

Chunghwa Telecom Co., Ltd.

**Financial Statements for the
Six Months Ended June 30, 2011 and 2010 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets of Chunghwa Telecom Co., Ltd. as of June 30, 2011 and 2010, and the related statements of income, changes in stockholders' equity and cash flows for the six months ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Viettel-CHT Co., Ltd. and Senao Networks Inc., an equity method investee of SENAIO, as of and for the six months ended June 30, 2011, and Taiwan International Standard Electronics Co., Ltd., Viettel-CHT Co., Ltd. and Senao Networks Inc., an equity method investee of SENAIO, as of and for the six months ended June 30, 2010. The aggregate carrying values of these equity method investees were NT\$329,744 thousand and NT\$864,047 thousand, respectively, as of June 30, 2011 and 2010 and the equity in earnings were NT\$21,237 thousand and NT\$100,723 thousand, respectively, for the six months ended June 30, 2011 and 2010, respectively. The financial statements of Viettel-CHT Co., Ltd. and Senao Networks, Inc. as of and for the six months ended June 30, 2011, and the financial statements of Taiwan International Standard Electronics Co., Ltd., Viettel-CHT Co., Ltd. and Senao Networks, Inc. as of and for the six months ended June 30, 2010, were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these equity method investees, is based solely on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Company as of June 30, 2011 and 2010, and the results of their operations and cash flows for the six months then ended in conformity with the Securities and Exchange Act, the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

We have also audited the consolidated financial statements of the Company and its subsidiaries as of and for the six months ended June 30, 2011 and 2010, and have expressed a modified unqualified opinion on those consolidated financial statements.

/s/ DELOITTE & TOUCHE

Deloitte & Touche
Taipei, Taiwan
The Republic of China

August 5, 2011

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

CHUNGHWA TELECOM CO., LTD.

BALANCE SHEETS

JUNE 30, 2011 AND 2010

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

ASSETS	2011		2010		LIABILITIES AND STOCKHOLDERS' EQUITY	2011		2010	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 75,486,490	17	\$ 87,041,371	20	Financial liabilities at fair value through profit or loss (Notes 2 and 5)	\$ 974	-	\$ 23,656	-
Financial assets at fair value through profit or loss (Notes 2 and 5)	8,615	-	-	-	Trade notes and accounts payable	8,050,983	2	5,724,762	1
Available-for-sale financial assets (Notes 2 and 6)	1,884,513	-	5,599,108	1	Payables to related parties (Note 23)	1,864,578	-	1,536,006	-
Held-to-maturity financial assets (Notes 2 and 7)	2,174,334	1	1,190,089	-	Income tax payable (Notes 2 and 20)	4,527,973	1	4,672,688	1
Trade notes and accounts receivable, net of allowance for doubtful accounts of \$2,472,880 thousand in 2011 and \$2,688,665 thousand in 2010 (Notes 2 and 8)	20,062,171	5	11,191,243	3	Accrued expenses (Note 16)	11,340,929	3	11,169,742	2
Receivables from related parties (Note 23)	830,939	-	305,995	-	Dividends payable (Note 18)	42,854,462	10	39,369,041	9
Other monetary assets (Note 9)	2,571,859	1	2,653,656	1	Other current liabilities (Note 17)	19,260,776	4	15,802,629	4
Inventories, net (Notes 2 and 10)	1,231,929	-	866,496	-	Total current liabilities	87,900,675	20	78,298,524	17
Deferred income tax assets (Notes 2 and 20)	113,148	-	35,636	-	DEFERRED INCOME	2,577,550	-	2,542,574	1
Other current assets (Note 11)	6,190,665	1	5,915,568	1	RESERVE FOR LAND VALUE INCREMENTAL TAX (Note 15)	94,986	-	94,986	-
Total current assets	110,554,663	25	114,799,162	26	OTHER LIABILITIES				
LONG-TERM INVESTMENTS					Accrued pension liabilities (Notes 2 and 22)	1,375,031	1	1,240,197	-
Investments accounted for using equity method (Notes 2 and 12)	11,042,799	2	10,209,904	2	Customers' deposits (Note 23)	5,406,693	1	5,886,625	1
Financial assets carried at cost (Notes 2 and 13)	2,315,474	1	2,294,648	1	Deferred credit - profit on intercompany transactions (Note 23)	966,585	-	1,485,916	1
Held-to-maturity financial assets (Notes 2 and 7)	11,278,945	3	6,948,228	2	Others	269,133	-	396,359	-
Other monetary assets (Notes 14 and 24)	1,000,000	-	1,000,000	-	Total other liabilities	8,017,442	2	9,009,097	2
Total long-term investments	25,637,218	6	20,452,780	5	Total liabilities	98,590,653	22	89,945,181	20
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 15 and 23)					STOCKHOLDERS' EQUITY (Notes 2, 6, 15 and 18)				
Cost					Common stock - \$10 par value;				
Land	101,259,801	23	101,292,062	23	Authorized: 12,000,000 thousand shares				
Land improvements	1,551,502	-	1,538,691	-	Issued: 7,757,447 thousand shares in 2011 and 9,696,808 thousand shares in 2010	77,574,465	18	96,968,082	21
Buildings	65,853,017	15	65,695,722	15	Additional paid-in capital				
Computer equipment	14,523,179	3	15,408,439	3	Capital surplus	169,496,289	38	169,496,289	38
Telecommunications equipment	645,404,022	145	655,365,545	146	Donated capital	13,170	-	13,170	-
Transportation equipment	2,657,185	1	1,972,585	-	Equity in additional paid-in capital reported by equity-method investees	26,891	-	6,742	-
Miscellaneous equipment	6,397,336	1	6,985,801	2	Total additional paid-in capital	169,536,350	38	169,516,201	38
Total cost	837,646,042	188	848,258,845	189	Retained earnings				
Revaluation increment on land	5,762,611	1	5,800,909	1	Legal reserve	66,122,145	15	61,361,255	14
	843,408,653	189	854,059,754	190	Special reserve	2,675,894	-	2,675,894	1
Less: Accumulated depreciation	560,161,398	126	562,610,473	125	Unappropriated earnings	25,131,631	6	24,998,325	5
	283,247,255	63	291,449,281	65	Total retained earnings	93,929,670	21	89,035,474	20
Construction in progress and advances related to acquisition of equipment	12,549,124	3	10,991,199	2	Other adjustments				
Property, plant and equipment, net	295,796,379	66	302,440,480	67	Cumulative translation adjustments	(104,093)	-	12,059	-
INTANGIBLE ASSETS (Note 2)					Unrecognized net loss of pension	(40,617)	-	(44,105)	-
3G concession	5,614,566	1	6,363,175	1	Unrealized gain (loss) on financial instruments	115,408	-	(911,165)	-
Others	456,271	-	347,278	-	Unrealized revaluation increment	5,762,829	1	5,803,446	1
Total intangible assets	6,070,837	1	6,710,453	1	Total other adjustments	5,733,527	1	4,860,235	1
OTHER ASSETS					Total stockholders' equity	346,774,012	78	360,379,992	80
Idle assets (Note 2)	878,896	-	878,896	-					
Refundable deposits	1,556,985	1	1,389,649	-					
Deferred income tax assets (Notes 2 and 20)	403,171	-	342,824	-					
Others (Note 23)	4,466,516	1	3,310,929	1					
Total other assets	7,305,568	2	5,922,298	1					
TOTAL	\$ 445,364,665	100	\$ 450,325,173	100	TOTAL	\$ 445,364,665	100	\$ 450,325,173	100

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

(With Deloitte & Touche audit report dated August 5, 2011)

CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010 (Amounts in Thousands of New Taiwan Dollars, Except Earnings Per Share Data)

	2011		2010	
	Amount	%	Amount	%
NET REVENUES (Note 23)	\$ 95,529,120	100	\$ 91,772,655	100
OPERATING COSTS (Note 23)	<u>51,867,203</u>	<u>54</u>	<u>47,499,697</u>	<u>52</u>
GROSS PROFIT	<u>43,661,917</u>	<u>46</u>	<u>44,272,958</u>	<u>48</u>
OPERATING EXPENSES (Note 23)				
Marketing	12,722,536	13	11,965,629	13
General and administrative	1,759,467	2	1,679,541	2
Research and development	<u>1,645,455</u>	<u>2</u>	<u>1,541,309</u>	<u>2</u>
Total operating expenses	<u>16,127,458</u>	<u>17</u>	<u>15,186,479</u>	<u>17</u>
INCOME FROM OPERATIONS	<u>27,534,459</u>	<u>29</u>	<u>29,086,479</u>	<u>31</u>
NON-OPERATING INCOME AND GAINS				
Equity in earnings of equity method investees, net	1,026,964	1	356,261	1
Gain on disposal of property plant and equipment, net	781,352	1	-	-
Interest income	310,895	-	189,850	-
Gain on disposal of financial instruments, net	38,441	-	-	-
Foreign exchange gain, net	-	-	144,459	-
Others	<u>91,094</u>	<u>-</u>	<u>133,167</u>	<u>-</u>
Total non-operating income and gains	<u>2,248,746</u>	<u>2</u>	<u>823,737</u>	<u>1</u>
NON-OPERATING EXPENSES AND LOSSES				
Foreign exchange loss, net	95,358	-	-	-
Valuation loss on financial instruments, net	26,637	-	34,787	-
Interest expense	60	-	75,472	-
Loss on disposal of financial instruments, net	-	-	18,211	-
Loss on disposal of property, plant and equipment, net	-	-	13,139	-
Others	<u>8,913</u>	<u>-</u>	<u>14,400</u>	<u>-</u>
Total non-operating expenses and losses	<u>130,968</u>	<u>-</u>	<u>156,009</u>	<u>-</u>
INCOME BEFORE INCOME TAX	29,652,237	31	29,754,207	32
INCOME TAX EXPENSES (Notes 2 and 20)	<u>4,521,061</u>	<u>5</u>	<u>4,762,789</u>	<u>5</u>
NET INCOME	<u>\$ 25,131,176</u>	<u>26</u>	<u>\$ 24,991,418</u>	<u>27</u>

(Continued)

CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010

(Amounts in Thousands of New Taiwan Dollars, Except Earnings Per Share Data)

	2011		2010	
	Income Before Income Tax	Net Income	Income Before Income Tax	Net Income
EARNINGS PER SHARE (Note 21)				
Basic earnings per share	<u>\$ 3.79</u>	<u>\$ 3.21</u>	<u>\$ 3.07</u>	<u>\$ 2.58</u>
Diluted earnings per share	<u>\$ 3.78</u>	<u>\$ 3.20</u>	<u>\$ 3.06</u>	<u>\$ 2.57</u>

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

(With Deloitte & Touche audit report dated August 5, 2011)

(Concluded)

CHUNGHWA TELECOM CO., LTD.

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010**

(Amounts in Thousands of New Taiwan Dollars, Except Dividend Per Share Data)

	Common Stock		Additional Paid-in Capital	Retained Earnings			Other Adjustments				Total Stockholders' Equity
	Shares (Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Cumulative Translation Adjustments	Unrecognized Net Loss of Pension	Unrealized Gain (Loss) on Financial Instruments	Unrealized Revaluation Increment	
BALANCE, JANUARY 1, 2011	7,757,447	\$ 77,574,465	\$ 169,515,102	\$ 61,361,255	\$ 2,675,894	\$ 47,615,807	\$ (102,885)	\$ (40,182)	\$ 176,048	\$ 5,803,238	\$ 364,578,742
Adjustment of additional paid-in capital from revaluation of land to income upon disposal	-	-	-	-	-	-	-	-	-	(40,409)	(40,409)
Appropriation of 2010 earnings											
Legal reserve	-	-	-	4,760,890	-	(4,760,890)	-	-	-	-	-
Cash dividends - NT\$5.52 per share	-	-	-	-	-	(42,854,462)	-	-	-	-	(42,854,462)
Net income for the six months ended June 30, 2011	-	-	-	-	-	25,131,176	-	-	-	-	25,131,176
Unrealized loss on financial instruments held by investees	-	-	-	-	-	-	-	-	(75,046)	-	(75,046)
Equity adjustments in investees	-	-	21,248	-	-	-	-	-	-	-	21,248
Cumulative translation adjustment for foreign-currency investments held by investees	-	-	-	-	-	-	(1,208)	-	-	-	(1,208)
Defined benefit pension plan adjustments of investees	-	-	-	-	-	-	-	(435)	-	-	(435)
Unrealized gain on financial instruments	-	-	-	-	-	-	-	-	14,406	-	14,406
BALANCE, JUNE 30, 2011	<u>7,757,447</u>	<u>\$ 77,574,465</u>	<u>\$ 169,536,350</u>	<u>\$ 66,122,145</u>	<u>\$ 2,675,894</u>	<u>\$ 25,131,631</u>	<u>\$ (104,093)</u>	<u>\$ (40,617)</u>	<u>\$ 115,408</u>	<u>\$ 5,762,829</u>	<u>\$ 346,774,012</u>
BALANCE, JANUARY 1, 2010	9,696,808	\$ 96,968,082	\$ 169,509,763	\$ 56,987,241	\$ 2,675,894	\$ 43,749,962	\$ 7,626	\$ (43,750)	\$ (447,129)	\$ 5,803,446	\$ 375,211,135
Appropriation of 2009 earnings											
Legal reserve	-	-	-	4,374,014	-	(4,374,014)	-	-	-	-	-
Cash dividends - NT\$4.06 per share	-	-	-	-	-	(39,369,041)	-	-	-	-	(39,369,041)
Net income for the six months ended June 30, 2010	-	-	-	-	-	24,991,418	-	-	-	-	24,991,418
Unrealized loss on financial instruments held by investees	-	-	-	-	-	-	-	-	(45,861)	-	(45,861)
Equity adjustments in investees	-	-	6,438	-	-	-	-	-	-	-	6,438
Cumulative translation adjustment for foreign-currency investments held by investees	-	-	-	-	-	-	4,433	-	-	-	4,433
Defined benefit pension plan adjustments of investees	-	-	-	-	-	-	-	(355)	-	-	(355)
Unrealized loss on financial instruments	-	-	-	-	-	-	-	-	(418,175)	-	(418,175)
BALANCE, JUNE 30, 2010	<u>9,696,808</u>	<u>\$ 96,968,082</u>	<u>\$ 169,516,201</u>	<u>\$ 61,361,255</u>	<u>\$ 2,675,894</u>	<u>\$ 24,998,325</u>	<u>\$ 12,059</u>	<u>\$ (44,105)</u>	<u>\$ (911,165)</u>	<u>\$ 5,803,446</u>	<u>\$ 360,379,992</u>

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

(With Deloitte & Touche audit report dated August 5, 2011)

CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010 (Amounts in Thousands of New Taiwan Dollars)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 25,131,176	\$ 24,991,418
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for doubtful accounts	77,156	188,941
Depreciation and amortization	15,875,963	17,081,292
Valuation loss on financial instruments, net	26,637	34,787
Amortization of premium of financial assets	28,100	18,075
Loss (gain) on disposal of financial instruments, net	(38,441)	18,211
Loss (gain) on disposal of property, plant and equipment, net	(781,352)	13,139
Equity in earnings of equity method investees, net	(1,026,964)	(356,261)
Dividends received from equity investees	534,662	281,516
Deferred income taxes	(64,431)	80,663
Changes in operating assets and liabilities:		
Financial instruments held for trading	41,460	19,943
Trade notes and accounts receivable	(7,185,263)	(307,209)
Receivables from related parties	(364,517)	77,223
Other current monetary assets	(483,026)	(889,357)
Inventories	(111,906)	320,026
Other current assets	(2,244,716)	(2,568,245)
Trade notes and accounts payable	(1,160,166)	(2,052,643)
Payables to related parties	(467,353)	(300,670)
Income tax payable	116,432	514,702
Accrued expenses	(5,921,226)	(5,330,318)
Other current liabilities	1,922,579	645,279
Deferred income	(11,360)	58,810
Accrued pension liabilities	92,009	32,240
Net cash provided by operating activities	<u>23,985,453</u>	<u>32,571,562</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(3,105,675)	(1,765,364)
Proceeds from disposal of available-for-sale financial assets	2,263,889	12,389,853
Acquisition of held-to-maturity financial assets	(3,697,604)	(3,714,635)
Proceeds from disposal of held-to-maturity financial assets	587,923	587,500
Acquisition of financial assets carried at cost	(10,120)	(68,600)
Acquisition of investments accounted for using equity method	(356,063)	-
Return of capital on investments accounted for by the equity method	815,827	-
Acquisition of property, plant and equipment	(9,769,858)	(9,247,910)
Proceeds from disposal of property, plant and equipment	647,987	13,609
Increase in intangible assets	(132,540)	(47,561)
Increase in other assets	(686,096)	(2,514,433)
Net cash used in investing activities	<u>(13,442,330)</u>	<u>(4,367,541)</u>

(Continued)

CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010 (Amounts in Thousands of New Taiwan Dollars)

	2011	2010
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in customers' deposits	\$ (365,866)	\$ (30,466)
Increase in other liabilities	2,325	171,245
Capital reduction	<u>(19,393,617)</u>	<u>(9,696,808)</u>
Net cash used in financing activities	<u>(19,757,158)</u>	<u>(9,556,029)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(9,214,035)	18,647,992
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>84,700,525</u>	<u>68,393,379</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 75,486,490</u>	<u>\$ 87,041,371</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ 60</u>	<u>\$ 14</u>
Income tax paid	<u>\$ 4,469,060</u>	<u>\$ 4,167,424</u>
NON-CASH FINANCING ACTIVITIES		
Dividends payable	<u>\$ 42,854,462</u>	<u>\$ 39,369,041</u>
CASH AND NON-CASH INVESTING ACTIVITIES		
Increase in property, plant and equipment	\$ 10,899,799	\$ 8,409,882
Payables to suppliers	<u>(1,129,941)</u>	<u>838,028</u>
	<u>\$ 9,769,858</u>	<u>\$ 9,247,910</u>

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

(With Deloitte & Touche audit report dated August 5, 2011)

(Concluded)

CHUNGHWA TELECOM CO., LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010

(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 and Global System for Mobile Communications (GSM) 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.

As of June 30, 2011 and 2010, the Company had 24,505 and 24,277 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in conformity with the Securities and Exchange Act, the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law, Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the ROC (“ROC GAAP”). The significant accounting policies are summarized as follows:

Foreign-currency Transactions

Foreign-currency transactions other than derivative contracts 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.

At the balance sheet date, foreign-currency nonmonetary assets (such as equity instruments) and liabilities that are measured at fair value are revalued using prevailing exchange rates. When a gain or loss on a nonmonetary item is recognized in stockholders' equity, any exchange component of that gain or loss shall be recognized in stockholders' equity. Conversely, when a gain or loss on a non-monetary item is recognized in earnings, any exchange component of that gain or loss shall be recognized in earnings.

Foreign-currency nonmonetary assets and liabilities that are carried at cost continue to be stated at exchange rates at trade dates.

The financial statements of foreign equity investees and consolidated subsidiaries are translated into New Taiwan dollars at the following exchange rates. Assets and liabilities - spot rates at year-end; stockholders' equity - historical rates, income and expenses - average rates during the year.

The resulting translation adjustments of financial statements shall be recorded as cumulative translation adjustments, a separate component of stockholders' equity.

Accounting Estimates

Under above guidelines, law and principles, certain estimates and assumptions have been used for the allowance for doubtful accounts, allowance for loss on inventories, depreciation of property, plant and equipment, impairment of assets, bonuses to employees, directors and supervisors, pension cost, income tax, etc. Actual results may differ from these estimates.

Classification of Current and Noncurrent Assets and Liabilities

Current assets include cash and cash equivalents, and those assets held primarily for trading purposes or to be realized, sold or consumed within one year from the balance sheet date. All other assets are classified as noncurrent. Current liabilities are obligations incurred for trading purposes or to be settled within one year from the balance sheet date. All other liabilities are classified as noncurrent.

Cash Equivalents

Cash equivalents are commercial paper and treasury bills 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 at 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 loses 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 purchases or sales of financial assets are accounted for using trade date accounting.

Derivatives that do not meet the criteria for hedge accounting are 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.

Fair values of financial assets and financial liabilities at the balance sheet date are determined as follows: Swap contracts are estimated by valuation techniques.

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 the same with 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.

Financial Assets Carried at Cost

Investments in equity instruments with no quoted prices in an active market and with fair values that cannot be reliably measured, such as non-publicly traded stocks and stocks traded in the Emerging Stock Market, are measured at their original cost. The accounting treatment for dividends on financial assets carried at cost is the same with that for dividends on available-for-sale financial assets. An impairment loss is recognized when there is objective evidence that the asset is impaired. A reversal of this impairment loss is disallowed.

Impairment of Accounts Receivable

An allowance for doubtful accounts is provided on the basis of a review of the collectibility of accounts receivable before January 1, 2011. The Company assesses the probability of collections of accounts receivable by examining the aging analysis of the outstanding receivables and assessing the value of the collateral provided by customers.

On January 1, 2011, the Company adopted the third-time revised Statement of Financial Accounting Standards (SFAS) No. 34, "Financial Instruments: Recognition and Measurement." One of the main revisions is that the impairment of receivables originated by the Company should be covered by SFAS No. 34. Accounts receivable are assessed for impairment at the end of each reporting period and considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the accounts receivable, the estimated future cash flows of the asset have been affected.

The amount of the impairment loss recognized is the difference between the asset carrying amount and the present value of estimated future cash flows, after taking into account the related collateral and guarantees, discounted at the receivable's original effective interest rate.

The carrying amount of the accounts receivable is reduced through the use of an allowance account.

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. The calculation of the cost of inventory is derived using the weighted average method.

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 the Company exercises significant influence over these equity 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 the Chunghwa's ownership percentages in the investees until they are realized through transactions with third parties.

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.

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 - 10 to 60 years; computer equipment - 2 to 10 years; telecommunications equipment - 6 to 15 years; transportation equipment - 5 to 10 years; and miscellaneous equipment - 3 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 is recorded as non-operating gains or losses in the period of sale or disposal.

Intangible Assets

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

The 3G Concession is valid through December 31, 2018. The 3G Concession is 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.

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 for intangible assets, 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 defined benefit pension plans, net periodic pension benefit cost is recorded in the statement of income and includes service cost, interest cost, expected return on plan assets, amortization of prior service costs, amortization of pension gains (losses) and curtailment or settlement gains (losses).

The Company recognizes into income, any unrecognized actuarial net gains or losses that exceed 10% of the larger of projected benefit obligations or plan assets, defined as the “corridor”. Amounts inside this 10% corridor are amortized over the average remaining service life of active plan participants. Actuarial net gains and losses occur when actual experience differs from any of the many assumptions used to value the plans. Differences between the expected and actual returns on plan assets and changes in interest rate, which affect the discount rate used to value projected plan obligations, can have a significant impact on the calculation of pension net gains and losses from year to year.

The curtailments and settlement gains (losses) resulted from Chunghwa’s early retirement programs. Curtailment/settlement gains or losses are equal to the changes of underfunded status plus a pro rata portion of the unrecognized prior service cost, unrecognized net gains (losses), and unrecognized transition obligations/assets, before the settlement/curtailment event multiplied by the percentage reduction in projected benefit obligation.

The projected benefit obligation represents the actuarial present value of benefits expected to be paid upon retirement based on estimated future compensation levels.

The carrying amount of accrued pension liability should be the sum of the following amounts when the calculation is positive: (a) projected benefit obligation as of balance sheet date, (b) minus (plus) unamortized actuarial loss (gain), (c) minus unamortized prior service cost, and (d) minus the fair value of plan assets. If the amount determined by above calculation is negative, it is viewed as prepaid pension cost. The prepaid pension cost is measured at the lower of: (a) the amount determined above, and (b) the sum of the following amounts: (i) unamortized actuarial loss, (ii) unamortized prior service cost, and (iii) the present value of refunds from the plan or reductions in future contributions to the plan.

The measurement of benefit obligations and net periodic cost (income) is based on estimates and assumptions approved by the Company’s management such as compensation, age and seniority, as well as certain assumptions, including estimates of discount rates, expected return on plan assets and rate of compensation increases.

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.

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, research and development 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.

Revenue Recognition

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.

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 are 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.

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.

3. EFFECT OF CHANGES IN ACCOUNTING PRINCIPLE

The Company adopted the newly-revised Statements of Financial Accounting Standards No. 34, "Financial Instruments," ("SFAS No. 34") beginning from January 1, 2011. When an enterprise adopts the revised provisions, the initial recognition of loans and receivables shall be accounted for under SFAS No. 34. There is no effect on the net income and after-tax basic earnings per share for the six months ended June 30, 2011.

4. CASH AND CASH EQUIVALENTS

	<u>June 30</u>	
	<u>2011</u>	<u>2010</u>
Cash		
Cash on hand	\$ 69,632	\$ 84,234
Bank deposits	2,832,687	3,787,544
Negotiable certificate of deposit, annual yield rate - ranging from 0.63%-0.84% and 0.37%-0.45% for 2011 and 2010, respectively	<u>65,750,000</u>	<u>69,600,000</u>
	<u>68,652,319</u>	<u>73,471,778</u>
Cash equivalents		
Commercial paper, annual yield rate - ranging from 0.56%-0.57% and 0.25%-0.28% for 2011 and 2010, respectively	5,495,439	9,987,330
Treasury bills, annual yield rate - ranging from 0.56% and 0.25%-0.28% for 2011 and 2010, respectively	<u>1,338,732</u>	<u>3,582,263</u>
	<u>6,834,171</u>	<u>13,569,593</u>
	<u>\$ 75,486,490</u>	<u>\$ 87,041,371</u>

As of June 30, 2011 and 2010, foreign deposits in bank were as follows:

	<u>June 30</u>	
	<u>2011</u>	<u>2010</u>
United States of America - New York (US\$668 thousand and US\$1,188 thousand for 2011 and 2010, respectively)	<u>\$ 19,199</u>	<u>\$ 38,374</u>

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

	<u>June 30</u>	
	<u>2011</u>	<u>2010</u>
Derivatives - financial assets		
Currency swap contracts	<u>\$ 8,615</u>	<u>\$ -</u>
Derivatives - financial liabilities		
Currency swap contracts	<u>\$ 974</u>	<u>\$ 23,656</u>

Chunghwa entered into currency swap contracts to reduce its exposure to foreign currency risk and variability in operating results due to fluctuations in exchange rates and stock prices. However, these derivatives do not meet the criteria for hedge accounting and were classified as financial assets or financial liabilities held for trading.

Outstanding currency swap contracts as of June 30, 2011 and 2010 were as follows:

	Currency	Maturity Period	Contract Amount (In Thousands)
<u>June 30, 2011</u>			
Currency swap contracts	US\$/NT\$	2011.07, 09	US\$52,000/NT\$1,505,348
	US\$/NT\$	2011.08	US\$10,000/NT\$286,899

(Continued)

	Currency	Maturity Period	Contract Amount (In Thousands)
<u>June 30, 2010</u>			
Currency swap contracts	US\$/NT\$	2010.07	US\$45,000/NT\$1,426,395 (Concluded)

Net gain (loss) arising from financial assets and liabilities at fair value through profit or loss for the six months ended June 30, 2011 and 2010 were \$14,823 thousand (including realized settlement gain of \$41,460 thousand and valuation loss of \$26,637 thousand) and \$(10,390) thousand (including realized settlement gain of \$19,943 thousand and valuation loss of \$30,333 thousand), respectively.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30	
	2011	2010
Open-end mutual funds	\$ 1,884,513	\$ 5,525,810
Domestic listed stocks	<u>-</u>	<u>73,298</u>
	<u>\$ 1,884,513</u>	<u>\$ 5,599,108</u>

Movements of unrealized gain (loss) on available-for-sale financial assets were as follows:

	Six Months Ended June 30	
	2011	2010
Balance, beginning of period	\$ (20,542)	\$ (466,803)
Recognized in stockholders' equity	12,228	(456,329)
Transferred to profit or loss	<u>2,178</u>	<u>38,154</u>
Balance, end of period	<u>\$ (6,136)</u>	<u>\$ (884,978)</u>

7. HELD-TO-MATURITY FINANCIAL ASSETS

	June 30	
	2011	2010
Corporate bonds, nominal interest rate ranging from 1.20%-2.95% and 0.77%-4.75% for 2011 and 2010, respectively; effective interest rate ranging from 1.00%-2.95% and 0.50%-2.95% for 2011 and 2010, respectively	\$ 12,346,982	\$ 7,639,850
Bank debentures, nominal interest rate ranging from 1.37%-2.11% and 1.87%-2.11% for 2011 and 2010, respectively; effective interest rate ranging from 1.25%-2.45% and 1.14%-2.90% for 2011 and 2010, respectively	<u>1,106,297</u>	<u>498,467</u>
	13,453,279	8,138,317
Less: Current portion	<u>2,174,334</u>	<u>1,190,089</u>
	<u>\$ 11,278,945</u>	<u>\$ 6,948,228</u>

8. ALLOWANCE FOR DOUBTFUL ACCOUNTS

	Six Months Ended June 30	
	2011	2010
Balance, beginning of period	\$ 2,528,044	\$ 2,774,868
Provision for doubtful accounts	71,275	181,291
Accounts receivable written off	<u>(126,439)</u>	<u>(267,494)</u>
Balance, end of period	<u>\$ 2,472,880</u>	<u>\$ 2,688,665</u>

9. OTHER CURRENT MONETARY ASSETS

	June 30	
	2011	2010
Dividend receivable	\$ 491,495	\$ 260,996
Accrued custodial receipts from other carriers	8,575	498,910
Other	<u>2,071,789</u>	<u>1,893,750</u>
	<u>\$ 2,571,859</u>	<u>\$ 2,653,656</u>

10. INVENTORIES, NET

	June 30	
	2011	2010
Merchandise	\$ 386,966	\$ 501,738
Work in process	<u>844,963</u>	<u>364,758</u>
	<u>\$ 1,231,929</u>	<u>\$ 866,496</u>

The operating costs related to inventories were \$5,418,571 thousand (including the valuation loss on inventories of \$232,613 thousand) and \$4,130,733 thousand (including the valuation loss on inventories of \$56,294 thousand) for the six months ended June 30, 2011 and 2010, respectively.

