460
	$ 3,926,522	$ 766,285

8. ALLOWANCE FOR DOUBTFUL ACCOUNTS

	Three Months Ended March 31	
	2009	2008
Balance, beginning of period	$ 3,050,691	$ 3,430,157
Charge to expense for doubtful accounts	131,183	194,207
Impact on acquisition of subsidiaries	-	983
Accounts receivable written off	(181,117)	(306,134)
Balance, end of period	$ 3,000,757	$ 3,319,213

9. OTHER CURRENT MONETARY ASSETS

	March 31	
	2009	2008
Accrued custodial receipts from other carriers	$ 449,917	$ 596,452
Tax refund receivable	6,708	3,221,620
Other receivable	1,677,844	2,172,446
	$ 2,134,469	$ 5,990,518

10. INVENTORIES, NET

	March 31	
	2009	2008
Merchandise	$ 1,773,223	$ 2,452,726
Work in process	554,127	244,567
	2,327,350	2,697,293
Land held under development	706,176	-
Land held for development	337,738	-
Prepayment for construction	41,991	-
	$ 3,413,255	$ 2,697,293

The operating costs related to inventories for the three months ended March 31, 2009 was $5,764,238 thousand, including the accruals for product warranty costs of $4,038 thousand. The operating costs related to inventories for the three months ended March 31, 2008 was $6,568,003 thousand, including the reversal of valuation loss on inventories of $4,962 thousand and the reversal of accruals for product warranty costs of $14,012 thousand.

Land held under development on March 31, 2009 was for Wan-Xi project which is expected to be completed in 2012.

11. OTHER CURRENT ASSETS

	March 31	
	2009	2008
Prepaid expenses	$ 2,582,529	$ 3,752,703
Spare parts	2,301,188	2,107,183
Prepaid rents	877,091	654,759
Miscellaneous	509,977	271,338
	$ 6,270,785	$ 6,785,983

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31			
	2009		2008	
	Carrying Amount	% of Owner-ship	Carrying Amount	% of Owner-ship
Chunghwa Investment Co., Ltd. ("CHI")	$ 832,624	49	$ 949,253	49
Taiwan International Standard Electronics Co., Ltd. ("TISE")	574,203	40	594,782	40
ST-2 Satellite Ventures Pte., Ltd. ("SSVP")	403,489	38	-	
Senao Networks, Inc. ("SNI")	279,833	44	290,709	47
Viettel-CHT Co., Ltd. ("Viettel-CHT")	96,647	33	-	
Skysoft Co., Ltd. ("SKYSOFT")	86,594	30	71,223	30
KingWaytek Technology Co., Ltd. ("KWT")	74,335	33	71,452	33
ELTA Technology Co., Ltd. ("ELTA")	-	-	42,800	32
	$ 2,347,725		$ 2,020,219	

ST-1 telecommunications satellite is expected be retired in 2011; therefore, CHTS and SingTelSat Pte., Ltd. established a joint venture, ST-2 Satellite Ventures Pte., Ltd. ("SSVP") in Singapore in October 2008 in order to maintain the current service. By March 31, 2009, Chunghwa has invested $403,675 thousand. SSVP will engage in the installation and the operation of ST-2 telecommunications satellite.

Chunghwa established Viettel-CHT Co., Ltd. with Viettel Co., Ltd. in Vietnam in April 2008, by investing $91,239 thousand cash. Viettel-CHT engages mainly in IDC services.

Chunghwa invested KingWaytek Technology Co., Ltd. ("KWT") in January 2008, for a purchasing price of $71,770 thousand. KWT engages mainly in publishing books, data processing and software services.

ELTA engages mainly in professional on-line and mobile value-added content aggregative services. Chunghwa sold all shares of ELTA with carrying value $51,152 thousand on July 23, 2008 for a selling price of $44,047 thousand and recognized a disposal loss of $7,105 thousand.

Chunghwa participated in So-net Entertainment Taiwan's capital increase on April 3, 2009, by investing $60,008 thousand cash, and acquired 30% of its shares. So-net Entertainment Taiwan engages mainly in online service and sale of computer hardware.

The aggregate carrying values of the unreviewed equity method investments were $2,347,725 thousand and $1,729,510 thousand as of March 31, 2009 and 2008, respectively. The net equity in losses of such equity investees were $8,552 thousand and $57,579 thousand for the three months ended March 31, 2009 and 2008, respectively.

13. FINANCIAL ASSETS CARRIED AT COST

	March 31			
	2009		2008	
	Carrying Amount	% of Owner-ship	Carrying Amount	% of Owner-ship
Cost investees:				
Taipei Financial Center (“TFC”)	$ 1,789,530	12	$ 1,789,530	12
Industrial Bank of Taiwan II Venture Capital Co., Ltd. (“IBT II”)	200,000	17	200,000	17
Global Mobile Corp. (“GMC”)	127,018	11	127,018	11
iD Branding Ventures (“iDBV”)	75,000	8	75,000	8
RPTI International (“RPTI”)	34,500	12	49,500	12
N.T.U. Innovation Incubation (“NTUI”)	12,000	9	12,000	9
Essence Technology Solution, Inc. (“ETS”)	10,000	9	20,000	9
3 Link Information Service Co., Ltd. (“3 Link”)	3,450	10	3,450	10
eASPNet Taiwan Inc. (“eASPNet”)	-	2	-	2
	2,251,498		2,276,498	
Prepayments for long-term investments in stocks - Taipei Financial Center (“TFC”)	285,859	-	-	
	$ 2,537,357		$ 2,276,498	

Chunghwa invested in IBT II in January 2008, for a purchase price of $200,000 thousand. IBT II engages mainly in investment. IBT II completed its incorporation on February 13, 2008.

Chunghwa invested in GMC in December 2007, for a purchase price of $168,038 thousand for 16,796 thousand shares. GMC engages mainly in wire communication services and computer software wholesale and circuit engineering. The National Communications Commission (“NCC”) informed Chunghwa with the Communication Letter (#0974102087) on April 1, 2008 that its investment in GMC was not authorized by NCC, and notified Chunghwa on May 5, 2008 that Chunghwa should dispose of its investment in GMC no later than June 30, 2008, otherwise, NCC would fine Chunghwa according to the Telecommunication Act. In April 2008, Chunghwa disposed of a portion of its investment in GMC (4,100 thousand shares) and filed an appeal to NCC to suspend the enforcement. In July 2008, NCC resolved that according to the Administrative Penalty Act, Chunghwa could not divest of its investment in the short time period provided and that Chunghwa would not be subject to fines as noted above. In October 2008, NCC revoked the original decree about Chunghwa’s investment in GMC, therefore, Chunghwa did not dispose of its remaining holding in GMC.

After evaluating the investments in RPTI and ETS, Chunghwa determined the investments in RPTI and ETS were impaired and recognized impairment losses of $15,000 thousand and $10,000 thousand, respectively, for the year ended December 31, 2008.

Chunghwa participated in TFC’s capital increase in October 2008 and prepaid $285,859 thousand. However, TFC is not expected to be able to collect enough amount of capital increase within a specific period, therefore TFC’s board of directors held a meeting on April 10, 2009 and resolved to withdraw its capital increase plan from Securities and Futures Bureau of Financial Supervisory Commission, Executive Yuan (“SFC”). The prepayment will be returned to Chunghwa within ten days after TFC receives the approval notification from SFC.

The above investments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at original cost.

14. OTHER MONETARY ASSETS- NONCURRENT

	March 31	
	2009	2008
Piping Fund	$ 1,000,000	$ 1,000,000
Taiwan Goal Co., Ltd. ("TG")	-	30,000
	$ 1,000,000	$ 1,030,000

As part of the government's effort to upgrade the existing telecommunications infrastructure, Chunghwa and other public utility companies were required by the ROC government to contribute a total of $1,000,000 thousand to a Piping Fund administered by the Taipei City Government. This fund was used to finance various telecommunications infrastructure projects.

In January 2008, CHSI invested in Taiwan Goal Co., Ltd. ("TG") for a purchase price of $30,000 thousand. TG engages mainly in import and export activities for machine wholesale, arms and ammunition products. On March 17, 2008, the stockholders of TG resolved to dissolve TG at a special meeting. As of December 31, 2008, TG has completed its dissolution process. CHSI received $29,585 thousand for the liquidation and recognized a loss of $415 thousand in 2008.

15. PROPERTY, PLANT AND EQUIPMENT

	March 31	
	2009	2008
Cost		
Land	$ 101,475,043	$ 102,730,005
Land improvements	1,496,380	1,475,644
Buildings	63,118,981	62,743,257
Computer equipment	16,135,676	15,594,012
Telecommunications equipment	652,003,784	640,825,227
Transportation equipment	2,293,206	2,776,104
Miscellaneous equipment	7,332,790	7,665,316
Total cost	843,855,860	833,809,565
Revaluation increment on land	5,810,650	5,822,981
	849,666,510	839,632,546
Accumulated depreciation		
Land improvements	912,283	857,843
Buildings	16,583,096	15,503,256
Computer equipment	12,152,699	11,583,463
Telecommunications equipment	509,568,942	491,765,446
Transportation equipment	2,095,821	2,611,758
Miscellaneous equipment	6,181,733	6,727,447
	547,494,574	529,049,213
Construction in progress and advances payments	15,665,623	15,438,382
Property, plant and equipment, net	$ 317,837,559	$ 326,021,715

Pursuant to the related regulation, Chunghwa revalued its land owned as of April 30, 2000 based on the publicly announced value on July 1, 1999. These revaluations which have been approved by the Ministry of Auditing resulted in increases in the carrying values of property, plant and equipment of $5,986,074 thousand, liabilities for land value incremental tax of $211,182 thousand, and stockholders' equity - other adjustments of $5,774,892 thousand.

The amendment to the Land Tax Act, relating to the article to permanently lower land value incremental tax, went effective from February 1, 2005. In accordance with the lowered tax rates, Chunghwa recomputed its land value incremental tax, and reclassified the reserve for land value incremental tax of $116,196 thousand to stockholders' equity - other adjustments. As of March 31, 2009, the unrealized revaluation increment was decreased to $5,813,187 thousand by disposal revaluation assets.

Depreciation expense on property, plant and equipment for the three months ended March 31, 2009 and 2008 amounted to $8,944,548 thousand and $9,440,330 thousand, respectively. Capitalized interest expense for the three months ended March 31, 2009 and 2008 amounted to $122 thousand and $44 thousand, and capitalized rate were 1.25%-1.604% and 2.85%-2.88%, respectively.

16. SHORT-TERM LOANS

	March 31	
	2009	2008
Unsecured loans - annual rate - 1.25%-1.30% and 2.85%-2.93% for the three months ended March 31, 2009 and 2008, respectively	$ 274,000	$ 75,000

17. ACCRUED EXPENSES

	March 31	
	2009	2008
Accrued salary and compensation	$ 7,518,920	$ 6,415,186
Accrued franchise fees	2,910,613	2,775,888
Other accrued expenses	2,598,080	2,389,039
	$ 13,027,613	$ 11,580,113

18. OTHER CURRENT LIABILITIES

	March 31	
	2009	2008
Advances from subscribers	$ 6,063,431	$ 5,824,034
Amounts collected in trust for others	2,262,345	2,390,190
Payables to equipment suppliers	1,983,429	1,500,899
Payables to contractors	1,114,070	781,358
Refundable customers' deposits	997,543	937,671
Miscellaneous	3,185,615	2,790,467
	$ 15,606,433	$ 14,224,619

19. LONG-TERM LOANS (INCLUDING LONG-TERM LOANS - CURRENT PORTION)

	March 31	
	2009	2008
Unsecured loans - annual rate - 2.01%-2.167% and 2.79% for the three months ended March 31, 2009 and 2008, respectively	$ 385,128	$ 20,000
Secured loans - annual rate - 1%	35,700	37,840
	420,828	57,840
Less: Current portion of long-term loans	6,300	20,000
	$ 414,528	$ 37,840

CHIEF obtained an unsecured loan from Bank of Taiwan. Interest and principal amount are payable monthly from January 6, 2009 with a due date of January 6, 2013.

SENAO obtained an unsecured loan from Industrial Bank of Taiwan. Interest and principal amount are payable semiannually and the loan is repaid in May 4, 2008.

SHE obtained a loan from the Industrial Development Bureau, Ministry of Economic Affairs for research and development purpose and obtained a secured loan from Taiwan Business Bank. Interest is payable monthly and the principal is payable every three month from January 15, 2009 with a due date of April 15, 2013.

20. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The Company classified LED's assets and liabilities of the construction operations as current and noncurrent according to the length of the operating cycle of the construction operations. Maturity analysis of LED's related assets and liabilities was as follows:

	March 31, 2009		
	With in One Year	Over One Year	Total
Assets			
Inventories	$ -	$ 1,085,905	$ 1,085,905
Deferred expenses (classified as other current assets)	-	91,580	91,580
Restricted assets (classified as other assets - others)	-	71,046	71,046
	$ -	$ 1,248,531	$ 1,248,531
Liabilities			
Advance from of land and building (classified as other current liabilities)	$ -	$ 242,370	$ 242,370

21. STOCKHOLDERS' EQUITY

Under Chunghwa's Articles of Incorporation, Chunghwa's authorized capital is $120,000,000,020 which is divided into 12,000,000,000 common shares (at $10 par value per share), which are issued and outstanding 9,696,808,181 shares, Chunghwa's Articles of Incorporation and the Republic of China Telecommunications Act provide that the MOTC has the right to purchase two redeemable preferred shares at $10 (par value) in the event its ownership of Chunghwa falls below 50% of the outstanding common shares. On March 28, 2006, the board of directors approved the issuance of the 2 preferred shares, and the MOTC purchased the 2 preferred shares at par value on April 4, 2006. In accordance with the Articles of Incorporation of Chunghwa, the preferred shares would be redeemed by Chunghwa three years from the date of issuance at their par value. These preferred shares expired on April 4, 2009 and were redeemed on April 6, 2009.

The MOTC, as the holder of those preferred shares is entitled to the same rights as holders of common shares and certain additional rights as specified in Chunghwa's Articles of Incorporation as follows:

a. The holder of the preferred shares, or its nominated representative, will act as a director and/or supervisor during the entire period in which the preferred shares are outstanding.

b. The holder of preferred shares has the same pre-emptive rights as holders of common shares when Chunghwa raises capital by issuing new shares.

c. The holder of the preferred shares will have the right to veto on any change in the name of Chunghwa or the nature of its business and any transfer of a substantial portion of Chunghwa's business or property.

d. The holder of the preferred shares may not transfer the ownership. Chunghwa must redeem all outstanding preferred shares with par value within three years from the date of their issuance.

For the purpose of privatizing Chunghwa, the MOTC sold 1,109,750 thousand common shares of Chunghwa in an international offering of securities in the form of American Depositary Shares ("ADS") amounting to 110,975 thousand units (one ADS represents ten common shares) on the New York Stock Exchange on July 17, 2003. Afterwards, the MOTC sold 1,350,682 thousand common shares in the form of ADS amounting to 135,068 thousand units on August 10, 2005. Subsequently, the MOTC and Taiwan Mobile Co., Ltd. sold 505,389 thousand and 58,959 thousand common shares of Chunghwa, respectively, in the form of ADS totally amounting to 56,435 thousand units on September 29, 2006. The MOTC and Taiwan Mobile Co., Ltd. have sold 3,024,780 thousand common shares in the form of ADS amounting to 302,478 thousand units. As of March 31, 2009, the outstanding ADSs were 1,375,513 thousand common shares, which equaled approximately 137,551 thousand units and represented 14.19% of Chunghwa's total outstanding common shares.

The ADS holders generally have the same rights and obligations as other common stockholders, subject to the provision of relevant laws. The exercise of such rights and obligations shall comply with the related regulations and deposit agreement, which stipulate, among other things, that ADS holders can, through deposit agents:

a. Exercise their voting rights,

b. Sell their ADSs, and

c. Receive dividends declared and subscribe to the issuance of new shares.

Under the ROC Company Law, additional paid-in capital may only be utilized to offset deficits. For those companies having no deficits, additional paid-in capital arising from capital surplus can be used to increase capital stock and distribute to stockholders in proportion to their ownership at the ex-dividend date. Also, such amounts can only be declared as a stock dividend by Chunghwa at an amount calculated in accordance with the provisions of existing regulations. The combined amount of any portions capitalized each year may not exceed 10 percent of common stock issued. However, where a company undergoes an organizational change (such as a merger, acquisition, or reorganization) that results in the capitalization of undistributed earnings after the organizational change, the above restriction does not apply.

In addition, before distributing a dividend or making any other distribution to stockholders, Chunghwa must pay all outstanding taxes, recover any past losses and set aside a legal reserve equal to 10% of its net income, and depending on its business needs or requirements, may also set aside a special reserve. In accordance with the Articles of Incorporation, no less than 50% of the remaining earnings comprising remaining balance of net income, if any, plus cumulative undistributed earnings shall be distributed in the following order: (a) from 2% to 5% of distributable earnings shall be distributed to employees as employee bonus; (b) no more than 0.2% of distributable earnings shall be distributed to board of directors and supervisors as remuneration; and (c) cash dividends to be distributed shall not be less than 50% of the total amount of dividends to be distributed. If cash dividends to be distributed is less than $0.10 per share, such cash dividend shall be distributed in the form of common shares.

Chunghwa operates in a capital-intensive and technology-intensive industry and requires capital expenditures to sustain its competitive position in high-growth market. Thus, Chunghwa's dividend policy takes into account future capital expenditure outlays. In this regard, a portion of the earnings may be retained to finance these capital expenditures. The remaining earnings can then be distributed as dividends if approved by the stockholders in the following year and will be recorded in the financial statements of that year.

For the three months ended March 31, 2009 and 2008, the accrual amounts for bonuses to employees and remuneration to directors and supervisors is based on management estimates including past experience and probable amount to be paid in accordance with Chunghwa's Articles of Incorporation and Implementation Guidance for the Employee's Bonus Distribution of Chunghwa Telecom Co., Ltd.

If the initial accrual amounts of the aforementioned bonus are different from the amounts proposed by the board of directors, the difference is charged to the earnings of the year making the initial estimate. Otherwise, the difference between initial accrual amount and the amount resolute in the stockholders' meeting is charged to the earnings of the following year as a result of change in accounting estimate.

Under the ROC Company Law, the appropriation for legal reserve shall be made until the accumulated reserve equals the aggregate par value of the outstanding capital stock of Chunghwa. This reserve can only be used to offset a deficit, or when reaching 50% of the aggregate par value of the outstanding capital stock of Chunghwa, up to 50% of the reserve may, at the option of Chunghwa, be declared as a stock dividend and transferred to capital.

The appropriations and distributions of the 2008 earnings of Chunghwa have been proposed by the board of directors on March 27, 2009 and the appropriations and distributions of the 2007 earnings of Chunghwa have been approved by the stockholders on June 19, 2008 as follows:

	Appropriation of Earnings		Dividend Per Share	
	2008	**2007**	**2008**	**2007**
Legal reserve	$ 4,127,675	$ 4,823,356	$ -	$ -
Special reserve	475		-	-
Reversal of special reserve	-	3,304	-	-
Cash dividends	37,138,775	40,716,130	3.83	4.26
Stock dividends	-	955,778	-	0.10
Employee bonus - cash	-	1,303,605	-	-
Employee bonus - stock	-	434,535	-	-
Remuneration to board of directors and supervisors	-	43,454	-	-

The amounts for bonuses to employees and remuneration to directors and supervisors proposed by the board of directors of Chunghwa on March 27, 2009, were $1,629,915 thousand and $38,807 thousand, respectively.

The appropriation of Chunghwa's 2008 earnings has not been resolved by the stockholders as of the review report date. Information on the appropriation of 2008 earnings, employee bonus and remuneration to directors and supervisors resolved by the stockholders is available at the Market Observation Post System website.

The stockholders, at a special meeting held on August 14, 2008, resolved to transfer capital surplus in the amount of $19,115,554 thousand to common capital stock.

The above mentioned 2008 capital increase proposal was effectively registered with SFC. The board of directors resolved the ex- dividend date of the aforementioned proposal as October 25, 2008.

The stockholders, at the stockholders' meeting held on August 14, 2008, also resolved to reduce the amount of capital in Chunghwa by a cash distribution to its stockholders in order to improve the financial condition of Chunghwa and better utilize its excess funds. The capital reduction plan was effected by a transfer of capital surplus in the amount of $19,115,554 thousand to common capital stock and was effectively registered with SFC. Chunghwa designated December 30, 2008 as the record date and March 9, 2009 as the stock transfer date of capital reduction. Subsequently, common capital stock was reduced by $19,115,554 thousand and a liability for the same amount of cash to be distributed to stockholders was recorded. Such cash payment to stockholders was made in March 2009.

The stockholders, at a meeting held on June 15, 2007, resolved to transfer capital surplus in the amount of $9,667,845 thousand to common capital stock.

The above mentioned 2007 capital increase proposal was effectively registered with SFC. The board of directors resolved the ex-dividend date of the aforementioned proposal as August 1, 2007.

The stockholders, at the stockholders' meeting held on June 15, 2007, also resolved to reduce the amount of capital in Chunghwa by a cash distribution to its stockholders in order to improve the financial condition of Chunghwa and better utilize its excess funds. The capital reduction plan was effected by a transfer of capital surplus in the amount of $9,667,845 thousand to common capital stock and was effectively registered with SFC. Chunghwa designated October 19, 2007 and December 29, 2007 as the record date and the stock transfer date of capital reduction, respectively. Subsequently, common capital stock was reduced by $9,667,845 thousand and a liability for the actual amount of cash to be distributed to stockholders of $9,557,777 thousand was recorded. The difference between the reduction in common capital stock and the distribution amount represents treasury stock of $110,068 thousand held by Chunghwa and concurrently cancelled. Such cash payment to stockholders was made in January 2008.

22. SENAO's SHARE-BASED COMPENSATION PLANS

SENAO has several share-based compensation plans ("SENAO Plans") described as follows:

Effective Date	Grant Date	Stock Options Units (Thousand)	Exercise Price
2003.09.03	2003.10.17	3,981	$ 15.8 (Original price $20.2)
2003.09.03	2004.03.04	385	18.9 (Original price $23.9)
2004.12.01	2004.12.28	6,500	10.0 (Original price $11.6)
2004.12.01	2005.11.28	1,500	15.5 (Original price $18.3)
2005.09.30	2006.05.05	10,000	14.3 (Original price $16.9)
2007.10.16	2007.10.31	6,181	42.6 (Original price $44.2)
		28,547	

Each option is eligible to subscribe for one common share when exercisable. Under the terms of the Plans, the options are granted at an exercise price equal to the closing price of the SENAO's common shares listed on the TSE on the higher of closing price or par value. The SENAO Plans have exercise price adjustment formula upon the issuance of new common shares, capitalization of retained earnings and/or capital reserves, stock split as well as distribution of cash dividend (except for 2007 Plan), except (i) in the case of issuance of new shares in connection with mergers and in the case of cancellation of outstanding shares in connection with capital reduction (2007 Plan is out of this exception), and (ii) except if the exercise price after adjustment exceeds the exercise price before adjustment. The options of all the Plans are valid for six years and the graded vesting schedule for which 50% of option granted will vest two years after the grant date and another two tranches of 25% will vest three and four years after the grant date respectively.