11. OTHER CURRENT ASSETS

	June 30	
	2011	2010
Spare parts	\$ 2,556,054	\$ 2,264,197
Prepaid expenses	2,537,791	2,499,809
Prepaid rents	796,355	909,320
Miscellaneous	<u>300,465</u>	<u>242,242</u>
	<u>\$ 6,190,665</u>	<u>\$ 5,915,568</u>

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	June 30			
	2011		2010	
	Carrying Amount	% of Owner- ship	Carrying Amount	% of Owner- ship
Listed				
Senao International Co., Ltd. (“SENAO”)	\$ 1,330,533	28	\$ 1,263,026	28
Non-listed				
Light Era Development Co., Ltd. (“LED”)	3,522,010	100	2,891,613	100
Chunghwa Investment Co., Ltd. (“CHI”)	1,914,178	89	1,653,215	89
Chunghwa System Integration Co., Ltd. (“CHSI”)	694,042	100	707,252	100
Chunghwa Telecom Singapore Pte., Ltd. (“CHTS”)	615,496	100	1,426,836	100
Taiwan International Standard Electronics Co., Ltd. (“TISE”)	548,719	40	508,841	40
CHIEF Telecom Inc. (“CHIEF”)	523,632	69	486,227	69
Donghwa Telecom Co., Ltd. (“DHT”)	502,560	100	239,338	100
International Integrated System, Inc. (IISI)	251,264	33	251,982	49
Viettel-CHT Co., Ltd. (“Viettel-CHT”)	245,265	30	273,140	30
Chunghwa International Yellow Pages Co., Ltd. (“CIYP”)	179,849	100	176,704	100
Prime Asia Investments Group Ltd. (B.V.I.) (“Prime Asia”)	164,699	100	-	100
Dian Zuan Integrating Marketing Co., Ltd. (“DZIM”)	112,079	40	-	-
Skysoft Co., Ltd. (“SKYSOFT”)	97,455	30	87,234	30
Spring House Entertainment Tech. Inc. (“SHE”)	91,142	56	64,866	56
Chunghwa Telecom Global, Inc. (“CHTG”)	72,129	100	75,974	100
KingWaytek Technology Co., Ltd. (“KWT”)	66,243	33	64,834	33
Chunghwa Telecom Vietnam Co., Ltd. (“CHTV”)	41,161	100	-	-
So-net Entertainment Taiwan Co., Ltd. (“So-net”)	31,532	30	26,155	30
Chunghwa Telecom Japan Co., Ltd. (“CHTJ”)	18,411	100	12,667	100
New Prospect Investments Holdings Ltd. (B.V.I.) (“New Prospect”)	-	100	-	100
	<u>9,691,866</u>		<u>8,946,878</u>	
Long term prepaid investment				
Chunghwa Sochamp Technology Inc. (“CHST”)	<u>20,400</u>	-	-	-
	<u>\$ 11,042,799</u>		<u>\$ 10,209,904</u>	

Chunghwa Telcom Singapore Pte., Ltd. reduced its capital by \$815,827 thousand in March 2011. The reduction amount was received by Chunghwa on March 17, 2011.

Chunghwa increased its investment in Donghwa Telecom Co., Ltd. (“DHT”) for \$320,740 thousand in August 2010. DHT engages mainly in international telecommunications, IP fictitious internet and internet transfer services.

InfoExplorer Co., Ltd. (“IFE”) issued new shares as the consideration to merge with International Integrated System Inc. and e-ToYou International, Inc. on April 1, 2011. After the merger, IFE became the surviving entity and was renamed as International Integrated System, Inc. (IISI). International Integrated System, Inc. and e-ToYou International, Inc. were dissolved. As a result of the additional shares being issued by IFE in connection with this transaction, Chunghwa’s ownership interest in IISI decreased from 49% to 33% after the merger, and following the stockholders’ meeting of IISI on June 24, 2011, Chunghwa lost control of the board of directors. Due to this loss of control, IISI was deconsolidated and going forward the investment is accounted for as an equity method investment.

Chunghwa increased its investment in Prime Asia Investments Group Ltd. (B.V.I.) (“Prime Asia”) by \$177,176 thousand in March 2011. Prime Asia is operating as an investment company.

Chunghwa, President Chain Store Corporation and EasyCard Corporation established a joint venture, DZIM, in May 2011. Chunghwa invested \$114,640 thousand cash and held 40% ownership of DZIM. DZIM engages mainly in information technology service and general advertisement service.

Chunghwa has established Chunghwa Telecom Vietnam Co., Ltd. (“CHTV”) in May 2011. by investing \$43,847 thousand cash. CHTV engages mainly in providing information and communications technology, international circuit, and intelligent energy network service.

Chunghwa has established New Prospect Investments Holdings Ltd. (B.V.I.) (“New Prospect”) in March 2006, but not on operation stage yet. The holding company is operating as investment company and Chunghwa has 100% ownership right in an amount of US\$1 in the holding company.

Chunghwa has prepaid \$20,400 thousand cash to invest in Chunghwa Sochamp Technology Inc. (“CHST”) in June 2011. The ownership of CHST is 51%. CHST has completed the registration procedure on July 1, 2011. CHST mainly engages in license plate recognition system.

Market value of the listed investment accounted for using equity method calculated at its closing prices as of June 30, 2011 and 2010 was \$9,258,737 thousand and \$3,703,495 thousand, respectively.

The details of equity in earnings and losses of equity method investees were as follows:

	Six Months Ended June 30	
	2011	2010
Light Era Development Co., Ltd. (“LED”)	\$ 550,536	\$ (35,064)
Senao International Co., Ltd. (“SENAO”)	185,867	175,160
Others	<u>290,561</u>	<u>216,165</u>
	<u>\$ 1,026,964</u>	<u>\$ 356,261</u>

The equity in earnings and losses for the six months ended June 30, 2011 and 2010 were based on the audited financial statements.

All accounts of Chunghwa’s subsidiaries were included in Chunghwa’s consolidated financial statements.

13. FINANCIAL ASSETS CARRIED AT COST

	June 30			
	2011		2010	
	Carrying Amount	% of Owner- ship	Carrying Amount	% of Owner- ship
Non-listed				
Taipei Financial Center Corp. (“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	8	127,018	11
iD Branding Ventures (“iDBV”)	75,000	8	75,000	8
Innovation Works Development Fund, L.P. (“IWDF”)	38,035	6	38,035	13
RPTI Intergroup International Ltd. (“RPTI”)	34,500	10	34,500	10
Innovation Works Limited (“IW”)	31,391	2	10,565	2
CQi Energy Infocom Inc. (“CQi”)	20,000	18	20,000	18
Essence Technology Solution, Inc. (“ETS”)	-	7	-	9
	<u>\$ 2,315,474</u>		<u>\$ 2,294,648</u>	

Chunghwa invested in IWDF for \$38,035 thousand in June 2010. IWDF invests mainly in start-up companies of E-commerce, mobile internet and cloud computing, etc.

Chunghwa invested in IW for \$10,565 thousand, \$10,706 thousand and \$10,120 thousand in June 2010, July 2010 and January 2011, respectively. IW invests mainly in start-up companies and mentors such companies in the E-commerce, mobile internet and cloud computing fields, etc.

Chunghwa invested in CQi for \$20,000 thousand in June 2010. CQi engages mainly in intelligent energy network management services.

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

	June 30	
	2011	2010
Piping Fund	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

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 were used to finance various telecommunications infrastructure projects.

15. PROPERTY, PLANT AND EQUIPMENT

	June 30	
	2011	2010
Cost		
Land	\$ 101,259,801	\$ 101,292,062
Land improvements	1,551,502	1,538,691
Buildings	65,853,017	65,695,722
Computer equipment	14,523,179	15,408,439
Telecommunications equipment	645,404,022	655,365,545
Transportation equipment	2,657,185	1,972,585
Miscellaneous equipment	<u>6,397,336</u>	<u>6,985,801</u>
Total cost	837,646,042	848,258,845
Revaluation increment on land	<u>5,762,611</u>	<u>5,800,909</u>
	<u>843,408,653</u>	<u>854,059,754</u>
Accumulated depreciation		
Land improvements	1,023,327	978,932
Buildings	18,989,364	17,860,557
Computer equipment	10,936,268	11,939,517
Telecommunications equipment	522,449,777	524,159,918
Transportation equipment	1,497,528	1,739,103
Miscellaneous equipment	<u>5,265,134</u>	<u>5,932,446</u>
	<u>560,161,398</u>	<u>562,610,473</u>
Construction in progress and advances related to acquisition of equipment	<u>12,549,124</u>	<u>10,991,199</u>
Property, plant and equipment, net	<u>\$ 295,796,379</u>	<u>\$ 302,440,480</u>

Pursuant to the related regulations, Chunghwa revalued its land owned as of April 30, 2000 based on the publicly announced values 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 stockholder's 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 stockholder's equity - other adjustments. As of June 30, 2011, the unrealized revaluation increment was decreased to \$5,762,829 thousand by disposal of revaluation assets.

Depreciation on property, plant and equipment for the six months ended June 30, 2011 and 2010 was \$15,242,326 thousand and \$16,500,893 thousand, respectively. No interest expense was capitalized for the six months ended June 30, 2011 and 2010.

16. ACCRUED EXPENSES

	<u>June 30</u>	
	<u>2011</u>	<u>2010</u>
Accrued salary and compensation	\$ 4,021,788	\$ 4,109,125
Accrued employees' bonuses and remuneration to directors and supervisors	3,242,904	2,822,183
Accrued franchise fees	1,198,012	1,139,941
Accrued maintenance fees	788,968	543,722
Other accrued expenses	<u>2,089,257</u>	<u>2,554,771</u>
	<u>\$ 11,340,929</u>	<u>\$ 11,169,742</u>

17. OTHER CURRENT LIABILITIES

	<u>June 30</u>	
	<u>2011</u>	<u>2010</u>
Advances receipts	\$ 9,998,973	\$ 6,638,287
Payables to equipment suppliers	1,818,164	1,520,387
Payables to contractors	1,776,213	1,472,126
Amounts collected in trust for others	1,310,918	2,294,417
Refundable customers' deposits	1,178,068	1,067,024
Miscellaneous	<u>3,178,440</u>	<u>2,810,388</u>
	<u>\$ 19,260,776</u>	<u>\$ 15,802,629</u>

18. STOCKHOLDERS' EQUITY

Under Chunghwa's Articles of Incorporation, Chunghwa's authorized capital is \$120,000,000,000 which is divided into 12,000,000,000 common shares (at \$10 par value per share), among which 7,757,447 shares are issued and outstanding as of June 30, 2011.

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 June 30, 2011, the outstanding ADSs were 527,503 thousand common shares, which equaled approximately 52,750 thousand units and represented 6.80 % 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 NT\$0.10 per share, such cash dividend shall be distributed in the form of common shares.

For the six months ended June 30, 2011 and 2010, 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 significantly 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 amounts and the amounts resolved in the shareholders' meeting is charged to the earnings of the following year as a result of change of 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 2010 and 2009 earnings of Chunghwa have been approved by the stockholders on June 24, 2011 and June 18, 2010 as follows:

	<u>Appropriation of Earnings</u>		<u>Dividend Per Share</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Legal reserve	\$ 4,760,890	\$ 4,374,014		
Cash dividends	42,854,462	39,369,041	\$ 5.52	\$ 4.06

The amounts for bonuses to employees and remuneration to directors and supervisors approved in the stockholders' meeting on June 24, 2011, were \$2,144,074 thousand and \$45,044 thousand paid by cash, respectively. There was no difference between the initial accrual amounts and the amounts resolved in stockholders' meeting of the aforementioned bonuses to employees and the remuneration to directors and supervisors.

The amounts for bonuses to employees and remuneration to directors and supervisors approved in the stockholders' meeting on June 18, 2010, were \$1,800,929 thousand and \$41,211 thousand paid by cash, respectively. There was no difference between the initial accrual amounts and the amounts resolved in stockholders' meeting of the aforementioned bonuses to employees and the remuneration to directors and supervisors.

Information on the appropriation of Chunghwa's 2010 earnings, employees bonuses and remuneration to directors and supervisors resolved by the board of directors and approved by the stockholders is available at the Market Observation Post System website.

The stockholders, at the stockholders' meeting held on June 18, 2010, resolved to reduce the amount of \$19,393,617 thousand in capital of Chunghwa by a cash distribution to its stockholders. The abovementioned 2010 capital reduction proposal was effectively registered with FSC. The board of directors of Chunghwa were authorized to designate the record date of capital reduction as of October 26, 2010. Subsequently, the stock transfer date of capital reduction was January 15, 2011. The amount due to stockholders for capital reduction was \$19,393,617 thousand and such cash payment to stockholders was made in January 2011.

The stockholders, at a meeting held on June 19, 2009, resolved to transfer capital surplus in the amount of \$9,696,808 thousand to common capital stock. The abovementioned 2009 capital increase proposal was effectively registered with FSC. The board of directors authorized the chairman of directors to decide the ex-dividend date of the aforementioned proposal and the chairman decided the ex-dividend date as August 9, 2009.

The stockholders, at the stockholders' meeting held on June 19, 2009, 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 abovementioned 2009 capital reduction proposal was effectively approved by FSC. The board of directors of Chunghwa further authorized the chairman of board of directors of Chunghwa to designate the record date of capital reduction as of October 26, 2009. Subsequently, common capital stock was reduced by \$9,696,808 thousand and the stock transfer date of capital reduction was January 28, 2010. The amount due to stockholders for capital reduction was paid in February 2010.