Information about SENAO's outstanding stock options for the three months ended March 31, 2009 and 2008 was as follows:

	Stock Options Outstanding			
	2009		2008	
	Number of Options (Thousand)	Weighted Average Exercise Price NT$	Number of Options (Thousand)	Weighted Average Exercise Price NT$
Options outstanding, beginning of period	13,818	$26.34	18,592	$24.70
Options issued	-	-	-	-
Options exercised	(1,419)	12.55	(715)	12.42
Options expired	(137)	23.48	(143)	24.27
Options outstanding, end of period	12,262	27.97	17,734	25.20
Options exercisable, end of period	2,772		1,118	

As of March 31, 2009, information about SENAO's outstanding and exercisable options was as follows:

Options Outstanding				Options Exercisable	
Range of Exercise Price (NT$)	Number of Options (Thousand)	Weighted-average Remaining Contractual Life (Years)	Weighted Average Exercise Price (NT$)	Number of Options (Thousand)	Weighted Average Exercise Price (NT$)
$10.0-$14.3	5,588	2.93	$13.81	2,316	$13.11
$15.5-$18.9	685	2.01	15.60	456	15.64
$42.6	5,989	4.67	42.60	-	-

As of March 31, 2008, information about SENAO's outstanding and exercisable options was as follows:

Options Outstanding				Options Exercisable	
Range of Exercise Price (NT$)	Number of Options (Thousand)	Weighted-average Remaining Contractual Life (Years)	Weighted Average Exercise Price (NT$)	Number of Options (Thousand)	Weighted Average Exercise Price (NT$)
$10.5-$15.7	10,334	3.88	$14.89	579	$10.50
$17.1-$20.8	1,262	3.03	17.23	539	17.31
$44.2	6,138	5.67	44.20	-	-

No compensation cost of SENAO's options was recognized under the intrinsic value method for the three months ended March 31, 2009 and 2008. Had SENAO used the fair value method to recognize the compensation cost, there were no significant impact on the consolidated net income and earnings per share.

Had SENAO used the fair value method to evaluate the options using the Black-Scholes model, the assumptions and pro forma results of SENAO for the three months ended March 31, 2009 would have been as follows:

	2007.10.31 Options Exercise-able	2006.05.05 Options Exercise-able	2005.11.28 Options Exercise-able	2004.12.28 Options Exercise-able	2004.03.04 Options Exercise-able
Expected dividend yield	1.49%	-	-	-	-
Risk free interest rate	2.00%	1.75%	2.00%	1.88%	1.88%
Expected life (years)	4.375	4.375	4.375	4.375	4.375
Expected volatility	39.82%	39.63%	43.40%	49.88%	52.65%
Weighted-average fair value of grants	$13.69	$5.88	$6.93	$4.91	$10.56

23. TREASURY STOCK

	Three Months Ended March 31	
	2009	2008
Balance, beginning of the period	-	110,068
Decrease	-	110,068
Balance, end of the period	-	-

According to the Securities and Exchange Law of the ROC, total shares of treasury stock shall not exceed 10% of Chunghwa's stock issued. The total amount of the repurchased shares shall not be more than the total amount of retained earnings, capital surplus and realized additional paid-in capital. The Company shall neither pledge treasury stock nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

In order to maintain its credit and stockholders' equity, Chunghwa repurchased 121,075 thousand share of treasury stock for $7,217,562 thousand from August 29, 2007 to October 25, 2007. On December 29, 2007, Chunghwa cancelled 11,007 thousand shares of treasury stock by reducing common stock of $110,068 thousand. The remaining 110,068 thousand shares of treasury stock amounted to $7,107,494 thousand was cancelled on February 21, 2008.

24. COMPENSATION, DEPRECIATION AND AMORTIZATION EXPENSES

	Three Months Ended March 31, 2009		
	Cost of Services	**Operating Expenses**	**Total**
Compensation expense			
Salaries	$ 3,138,461	$ 2,450,207	$ 5,588,668
Insurance	193,066	151,228	344,294
Pension	406,188	299,157	705,345
Other compensation	2,115,445	1,451,467	3,566,912
	$ 5,853,160	$ 4,352,059	$ 10,205,219
Depreciation expense	$ 8,459,501	$ 485,047	$ 8,944,548
Amortization expense	$ 230,445	$ 55,485	$ 285,930

	Three Months Ended March 31, 2008		
	Cost of Services	**Operating Expenses**	**Total**
Compensation expense			
Salaries	$ 3,045,808	$ 2,374,305	$ 5,420,113
Insurance	168,996	136,648	305,644
Pension	402,631	296,410	699,041
Other compensation	1,872,157	1,294,606	3,166,763
	$ 5,489,592	$ 4,101,969	$ 9,591,561
Depreciation expense	$ 8,911,868	$ 528,462	$ 9,440,330
Amortization expense	$ 222,786	$ 51,727	$ 274,513

25. INCOME TAX

a. Income tax expense consisted of the following:

	Three Months Ended March 31	
	2009	2008
Income tax payable	$ 3,278,531	$ 4,233,593
Income tax - separated	37,578	126,566
Income tax - deferred	18,417	(878,791)
Adjustments of prior years' income tax	(815)	-
	$ 3,333,711	$ 3,481,368

b. Net deferred income tax assets (liabilities) consisted of the following:

	March 31	
	2009	2008
Current		
Provision for doubtful accounts	$ 506,073	$ 573,834
Abandonment of equipment not approved by National Tax Administration	40,239	-
Unrealized accrued expense	34,623	-
Valuation loss on inventory	25,627	8,468
Estimated warranty liabilities	13,736	13,522
Valuation loss on financial instruments, net	7,616	696,545
Loss carryforward	1,494	71,316
Unrealized foreign exchange loss (gain)	(55,266)	199,916
Other	14,240	18,666
	588,382	1,582,267
Valuation allowance	(494,617)	(592,767)
Net deferred income tax assets - current	$ 93,765	$ 989,500
Noncurrent		
Accrued pension cost	$ 1,407,572	$ 1,243,991
Loss carryforward	140,608	93,227
Impairment loss	138,387	84,487
Loss on disposal of property, plant and equipment	2,085	17,460
Other	6,011	4,381
	1,694,663	1,443,546
Valuation allowance	(144,995)	(55,737)
Net deferred income tax assets - noncurrent	$ 1,549,668	$ 1,387,809

c. As of March 31, 2009, loss carryforward of CHIEF, Unigate, SHE, CIYP and LED are as follows:

Company	Total Creditable Amounts	Remaining Creditable Amounts	Expiry Year
CHIEF	$ 28,261	$ 28,111	2013
	22,427	22,427	2014
	25,392	25,392	2015
	21,975	21,975	2016
	12,125	12,125	2017
	3,991	3,991	2018
Unigate	20	20	2017
	8	8	2018
SHE	6,529	5,712	2013
	1,973	1,973	2014
	6,262	6,262	2016
	1,152	1,152	2017
CIYP	11,291	1,494	2017
LED	7,982	7,982	2018
	3,478	3,478	2019
	$ 152,866	$ 142,102	

d. The related information under the Integrated Income Tax System is as follows:

	March 31	
	2009	2008
Balance of Imputation Credit Account ("ICA")		
Chunghwa	$ 7,343,493	$ 6,601,656

The estimated and the actual creditable ratios distribution of Chunghwa's of 2008 and 2007 for earnings were 30.96% and 28.81%, respectively. The imputation credit allocated to stockholders is based on its balance as of the date of dividend distribution. The estimated creditable ratio may change when the actual distribution of imputation credit is made.

e. Undistributed earnings information

All Chunghwa's earnings generated prior to June 30, 1998 have been appropriated.

Chunghwa's income tax returns have been examines by tax authorities through 2005. The following entities' income tax returns have been examined by tax authorities through 2006: SENAO, CHIEF, Unigate, and CHSI. SHE and CIYP's income tax returns have been examines by tax authorities through 2007.

26. EARNINGS PER SHARE

	Amount (Numerator) Income Before Income Tax	Amount (Numerator) Net Income	Weighted-average Number of Common Shares (Thousand) (Denominator)	Earnings Per Share (Dollars) Income Before Income Tax	Earnings Per Share (Dollars) Net Income
Three months ended March 31, 2009					
EPS was calculated as follows:					
Basic EPS:					
Income attributable to stockholders of the parent	$ 14,023,457	$ 10,787,389	9,696,808	$ 1.45	$ 1.11
Effect of dilutive potential common stock - SENAO's stock options	(1,550)	(1,550)	-		
Employee bonus	-	-	18,216		
Diluted EPS					
Income attributable to stockholders of the parent (including effect of dilutive potential common stock)	$ 14,021,907	$ 10,785,839	9,715,024	$ 1.44	$ 1.11
Three months ended March 31, 2008					
Basic EPS					
Income attributable to stockholders of the parent	$ 14,092,163	$ 10,716,108	9,696,808	$ 1.45	$ 1.11
Effect of dilutive potential common stock - SENAO's stock options	(2,056)	(2,056)	-		
Employee bonus	-	-	2,489		
Diluted EPS					
Income attributable to stockholders of the parent (including effect of dilutive potential common stock)	$ 14,090,107	$ 10,714,052	9,699,297	$ 1.45	$ 1.10

In March 2007, the ARDF issued an Interpretation 96-052 that requires companies to recognize bonuses paid to employees, directors and supervisors as an expense rather than an appropriation of earnings beginning from January 1, 2008. According to the Interpretation 97-169 issued by ARDF in May 2008, Chunghwa presumed that the employees bonuses to be paid will be settled in shares and takes those shares into consideration when calculating the weighted average number of outstanding shares used in the calculation of diluted EPS if the share have a dilutive effect for the three months ended March 31, 2009. The number of shares is calculated by dividing the amount of bonuses by the closing price of the Chunghwa's shares of the balance sheet date. The dilutive effect of the shares needs to be considered until the stockholders resolve the number of shares to be distributed to employees in their meeting in the following year.

The diluted earnings per share for the three months ended March 31, 2009 and 2008 was due to the effect of potential common stock of stock options by SENAO.

27. PENSION PLAN

Chunghwa completed privatization plans on August 12, 2005. Chunghwa is required to pay all accrued pension obligations including service clearance payment, lump sum payment under civil service plan, additional separation payments, etc. upon the completion of the privatization in accordance with the Statute Governing Privatization of Stated-owned Enterprises. After paying all pension obligations for privatization, the plan assets of Chunghwa should be transferred to the Fund for Privatization of Government-owned Enterprises (the "Privatization Fund") under the Executive Yuan. On August 7, 2006, Chunghwa transferred the remaining balance of fund to the Privatization Fund. However, according to the instructions of MOTC, Chunghwa would on behalf of the MOTC to pay all accrued pension obligations including service clearance payment, lump sum payment under civil service plan, additional separation payments, etc. upon the completion of the privatization.

The pension plan under the Labor Pension Act of ROC (the "LPA") is effective beginning July 1, 2005 and this pension mechanism is considered as a defined contribution plan. Based on the LPA, Chunghwa, SENAO, CIYP, CHIEF, Unigate, CHSI, SHE, LED makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The Company's pension plan is considered as a defined benefit plan under the Labor Standards Law that provide benefits based on an employee's length of service and average six-month salary prior to retirement. Chunghwa, SENAO, CHIEF and SHE contribute an amount equal to 2% to 15% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the names of the Committees in the Bank of Taiwan.

Pension costs of the Company were $721,090 thousand ($684,210 thousand subject to defined benefit plan and $36,880 thousand subject to defined contributed plan) and $717,366 thousand ($690,060 thousand subject to defined benefit plan and $27,306 thousand subject to defined contribution plan) for the three months ended March 31, 2009 and 2008, respectively.

28. TRANSACTIONS WITH RELATED PARTIES

The ROC Government, one of Chunghwa's customers held significant equity interest in Chunghwa. Chunghwa provides fixed-line services, wireless services, Internet and data and other services to the various departments and institutions of the ROC Government and other state-owned enterprises in the normal course of business and at arm's-length prices. The information on service revenues from government bodies and related organizations have not been provided because details of the type of transactions were not summarized by Chunghwa. Chunghwa believes that all costs of doing business are reflected in the financial statements.

a. The Company engages in business transactions with the following related parties:

Company	Relationship
Taiwan International Standard Electronics Ltd. ("TISE")	Equity-method investee
Skysoft Co., Ltd. ("SKYSOFT")	Equity-method investee
ELTA Technology Co., Ltd. ("ELTA")	Equity-method investee before Chunghwa sold all shares in July, 2008.
Chunghwa Precision Test Technical Co., Ltd. ("CHPT")	Subsidiary of CHI
Senao Networks, Inc. ("SNI")	Equity-method investee of SENAO
SENAO Technology Education Foundation ("STEF")	A nonprofit organization of which the funds donated by SENAO exceeds one third of its total funds
Institute for Information Industry ("III")	Equity- method investor of InfoExplorer

b. Significant transactions with the above related parties are summarized as follows:

	March 31			
	2009		2008	
	Amount	%	Amount	%
1) Receivables				
Trade notes and accounts receivable				
CHPT	$ 737	95	$ -	-
SNI	-	-	4,552	54
Others	40	5	3,918	46
	$ 777	100	$ 8,470	100
2) Payables				
Trade notes payable, accounts payable and accrued expenses				
TISE	$ 221,061	81	$ 79,194	63
III	20,090	8	-	-
Others	8,293	3	8,123	7
	249,444	92	87,317	70
Payable to construction supplier				
TISE	22,712	8	37,996	30
	$ 272,156	100	$ 125,313	100
3) Advances from customers (include in other current liabilities)				
SNI	$ 2,151	-	$ -	-

	Three Months Ended March 31			
	2009		2008	
	Amount	%	Amount	%
4) Revenues				
SKYSOFT	$ 8,585	-	$ 6,705	-
Others	3,061	-	6,044	-
	$ 11,646	-	$ 12,749	-

	Three Months Ended March 31			
	2009		2008	
	Amount	%	Amount	%
5) Operating costs and expenses				
TISE	$ 92,367	-	$ 105,860	-
ELTA	-	-	37,028	-
Others	3,672	-	3,089	-
	$ 96,039	-	$ 145,977	-
6) Non-operating income and gains				
SNI	$ 7,163	1	$ 7,691	1
Others	60	-	-	-
	$ 7,223	1	$ 7,691	1
7) Acquisitions of property, plant and equipment				
III	$ 19,920	-	$ -	-
TISE	9,779	-	47,647	1
SNI	-	-	755	-
	$ 29,699	-	$ 48,402	1

SENAO rents out part of its plant to SNI. The rent is collected monthly. The foregoing transactions with related parties were conducted as arm's length transactions, except for the transactions with SNI and STEF were determined in accordance with mutual agreements.

29. PLEDGED ASSETS

The assets are pledged as collaterals for short-term and long-term bank loans and contract deposits by SENAO, CHIEF, SHE and CHTS.

	March 31	
	2009	2008
Property, plant and equipment, net	$ 397,149	$ 502,292
Leased assets, net	370,443	287,024
Restricted assets	30,343	2,865
	$ 797,935	$ 792,181

30. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

As of March 31, 2009, the Company's remaining commitments under non-cancelable contracts with various parties were as follows:

a. Acquisitions of land and buildings of $262,916 thousand.

b. Acquisitions of telecommunications equipment of $15,541,292 thousand.

c. Contract to print billing, envelopes and selling gifts of $88,995 thousand.

d. LED has already contracted to advance sale of land for $1,680,874 thousand, and collected $242,370 thousand according to the contracts.

e. For the purpose of completion the construction, acquisition of the building construction license and registration ownerships of all buildings for Wan-Xi Project, LED signed the trust deeds with Hua Nan Bank and China Real Estate Management Co., Ltd. for the fund management, property rights and related development to the extent of authority they are given.

Trust assets are as follow:

	March 31, 2009
Restricted assets -bank deposits	$ 71,046
Land held under development	706,176
	$ 777,222

f. The Company also has non-cancelable operating leases covering certain buildings, computers, computer peripheral equipment and operation system software under contracts that expire in various years. Future lease payments were as follows:

	Amount
2009 (from April 1, 2009 to December 31, 2009)	$ 1,318,776
2010	1,283,709
2011	970,493
2012	714,933
2013 and thereafter	813,629

g. A commitment to contribute $2,000,000 thousand to a Piping Fund administered by the Taipei City Government, of which $1,000,000 thousand was contributed by Chunghwa on August 15, 1996 (classified as long-term investment - other monetary assets). If the fund is not sufficient, Chunghwa will contribute the remaining $1,000,000 thousand upon notification from the Taipei City Government. Based on Chunghwa's understanding of the Piping Fund terms, if the project is considered to be no longer necessary by the ROC government, Chunghwa will receive back its proportionate share of the net equity of the Piping Fund upon its dissolution. The Company does not know when its contribution to the Piping Fund will be returned; therefore, the Company did not discount the face amount of its contribution to the Pining Fund.

h. A portion of the land used by Chunghwa during the period July 1, 1996 to December 31, 2004 was co-owned by Chunghwa and Chunghwa Post Co., Ltd. (the former Chunghwa Post Co., Ltd. directorate General of Postal Service). In accordance with the claims process in Taiwan, on July 12, 2005, the Taiwan Taipei District Court sent a claim notice to Chunghwa to reimburse Chunghwa Post Co., Ltd. in the amount of $767,852 thousand for land usage compensation due to the portion of land usage area in excess of Chunghwa's ownership and along with interest calculated at 5% interest rate from June 30, 2005 to the payment date. Chunghwa stated that both parties have the right to use co-management land without consideration. Chunghwa Post Co., Ltd. can't request payment for land compensation. Furthermore, Chunghwa believes that the computation used to derive the land usage compensation amount is inaccurate because most of the compensation amount has expired as result of the expiration clause. Therefore, Chunghwa filed an appeal at the Taiwan Taipei District Court. On March 30, 2009, the Taiwan Taipei District Court rendered its judgment that Chunghwa only need to pay $16,870 thousand along with interest calculated at 5% per annum from July 23, 2005 and 4% of the court fees as of the court judgment compensation. Chunghwa will file an appeal at the Taiwan Taipei District Court within 20 days from the receipt of the copy of the court judgment.

i. Giga Media filed a civil action against Chunghwa with the Taiwan Taipei District Court (the "Court") on June 12, 2008. The complaint alleged that Chunghwa infringed Giga Media's ROC Patent No. I258284 which is a Point-to-Point Protocol over Ethernet ("PPPoE") technique used to launch fixed IP of ADSL. Giga Media is seeking damages of $500,000 thousand and interest calculated at 5% for the period from one day following the date Chunghwa received the official notification from the Court to the payment date. As of review report date, the case is still in the procedure of the first instance.

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

a. Carrying amount and fair value of financial instruments were as follows:

	March 31			
	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets				
Cash and cash equivalents	$ 69,152,899	$ 69,152,899	$ 75,877,609	$ 75,877,609
Financial assets at fair value through profit or loss	8,993	8,993	418,169	418,169
Available-for-sale financial assets	17,959,397	17,959,397	20,361,594	20,361,594
Held-to-maturity financial assets - current	515,487	515,487	653,460	653,460
Trade notes and accounts receivable, net	10,932,495	10,932,495	10,443,078	10,443,078
Receivable from related parties	777	777	8,470	8,470
Other current monetary assets	2,134,469	2,134,469	5,990,518	5,990,518
Restricted assets - current	85,256	85,256	2,865	2,865
Investments accounted for using equity method	2,347,725	2,502,140	2,020,219	2,238,924
Financial assets carried at cost	2,537,357	2,537,357	2,276,498	2,276,498
Held-to-maturity financial assets - noncurrent	3,926,522	3,926,522	766,285	766,285
Other noncurrent monetary assets	1,000,000	1,000,000	1,030,000	1,030,000
Refundable deposits	1,298,721	1,298,721	1,385,314	1,385,314
Restricted assets - noncurrent	16,133	16,133	-	-
Liabilities				
Short-term loans	274,000	274,000	75,000	75,000
Financial liabilities at fair value through profit or loss	105,672	105,672	3,098,920	3,098,920
Trade notes and accounts payable	8,035,258	8,035,258	8,250,416	8,250,416
Payable from related parties	272,156	272,156	125,313	125,313
Accrued expenses	13,027,613	13,027,613	11,580,113	11,580,113
Amounts collected in trust for others (included in "other current liabilities")	2,262,345	2,262,345	2,390,190	2,390,190
Payables to equipment suppliers (included in "other current liabilities")	1,983,429	1,983,429	1,500,889	1,500,889
Payables to contractors (included in "other current liabilities")	1,114,070	1,114,070	781,358	781,358
Refundable customers' deposits (included in "other current liabilities")	997,543	997,543	937,671	937,671

(Continued)

	March 31			
	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Hedging derivative financial liabilities (included in "other current liabilities")	$ 30,716	$ 30,716	$ 13,000	$ 13,000
Current portion of long-term loans	6,300	6,300	20,000	20,000
Long-term loans	414,528	414,528	37,840	37,840
Customers' deposits	6,098,836	6,098,836	6,312,104	6,312,104

(Concluded)

b. Methods and assumptions used in the estimation of fair values of financial instruments:

1) The fair values of certain financial instruments recognized in the balance sheet generally correspond to the market prices of the financial assets. Because of the short maturities of these instruments, the carrying value represents a reasonable basis to estimate fair values. This method does not apply to the financial instruments discussed in Notes 2, 3, and 4 below.

2) If the financial assets/liabilities at fair value through profit or loss and the available-for-sale financial assets have quoted market prices in an active market, the quoted market prices are viewed as fair values. If the market price of the available-for-sale financial assets are not readily available, valuation techniques is used incorporating estimates and assumptions that are consistent with prevailing market conditions.

3) Long-term investments are based on the net asset values of the investments in unconsolidated companies if quoted market prices are not available.

4) The fair value of long-term loans (including current portion) is discounted based on projected cash flow. The projected cash flows were discounted using the interest rate of similar long-term loans.

c. Fair value of financial assets and liabilities using quoted market price or valuation techniques were as follows:

	Amount Based on Quoted Market Price		Amount Determined Using Valuation Techniques	
	2009	2008	2009	2008
Assets				
Financial assets at fair value through profit or loss	$ 8,993	$ 418,169	$ -	$ -
Available-for-sale financial assets	17,959,397	20,361,594	-	-
Hedging derivative financial assets (classified as other current monetary assets)	-	21,679	-	-
Liabilities				
Financial liabilities at fair value through profit or loss	105,672	23,795	-	3,075,125
Hedging derivative financial liabilities (classified as other current liabilities)	30,716	13,000	-	-

d. Information about financial risks

1) Market risk

The foreign exchange rate fluctuations would result in the Company's foreign-currency-dominated assets and liabilities and outstanding forward exchange contracts exposed to rate risk.

The fluctuations of market price would result in the index future contracts exposed to price risk.