19. COMPENSATION, DEPRECIATION AND AMORTIZATION EXPENSES

	Six Months Ended June 30, 2011		
	Operating Costs	Operating Expenses	Total
Compensation expense			
Salaries	\$ 5,931,656	\$ 4,235,200	\$ 10,166,856
Insurance	518,207	371,215	889,422
Pension	853,227	580,198	1,433,425
Other compensation	<u>4,745,163</u>	<u>3,299,851</u>	<u>8,045,014</u>
	<u>\$ 12,048,253</u>	<u>\$ 8,486,464</u>	<u>\$ 20,534,717</u>
Depreciation expense	<u>\$ 14,428,537</u>	<u>\$ 813,789</u>	<u>\$ 15,242,326</u>
Amortization expense	<u>\$ 569,871</u>	<u>\$ 63,766</u>	<u>\$ 633,637</u>

	Six Months Ended June 30, 2010		
	Operating Costs	Operating Expenses	Total
Compensation expense			
Salaries	\$ 6,056,874	\$ 4,198,957	\$ 10,255,831
Insurance	495,741	344,126	839,867
Pension	836,712	557,955	1,394,667
Other compensation	<u>4,647,825</u>	<u>3,213,702</u>	<u>7,861,527</u>
	<u>\$ 12,037,152</u>	<u>\$ 8,314,740</u>	<u>\$ 20,351,892</u>
Depreciation expense	<u>\$ 15,663,186</u>	<u>\$ 837,707</u>	<u>\$ 16,500,893</u>
Amortization expense	<u>\$ 503,300</u>	<u>\$ 77,099</u>	<u>\$ 580,399</u>

20. INCOME TAX

- a. A reconciliation between income tax expense computed by applying the statutory income tax rate to income before income tax and income tax payable is as follows:

	Six Months Ended June 30	
	2011	2010
Income tax expense computed at statutory income tax rate	\$ 5,040,880	\$ 5,058,215
Add (deduct) tax effects of:		
Permanent differences	(302,126)	(66,648)
Temporary differences	23,867	(18,836)
10% undistributed earnings tax	45	1,286
Investment tax credits	<u>(208,152)</u>	<u>(289,949)</u>
Income tax payable	<u>\$ 4,554,514</u>	<u>\$ 4,684,068</u>

- b. Income tax expense consists of the following:

	Six Months Ended June 30	
	2011	2010
Income tax payable	\$ 4,554,514	\$ 4,684,068
Income tax - separated	10,506	3,688
Income tax - deferred	(64,431)	80,663
Adjustments of prior years' income tax	<u>20,472</u>	<u>(5,630)</u>
	<u>\$ 4,521,061</u>	<u>\$ 4,762,789</u>

In May 2010, the Legislative Yuan passed the amendment of Article 5 of the Income Tax Law, which reduces the income tax rate of profit-seeking enterprises from 20% to 17%, effective January 1, 2010. After the Legislative Yuan passed the amendment of Article 5 of the Income Tax Law, Chunghwa recalculated its deferred income tax assets and liabilities in accordance with the amended Article and recorded the resulting difference as an income tax expense or benefit.

Under Article 10 of the Statute for Industrial Innovation (SII) passed by the Legislative Yuan in April 2010, a profit-seeking enterprise may deduct up to 15% of its research and development expenditures from its income tax payable for the fiscal year in which these expenditures are incurred, but this deduction should not exceed 30% of the income tax payable for that fiscal year. This incentive took effect from January 1, 2010 and is effective till December 31, 2019.

c. Net deferred income tax assets (liabilities) consists of the following:

	June 30	
	2011	2010
Current		
Provision for doubtful accounts	\$ 194,344	\$ 290,142
Unrealized accrued expense	50,312	56,167
Unrealized foreign exchange loss (gain)	14,424	(36,839)
Valuation gain on financial instruments, net	(1,299)	(1,890)
Other	<u>49,711</u>	<u>18,198</u>
	307,492	325,778
Valuation allowance	<u>(194,344)</u>	<u>(290,142)</u>
Net deferred income tax assets - current	<u>\$ 113,148</u>	<u>\$ 35,636</u>
Noncurrent		
Accrued pension cost	\$ 314,144	\$ 291,222
Impairment loss	61,355	51,602
Abandonment of equipment not approved by National Tax Administration	<u>27,672</u>	<u>-</u>
Net deferred income tax assets - noncurrent	<u>\$ 403,171</u>	<u>\$ 342,824</u>

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

	June 30	
	2011	2010
Balance of Imputation Credit Account (ICA)	<u>\$ 8,934,216</u>	<u>\$ 11,589,546</u>

The actual creditable ratios distribution of Chunghwa's of 2010 and 2009 for earnings were 18.76% and 26.49%, respectively.

e. Undistributed earnings information

As of June 30, 2011 and 2010, there is no earnings generated prior to June 30, 1998 in Chunghwa's undistributed earnings.

Income tax returns through the year ended December 31, 2006 have been examined by the ROC tax authorities.

21. EARNINGS PER SHARE

EPS was calculated as follows:

	<u>Amount (Numerator)</u>		<u>Weighted- average Number of Common Shares Outstanding (Denominator)</u>	<u>Earnings Per Share (Dollars)</u>	
	<u>Income Before Income Tax</u>	<u>Net Income</u>		<u>Income Before Income Tax</u>	<u>Net Income</u>
<u>Six months ended June 30, 2011</u>					
Basic EPS					
Income attributable to stockholders	\$ 29,652,237	\$ 25,131,176	7,821,735	<u>\$ 3.79</u>	<u>\$ 3.21</u>
Effect of dilutive potential common stock					
SENAO's stock options	(3,729)	(3,729)	-		
Employee bonus	<u>-</u>	<u>-</u>	<u>27,430</u>		
Diluted EPS					
Income attributable to stockholders (including effect of dilutive potential common stock)	<u>\$ 29,648,508</u>	<u>\$ 25,127,447</u>	<u>7,849,165</u>	<u>\$ 3.78</u>	<u>\$ 3.20</u>
<u>Six months ended June 30, 2010</u>					
Basic EPS					
Income attributable to stockholders	\$ 29,754,207	\$ 24,991,418	9,696,808	<u>\$ 3.07</u>	<u>\$ 2.58</u>
Effect of dilutive potential common stock					
SENAO's stock options	(3,866)	(3,866)	-		
Employee bonus	<u>-</u>	<u>-</u>	<u>35,947</u>		
Diluted EPS					
Income attributable to stockholders (including effect of dilutive potential common stock)	<u>\$ 29,750,341</u>	<u>\$ 24,987,552</u>	<u>9,732,755</u>	<u>\$ 3.06</u>	<u>\$ 2.57</u>

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 shares have a dilutive effect for the six months ended June 30, 2011 and 2010. 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 six months ended June 30, 2011 and 2010 was due to the effect of potential common stock related to stock options granted by SENAO.

22. 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 makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Chunghwa'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 contributes an amount at 15% or less 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.

The balance of Chunghwa's plan assets subject to defined benefit plan were \$14,187,100 thousand and \$11,746,275 thousand as of June 30, 2011 and 2010, respectively.

Pension costs of Chunghwa were \$1,473,781 thousand (\$1,401,794 thousand subject to defined benefit plan and \$71,987 thousand subject to defined contribution plan) and \$1,431,803 thousand (\$1,372,432 thousand subject to defined benefit plan and \$59,371 thousand subject to defined contribution plan) for the six months ended June 30, 2011 and 2010, respectively.

23. 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. Chunghwa engages in business transactions with the following related parties:

<u>Company</u>	<u>Relationship</u>
Senao International Co., Ltd. ("SENAO")	Subsidiary
Light Era Development Co., Ltd. ("LED")	Subsidiary
Chunghwa Telecom Singapore Pte., Ltd. ("CHTS")	Subsidiary
CHIEF Telecom, Inc. ("CHIEF")	Subsidiary
Chunghwa Telecom Japan Co., Ltd. ("CHTJ")	Subsidiary
Chunghwa International Yellow Pages Co., Ltd. ("CIYP")	Subsidiary
Chunghwa System Integration Co., Ltd. ("CHSI")	Subsidiary

(Continued)

Company	Relationship
Spring House Entertainment Tech. Inc. (“SHE”)	Subsidiary
Chunghwa Telecom Global, Inc. (“CHTG”)	Subsidiary
Donghwa Telecom Co., Ltd. (“DHT”)	Subsidiary
New Prospect Investments Holdings Ltd. (B.V.I.) (“New Prospect”)	Subsidiary
Prime Asia Investments Group Ltd. (B.V.I.) (“Prime Asia”)	Subsidiary
Chunghwa Investment Co., Ltd. (“CHI”)	Subsidiary
Chunghwa Telecom Vietnam Co., Ltd. (“CHTV”)	Subsidiary
Chunghwa Investment Holding Co., Ltd. (“CIHC”)	Subsidiary of CHI
Chunghwa Precision Test Tech. Co., Ltd. (“CHPT”)	Subsidiary of CHI
Unigate Telecom Inc. (“Unigate”)	Subsidiary of CHIEF
CHIEF Telecom (Hong Kong) Limited (“CHK”)	Subsidiary of CHIEF, which completed its liquidation procedure in September 2010
Chief International Corp. (“CIC”)	Subsidiary of CHIEF
Concord Technology Co., Ltd. (“Concord”)	Subsidiary of CHSI
Glory Network System Service (Shanghai) Co., Ltd. (“Glory”)	Subsidiary of Concord
Senao International (Samoa) Holding Ltd. (SIS)	Subsidiary of SENAO
Senao International HK Limited (SIHK)	Subsidiary of SIS
CHI One Investment Co., Ltd. (“COI”)	Subsidiary of CHI
Yao Yong Real Property Co., Ltd. (“YYRP”)	Subsidiary of LED
Chunghwa Precision Test Tech. USA Corporation (“CHPT (US)”)	Subsidiary of CHPT
Chunghwa Hsingta Company Ltd. (“CHC”)	Subsidiary of Prime Asia
Chunghwa Telecom (China) Co., Ltd. (“CTC”)	Subsidiary of CHC
Senao Trading (Fujian) Co., Ltd. (“STF”)	Subsidiary of SENAO
Senao International Trading (Shanghai) Co., Ltd. (“SITS”)	Subsidiary of SENAO
Senao International Trading (Jiangsu) Co., Ltd. (“SITJ”)	Subsidiary of SENAO
Senao International Trading (Shanghai) Co., Ltd. (“SEITS”)	Subsidiary of SENAO
Ceylon Innovation Co., Ltd. (“CEI”)	Subsidiary of SHE
Taiwan International Standard Electronics Co., Ltd. (“TISE”)	Equity-method investee
So-net Entertainment Taiwan Co., Ltd. (“So-net”)	Equity-method investee
Skysoft Co., Ltd. (“SKYSOFT”)	Equity-method investee
KingWaytek Technology Co., Ltd. (“KWT”)	Equity-method investee
International Integrated System, Inc. (“IISI”)	Equity-method investee, which was a subsidiary of Chunghwa before Chunghwa lost control over IISI on June 24, 2011
Senao Networks, Inc. (“SNI”)	Equity-method investee of SENAO
ST-2 Satellite Ventures Pte., Ltd. (“STS”)	Equity-method investee of CHTS

(Concluded)

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

	June 30			
	2011		2010	
	Amount	%	Amount	%
1) Receivables				
Trade notes, accounts receivable and other receivables				
SENAO	\$ 655,936	79	\$ 228,078	75
DHT	49,426	6	8,237	3
CIYP	29,818	4	10,244	3
CHIEF	29,083	3	23,075	7
CHTG	23,540	3	17,296	6
CHSI	15,029	2	2,706	1
Others	<u>28,107</u>	<u>3</u>	<u>16,359</u>	<u>5</u>
	<u>\$ 830,939</u>	<u>100</u>	<u>\$ 305,995</u>	<u>100</u>
2) Payables				
Trade notes payable, accounts payable, and accrued expenses				
SENAO	\$ 804,475	43	\$ 633,902	41
CHSI	238,009	13	162,390	11
TISE	204,210	11	321,543	21
IISI	57,985	3	7,929	1
CHTG	56,835	3	45,319	3
DHT	49,834	3	36,901	2
CHIEF	46,332	2	40,324	3
LED	20,504	1	494	-
SKYSOFT	14,312	1	3,668	-
CIYP	11,985	1	3,804	-
Others	<u>11,936</u>	<u>-</u>	<u>29,383</u>	<u>2</u>
	<u>1,516,417</u>	<u>81</u>	<u>1,285,657</u>	<u>84</u>
Payables to constructors				
CHSI	14,491	1	2,157	-
Others	<u>-</u>	<u>-</u>	<u>1,560</u>	<u>-</u>
	<u>14,491</u>	<u>1</u>	<u>3,717</u>	<u>-</u>
Amounts collected in trust for others				
SENAO	273,566	15	234,915	15
SHE	18,508	1	-	-
So-net	15,411	1	-	-
SKYSOFT	14,078	1	-	-
Others	<u>12,107</u>	<u>-</u>	<u>11,717</u>	<u>1</u>
	<u>333,670</u>	<u>18</u>	<u>246,632</u>	<u>16</u>
	<u>\$ 1,864,578</u>	<u>100</u>	<u>\$ 1,536,006</u>	<u>100</u>
3) Customer's deposits				
CHSI	\$ 21,047	1	\$ 51,078	1
CHTG	14,106	-	15,408	-
Others	<u>3,579</u>	<u>-</u>	<u>5,452</u>	<u>-</u>
	<u>\$ 38,732</u>	<u>1</u>	<u>\$ 71,938</u>	<u>1</u>

	Six Months Ended June 30			
	2011		2010	
	Amount	%	Amount	%
4) Revenues				
SENAO	\$ 719,522	1	\$ 956,329	1
CHIEF	140,514	-	124,162	-
So-net	120,639	-	155,523	-
LED	100,054	-	10,427	-
DHT	50,026	-	-	-
CHTG	45,096	-	28,448	-
SKYSOFT	21,944	-	18,777	-
CHTJ	18,951	-	-	-
CHTS	18,250	-	7,511	-
Others	<u>22,921</u>	<u>-</u>	<u>27,537</u>	<u>-</u>
	<u>\$ 1,257,917</u>	<u>1</u>	<u>\$ 1,328,714</u>	<u>1</u>
5) Operating costs and expenses				
SENAO	\$ 3,165,536	5	\$ 2,376,748	4
TISE	242,226	1	461,035	1
CHSI	188,882	-	293,915	1
CHIEF	149,265	-	145,567	-
CHTG	97,498	-	62,793	-
IISI	76,494	-	27,196	-
CHTJ	28,050	-	7,788	-
DHT	27,065	-	14,886	-
SKYSOFT	23,972	-	6,976	-
KWT	17,580	-	219	-
CHTS	16,879	-	11,726	-
CIYP	13,961	-	15,309	-
SHE	12,894	-	26,102	-
Others	<u>4,749</u>	<u>-</u>	<u>830</u>	<u>-</u>
	<u>\$ 4,065,051</u>	<u>6</u>	<u>\$ 3,451,090</u>	<u>6</u>
6) Acquisition of property, plant and equipment				
CHSI	\$ 346,299	3	\$ 174,478	2
TISE	217,448	3	19,879	-
CHTJ	37,591	-	5,994	-
IISI	36,619	-	-	-
CHTG	17,538	-	16,470	-
DHT	-	-	25,465	-
Others	<u>694</u>	<u>-</u>	<u>63</u>	<u>-</u>
	<u>\$ 656,189</u>	<u>6</u>	<u>\$ 242,349</u>	<u>2</u>

Chunghwa has entered into a contract with ST-2 Satellite Ventures Pte., Ltd. on March 12, 2010 to lease capacity on the ST-2 satellite. This lease term is 15 years which will start from the official operation of ST-2 satellite and the total contract value is approximately \$6,000,000 thousand (SG\$260,723 thousand). ST-2 satellite has launched in May 2011 and will begin its official operation

in August 2011. The Company has prepaid \$3,155,764 thousand which has classified as other assets - others as of June 30, 2011.

Chunghwa has leased property to LED since April 2010. The lease term is 15 years and the rent is charged monthly. Based on the agreement of both parties, the lease contract was terminated on April 1, 2011.

Chunghwa sold the land with a carrying value of \$936,016 thousand to LED at the price of \$2,421,932 thousand in 2008. However, since the gain on disposal of land amounting to \$1,485,916 thousand is unrealized, the gain was recognized as deferred credit - profit on intercompany transactions. Gain on disposal of land \$473,422 thousand was recognized for the six months ended June 30, 2011.