The financial instruments categorized as available-for-sale financial assets are mainly listed stocks and open-end mutual funds. Therefore, the market risk is the fluctuations of market price. In order to manage this risk, the Company would assess the risk before investing, therefore, no material market risk are anticipated.

2) Credit risk

Credit risk represents the potential loss that would be incurred by the Company if the counter-parties or third-parties breached contracts. Financial instruments with positive fair values at the balance sheet date are evaluated for credit risk. The counter-parties or third-parties of the aforementioned financial instruments are reputable financial institutions. Management does not expect the Company's exposure to default by those parties to be material.

3) Liquidation risk

The Company has sufficient operating capital to meet cash needs upon settlement of derivative financial instruments. Therefore, the liquidation risk is low.

The financial instruments of the Company categorized as available-for-sale financial assets are publicly-traded, easily converted to cash. Therefore, no material liquidation risk are anticipated. The financial instruments categorized as financial assets carried at cost are investments that do not have a quoted market price in an active market. Therefore, material liquidation risk are anticipated.

4) Cash flow interest rate risk

Chunghwa engages in investments in fixed-interest-rate debt securities. Therefore, cash flows from such securities are not expected to fluctuate significantly due to changes in market interest rates.

In addition, Chunghwa engages in investments in floating-interest-rate debt securities. The changes in market interest rate would impact the floating-interest rate; therefore, cash flows from such securities are expected to fluctuate due to changes in market interest rates.

e. Fair value hedge

Chunghwa entered into forward exchange contracts is mainly to hedge the fluctuation in exchange rates of beneficiary certificate denominated in foreign currency, which is fair value hedge. The transaction was assessed as highly effective for the three months ended March 31, 2009 and 2008.

Outstanding forward exchange contracts for hedge as of March 31, 2009 and 2008:

	Currency	Maturity Period	Contract Amount (in Thousands)	
March 31, 2009				
Sell	USD/NTD	2009.04	USD	30,000
March 31, 2008				
Sell	USD/NTD	2008.06	USD	65,000
	EUR/NTD	2008.05	EUR	25,000

As of March 31, 2009 and 2008, the forward exchange contract measured at fair value resulting in hedging derivative financial liability of $30,716 thousand and $13,000 thousand (classified as other current liabilities), respectively. As of March 31, 2008, the forward exchange contract measured at fair value resulting in hedging derivative financial asset of $21,679 thousand (classified as other current monetary assets).

32. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the SFC for Chunghwa and its investees:

a. Financing provided: None.

b. Endorsement/guarantee provided: None.

c. Marketable securities held: Please see Table 1.

d. Marketable securities acquired and disposed of at costs or prices at least $100 million or 20% of the paid-in capital: Please see Table 2.

e. Acquisition of individual real estate at costs of at least $100 million or 20% of the paid-in capital: None.

f. Disposal of individual real estate at prices of at least $100 million or 20% of the paid-in capital: None.

g. Total purchase from or sale to related parties amounting to at least $100 million or 20% of the paid-in capital: Please see Table 3.

h. Receivables from related parties amounting to $100 million or 20% of the paid-in capital: Please see Table 4.

i. Names, locations, and other information of investees on which Chunghwa exercises significant influence: Please see Table 5.

j. Financial transactions: Please see Notes 5 and 31.

k. Investment in Mainland China: Please see Table 6.

l. Intercompany relationships and significant intercompany transaction: Please see Table 7.

TABLE 1

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2009
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

No.	Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	March 31, 2009 Shares (Thousands/ Thousand Units)	March 31, 2009 Carrying Value (Note 5)	March 31, 2009 Percentage of Ownership	March 31, 2009 Market Value or Net Asset Value	Note
0	Chunghwa Telecom Co., Ltd.	Stocks							
		Senao International Co., Ltd.	Subsidiary	Investments accounted for using equity method	71,773	$ 1,412,162 (Note 8)	29	$ 2,806,330	Note 4
		Light Era Development Co., Ltd.	Subsidiary	Investments accounted for using equity method	300,000	2,966,151 (Note 8)	100	2,966,582	Note 1
		Chunghwa Investment Co., Ltd.	Equity-method investee	Investments accounted for using equity method	98,000	832,624	49	908,816	Note 1
		Chunghwa Telecom Singapore Pte. Ltd.	Subsidiary	Investments accounted for using equity method	34,869	768,879 (Note 8)	100	768,879	Note 1
		Chunghwa System Integration Co., Ltd.	Subsidiary	Investments accounted for using equity method	60,000	747,188 (Note 8)	100	654,075	Note 1
		Taiwan International Standard Electronics Co., Ltd.	Equity-method investee	Investments accounted for using equity method	1,760	574,203	40	746,956	Note 1
		CHIEF Telecom Inc.	Subsidiary	Investments accounted for using equity method	37,942	432,049 (Note 8)	69	383,059	Note 1
		InfoExplorer Co., Ltd.	Subsidiary	Investments accounted for using equity method	22,498	280,152 (Note 8)	49	224,208	Note 1
		Donghwa Telecom Co., Ltd.	Subsidiary	Investments accounted for using equity method	51,590	230,393 (Note 8)	100	230,393	Note 1
		Chunghwa International Yellow Pages Co., Ltd.	Subsidiary	Investments accounted for using equity method	15,000	139,935 (Note 8)	100	140,662	Note 1
		Viettel-CHT Co., Ltd.	Equity-method investee	Investments accounted for using equity method	3,000	96,647	33	96,647	Note 1
		Skysoft Co., Ltd.	Equity-method investee	Investments accounted for using equity method	4,438	86,594	30	47,227	Note 1
		KingWaytek Technology Co., Ltd.	Equity-method investee	Investments accounted for using equity method	1,002	74,335	33	19,172	Note 1
		Chunghwa Telecom Global, Inc.	Subsidiary	Investments accounted for using equity method	6,000	70,037 (Note 8)	100	69,665	Note 1
		Spring House Entertainment Inc.	Subsidiary	Investments accounted for using equity method	5,996	46,702 (Note 8)	56	31,854	Note 1
		Chunghwa Telecom Japan Co., Ltd.	Subsidiary	Investments accounted for using equity method	1	11,902 (Note 8)	100	11,901	Note 1
		New Prospect Investments Holdings Ltd. (B.V.I.)	Subsidiary	Investments accounted for using equity method	-	(US$ 1 dollar) (Note 8)	100	(US$ 1 dollar)	Note 2
		Prime Asia Investments Group Ltd. (B.V.I.)	Subsidiary	Investments accounted for using equity method	-	(US$ 1 dollar) (Note 8)	100	(US$ 1 dollar)	Note 2
		Taipei Financial Center	-	Financial assets carried at cost	172,927	1,789,530	12	1,408,325	Note 1
		Industrial Bank of Taiwan II Venture Capital Co., Ltd. (IBT II)	-	Financial assets carried at cost	20,000	200,000	17	198,901	Note 1
		Global Mobile Corp.	-	Financial assets carried at cost	12,696	127,018	11	119,777	Note 1
		iD Branding Ventures	-	Financial assets carried at cost	7,500	75,000	8	77,298	Note 1
		PRTI International	-	Financial assets carried at cost	9,234	34,500	12	34,960	Note 1

(Continued)

No.	Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	March 31, 2009 Shares (Thousands/ Thousand Units)	Carrying Value (Note 5)	Percentage of Ownership	Market Value or Net Asset Value	Note
		Essence Technology Solution, Inc.	-	Financial assets carried at cost	2,000	$ 10,000	9	$ 5,652	Note 1
		Taipei Financial Center	-	Prepayments for long-term investments	28,586	285,859	-	285,859	Note 7
		REITS							
		Fubon No. 1 Fund	-	Available-for-sale financial assets	10,000	100,000	-	100,400	Note 4
		Cathay No. 2 REIT	-	Available-for-sale financial assets	2,288	22,880	-	20,523	Note 4
		Gallop No. 1 REIT	-	Available-for-sale financial assets	10,000	100,000	-	70,000	Note 4
		Beneficiary certificates (mutual fund)							
		Polaris /P-shares Taiwan Dividend + ETF	-	Available-for-sale financial assets	600	15,000	-	9,606	Note 3
		PCA Well Pool Fund	-	Available-for-sale financial assets	117,079	1,500,000	-	1,517,525	Note 3
		Yuan Ta Wan Tai Bond Fund	-	Available-for-sale financial assets	104,520	1,500,000	-	1,510,280	Note 3
		Mega Diamond Bond Fund	-	Available-for-sale financial assets	126,106	1,500,000	-	1,501,333	Note 3
		Polaris De-Li Fund	-	Available-for-sale financial assets	225,901	3,500,000	-	3,518,953	Note 3
		Fuh-Hwa Bond Fund	-	Available-for-sale financial assets	108,849	1,500,000	-	1,501,186	Note 3
		MFS Meridian Emerging Markets Debt Fund	-	Available-for-sale financial assets	336	208,578	-	219,138	Note 3
		Fidelity US High Yield Fund	-	Available-for-sale financial assets	535	206,588	-	148,180	Note 3
		MFS Meridian Funds-Strategic Income Fund	-	Available-for-sale financial assets	316	132,592	-	120,963	Note 3
		Fidelity Fds Intl Bond	-	Available-for-sale financial assets	14,644	565,387	-	510,581	Note 3
		Credit Suisse BF (Lux) Euro Bond Fund	-	Available-for-sale financial assets	4	55,632	-	65,018	Note 3
		Fidelity European High Yield Fund	-	Available-for-sale financial assets	324	126,425	-	86,192	Note 3
		Parvest Europe Convertible Bond Fond	-	Available-for-sale financial assets	78	443,097	-	328,964	Note 3
		JPMorgan Funds-Global Convertibles Fund (EUR)	-	Available-for-sale financial assets	868	491,450	-	368,274	Note 3
		Parvest Euro Bond	-	Available-for-sale financial assets	39	287,400	-	285,458	Note 3
		Fuh-Hwa Aegis Fund	-	Available-for-sale financial assets	17,813	234,684	-	189,357	Note 3
		AGI Global Quantitative Balanced Fund	-	Available-for-sale financial assets	22,968	267,269	-	234,504	Note 3
		Capital Asset Manager Income	-	Available-for-sale financial assets	11,285	200,000	-	151,875	Note 3
		Fuh Hwa Life Goal Fund	-	Available-for-sale financial assets	6,832	100,000	-	84,595	Note 3
		Fuh Hwa Asia Pacific Balanced	-	Available-for-sale financial assets	7,764	100,000	-	63,820	Note 3
		Asia-Pacific Mega - Trend Fund	-	Available-for-sale financial assets	13,059	175,000	-	113,091	Note 3
		AIG Flagship Global Balanced Fund of Funds	-	Available-for-sale financial assets	25,679	350,000	-	266,550	Note 3
		Franklin Templeton Global Bond Fund of Funds	-	Available-for-sale financial assets	18,089	200,000	-	197,110	Note 3
		Cathay Global Aggressive Fund of Funds	-	Available-for-sale financial assets	14,692	200,000	-	128,700	Note 3
		Polaris Global Emerging Market Funds	-	Available-for-sale financial assets	9,791	150,000	-	80,875	Note 3
		HSBC Global Fund of Bond Funds	-	Available-for-sale financial assets	22,838	250,000	-	239,612	Note 3
		Fubon Taiwan Selected Fund	-	Available-for-sale financial assets	100,000	618,104	-	649,000	Note 3
		HSBC Taiwan Balanced Strategy Fund	-	Available-for-sale financial assets	100,000	769,374	-	758,000	Note 3
		Cathay Chung Hwa No. 1 Fund	-	Available-for-sale financial assets	100,000	710,886	-	652,000	Note 3
		Fuh Hwa Power Fund III	-	Available-for-sale financial assets	100,000	677,182	-	697,000	Note 3
		JPM (Taiwan) JF Balanced Fund	-	Available-for-sale financial assets	2,462	50,000	-	41,068	Note 3
		MFS Meridian Funds-Global Equity Fund (A1 class)	-	Available-for-sale financial assets	253	262,293	-	159,184	Note 3
		Fidelity Fds International	-	Available-for-sale financial assets	128	163,960	-	88,409	Note 3
		Fidelity Fds America	-	Available-for-sale financial assets	937	163,960	-	96,801	Note 3
		JPMorgan Funds-Global Dynamic Fund (B)	-	Available-for-sale financial assets	303	165,640	-	90,391	Note 3
		MFS Meridian Funds-Research International Fund (A1 share)	-	Available-for-sale financial assets	173	131,920	-	70,676	Note 3
		Fidelity Fds Emerging Markets	-	Available-for-sale financial assets	144	122,175	-	50,279	Note 3