Chunghwa sold the land with a carrying value of \$378,927 thousand to LED at price of \$207,030 thousand in 2008 and resulted in a disposal loss amounting to \$171,897 thousand. The disposal loss on land is unrealized and the unrealized loss is included in other assets - others. The unrealized loss is not recognized in earnings until it is sold to the third party and realized in the future.

The foregoing transactions with related parties were determined in accordance with mutual agreements.

24. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

As of June 30, 2011, in addition to those disclosed in other notes, Chunghwa's remaining commitments under non-cancellable contracts with various parties were as follows:

- a. Acquisition of land and buildings of \$96,258 thousand.
- b. Acquisition of telecommunications equipment of \$21,045,886 thousand.
- c. Contracts to print billing, envelopes and telephone directories of \$30,116 thousand.
- d. Chunghwa also has non-cancellable operating leases covering certain buildings, computers, computer peripheral equipment and operating system software under contracts that expire in various years. Future lease payments were as follows:

Year	Amount
2011 (from July 1, 2011 to December 31, 2011)	\$ 1,089,657
2012	1,566,827
2013	1,080,217
2014	867,905
2015 and thereafter	1,002,221

- e. 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. Chunghwa does not know when its contribution to the Piping Fund will be returned; therefore, Chunghwa did not discount the face amount of its contribution on the Piping Fund.
- f. A portion of the land used by Chunghwa during the period July 1, 1996 to December 31, 2004 was co-owned by Chunghwa and Taiwan 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 not 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 4% per annum from July 23, 2005 and 4% of the court fees as the court judgment compensation. However, Chunghwa Post Co., Ltd. did not accept the judgment and filed an appeal at Taiwan High Court. Chunghwa also filed an appeal at the Taiwan High Court within the statutory period. On April 7, 2010, the Taiwan High Court rendered its judgment, ruling that Chunghwa was required to pay \$23,284 thousand as compensation in addition to the \$16,870 thousand from the Taiwan Taipei District Court judgment, along with interest calculated at 5% per annum from July 23, 2005 to the payment date and 12.5% of Chunghwa Post Co., Ltd.'s court fees from its original suit and subsequent appeal as compensation. Chunghwa has filed an appeal to the Supreme Court of the Republic of China within the statutory period. On June 9, 2011, the Supreme Court of the Republic of China remanded the aforementioned judgment from Taiwan High Court and the case was remanded back to the Taiwan High Court.

25. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

	June 30			
	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets				
Cash and cash equivalents	\$ 75,486,490	\$ 75,486,490	\$ 87,041,371	\$ 87,041,371
Financial assets at fair value through profit or loss	8,615	8,615	-	-
Available-for-sale financial assets	1,884,513	1,884,513	5,599,108	5,599,108
Held-to-maturity financial assets - current	2,174,334	2,174,334	1,190,089	1,190,089
Trade notes and accounts receivable, net	20,062,171	20,062,171	11,191,243	11,191,243
Receivables from related parties	830,939	830,939	305,995	305,995
Other current monetary assets	2,571,859	2,571,859	2,653,656	2,653,656
Financial assets carried at cost	2,315,474	-	2,294,648	-
Held-to-maturity financial assets - noncurrent	11,278,945	11,278,945	6,948,228	6,948,228
Other noncurrent monetary assets	1,000,000	1,000,000	1,000,000	1,000,000
Refundable deposits	1,556,985	1,556,985	1,389,649	1,389,649
Liabilities				
Financial liabilities at fair value through profit or loss	974	974	23,656	23,656
Trade notes and accounts payable	8,050,983	8,050,983	5,724,762	5,724,762
Payables to related parties	1,864,578	1,864,578	1,536,006	1,536,006
Accrued expenses	11,340,929	11,340,929	11,169,742	11,169,742
Dividends Payable	42,854,462	42,854,462	39,369,041	39,369,041
Payables to equipment suppliers (included in "other current liabilities")	1,818,164	1,818,164	1,520,387	1,520,387
Payables to constructors (included in "other current liabilities")	1,776,213	1,776,213	1,472,126	1,472,126
Amounts collected in trust for others (included in "other current liabilities")	1,310,918	1,310,918	2,294,417	2,294,417
Refundable customers' deposits (included in "other current liabilities")	1,178,068	1,178,068	1,067,024	1,067,024
Customers' deposits	5,406,693	5,406,693	5,886,625	5,886,625

- 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 and 3 below.
 - 2) If the financial instruments have quoted market prices in an active market, the quoted market prices are viewed as fair values. If the market prices of the available-for-sale financial assets are not readily available, valuation techniques are used incorporating estimates and assumptions that are consistent with prevailing market conditions.
 - 3) Financial assets carried at cost are investments in nonlisted shares, which have no quoted prices in an active market and entail an unreasonably high cost to obtain verifiable fair values. Therefore, no fair value is presented.
- c. Fair values of financial assets and liabilities using quoted market prices or valuation techniques were as follows:

	<u>Amount Based on Quoted Market Price</u>		<u>Amount Determined Using Valuation Techniques</u>	
	<u>June 30</u>		<u>June 30</u>	
	2011	2010	2011	2010
Assets				
Financial assets at fair value through profit or loss	\$ -	\$ -	\$ 8,615	\$ -
Available-for-sale financial assets	1,884,513	5,599,108	-	-
Liabilities				
Financial liabilities at fair value through profit or loss	-	-	974	23,656

d. Information about financial risks

1) Market risk

The foreign exchange rate fluctuations would result in Chunghwa's foreign-currency-dominated assets and liabilities, outstanding currency swap contracts exposed to rate 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, Chunghwa would assess the risk before investing; therefore, no material market risk is anticipated.

2) Credit risk

Credit risk represents the potential loss that would be incurred by Chunghwa 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 and corporations. Management does not expect Chunghwa's exposure to default by those parties to be material. The Company held a variety of financial instruments, the maximum credit exposed amount is the same as their carrying amounts.

3) Liquidation risk

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

The financial instruments of Chunghwa categorized as available-for-sale financial assets are publicly-traded, easily converted to cash. Therefore, no material liquidation risk is 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 is 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.

According to the regulations of Securities and Futures Bureau, Chunghwa should disclose the derivative transactions of Chunghwa's investees, SENA0 and CHI, which was as follows:

a. Holding period and contract amounts

SENA0 and CHI entered into forward exchange contracts and index future contracts to reduce the exposure to foreign currency risk and price risk. The financial risk management objective of SENA0 and CHI are to minimize risks due to market risk.

The outstanding forward exchange contracts of SENA0 as of June 30, 2011 and 2010 were as follows:

	Currency	Maturity Period	Contract Amount (In Thousands)
<u>June 30, 2011</u>			
Buy	NT\$/US\$	2011.07	NT\$236,986/US\$8,200
<u>June 30, 2010</u>			
Buy	NT\$/US\$	2010.07	NT\$76,956/US\$2,400

There was no outstanding index future contracts of June 30, 2011. Outstanding index future contracts of CHI on June 30, 2010 was as follows:

<u>June 30, 2010</u>	Maturity Period	Units	Contract Amount (In Thousands)
TAIEX futures	2010.07	12	NT\$17,198

Net gain of SANA0 arising from derivative financial products for the six months ended June 30, 2011 and 2010 were \$3,789 thousand and \$5,068 thousand, respectively.

Net gain (loss) of CHI arising from derivative financial products for the six months ended June 30, 2011 and 2010 were \$(2,795) thousand and \$222 thousand, respectively.

b. Market risk

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

The fluctuations of market price would result in CHI's index future contracts exposed to price risk.

c. Credit risk

Credit risk represents the potential loss that would be incurred by SENAO and CHI 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 to the aforementioned financial instruments are reputable financial institutions. Management does not expect SENAO's and CHI's exposure to default by those parties to be material. The largest amount of exposure to default by those parties of the financial instruments of SENAO and CHI is the same as carrying value.

d. Liquidation risk

SENAO and CHI have sufficient operating capital to meet cash needs upon settlement of derivative financial instruments. Therefore, the liquidation risk is low.

26. ADDITIONAL DISCLOSURES

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

- a. Financings provided: None.
- b. Endorsement/guarantee provided: Please see Table 1.
- c. Marketable securities held: Please see Table 2.
- 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 3.
- 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: Please see Table 4.
- g. Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital: Please see Table 5.
- h. Receivables from related parties amounting to \$100 million or 20% of the paid-in capital: Please see Table 6.
- i. Names, locations, and other information of investees on which the Company exercises significant influence: Please see Table 7.
- j. Financial transactions: Please see Notes 5 and 25.
- k. Investment in Mainland China: Please see Table 8.

27. SEGMENT FINANCIAL INFORMATION

Segment information: Please see Table 9.

28. OTHERS

The significant information of foreign-currency financial assets and liabilities as below:

	June 30					
	2011			2010		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
Cash						
USD	\$ 3,356	28.73	\$ 96,402	\$ 19,140	32.28	\$ 617,791
EUR	1,749	41.63	72,792	1,071	39.32	42,109
GBP	5	46.19	217	2	48.4	98
Available-for-sale financial assets						
USD	65,605	28.73	1,884,513	47,023	32.28	1,517,817
EUR	-	41.63	-	34,578	39.32	1,359,623
Accounts receivable						
USD	160,186	28.73	4,601,330	127,512	32.28	4,115,827
EUR	145	41.63	6,042	148	39.32	5,817
Investments accounted for using equity method						
USD	2,511	28.73	72,129	2,354	32.28	75,974
HKD	136,195	3.69	502,560	57,951	4.13	239,338
SGD	26,326	23.38	615,496	62,063	22.99	1,426,836
JPY	51,571	0.357	18,411	34,895	0.363	12,667
VND	212,167,407	0.00135	286,426	167,570,552	0.00163	273,140
RMB	36,883	4.4655	164,699	-	4.7780	-
<u>Financial liabilities</u>						
Monetary items						
Payables						
USD	113,839	28.73	3,270,022	107,610	32.28	3,473,445
EUR	27,179	41.63	1,131,462	27,952	39.32	1,099,081
JPY	-	0.357	-	8,882	0.363	3,224
SGD	30	23.38	706	26	22.99	598
HKD	960	3.69	3,544	501	4.13	2,071

CHUNGHWA TELECOM CO., LTD.

ENDORSEMENTS/GUARANTEES PROVIDED
SIX MONTHS ENDED JUNE 30, 2011

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorsement/Guarantee Provider	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Year	Ending Balance	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity Per Latest Financial Statements	Maximum Endorsement/Guarantee Amount Allowable
		Name	Nature of Relationship (Note 2)						
0	Chunghwa Telecom Co., Ltd.	Donghwa Telecom Co., Ltd.	b	\$ 3,467,740 (Note 3)	\$ 1,056,514	\$ 1,056,514 (Note 4)	\$ -	0.3%	\$ 13,870,960 (Note 6)
25	Yao Yong Real Property Co., Ltd.	Light Era Development Co., Ltd.	d	3,808,224 (Note 7)	2,750,000	2,750,000 (Note 5)	2,750,000 (Note 5)	0.8%	3,808,224 (Note 7)

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

- "0" for the Company.
- Subsidiaries are numbered from "1".

Note 2: Relationships between the endorsement/guarantee provider and the guaranteed party:

- Trading partner.
- Majority owned subsidiary.
- The Company and subsidiary owns over 50% ownership of the investee company.
- A subsidiary jointly owned by the Company and the Company's directly-owned subsidiary.
- Guaranteed by the Company according to the construction contract.
- An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.

Note 3: The maximum amount of endorsement or guarantee is up to 1% of the total stockholders' equity of the latest financial statements of the Company.

Note 4: The actual amount used by guaranteed party is \$1,056,514 thousand.

Note 5: The actual amount used by guaranteed party is \$2,450,000 thousand.

Note 6: The maximum amount of endorsement or guarantee is up to 4% of the total stockholders' equity of the latest financial statements of the Company.

Note 7: The maximum amount of endorsement or guarantee is up to 200% of the total asset of the latest financial statements of Yao Yong Real Property Co., Ltd..

CHUNGHWA TELECOM CO., LTD.

MARKETABLE SECURITIES HELD

JUNE 30, 2011

(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	June 30, 2011				Note
					Shares (Thousands/Thousand Units)	Carrying Value (Note 6)	Percentage of Ownership	Market Value or Net Asset Value	
0	Chunghwa Telecom Co., Ltd.	<u>Stocks</u> Senao International Co., Ltd.	Subsidiary	Investments accounted for using equity method	71,773	\$ 1,330,533	28	\$ 9,258,737	Note 5
		Light Era Development Co., Ltd.	Subsidiary	Investments accounted for using equity method	300,000	3,522,010	100	3,522,242	Note 1
		Chunghwa Investment Co., Ltd.	Subsidiary	Investments accounted for using equity method	178,000	1,914,178	89	1,971,085	Note 1
		Chunghwa System Integration Co., Ltd.	Subsidiary	Investments accounted for using equity method	60,000	694,042	100	634,598	Note 1
		Chunghwa Telecom Singapore Pte., Ltd.	Subsidiary	Investments accounted for using equity method	26,383	615,496	100	615,496	Note 1
		Taiwan International Standard Electronics Co., Ltd.	Equity-method investee	Investments accounted for using equity method	1,760	548,719	40	744,930	Note 1
		CHIEF Telecom Inc.	Subsidiary	Investments accounted for using equity method	37,942	523,632	69	468,761	Note 1
		Donghwa Telecom Co., Ltd.	Subsidiary	Investments accounted for using equity method	129,590	502,560	100	502,560	Note 1
		International Integrated System, Inc.	Equity-method investee	Investments accounted for using equity method	22,498	251,264	33	220,564	Note 1
		Viettel-CHT Co., Ltd.	Equity-method investee	Investments accounted for using equity method	-	245,265	30	245,265	Note 1
		Chunghwa International Yellow Pages Co., Ltd.	Subsidiary	Investments accounted for using equity method	15,000	179,849	100	179,874	Note 1
		Prime Asia Investments Group Ltd. (B.V.I.)	Subsidiary	Investments accounted for using equity method	1	164,699	100	164,699	Note 1
		Dian Zuan Integrating Marketing Co., Ltd.	Equity-method investee	Investments accounted for using equity method	11,464	112,079	40	112,079	Note 1
		Skysoft Co., Ltd.	Equity-method investee	Investments accounted for using equity method	4,438	97,455	30	58,088	Note 1
		Spring House Entertainment Tech. Inc.	Subsidiary	Investments accounted for using equity method	5,996	91,142	56	75,408	Note 1
		Chunghwa Telecom Global, Inc.	Subsidiary	Investments accounted for using equity method	6,000	72,129	100	88,468	Note 1
		Kingwaytek Technology Co., Ltd.	Equity-method investee	Investments accounted for using equity method	1,703	66,243	33	23,582	Note 1
		Chunghwa Telecom Vietnam Co., Ltd.	Subsidiary	Investments accounted for using equity method	-	41,161	100	41,161	Note 1
		So-net Entertainment Taiwan Co., Ltd.	Equity-method investee	Investments accounted for using equity method	3,429	31,532	30	14,107	Note 1
		Chunghwa Telecom Japan Co., Ltd.	Subsidiary	Investments accounted for using equity method	1	18,411	100	18,411	Note 1
		New Prospect Investments Holdings Ltd. (B.V.I.)	Subsidiary	Investments accounted for using equity method	-	-	100	-	Note 3
						(US\$1 dollar)		(US\$1 dollar)	
		Chunghwa Sochamp Technology Inc.	Subsidiary	Investments accounted for using equity method	2,040	20,400	-	20,400	Note 9
		Taipei Financial Center Corp.	-	Financial assets carried at cost	172,927	1,789,530	12	1,415,843	Note 2
		Industrial Bank of Taiwan II Venture Capital Co., Ltd. (IBT II)	-	Financial assets carried at cost	20,000	200,000	17	207,170	Note 2
		Global Mobile Corp.	-	Financial assets carried at cost	12,696	127,018	8	79,762	Note 2
		iD Branding Ventures	-	Financial assets carried at cost	7,500	75,000	8	82,155	Note 2
		Innovation Works Development Fund, L.P.	-	Financial assets carried at cost	-	38,035	6	22,784	Note 2
		RPTI Intergroup International Ltd.	-	Financial assets carried at cost	4,765	34,500	10	33,398	Note 2
		Innovation Works Limited	-	Financial assets carried at cost	1,000	31,391	2	23,724	Note 2
		CQi Energy Infocom Inc.	-	Financial assets carried at cost	2,000	20,000	18	(2,866)	Note 2
		Essence Technology Solution, Inc.	-	Financial assets carried at cost	200	-	7	919	Note 2

(Continued)

No.	Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2011				Note
					Shares (Thousands/Thousand Units)	Carrying Value (Note 6)	Percentage of Ownership	Market Value or Net Asset Value	
		<u>Beneficiary certificates (mutual fund)</u>							
		HSBC Gbl Emerging Markets Bd A Inc.	-	Available-for-sale financial assets	288	\$ 163,912	-	\$ 161,826	Note 4
		Templeton Global Bond A Acc \$	-	Available-for-sale financial assets	418	307,114	-	314,315	Note 4
		PIMCO Global Investment Grade Credit - Ins H Acc	-	Available-for-sale financial assets	751	307,246	-	307,451	Note 4
		PIMCO GIS Total Return Bond Fund - H Institutional Class (Acc)	-	Available-for-sale financial assets	770	534,453	-	527,092	Note 4
		Janus US Flexible Income Bond Fund	-	Available-for-sale financial assets	671	230,472	-	228,568	Note 4
		PIMCO GIS Diversified Bond Fund - H Institutional Class (Acc)	-	Available-for-sale financial assets	984	347,452	-	345,261	Note 4
		<u>Bonds</u>							
		Taiwan Power Co. 2nd Unsecured Bond-EB Issue in 2005	-	Held-to-maturity financial assets	-	309,749	-	309,749	Note 7
		Chinese Petroleum Corporation 1st Unsecured Corporate Bond-B Issue in 2006	-	Held-to-maturity financial assets	-	408,122	-	408,122	Note 7
		Chinese Petroleum Corporation 1st Unsecured Corporate Bond-B Issue in 2006	-	Held-to-maturity financial assets	-	306,092	-	306,092	Note 7
		Taiwan Power Co. 3rd Unsecured Corporate Bond-A Issue in 2006	-	Held-to-maturity financial assets	-	200,200	-	200,200	Note 7
		Formosa Petrochemical Corporation 4th Unsecured Corporate Bonds Issue in 2006	-	Held-to-maturity financial assets	-	150,080	-	150,080	Note 7
		Formosa Petrochemical Corporation 5th Unsecured Corporate Bonds Issue in 2006	-	Held-to-maturity financial assets	-	200,249	-	200,249	Note 7
		Yuanta Securities Co., Ltd. 1st Unsecured Corporate Bonds-B Issue in 2007	-	Held-to-maturity financial assets	-	201,499	-	201,499	Note 7
		China Development Financial Holding Corporation 1st Unsecured Corporate Bonds Issue in 2006	-	Held-to-maturity financial assets	-	200,594	-	200,594	Note 7
		China Development Financial Holding Corporation 1st Unsecured Corporate Bonds Issue in 2006	-	Held-to-maturity financial assets	-	200,594	-	200,594	Note 7
		Chinese Petroleum Corporation 1st Unsecured Corporate Bond-A Issue in 2008	-	Held-to-maturity financial assets	-	102,439	-	102,439	Note 7
		China Steel Corporation 1st Unsecured Corporate Bonds Issue in 2008	-	Held-to-maturity financial assets	-	102,116	-	102,116	Note 7
		China Steel Corporation 2nd Unsecured Corporate Bonds Issue in 2008	-	Held-to-maturity financial assets	-	100,014	-	100,014	Note 7
		China Steel Corporation 2nd Unsecured Corporate Bonds Issue in 2008	-	Held-to-maturity financial assets	-	102,003	-	102,003	Note 7
		Yuanta FHC 1st Unsecured Corporate Bonds-A Issue in 2009	-	Held-to-maturity financial assets	-	100,000	-	100,000	Note 7
		Taiwan Power Co. 3rd Unsecured Corporate Bond-B Issue in 2008	-	Held-to-maturity financial assets	-	154,281	-	154,281	Note 7
		Taiwan Power Co. 5rd Unsecured Corporate Bond-A Issue in 2008	-	Held-to-maturity financial assets	-	149,995	-	149,995	Note 7
		Taiwan Power Co. 4th Unsecured Corporate Bond-B Issue in 2008	-	Held-to-maturity financial assets	-	51,006	-	51,006	Note 7

(Continued)

No.	Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2011				Note
					Shares (Thousands/Thousand Units)	Carrying Value (Note 6)	Percentage of Ownership	Market Value or Net Asset Value	
		Taiwan Power Co. 5th Unsecured Corporate Bond-A Issue in 2008	-	Held-to-maturity financial assets	-	\$ 300,979	-	\$ 300,979	Note 7
		Taiwan Power Co. 5th Unsecured Corporate Bond-B Issue in 2008	-	Held-to-maturity financial assets	-	206,192	-	206,192	Note 7
		Taiwan Power Co. 6th Unsecured Corporate Bond-A Issue in 2008	-	Held-to-maturity financial assets	-	270,434	-	270,434	Note 7
		Taiwan Power Co. 8th Unsecured Corporate Bond-A Issue in 2008	-	Held-to-maturity financial assets	-	154,067	-	154,067	Note 7
		NAN YA Company 2nd Unsecured Corporate Bonds Issue in 2008	-	Held-to-maturity financial assets	-	404,246	-	404,246	Note 7
		NAN YA Company 3rd Unsecured Corporate Bonds Issue in 2008	-	Held-to-maturity financial assets	-	202,630	-	202,630	Note 7
		China Development Financial Holding Corporation 1st Unsecured Corporate Bonds-A Issue in 2008	-	Held-to-maturity financial assets	-	102,107	-	102,107	Note 7
		Formosa Petrochemical Corporation 1st Unsecured Corporate Bonds Issue in 2008	-	Held-to-maturity financial assets	-	99,942	-	99,942	Note 7
		Formosa Petrochemical Corporation 2nd Unsecured Corporate Bonds Issue in 2008	-	Held-to-maturity financial assets	-	101,603	-	101,603	Note 7
		Formosa Petrochemical Corporation 2nd Unsecured Corporate Bonds Issue in 2008	-	Held-to-maturity financial assets	-	408,320	-	408,320	Note 7
		Formosa Petrochemical Corporation 3rd Unsecured Corporate Bonds Issue in 2008	-	Held-to-maturity financial assets	-	49,962	-	49,962	Note 7
		Formosa Petrochemical Corporation 3rd Unsecured Corporate Bonds Issue in 2008	-	Held-to-maturity financial assets	-	205,036	-	205,036	Note 7
		Chinese Petroleum Corporation 1st Unsecured Corporate Bonds-A Issue in 2009	-	Held-to-maturity financial assets	-	200,732	-	200,732	Note 7
		FCFC 1st Unsecured Corporate Bonds Issue in 2009	-	Held-to-maturity financial assets	-	251,807	-	251,807	Note 7
		Taiwan Power Co. 1st Secured Corporate Bond-A Issue in 2009	-	Held-to-maturity financial assets	-	201,226	-	201,226	Note 7
		Taiwan Power Co. 1st Secured Corporate Bond-A Issue in 2009	-	Held-to-maturity financial assets	-	40,558	-	40,558	Note 7
		Taiwan Power Co. 2th Secured Corporate Bond-B Issue in 2009	-	Held-to-maturity financial assets	-	100,390	-	100,390	Note 7
		Taiwan Power Co. 2th Secured Corporate Bond-B Issue in 2009	-	Held-to-maturity financial assets	-	348,909	-	348,909	Note 7
		NAN YA Company 4th Unsecured Corporate Bond-A Issue in 2009	-	Held-to-maturity financial assets	-	99,933	-	99,933	Note 7
		NAN YA Company 4th Unsecured Corporate Bond-A Issue in 2009	-	Held-to-maturity financial assets	-	304,636	-	304,636	Note 7
		NAN YA Company 4th Unsecured Corporate Bond-A Issue in 2009	-	Held-to-maturity financial assets	-	203,306	-	203,306	Note 7
		NAN YA Company 2nd Unsecured Corporate Bond-A Issue in 2009	-	Held-to-maturity financial assets	-	200,623	-	200,623	Note 7
		NAN YA Company 2nd Unsecured Corporate Bond-A Issue in 2009	-	Held-to-maturity financial assets	-	50,353	-	50,353	Note 7

(Continued)

No.	Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2011				Note
					Shares (Thousands/Thousand Units)	Carrying Value (Note 6)	Percentage of Ownership	Market Value or Net Asset Value	
		NAN YA Company 3rd Unsecured Corporate Bond-A Issue in 2009	-	Held-to-maturity financial assets	-	\$ 302,990	-	\$ 302,990	Note 7
		NAN YA Company 3rd Unsecured Corporate Bond-A Issue in 2009	-	Held-to-maturity financial assets	-	199,684	-	199,684	Note 7
		MLPC 1st Unsecured Corporate Bond Issue in 2008	-	Held-to-maturity financial assets	-	305,133	-	305,133	Note 7
		MLPC 1st Unsecured Corporate Bond Issue in 2008	-	Held-to-maturity financial assets	-	199,816	-	199,816	Note 7
		Formosa Petrochemical Corporation 4th Unsecured Corporate Bonds Issue in 2008	-	Held-to-maturity financial assets	-	200,690	-	200,690	Note 7
		Formosa Petrochemical Corporation 4th Unsecured Corporate Bonds Issue in 2008	-	Held-to-maturity financial assets	-	305,139	-	305,139	Note 7
		Formosa Petrochemical Corporation 4th Unsecured Corporate Bonds Issue in 2008	-	Held-to-maturity financial assets	-	202,487	-	202,487	Note 7
		Hon Hai Precision Industry Co., Ltd. First Debenture Issuing of 2009	-	Held-to-maturity financial assets	-	176,981	-	176,981	Note 7
		Hon Hai Precision Industry Co., Ltd. First Debenture Issuing of 2009	-	Held-to-maturity financial assets	-	100,996	-	100,996	Note 7
		FCFC 2st Unsecured Corporate Bonds Issue in 2010	-	Held-to-maturity financial assets	-	201,178	-	201,178	Note 7
		Formosa Petrochemical Corporation 1st Unsecured Corporate Bonds Issue in 2010	-	Held-to-maturity financial assets	-	302,989	-	302,989	Note 7
		Formosa Petrochemical Corporation 1st Unsecured Corporate Bonds Issue in 2010	-	Held-to-maturity financial assets	-	100,505	-	100,505	Note 7
		Taiwan Power Co 3rd Secured Corporate Bond-A Issue in 2010	-	Held-to-maturity financial assets	-	201,662	-	201,662	Note 7
		Taiwan Power Co 4th Secured Corporate Bond-A Issue in 2010	-	Held-to-maturity financial assets	-	300,738	-	300,738	Note 7
		Taiwan Power Co 4th Secured Corporate Bond-A Issue in 2010	-	Held-to-maturity financial assets	-	299,785	-	299,785	Note 7
		Mega Securities Co., Ltd. 1st Unsecured Corporate Bond Issue in 2009	-	Held-to-maturity financial assets	-	300,000	-	300,000	Note 7
		NAN YA Company 2nd Unsecured Corporate Bonds Issue in 2010	-	Held-to-maturity financial assets	-	50,551	-	50,551	Note 7
		Formosa Petrochemical Corporation 3rd Unsecured Corporate Bonds Issue in 2010	-	Held-to-maturity financial assets	-	299,589	-	299,589	Note 7
		Yuanta FHC 1St Unsecured Corporate Bonds-A Issue in 2011	-	Held-to-maturity financial assets	-	300,000	-	300,000	Note 7
		FCFC 1st Unsecured Corporate Bonds Issue in 2011	-	Held-to-maturity financial assets	-	299,358	-	299,358	Note 7
		Formosa Petrochemical Corporation 1st Unsecured Corporate Bonds Issue in 2011	-	Held-to-maturity financial assets	-	149,687	-	149,687	Note 7
		China Development Industrial Bank 2nd Financial Debentures Issue in 2006	-	Held-to-maturity financial assets	-	199,709	-	199,709	Note 7
		TaipeiFubon Bank 5th Financial Debenturees-A Issue in 2010	-	Held-to-maturity financial assets	-	100,751	-	100,751	Note 7
		TaipeiFubon Bank 5th Financial Debenturees-A Issue in 2010	-	Held-to-maturity financial assets	-	201,879	-	201,879	Note 7

(Continued)