(Continued)

No.	Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	March 31, 2009 Shares (Thousands/ Thousand Units)	Carrying Value (Note 5)	Percentage of Ownership	Market Value or Net Asset Value	Note
		Credit Suisse Equity Fund (Lux) Global Resources	-	Available-for-sale financial assets	13	$ 162,990	-	$ 74,105	Note 3
		Fidelity Euro Balanced Fund	-	Available-for-sale financial assets	879	560,819	-	365,255	Note 3
		Fidelity Fds World	-	Available-for-sale financial assets	295	171,568	-	85,272	Note 3
		Fidelity Fds Euro Blue Chip	-	Available-for-sale financial assets	259	233,543	-	114,061	Note 3
		MFS Meridian Funds - European Equity Fund (A1 share)	-	Available-for-sale financial assets	171	178,920	-	92,138	Note 3
		Henderson Horizon Fund - Pan European Equity Fund	-	Available-for-sale financial assets	230	180,886	-	110,493	Note 3
		JPM (Taiwan) Global Balanced Fund	-	Available-for-sale financial assets	9,071	125,000	-	112,449	Note 3
		Bonds							
		Mega Securities Corp. 1st Unsecured Corporate Bonds in 2007	-	Held-to-maturity financial assets	-	150,000	-	150,000	Note 6
		KGI Securities 1st Unsecured Corporate Bonds 2007-B Issue	-	Held-to-maturity financial assets	-	100,000	-	100,000	Note 6
		Mega Financial Holding 1st Unsecured Corporate Bond 2007-B Issue	-	Held-to-maturity financial assets	-	200,000	-	200,000	Note 6
		Mega Securities Corp. 1st Unsecured Corporate Bond 2008 - A issue	-	Held-to-maturity financial assets	-	300,000	-	300,000	Note 6
		Taiwan Power Co. 1st Unsecured Bond-B Issue in 2001	-	Held-to-maturity financial assets	-	272,170	-	272,170	Note 6
		Formosa Petrochemical Corp.		Held-to-maturity financial assets		99,852		99,852	Note 6
		Taiwan Power Company 3rd Boards in 2008	-	Held-to-maturity financial assets	-	149,922	-	149,922	Note 6
		GreTai Company 1st Unsecured Corporate Bonds-A issue in 2008	-	Held-to-maturity financial assets	-	100,000	-	100,000	Note 6
		China Development Industrial B	-	Held-to-maturity financial assets	-	197,199	-	197,199	Note 6
		Fubon Financial Holding Company 2005 1st Unsecured Debenture	-	Held-to-maturity financial assets	-	99,304	-	99,304	Note 6
		Formosa Petrochemical Corporation 3rd Unsecured Corporate Bonds Issue in 2008.	-	Held-to-maturity financial assets	-	49,920	-	49,920	Note 6
		Cathay United Bank 9St Financial Debentures-03 Issue in 2004	-	Held-to-maturity financial assets	-	199,877	-	199,877	Note 6
		Hua Nan Commercial Bank the Tenth Subordinate Financial Debentures Issue in 2003	-	Held-to-maturity financial assets	-	200,095	-	200,095	Note 6
		Hua Nan Commercial Bank 2nd of the two Subordinate Financial Debentures Issue in 2004	-	Held-to-maturity financial assets	-	99,925	-	99,925	Note 6
		China Development Industrial Bank 2nd Financial Debentures issue in 2006	-	Held-to-maturity financial assets	-	198,254	-	198,254	Note 6
		China Development Financial Holding Corporation 1st Unsecured Corporate Bonds Issue in 2006	-	Held-to-maturity financial assets	-	202,765	-	202,765	Note 6
		Taiwan Power Company 5th Boards in 2008	-	Held-to-maturity financial assets	-	273,354	-	273,354	Note 6
		Yuanta Unsecured Corporate Bond 2008 - A Issue	-	Held-to-maturity financial assets	-	100,054	-	100,054	Note 6
		Formosa Petrochemical Corporation 4th Unsecured Corporate Bonds Issue in 2006	-	Held-to-maturity financial assets	-	301,123	-	301,123	Note 6
		Formosa Petrochemical Corporation Bond Issue in 2006		Held-to-maturity financial assets	-	201,901	-	201,901	Note 6

(Continued)

No.	Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	March 31, 2009				Note
					Shares (Thousands/ Thousand Units)	Carrying Value (Note 5)	Percentage of Ownership	Market Value or Net Asset Value	
		NAN YA Company 2nd Unsecured Corporate Bonds Issue in 2008	-	Held-to-maturity financial assets	-	$ 409,197	-	$ 409,197	Note 6
		NAN YA Company 3rd Unsecured Corporate Bonds Issue in 2008	-	Held-to-maturity financial assets	-	205,532	-	205,532	Note 6
		Taiwan Power Company 3rd Boards in 2006	-	Held-to-maturity financial assets	-	201,416	-	201,416	Note 6
		China Steel Corporation 2nd Unsecured Corporate Bonds-A Issue in 2008	-	Held-to-maturity financial assets	-	100,036	-	100,036	Note 6
		Enterprise Debt Securitization Cathay United Bank CLO 96-1	-	Held-to-maturity financial assets	-	30,113	-	30,113	Note 6
1	Senao International Co., Ltd.	Senao Networks, Inc.	Equity-method investee	Investments accounted for using equity method	15,152	279,833	44	279,833	Note 1
		N.T.U. Innovation Incubation Corporation	-		1,200	12,000	9	12,725	Note 1
2	CHIEF Telecom Inc.	Unigate Telecom Inc.	Subsidiary	Investments accounted for using equity method	200	1,900 (Note 8)	100	1,900	Note 1
		CHIEF Telecom (Hong Kong) Limited	Subsidiary	Investments accounted for using equity method	400	1,247 (Note 8)	100	1,247	Note 1
		Chief International Corp.	Subsidiary	Investments accounted for using equity method	200	7,117 (Note 8)	100	7,117	Note 1
		eASPNet Inc.	-	Financial assets carried at cost	1,000	-	2	-	Note 1
		3 Link Information Service Co., Ltd.	-	Financial assets carried at cost	374	3,450	10	3,450	Note 1
3	Chunghwa System Integration Co., Ltd.	Concord Technology Corp.	Subsidiary	Investments accounted for using equity method	500	13,797 (US$ 407) (Note 8)	100	13,797 (US$ 407)	Note 1
		Cathy Global Aggressive Fund of Fund	-	Available-for-sale financial assets	1,233	15,000	-	10,805	Note 3
		Cathy Global Infrastructure Fund	-	Available-for-sale financial assets	1,418	15,000	-	9,348	Note 3
4	Concord Technology Corp.	Glory Network System Service (Shanghai) Co., Ltd.	Subsidiary	Investments accounted for using equity method	500	13,792 (US$ 407) (Note 8)	100	13,792 (US$ 407)	Note 1
12	Chunghwa Telecom Singapore Pte., Ltd.	ST-2 Satellite Ventures Pte., Ltd.	Equity-method investee	Investments accounted for using equity method	18,102	403,691 (SG$ 18,102)	38	403,489 (SG$ 18,094)	Note 1

Note 1: The net asset values of investees were based on unreviewed financial statements.

Note 2: New Prospect Investments Holdings Ltd. (B.V.I.) and Prime Asia Investments Group Ltd. (B.V.I.) were incorporated in March 2006 and Chunghwa has 100% ownership right in an amount of US$1 in each holding company, but not on operating stage, yet.

Note 3: The net asset values of beneficiary certification (mutual fund) were based on the net asset values on March 31, 2009.

Note 4: Market value was based on the closing price of March 31, 2009.

Note 5: Showing at their original carrying amounts without the adjustments of fair values, except for held-to-maturity financial assets.

Note 6: The net asset values of investees were based on amortized cost.

Note 7: Chunghwa prepaid $285,859 thousand cash of this long-term investment in October 2008. TFC expected not being able to collect enough amount of capital increase, therefore its board of director's meeting, which was held on April 10, 2009, resolved to apply to withdraw the case of capital increase from Financial Supervisory Commission. The related prepayment from its stockholders will be returned within ten days of the approval of withdrawing confirmation from the Financial Supervisory Commission.

Note 8: The amount was eliminated upon consolidation.

(Concluded)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2009
(Amounts in Thousands of New Taiwan Dollars)

No.	Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
						Shares (Thousands/ Thousand Units)	Amount (Note 1)	Shares (Thousands/ Thousand Units)	Amount	Shares (Thousands/ Thousand Units)	Amount	Carrying Value (Note 1)	Gain (Loss) on Disposal	Shares (Thousands/ Thousand Units)	Amount (Note 1)
0	Chunghwa Telecom Co., Ltd.	Beneficiary certificates (mutual fund)													
		Mega Diamond Bond Fund	Available-for-sale financial assets	-	-	-	$ -	126,106	$ 1,500,000	-	$ -	$ -	$ -	126,106	$ 1,500,000
		Polaris De-Li Fund	Available-for-sale financial assets	-	-	97,388	1,500,000	128513	2,000,000	-	-	-	-	225,901	3,500,000
		Fuh-Hwa Bond Fund	Available-for-sale financial assets	-	-	-	-	108,849	1,500,000	-	-	-	-	108,049	1,500,000
		Sinopia Alternative Funds-Global Bond Market Neutral Fund 600	Available-for-sale financial assets	-	-	-	623,332	-	-	-	684,208	647,917	36,291	-	-
		Bonds													
		Taiwan Power Co. 1st Unsecured Bond-B Issue in 2001	Held-to-maturity financial assets	-	-	-	-	-	262,500 (Note 2)	-	-	-	-	-	262,500 (Note 2)
		Formosa Petrochemical Corporation 5th Unsecured Corporate Bonds Issue in 2006	Held-to-maturity financial assets	-	-	-	-	-	200,000 (Note 2)	-	-	-	-	-	200,000 (Note 2)
		Nan Ya Company 3rd Unsecured Corporate Bonds Issue in 2008	Held-to-maturity financial assets	-	-	-	-	-	200,000 (Note 2)	-	-	-	-	-	200,000 (Note 2)
		China Development Financial Holding Corporation 1st Unsecured Corporate Bonds Issue in 2007	Held-to-maturity financial assets	-	-	-	-	-	200,000 (Note 2)	-	-	-	-	-	200,000 (Note 2)
12	Chunghwa Telecom Singapore Pte., Ltd.	Stocks													
		ST-2 Satelite Ventures Pte., Ltd.	Investment accounted for using equipment	-	Equity-method investee	4,735	108,212 (SG$ 4,736)	13,367	302,629 (SG$ 13,366)	-	-	-	-	18,102	403,489 (SG$ 18,094) (Note 3)

Note 1: Showing at their original carrying amounts without adjustments of fair values.