No.	Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2011				Note
					Shares (Thousands/Thousand Units)	Carrying Value (Note 6)	Percentage of Ownership	Market Value or Net Asset Value	
		TaipeiFubon Bank 5th Financial Debenturees-A Issue in 2010	-	Held-to-maturity financial assets	-	\$ 303,958	-	\$ 303,958	Note 7
		HSBC Bank (Taiwan) Limited 1st Financial Debenture-D Issue in 2011	-	Held-to-maturity financial assets	-	300,000	-	300,000	Note 7
1	Senao International Co., Ltd.	<u>Stocks</u> Senao Networks, Inc. Senao International (Samoa) Holding Ltd. N.T.U. Innovation Incubation Corporation <u>Beneficiary certificates (mutual fund)</u> Fuh Hwa Global Short-term Income Fund Fuh Hwa Strategic High Income Fund Taishin Lucky Money Market Fund Taishin Ta-Chong Money Market Fund	Equity-method investee Subsidiary - - - -	Investments accounted for using equity method Investments accounted for using equity method Financial assets carried at cost Available-for-sale financial assets Available-for-sale financial assets Available-for-sale financial assets Available-for-sale financial assets	16,824 9,875 1,200 4,850 9,149 4,687 3,676	300,207 230,406 (US\$ 8,000) 12,000 50,000 100,000 50,000 50,000	41 100 9 - - - -	300,207 230,528 (US\$ 8,004) 12,984 52,207 104,847 50,131 50,140	Note 1 Note 1 Note 2 Note 4 Note 4 Note 4 Note 4
2	CHIEF Telecom Inc.	<u>Stocks</u> Unigate Telecom Inc. Chief International Corp. eASPNet Inc. 3 Link Information Service Co., Ltd.	Subsidiary Subsidiary - -	Investments accounted for using equity method Investments accounted for using equity method Financial assets carried at cost Financial assets carried at cost	200 200 833 374	1,864 8,370 (US\$ 291) - 3,450	100 100 2 10	1,864 8,370 (US\$ 291) - 6,885	Note 1 Note 1 Note 2 Note 2
3	Chunghwa System Integration Co., Ltd.	<u>Stocks</u> Concord Technology Co., Ltd.	Subsidiary	Investments accounted for using equity method	1,010	7,864 (US\$ 274)	100	7,864 (US\$ 274)	Note 1
7	Spring House Entertainment Tech. Inc.	<u>Stocks</u> Ceylon Innovation Co., Ltd.	Subsidiary	Investments accounted for using equity method	-	979	100	979	Note 1
8	Light Era Development Co., Ltd.	<u>Stocks</u> Yao Yong Real Property Co., Ltd.	Subsidiary	Investments accounted for using equity method	83,290	2,809,963	100	2,809,963	Note 1
9	Chunghwa Telecom Singapore Pte., Ltd.	<u>Stocks</u> ST-2 Satellite Ventures Pte., Ltd.	Equity-method investee	Investments accounted for using equity method	18,102	411,995 (SG\$ 17,621)	38	411,995 (SG\$ 17,621)	Note 1
14	Chunghwa Investment Co., Ltd.	<u>Stocks</u> Chunghwa Precision Test Tech. Co., Ltd. Chunghwa Investment Holding Co., Ltd. Tatung Technology Inc. Panda Monium Company Ltd. CHIEF Telecom Inc. Senao International Co., Ltd. Digimax Inc.	Subsidiary Subsidiary Equity-method investee Equity-method investee Equity-method investee Equity-method investee -	Investments accounted for using equity method Investments accounted for using equity method Investments accounted for using equity method Investments accounted for using equity method Investments accounted for using equity method Investments accounted for using equity method Financial assets carried at cost	10,317 1,043 5,000 602 2,000 1,001 2,000	118,723 14,116 (US\$ 491) 18,825 - 24,381 46,873 15,080	53 100 28 43 4 - 4	118,723 14,116 (US\$ 491) 18,825 - 24,736 129,129 14,578	Note 1 Note 1 Note 1 Note 1 Note 1 Note 5 Note 2

(Continued)

No.	Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2011				Note
					Shares (Thousands/ Thousand Units)	Carrying Value (Note 6)	Percentage of Ownership	Market Value or Net Asset Value	
		iD Branding Ventures	-	Financial assets carried at cost	2,500	\$ 25,000	3	\$ 25,591	Note 2
		ChipSip Technology Co., Ltd.	-	Financial assets carried at cost	485	4,370	1	3,500	Note 8
		Uni Display Inc.	-	Financial assets carried at cost	4,630	55,450	3	40,199	Note 2
		A2peak Power Co., Ltd.	-	Financial assets carried at cost	990	9,858	3	7,977	Note 2
		Taimide Technology Ltd.	-	Financial assets carried at cost	897	19,923	1	44,168	Note 2
		CoaTronics Inc.	-	Financial assets carried at cost	1,200	12,000	9	4,725	Note 2
		VisEra Technologies Company Ltd.	-	Financial assets carried at cost	649	29,371	-	11,236	Note 2
		Ultra Fine Optical Technology Co., Ltd.	-	Financial assets carried at cost	1,800	27,000	8	24,307	Note 2
		Procrystal Technology Co., Ltd.	-	Financial assets carried at cost	1,200	78,000	2	24,393	Note 2
		Tons Lightology Inc.	-	Financial assets carried at cost	1,050	66,150	4	50,400	Note 8
		Alder Optomechanical Corp.	-	Financial assets carried at cost	350	29,750	-	29,750	Note 8
		Aide Energy (Cayman) Holding Co., Ltd.	-	Financial assets carried at cost	800	29,940	1	29,940	Note 2
		XinTec Inc.	-	Financial assets carried at cost	24	1,076	-	913	Note 8
		DelSolar Co., Ltd.	-	Financial assets carried at cost	127	6,083	-	4,504	Note 8
		Subtron Technology Co., Ltd.	-	Financial assets carried at cost	187	3,483	-	4,573	Note 8
		Cando Corporation	-	Financial assets carried at cost	376	4,938	-	5,264	Note 8
		Huga Optotech Inc.	-	Financial assets carried at cost	423	12,870	-	11,860	Note 8
		Tatung Fine Chemicals Co.	-	Financial assets carried at cost	117	9,135	-	6,957	Note 8
		Win Semiconductors Corp.	-	Financial assets carried at cost	370	10,555	-	13,612	Note 8
		OptiVision Technology Inc.	-	Financial assets carried at cost	325	10,188	-	3,289	Note 8
		Lextar Electronics Corp.	-	Financial assets carried at cost	334	16,243	-	12,064	Note 8
		SuperAlloy Industrial Co., Ltd.	-	Financial assets carried at cost	509	7,124	-	5,803	Note 8
		G-TECH Optoelectronics Corporation	-	Financial assets carried at cost	17	1,747	-	1,813	Note 8
		Hiroca Holdings Ltd.	-	Financial assets carried at cost	140	17,847	-	17,258	Note 8
		Formosa Plastics Corporation	-	Available-for-sale financial assets	11	648	-	1,108	Note 5
		Fubon Financial Holding Co., Ltd.	-	Available-for-sale financial assets	371	13,576	-	16,401	Note 5
		Cathay Financial Holding Co., Ltd.	-	Available-for-sale financial assets	66	3,442	-	2,913	Note 5
		Dynapack International Technology Corp.	-	Available-for-sale financial assets	1	67	-	89	Note 5
		Taiwan Hon Chuan Enterprise Co., Ltd.	-	Available-for-sale financial assets	122	7,042	-	10,567	Note 5
		Asia Cement Corporation	-	Available-for-sale financial assets	80	2,567	-	3,280	Note 5
		Anpec Electronics Corporation	-	Available-for-sale financial assets	65	2,629	-	1,885	Note 5
		China Steel Corporation	-	Available-for-sale financial assets	222	6,650	-	7,668	Note 5
		Wei Chuan Foods Corp.	-	Available-for-sale financial assets	203	8,912	-	6,608	Note 5
		Gemtek Technology Co., Ltd.	-	Available-for-sale financial assets	71	3,970	-	2,244	Note 5
		Coxon Precise Industrial Co., Ltd.	-	Available-for-sale financial assets	107	8,206	-	6,720	Note 5
		Altek Corp.	-	Available-for-sale financial assets	36	1,824	-	1,487	Note 5
		I-Chiun Precision Industry Co., Ltd.	-	Available-for-sale financial assets	150	7,320	-	3,510	Note 5
		Delta Electronics, Inc.	-	Available-for-sale financial assets	70	8,383	-	7,385	Note 5
		MasterLink Securities Corporation	-	Available-for-sale financial assets	250	3,162	-	3,213	Note 5
		Evergreen Marine Corp. (Taiwan) Ltd.	-	Available-for-sale financial assets	80	1,821	-	1,848	Note 5
		Chipbond Technology Corporation	-	Available-for-sale financial assets	80	3,632	-	3,268	Note 5
		Chung Hwa Pulp Corp.	-	Available-for-sale financial assets	140	2,217	-	2,100	Note 5
		Taiwan Cement Corp.	-	Available-for-sale financial assets	80	2,505	-	3,424	Note 5
		China Airlines Ltd.	-	Available-for-sale financial assets	190	4,127	-	3,705	Note 5
		Hon Hai Precision Ind. Co., Ltd.	-	Available-for-sale financial assets	3	324	-	331	Note 5
		Insyde Software Corp.	-	Available-for-sale financial assets	15	2,218	-	2,378	Note 5
		Makalot Industrial Co., Ltd.	-	Available-for-sale financial assets	10	731	-	752	Note 5
		Nan Ya Printed Circuit Board Corporation	-	Available-for-sale financial assets	15	1,741	-	1,635	Note 5

(Continued)

No.	Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2011				Note
					Shares (Thousands/ Thousand Units)	Carrying Value (Note 6)	Percentage of Ownership	Market Value or Net Asset Value	
		Taiflex Scientific Co., Ltd.	-	Available-for-sale financial assets	40	\$ 2,318	-	\$ 2,472	Note 5
		PChome Store Inc.	-	Available-for-sale financial assets	325	14,072	-	49,400	Note 5
		IC Plus Corp.	-	Available-for-sale financial assets	210	5,630	-	5,000	Note 5
		Swancor Ind, Co., Ltd.	-	Available-for-sale financial assets	24	1,326	-	1,332	Note 5
		Apex Biotechnology Corp.	-	Available-for-sale financial assets	8	422	-	504	Note 5
		Cyberlink Co.	-	Available-for-sale financial assets	46	5,736	-	3,943	Note 5
		Optotech Corporation	-	Available-for-sale financial assets	320	7,106	-	5,648	Note 5
		Sino-American Silicon Products Inc.	-	Available-for-sale financial assets	76	8,085	-	7,196	Note 5
		Tang Eng Iron Works Co., Ltd.	-	Available-for-sale financial assets	135	3,930	-	3,928	Note 5
		Pan Jit International Inc.	-	Available-for-sale financial assets	20	649	-	647	Note 5
		Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	55	2,909	-	2,178	Note 5
		Yuanta Financial Holdings	-	Available-for-sale financial assets	200	4,279	-	3,980	Note 5
		Sunrex Technology Corporation	-	Available-for-sale financial assets	85	2,538	-	2,257	Note 5
		Taiwan Semiconductor Co., Ltd.	-	Available-for-sale financial assets	245	6,146	-	5,439	Note 5
		Everlight Electronics Co., Ltd.	-	Available-for-sale financial assets	90	8,248	-	6,939	Note 5
		Visual Photonics Epitaxy Co., Ltd.	-	Available-for-sale financial assets	43	3,197	-	3,054	Note 5
		Ene Technology Inc.	-	Available-for-sale financial assets	54	2,813	-	1,680	Note 5
		Realtek Semiconductor Corp.	-	Available-for-sale financial assets	81	6,047	-	4,482	Note 5
		ALi Corporation	-	Available-for-sale financial assets	105	5,634	-	4,357	Note 5
		Acme Electronics Corporation	-	Available-for-sale financial assets	70	7,052	-	6,790	Note 5
		Taiwan PCB Techvest Co., Ltd.	-	Available-for-sale financial assets	100	4,900	-	3,155	Note 5
		China Synthetic Rubber Corporation	-	Available-for-sale financial assets	120	3,615	-	3,612	Note 5
		Chung Hung Steel Corporation	-	Available-for-sale financial assets	101	1,807	-	1,487	Note 5
		Newmax Technology Co., Ltd.	-	Available-for-sale financial assets	26	3,316	-	2,918	Note 5
		Tingyi (Cayman Islands) Holding Corp.	-	Available-for-sale financial assets	35	1,492	-	1,543	Note 5
		Daxon Technology Inc.	-	Available-for-sale financial assets	217	6,135	-	4,872	Note 5
		Edison Opto Corporation	-	Available-for-sale financial assets	50	7,850	-	5,970	Note 5
		Kung Long Batteries Industrial Co., Ltd.	-	Available-for-sale financial assets	30	1,816	-	1,518	Note 5
		Digital China Holdings Limited	-	Available-for-sale financial assets	55	1,671	-	1,282	Note 5
		TXC Corporation	-	Available-for-sale financial assets	95	5,371	-	4,769	Note 5
		Richtek Technology Corp.	-	Available-for-sale financial assets	6	1,311	-	1,182	Note 5
		Uni-President Enerprises Corp.	-	Available-for-sale financial assets	115	4,861	-	4,784	Note 5
		Global Unichip Corp.	-	Available-for-sale financial assets	10	1,110	-	1,135	Note 5
		Ruentex Development Co., Ltd.	-	Available-for-sale financial assets	145	6,818	-	5,851	Note 5
		eMemory Technology Inc.	-	Available-for-sale financial assets	1	73	-	65	Note 5
		Far Eastern Department Stores Ltd.	-	Available-for-sale financial assets	40	1,970	-	2,300	Note 5
		Taiwan Semiconductor Manufacturing Co., Ltd.	-	Available-for-sale financial assets	80	5,466	-	5,776	Note 5
		Fulltech Fiber Glass Corp.	-	Available-for-sale financial assets	50	1,578	-	1,325	Note 5
		Wistron NeWeb Corporation	-	Available-for-sale financial assets	18	1,886	-	1,620	Note 5
		San Shing Fasteck Corp.	-	Available-for-sale financial assets	675	24,331	-	30,847	Note 5
		USI Corp.	-	Available-for-sale financial assets	160	6,256	-	5,288	Note 5
		Media Tek Inc.	-	Available-for-sale financial assets	15	5,022	-	4,680	Note 5
		President Chain Store Corp.	-	Available-for-sale financial assets	10	1,212	-	1,660	Note 5
		Macronix International Co., Ltd.	-	Available-for-sale financial assets	90	1,945	-	1,584	Note 5
		Dukang Distillers Holdings Ltd.	-	Available-for-sale financial assets	70	1,316	-	934	Note 5
		Champion Microelectronic Corp.	-	Available-for-sale financial assets	122	6,350	-	4,374	Note 5
		Unimicron Corporation	-	Available-for-sale financial assets	20	949	-	1,022	Note 5

(Continued)