Note 2: Stated at its nominal amounts.

Note 3: The ending balance includes $203 thousand and $7,149 thousand which are investment loss recognized under equity method and cumulative translation adjustments, respectively.

TABLE 3

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2009
(Amounts in Thousands of New Taiwan Dollars)

No.	Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable	
				Purchase/Sale	Amount	% to Total	Payment Terms	Units Price	Payment Terms	Ending Balance (Note 1)	% to Total
0	Chunghwa Telecom Co., Ltd.	Senao International Co., Ltd.	Subsidiary	Purchase	$ 1,394,146 (Notes 3 and 4)	5	30-90 days	(Note 2)	(Note 2)	$ (582,554) (Note 4)	(7)
1	Senao International Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	Sales	1,394,357 (Notes 3 and 4)	28	30-90 days	(Note 2)	(Note 2)	582,554 (Note 4)	46

Note 1: Excluding payment and receipts on behalf of other.

Note 2: Transaction prices were determined in accordance with mutual agreements.

Note 3: The difference was because Chunghwa classified the amount as property, plant and equipment and other current assets.

Note 4: The amount was eliminated upon consolidation.

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2009
(Amounts in Thousands of New Taiwan Dollars)

No.	Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate (Note 1)	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
						Amounts	Action Taken		
0	Chunghwa Telecom Co., Ltd.	Senao International Co., Ltd.	Subsidiary	$ 166,222 (Note 2)	10.01	$ -	-	$ 120	$ -
1	Senao International Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	817,213 (Note 2)	9.57	-	-	3,387	-

Note 1: Payments and receipts on behalf of other are excluded from the accounts receivable for calculating the turnover rate.

Note 2: The amount was eliminated upon consolidation.

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES IN WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE THREE MONTHS ENDED MARCH 31, 2009
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

No.	Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2009			Net Income (Loss) of the Investee	Recognized Gain (Loss) (Notes 1 and 2)	Note
					March 31, 2009	December 31, 2008	Shares (Thousands)	Percentage of Ownership (%)	Carrying Value			
0	Chunghwa Telecom Co., Ltd.	Senao International Co., Ltd.	Sindian City, Taipei	Selling and maintaining mobile phones and its peripheral products	$ 1,065,813	$ 1,065,813	71,773	29	$ 1,412,162 (Note 4)	$ 280,603	$ 81,871 (Note 4)	Subsidiary
		Light Era Development Co., Ltd.	Taipei	Housing, office building development, rent and sale services	3,000,000	3,000,000	300,000	100	2,966,151 (Note 4)	(10,432)	(10,283) (Note 4)	Subsidiary
		Chunghwa Investment Co., Ltd.	Taipei	Investment	980,000	980,000	98,000	49	832,624	1,744	855	Equity-method investee
		Chunghwa Telecom Singapore Pte., Ltd.	Singapore	Telecommunication wholesale, internet transfer services international data and long distance call wholesales to carriers	779,280	779,280	34,869	100	768,879 (Note 4)	(3,263)	(3,263) (Note 4)	Subsidiary
		Chunghwa System Integration Co., Ltd.	Taipei	Providing communication and information aggregative services	838,506	838,506	60,000	100	747,188 (Note 4)	6,646	502 (Note 4)	Subsidiary
		Taiwan International Standard Electronics Co., Ltd.	Taipei	Manufacturing, selling, designing, and maintaining of telecommunications systems and equipment	164,000	164,000	1,760	40	574,203	(69,136)	(19,238)	Equity-method investee
		CHIEF Telecom Inc.	Taipei	Internet communication and internet data center (“IDC”) service	482,165	482,165	37,942	69	432,049 (Note 4)	4,875	4,020 (Note 4)	Subsidiary
		InfoExplorer Co., Ltd.	Banqiae City, Taipei	IT solution provider, IT application consultation, system integration and package solution	283,500	-	22,498	49	280,152 (Note 4)	(3,381)	(3,347) (Note 4)	Subsidiary
		Donghwa Telecom Co., Ltd.	Hong Kong	International telecommunications IP fictitious internet and internet transfer services	201,263	201,263	51,590	100	230,393 (Note 4)	1,373	1,373 (Note 4)	Subsidiary
		Chunghwa Yellow Pages Co., Ltd.	Taipei	Yellow pages sales and advertisement services	150,000	150,000	15,000	100	139,935 (Note 4)	29,390	29,390 (Note 4)	Subsidiary
		Viettel-CHT Co., Ltd.	Vietnam	IDC services	91,239	91,239	3,000	33	96,647	(2,394)	(798)	Equity-method investee
		Skysoft Co., Ltd.	Taipei	Providing of music on-line, software, electronic information, and advertisement services	67,025	67,025	4,438	30	86,594	5,340	1,602	Equity-method investee
		KingWaytek Technology Co., Ltd.	Taipei	Publishing books, data processing and software services	71,770	71,770	1,002	33	74,335	(4,486)	(2,887)	Equity-method investee
		Chunghwa Telecom Global, Inc.	United States	International data and internet services and long distance call wholesales to carriers	70,429	70,429	6,000	100	70,037 (Note 4)	(3,531)	(3,405) (Note 4)	Subsidiary
		Spring House Entertainment Inc.	Taipei	Network services, producing digital entertainment contents and broadband visual sound terrace development	62,209	62,209	5,996	56	46,702 (Note 4)	2,573	1,589 (Note 4)	Subsidiary
		Chunghwa Telecom Japan Ptd., Ltd.	Japan	Telecom business, information process and information provide service, development and sale of software and consulting services in telecommunication	17,291	6,140	1	100	11,902 (Note 4)	(2,525)	(2,525) (Note 4)	Subsidiary
		New Prospect Investments Holdings Ltd. (B.V.I.)	British Virgin Islands	Investment	- (Note 3)	- (Note 3)	-	100	- (Notes 3 and 4)	-	- (Notes 3 and 4)	Subsidiary
		Prime Asia Investments Group Ltd. (B.V.I.)	British Virgin Islands	Investment	- (Note 3)	- (Note 3)	-	100	- (Notes 3 and 4)	-	- (Notes 3 and 4)	Subsidiary
1	Senao International Co., Ltd.	Senao Networks, Inc.	Linkou Hsiang, Taipei	Telecommunication facilities manufactures and sales	206,190	206,190	15,152	44	279,833	27,251	12,118	Equity-method investee

(Continued)

No.	Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2009			Net Income (Loss) of the Investee	Recognized Gain (Loss) (Notes 1 and 2)	Note
					March 31, 2009	December 31, 2008	Shares (Thousands)	Percentage of Ownership (%)	Carrying Value			
2	CHIEF Telecom Inc.	Unigate Telecom Inc.	Taipei	Telecommunication and internet service	$ 2,000	$ 2,000	200	100	$ 1,900 (Note 4)	$ (65)	$ (65) (Note 4)	Subsidiary
		CHIET Telecom (Hong Kong) Limited	Hong Kong	Network communication and engine room hiring	1,678	1,678	400	100	1,247 (Note 4)	(2)	(2) (Note 4)	Subsidiary
		Chief International Corp.	Samoa Islands	Telecommunication and internet service	6,068 (US$ 200)	6,068 (US$ 200)	200	100	7,117 (Note 4)	273	273 (Note 4)	Subsidiary
3	Chunghwa System Integrated Co., Ltd.	Concord Technology Corp.	Brunei	Providing advanced business solutions to telecommunications	16,179 (US$ 500)	16,179 (US$ 500)	500	100	13,797 (US$ 407) (Note 4)	227 (US$ 7)	227 (US$ 7) (Note 4)	Subsidiary
4	Concord Technology Corp.	Glory Network System Service (Shanghai) Co., Ltd.	Shanghai	Providing advanced business solutions to telecommunications	16,179 (US$ 500)	16,179 (US$ 500)	500	100	13,792 (US$ 407) (Note 4)	227 (US$ 7)	227 (US$ 7) (Note 4)	Subsidiary
12	Chunghwa Telecom Singapore Pte., Ltd.	ST-2 Satellite Ventures Ptd., Ltd.	Singapore	Operation of ST-2 telecommunication satellite	410,841 (SG$ 18,102)	108,212 (SG$ 4,735)	18,102	38	403,489 (SG$ 18,094)	(533) ((SG$ 24))	(203) ((SG$ 9))	Equity-method investee

Note 1: The equity in net income (loss) of investees was based on unreviewed financial statements, except Senao International Co., Ltd.

Note 2: The equity in net income (loss) of investees includes amortization between the investment cost and net value and unrealized transactions.

Note 3: New Prospect Investments Holdings Ltd. (B.V.I.) and Prime Asia Investments Group Ltd. (B.V.I.) were incorporated in March 2006 and Chunghwa has 100% ownership right in an amount of US$1 in each holding company, but not on operating stage.

Note 4: The amount was eliminated upon consolidation.

(Concluded)

TABLE 6

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2009
(Amounts in Thousands of New Taiwan Dollars, in Thousands of US Dollars)

Investee	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2009	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2009	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 4)	Carrying Value as of March 31, 2009 (Note 4)	Accumulated Inward Remittance of Earnings as of March 31, 2009
					Outflow	Inflow					
Glory Network System Service (Shanghai) Co., Ltd.	Providing advanced business solutions to telecommunications	$ 16,179 (US$ 500)	Note 1	$ 16,179 (US$ 500)	$ - (US$ -)	$ -	$ 16,179 (US$ 500)	100%	$ 277 (US$ 7)	$ 13,792 (US$ 407)	$ -

Accumulated Investment in Mainland China as of March 31, 2009	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Stipulated by Investment Commission, MOEA
$16,179 (US$500)	$16,179 (US$500)	$392,445 (Note 3)

Note 1: Chunghwa System Integration Co., Ltd. indirectly owns these investees through an investment company registered in a third region.

Note 2: Recognition of investment gains (losses) was calculated based on the investees' unreviewed financial statements.

Note 3: The amount was calculated based on the net assets value of Chunghwa System Integration Co., Ltd.

Note 4: The amount was eliminated upon consolidation.

TABLE 7

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(Amounts in Thousands of New Taiwan Dollars)

	No. (Note 1)	Company Name	Related Party	Nature of Relationship (Note 2)	Transaction Details			
					Financial Statement Account	Amount (Note 5)	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
2009	0	Chunghwa Telecom Co., Ltd.	CHIEF Telecom Inc.	1	Accounts receivable	$ 24,926	-	-
					Accounts payable	46,950	-	-
					Revenues	65,499	-	-
					Operating costs and expenses	77,954	-	-
			Unigate Telecom Inc.	1	Revenues	638	-	-
			Chunghwa International Yellow Pages Co., Ltd.	1	Accounts receivable	26,907	-	-
					Prepaid expenses	9,079	-	-
					Accounts payable	39,542	-	-
					Advances from customers	3,044	-	-
					Payment of receipts under custody	12,943	-	-
					Revenues	4,181	-	-
					Operating costs and expenses	65,011	-	-
			Senao International Co., Ltd.	1	Accounts receivable	166,222	-	-
					Accounts payable	582,554	-	-
					Payment of receipts under custody	234,659	-	-
					Revenues	92,912	-	-
					Other income	4	-	-
					Operating costs and expenses	1,394,146	-	3
					Property, plant and equipment	250	-	-
			Chunghwa System Integration Co., Ltd.	1	Accounts payable	121,005	-	-
					Revenues	3,112	-	-
					Other income	235	-	-
					Operating costs and expenses	85,278	-	-
					Spare parts	13,299	-	-
					Work in process	1,512	-	-
					Property, plant and equipment	47,186	-	-
			Chunghwa Telecom Global, Inc.	1	Accounts receivable	14,857	-	-
					Accounts payable	11,347	-	-
					Payment of receipts under custody	4,577	-	-
					Revenues	15,363	-	-
					Operating costs and expenses	12,113	-	-
			Donghwa Telecom Co., Ltd.	1	Accounts receivable	48,859	-	-
					Accounts payable	12,451	-	-
					Revenues	23,082	-	-
					Operating costs and expenses	33,729	-	-

(Continued)

	No. (Note 1)	Company Name	Related Party	Nature of Relationship (Note 2)	Transaction Details			
					Financial Statement Account	Amount (Note 5)	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
			Spring House Entertainment Inc.	1	Accounts receivable	$ 13,409	-	-
					Accounts payable	1,708	-	-
					Payment of receipts under custody	3,568	-	-
					Revenues	698	-	-
					Operating costs and expenses	16,876	-	-
			Light Era Development Co., Ltd.	1	Accounts payable	494	-	-
					Revenues	1,086	-	-
					Deferred credit	1,485,916	-	-
					Deferred debit	171,897	-	-
			InfoExplorer Co., Ltd.	1	Revenues	194	-	-
					Operating costs and expenses	100	-	-
			Chunghwa Telecom Japan Co., Ltd.	1	Accounts receivable	200	-	-
					Revenues	200	-	-
	1	Senao International Co., Ltd.	Chunghwa Telecom Co., Ltd.	2	Accounts receivable	817,213	-	-
					Accounts payable	166,185	-	-
					Revenues	1,394,357	-	3
					Other income	76	-	-
					Operating costs and expenses	92,912	-	-
					Other expenses	4	-	-
			Chunghwa International Yellow Pages Co., Ltd.	3	Operating costs and expenses	440	-	-
	2	CHIEF Telecom Inc.	Chunghwa Telecom Co., Ltd.	2	Accounts receivable	46,950	-	-
					Accounts payable	24,926	-	-
					Revenues	77,954	-	-
					Operating costs and expenses	65,499	-	-
			Unigate Telecom Inc.	3	Accounts payable	1,024	-	-
					Revenues	9	-	-
					Operating costs and expenses	1,301	-	-
			Chief International Corp.	3	Advances from customers	576	-	-
					Accounts payable	7,743	-	-
					Unearned receipts	59	-	-
					Revenues	4,720	-	-
					Operating costs and expenses	17,115	-	-
	3	Chunghwa System Integration Co., Ltd.	Chunghwa Telecom Co., Ltd.	2	Accounts receivable	121,005	-	-
					Revenues	147,275	-	-
					Operating costs and expenses	3,347	-	-
			Spring House Entertainment Inc.	3	Accounts receivable	87	-	-
					Revenues	384	-	-
			Chunghwa International Yellow Pages Co., Ltd.	3	Accounts receivable	52	-	-
					Revenues	1,380	-	-
			Light Era Development Co., Ltd.	3	Revenues	2	-	-

(Continued)

	No. (Note 1)	Company Name	Related Party	Nature of Relationship (Note 2)	Transaction Details			
					Financial Statement Account	Amount (Note 5)	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
	5	Chunghwa Telecom Global, Inc.	Chunghwa Telecom Co., Ltd.	2	Accounts receivable	$ 15,924	-	-
					Accounts payable	14,857	-	-
					Revenues	12,113	-	-
					Operating costs and expenses	15,363	-	-
	6	Spring House Entertainment Inc.	Chunghwa Telecom Co., Ltd.	2	Accounts receivable	5,276	-	-
					Accounts payable	13,409	-	-
					Revenues	16,876	-	-
					Operating costs and expenses	698	-	-
			Chunghwa System Integration Co., Ltd.	3	Accounts payable	87	-	-
					Property, plant and equipment	384	-	-
	7	Unigate Telecom Inc.	Chunghwa Telecom Co., Ltd.	2	Operating costs and expenses	638	-	-
			CHIEF Telecom Inc.	3	Accounts receivable	1,024	-	-
					Revenue	1,301	-	-
					Operating costs and expenses	9	-	-
	8	Chunghwa International Yellow Pages Co., Ltd.	Chunghwa Telecom Co., Ltd.	2	Accounts receivable	39,542	-	-
					Receivable of receipts under custody	12,943	-	-
					Prepaid expenses	3,044	-	-
					Accounts payable	26,907	-	-
					Unearned receipts	9,079	-	-
					Revenues	65,011	-	-
					Operating costs and expenses	4,181	-	-
			Senao International Co., Ltd.	3	Revenues	440	-	-
			Chunghwa System Integration Co., Ltd.	3	Accounts payable	52	-	-
					Operating costs and expenses	275	-	-
					Property, plant and equipment	1,105	-	-
	9	Donghwa Telecom Co., Ltd.	Chunghwa Telecom Co., Ltd.	2	Accounts receivable	12,451	-	-
					Accounts payable	48,859	-	-
					Revenues	33,729	-	-
					Operating costs and expenses	23,082	-	-
	10	Light Era Development Co., Ltd.	Chunghwa Telecom Co., Ltd.	2	Accounts receivable	494	-	-
					Operating costs and expenses	1,086	-	-
					Inventory	1,573,954	-	-
					Leased assets	83,859	-	-
			Chunghwa System Integration Co., Ltd.	3	Operating costs and expenses	2	-	-
	11	Chief International Corp.	CHIEF Telecom Inc.	3	Accounts receivable	7,743	-	-
					Prepaid expenses	59	-	-
					Unearned receipts	576	-	-
					Revenues	17,115	-	-
					Operating cost and expenses	4,720	-	-

(Continued)

	No. (Note 1)	Company Name	Related Party	Nature of Relationship (Note 2)	Transaction Details			
					Financial Statement Account	Amount (Note 5)	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
	12	InfoExplorer Co., Ltd.	Chunghwa Telecom Co., Ltd.	2	Revenues	$ 100	-	-
					Operating costs and expenses	194	-	-
	13	Chunghwa Telecom Japan Co., Ltd.	Chunghwa Telecom Co., Ltd.	2	Accounts payable	200	-	-
					Operating costs and expenses	200	-	-
2008	0	Chunghwa Telecom Co., Ltd.	CHIEF Telecom Inc.	1	Accounts receivable	12,472	-	-
					Accounts payable	18,106	-	-
					Payment of receipts under custody	427	-	-
					Revenues	43,468	-	-
					Operating cost and expenses	42,886	-	-
			Unigate Telecom Inc.	1	Accounts receivable	58	-	-
					Revenues	163	-	-
			Chunghwa International Yellow Pages Co., Ltd.	1	Accounts receivable	6,773	-	-
					Accounts payable	3,812	-	-
					Revenues	20,544	-	-
					Operating cost and expenses	11,698	-	-
			Senao International Co., Ltd.	1	Accounts receivable	156,628	-	-
					Accounts payable	662,131	-	-
					Payment of receipts under custody	411,631	-	-
					Payables to constructors	13	-	-
					Revenues	609,801	-	1
					Operating cost and expenses	1,635,051	-	3
					Office supplies	119	-	-
			Chunghwa System Integration Co., Ltd.	1	Accounts payable	124,609	-	-
					Payables to constructors	18,180	-	-
					Revenues	1,323	-	-
					Other income	64	-	-
					Operating cost and expenses	56,891	-	-
					Inventory	44,633	-	-
					Property, plant and equipment	120,164	-	-
			Chunghwa Telecom Global, Inc.	1	Accounts receivable	56,807	-	-
					Accounts payable	16,166	-	-
					Payment of receipts under custody	8,345	-	-
					Revenues	40,552	-	-
					Other income	77	-	-
					Operating cost and expenses	11,532	-	-
			Donghwa Telecom Co., Ltd.	1	Operating cost and expenses	4,182	-	-

(Continued)

	No. (Note 1)	Company Name	Related Party	Nature of Relationship (Note 2)	Transaction Details			
					Financial Statement Account	Amount (Note 5)	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
			Spring House Entertainment Inc.	1	Accounts payable	$ 7,351	-	-
					Revenues	402	-	-
					Operating cost and expenses	7,001	-	-
			Light Era Development Co., Ltd.	1	Accounts payable	424	-	-
					Revenues	490	-	-
	1	Senao International Co., Ltd.	Chunghwa Telecom Co., Ltd.	2	Accounts receivable	1,073,775	-	-
					Accounts payable	156,628	-	-
					Revenues	1,635,150	-	3
					Other income	20	-	-
					Operating cost and expenses	609,801	-	1
			Chunghwa International Yellow Pages Co., Ltd.	3	Other income	1	-	-
					Operating cost and expenses	631	-	-
	2	CHIEF Telecom Inc.	Chunghwa Telecom Co., Ltd.	2	Accounts receivable	14,981	-	-
					Prepaid expenses	3,552	-	-
					Accounts payable	12,272	-	-
					Unearned receipts	200	-	-
					Revenues	42,886	-	-
					Operating cost and expenses	43,468	-	-
			Unigate Telecom Inc.	3	Estimated accounts payable	347	-	-
					Revenues	9	-	-
					Operating cost	981	-	-
	3	Chunghwa System Integration Co., Ltd.	Chunghwa Telecom Co., Ltd.	2	Accounts receivable	142,789	-	-
					Revenues	221,688	-	-
					Operating cost and expenses	1,387	-	-
	5	Chunghwa Telecom Global, Inc.	Chunghwa Telecom Co., Ltd.	2	Accounts receivable	24,511	-	-
					Accounts payable	56,807	-	-
					Revenues	11,532	-	-
					Operating cost and expenses	40,629	-	-
	6	Spring House Entertainment Inc..	Chunghwa Telecom Co., Ltd.	2	Accounts receivable	7,351	-	-
					Revenues	7,001	-	-
					Operating cost and expenses	402	-	-
	7	Unigate Telecom Inc.	Chunghwa Telecom Co., Ltd.	2	Accounts payable	58	-	-
					Operating cost and expenses	163	-	-
			CHIEF Telecom Inc.	3	Estimated accounts receivable	347	-	-
					Revenues	981	-	-
					Operating expense	9	-	-

(Continued)

	No. (Note 1)	Company Name	Related Party	Nature of Relationship (Note 2)	Transaction Details			
					Financial Statement Account	Amount (Note 5)	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
	8	Chunghwa International Yellow Pages Co., Ltd.	Chunghwa Telecom Co., Ltd.	2	Accounts receivable	$ 3,812	-	-
					Accounts payable	6,773	-	-
					Revenues	11,698	-	-
					Operating cost and expense	20,544	-	-
			SENAO International Co., Ltd.	3	Revenues	631	-	-
					Other expenses	1	-	-
	9	Donghwa Telecom Co., Ltd.	Chunghwa Telecom Co., Ltd.	2	Revenues	4,182	-	-
	10	Light Era Development Co., Ltd.	Chunghwa Telecom Co., Ltd.	2	Accounts receivable	424	-	-

Note 1: Significant transactions between the Company and its subsidiaries or amount subsidiaries are numbered as follows:

a. “0” for the Company.
b. Subsidiaries are numbered from “1”.

Note 2: Related party transactions are divided into three categories as follows:

a. The Company to subsidiaries.
b. Subsidiaries to the Company.
c. Subsidiaries to subsidiaries.

Note 3: Except part transaction prices of SENAO, CHIEF and CIYP were determined in accordance with mutual agreements, the foregoing transactions with related parties were conducted under normal commercial terms.

Note 4: For assets and liabilities, amount is shown as a percentage to consolidated total assets as of March 31, 2009, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the three months ended March 31, 2009.

Note 5: The amount are eliminated upon consolidation.

(Concluded)