No.	Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2011				Note
					Shares (Thousands/Thousand Units)	Carrying Value (Note 6)	Percentage of Ownership	Market Value or Net Asset Value	
		Sesoda Corporation	-	Available-for-sale financial assets	138	\$ 4,882	-	\$ 5,244	Note 5
		Taiwan Cooperative Bank	-	Available-for-sale financial assets	245	5,925	-	5,721	Note 5
		Lite-On Technology Corp.	-	Available-for-sale financial assets	10	247	-	382	Note 5
		Oris Tech Co., Ltd.	-	Available-for-sale financial assets	5	201	-	265	Note 5
		Chung-Hsin Electic & Machinery MFG. Corp.	-	Available-for-sale financial assets	50	935	-	857	Note 5
		Huaku Development Co., Ltd.	-	Available-for-sale financial assets	33	2,665	-	2,815	Note 5
		Huang Hsiang Construction Corporation	-	Available-for-sale financial assets	47	3,729	-	3,577	Note 5
		Elite Advanced Laser Corporation	-	Available-for-sale financial assets	26	2,265	-	2,122	Note 5
		Taiwan FamilyMart Co., Ltd.	-	Available-for-sale financial assets	11	1,419	-	1,551	Note 5
		Taiwan 50 Index	-	Available-for-sale financial assets	105	6,199	-	6,179	Note 5
		Radium Life Tech Co., Ltd.	-	Available-for-sale financial assets	75	2,767	-	2,820	Note 5
		Chia Chang Co., Ltd.	-	Available-for-sale financial assets	34	2,101	-	1,800	Note 5
		Shining Building Business Co., Ltd.	-	Available-for-sale financial assets	25	1,062	-	1,102	Note 5
		Gigasolar Materials Corporation	-	Available-for-sale financial assets	253	37,245	-	159,832	Note 5
		<u>Beneficiary certificates (mutual)</u>							
		Mega Diamond Bond Fund	-	Available-for-sale financial assets	4,185	50,001	-	50,304	Note 4
		Manulife Emerging Market High Yield Bond Fund-A	-	Available-for-sale financial assets	990	9,965	-	10,079	Note 4
		Paradigm high Yield Bond Fund-A	-	Available-for-sale financial assets	1,399	15,000	-	15,532	Note 4
		HSBS Asian High Yield Bond Fund-A	-	Available-for-sale financial assets	300	3,014	-	3,014	Note 4
		Jih Sun MIT Mainstream Fund	-	Available-for-sale financial assets	500	5,000	-	4,810	Note 4
		Cathay Mandarin Fund	-	Available-for-sale financial assets	1,600	16,000	-	15,024	Note 4
		Fubon Agribusiness Equity Fund	-	Available-for-sale financial assets	1,000	10,000	-	9,940	Note 4
		Capital India Medium & Small Capital Equity Fund	-	Available-for-sale financial assets	500	5,000	-	5,020	Note 4
		Fuh Hwa Global Fixed Income Fund of Funds	-	Available-for-sale financial assets	550	6,012	-	7,150	Note 4
		Cathy Man AHL Futures Trust Fund of Funds	-	Available-for-sale financial assets	997	10,053	-	9,686	Note 4
		Fuh Hwa Emerging Market Active Allocation Fund of Funds	-	Available-for-sale financial assets	1,000	10,000	-	9,980	Note 4
		Franklin Templeton Sinoam Franklin Templeton Global Fund of Funds	-	Available-for-sale financial assets	870	11,621	-	11,432	Note 4
		PowerShares QQQ	-	Available-for-sale financial assets	2	2,853	-	3,278	Note 4
		iShares Dow Jones U.S. Financial Sector Index Fund	-	Available-for-sale financial assets	2	4,325	-	4,047	Note 4
		Pro Shares UltraShort 20+ Year Treasury	-	Available-for-sale financial assets	7	6,769	-	6,443	Note 4
		iShares FTSE/Xinhua A50 China Index ETF	-	Available-for-sale financial assets	85	4,113	-	4,060	Note 4
		iShares CSI A-Share Consumer Staples Index ETF	-	Available-for-sale financial assets	20	1,733	-	1,668	Note 4
		WISE-CSI 300 China Tracker	-	Available-for-sale financial assets	14	2,046	-	1,883	Note 4
		<u>Bonds</u>							
		Hua Nan Financial Holdings Company 1st Unsecured Subordinate Corporate Bonds Issue in 2006	-	Available-for-sale financial assets	5,000	50,815	-	51,120	Note 5
		AU Optronics Corporation 1 st Secured Corporate Bonds Issue in 2008	-	Available-for-sale financial assets	5,000	50,406	-	50,524	Note 5

(Continued)

No.	Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2011				Note
					Shares (Thousands/Thousand Units)	Carrying Value (Note 6)	Percentage of Ownership	Market Value or Net Asset Value	
		<u>Convertible bonds</u> Epistar Corporation Ltd. 3rd Convertible Bond	-	Financial assets at fair value through profit or loss	17	\$ 1,815	-	\$ 1,819	Note 5
		Everlight Electronics Co., Ltd. 3rd Convertible Bonds	-	Financial assets at fair value through profit or loss	50	5,411	-	5,212	Note 5
		King Slide Works Co., Ltd. 2nd Convertible Bond	-	Financial assets at fair value through profit or loss	50	5,000	-	5,047	Note 5
		Everlight Electronics Co., Ltd. 4th Convertible Bonds	-	Financial assets at fair value through profit or loss	50	5,000	-	5,270	Note 5
		Ability Enterprise Co., Ltd. 1st Unsecured Convertible Bonds	-	Financial assets at fair value through profit or loss	40	4,008	-	4,002	Note 5
		TUL the Third Security Convertible Bond	-	Financial assets at fair value through profit or loss	15	1,500	-	1,482	Note 5
		Yuanta Financial Holding Co., Ltd. 1st Domestic Convertible Bond	-	Financial assets at fair value through profit or loss	85	8,500	-	9,393	Note 5
		Synnex Technology International Corporation 1st Unsecured Convertible Bond Issue in 2008	-	Financial assets at fair value through profit or loss	35	4,974	-	4,441	Note 5
		Ruentex Industry Co., Ltd. 2010 1st Domestic Unsecured Convertible Corporate Bonds	-	Financial assets at fair value through profit or loss	100	10,074	-	9,910	Note 5
		Ruentex Development Co., Ltd. 2010 1st Domestic Unsecured Convertible Corporate Bonds.	-	Financial assets at fair value through profit or loss	110	11,092	-	10,808	Note 5
		Synnex Technology International Corporation 2nd Unsecured Convertible Bond Issue	-	Financial assets at fair value through profit or loss	100	10,020	-	10,010	Note 5
		Far Eastern Department Store Ltd. 1st Domestic Unsecured Convertible Corporate Bond	-	Financial assets at fair value through profit or loss	70	7,000	-	7,560	Note 5
		Asia Optical 3rd Domestic Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss	15	1,504	-	1,567	Note 5
		Shenmao Technology Inc. 1st Convertible Bond	-	Financial assets at fair value through profit or loss	15	1,500	-	1,618	Note 5
18	Concord Technology Co., Ltd.	<u>Stocks</u> Glory Network System Service (Shanghai) Co., Ltd.	Subsidiary	Investments accounted for using equity method	1,010	7,864 (RMB 1,771)	100	7,864 (RMB 1,771)	Note 1
20	Chunghwa Precision Test Tech. Co., Ltd.	<u>Stocks</u> Chunghwa Precision Test Tech. USA Corporation	Subsidiary	Investments accounted for using equity method	400	10,200 (US\$ 355)	100	10,200 (US\$ 355)	Note 1
22	Senao International (Samoa) Holding Ltd.	<u>Stocks</u> Senao International HK Limited HopeTech Technologies Limited	Subsidiary Equity-method investee	Investments accounted for using equity method Investments accounted for using equity method	9,180 5,240	210,775 (US\$ 7,318) 19,239 (US\$ 668)	100 45	210,775 (US\$ 7,318) 19,239 (US\$ 668)	Note 1 Note 1
23	Senao International HK Limited	<u>Stocks</u> Senao Trading (Fujian) Co., Ltd.	Subsidiary	Investments accounted for using equity method	-	42,746 (US\$ 1,484)	100	42,746 (US\$ 1,484)	Note 1

(Continued)

No.	Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2011				Note
					Shares (Thousands/Thousand Units)	Carrying Value (Note 6)	Percentage of Ownership	Market Value or Net Asset Value	
		Senao International Trading (Shanghai) Co., Ltd.	Subsidiary	Investments accounted for using equity method	-	\$ 64,163 (US\$ 2,228)	100	\$ 64,163 (US\$ 2,228)	Note 1
		Senao International Trading (Shanghai) Co., Ltd.	Subsidiary	Investments accounted for using equity method	-	57,294 (US\$ 1,989)	100	57,294 (US\$ 1,989)	Note 1 and 10
		Senao International Trading (Jiangsu) Co., Ltd.	Subsidiary	Investments accounted for using equity method	-	45,453 (US\$ 1,578)	100	45,453 (US\$ 1,578)	Note 1
24	Chunghwa Investment Holding Co., Ltd.	<u>Stocks</u> CHI One Investment Co., Limited	Subsidiary	Investments accounted for using equity method	3,500	4,433 (HK\$ 1,201)	100	4,433 (HK\$ 1,201)	Note 1
26	CHI One Investment Co., Limited	<u>Stocks</u> Xiamen Sertec Business Technology Co., Ltd.	Equity-method investee	Investments accounted for using equity method	-	3,924 (RMB 881)	49	3,924 (RMB 881)	Note 1
27	Prime Asia Investments Group, Ltd. (B.V.I.)	<u>Stocks</u> Chunghwa Hsingta Company Ltd.	Subsidiary	Investments accounted for using equity method	-	164,699 (RMB 36,882)	100	164,699 (RMB 36,882)	Note 1
29	Chunghwa Hsingta Company Ltd.	<u>Stocks</u> Chunghwa Telecom (China) Co., Ltd.	Subsidiary	Investments accounted for using equity method	-	164,699 (RMB 36,882)	100	164,699 (RMB 36,882)	Note 1

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

Note 2: The net asset values of investees were based on unaudited financial statements.

Note 3: New Prospect Investments Holdings Ltd. (B.V.I.) was incorporated in March 2006, but not yet begun operation as of June 30, 2011.

Note 4: The net asset values of beneficiary certificates (mutual fund) were based on the net asset values on June 30, 2011.

Note 5: Market value was based on the closing price of June 30, 2011.

Note 6: Showing at their original carrying amounts without adjustments for fair values, except for held-to-maturity financial assets.

Note 7: The net asset values of investees were based on amortized cost.

Note 8: Market value of emerging stock was based on the average trading price on June 30, 2011.

Note 9: Prepayment for long-term investment, NT\$20,400 thousand, was injected in Chunghwa Sochamp Technology Inc. by Chunghwa in June 2011. Chunghwa Sochamp Technology Inc. completed its registration on July 1st, 2011, and Chunghwa owns 51% of ownership of Chunghwa Sochamp Technology Inc.

Note 10: The English name is the same as the above entity; however, the Chinese names included in the respective Articles of Incorporations are different.

(Concluded)

CHUNGHWA TELECOM CO., LTD.

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SIX MONTHS ENDED JUNE 30, 2011
(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.	<u>Stocks</u>													
		Prime Asia Investments Group Ltd.	Investments accounted for using equity method	-	Subsidiary	-	\$ -	1	\$ 177,176	-	\$ -	\$ -	\$ -	1	\$ 164,699 (Note 3)
		Chunghwa Telecom Singapore Pte., Ltd.	Investments accounted for using equity method	-	Subsidiary	61,869	1,399,258	-	-	35,486	815,827	815,827 (Note 5)	-	26,383	615,496 (Note 3)
		Dian Zuan Integrating Marketing Co., Ltd.	Investments accounted for using equity method	-	-	-	-	11,464	114,640	-	-	-	-	11,464	112,079 (Note 3)
		<u>Beneficiary certificates (mutual fund)</u>													
		Yuanta Wan Tai Money Market	Available-for-sale financial assets	-	-	-	-	137,562	2,000,000	137,562	2,001,073	2,000,000	1,073	-	-
		PIMCO GIS Total Return Bond Fund - H Institutional Class (Acc)	Available-for-sale financial assets	-	-	349	242,784	421	291,669	-	-	-	-	770	534,453
		PIMCO GIS Diversified Bond Fund - E Institutional Class (Inc)	Available-for-sale financial assets	-	-	-	-	656	236,082	656	231,176	236,082	(4,906)	-	-
		Janus US Flexible Income Bond Fund	Available-for-sale financial assets	-	-	-	-	671	230,472	-	-	-	-	671	230,472
		PIMCO GIS Diversified Bond Fund - H Institutional Class (Acc)	Available-for-sale financial assets	-	-	-	-	984	347,452	-	-	-	-	984	347,452
		<u>Bonds</u>													
		Taiwan Power Co. 2nd Unsecured Bond-EB Issue in 2005	Held-to-maturity financial assets	-	-	-	-	-	300,000 (Note 2)	-	-	-	-	-	300,000 (Note 2)
		Chinese Petroleum Corporation 1st Unsecured Corporate Bond-B Issue in 2006	Held-to-maturity financial assets	-	-	-	300,000 (Note 2)	-	400,000 (Note 2)	-	-	-	-	-	700,000 (Note 2)
		Yuanta Securities Co., Ltd. 1st Unsecured Corporate Bonds-B Issue in 2007	Held-to-maturity financial assets	-	-	-	400,000 (Note 2)	-	-	-	200,000 (Note 2)	200,000 (Note 2)	-	-	200,000 (Note 2)
		China Steel Corporation 2nd Unsecured Corporate Bonds Issue in 2008	Held-to-maturity financial assets	-	-	-	100,000 (Note 2)	-	100,000 (Note 2)	-	-	-	-	-	200,000 (Note 2)
		Taiwan Power Co. 3rd Unsecured Corporate Bond-B Issue in 2008	Held-to-maturity financial assets	-	-	-	-	-	150,000 (Note 2)	-	-	-	-	-	150,000 (Note 2)
		Taiwan Power Co. 8th Unsecured Corporate Bond-A Issue in 2008	Held-to-maturity financial assets	-	-	-	-	-	150,000 (Note 2)	-	-	-	-	-	150,000 (Note 2)
		Mega Financial Holding Co., Ltd. 2nd Unsecured Corporate Bonds-A Issued in 2007	Held-to-maturity financial assets	-	-	-	300,000 (Note 2)	-	-	-	300,000 (Note 2)	300,000 (Note 2)	-	-	-

(Continued)

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)
		Taiwan Power Co. 2th Secured Corporate Bond-B Issue in 2009	Held-to-maturity financial assets	-	-	-	\$ -	-	\$ 100,000 (Note 2)	-	\$ -	\$ -	\$ -	-	\$ 100,000 (Note 2)
		NAN YA Company 4th Unsecured Corporate Bond-A Issue in 2009	Held-to-maturity financial assets	-	-	-	300,000 (Note 2)	-	300,000 (Note 2)	-	-	-	-	-	600,000 (Note 2)
		MLPC 1st Unsecured Corporate Bond Issue in 2008Bond-A Issue in 2007	Held-to-maturity financial assets	-	-	-	200,000 (Note 2)	-	300,000 (Note 2)	-	-	-	-	-	500,000 (Note 2)
		Hon Hai Precision Industry Co., Ltd. First Debenture Issuing of 2009	Held-to-maturity financial assets	-	-	-	175,000 (Note 2)	-	100,000 (Note 2)	-	-	-	-	-	275,000 (Note 2)
		Formosa Petrochemical Corporation 1st Unsecured Corporate Bonds Issue in 2010	Held-to-maturity financial assets	-	-	-	300,000 (Note 2)	-	100,000 (Note 2)	-	-	-	-	-	400,000 (Note 2)
		Taiwan Power Co 4th Secured Corporate Bond-A Issue in 2010	Held-to-maturity financial assets	-	-	-	300,000 (Note 2)	-	300,000 (Note 2)	-	-	-	-	-	600,000 (Note 2)
		Yuanta FHC 1st Unsecured Corporate Bonds-A Issue in 2011	Held-to-maturity financial assets	-	-	-	-	-	300,000 (Note 2)	-	-	-	-	-	300,000 (Note 2)
		FCFC 1st Unsecured Corporate Bonds Issue in 2011	Held-to-maturity financial assets	-	-	-	-	-	300,000 (Note 2)	-	-	-	-	-	300,000 (Note 2)
		Formosa Petrochemical Corporation 1st Unsecured Corporate Bonds Issue in 2011	Held-to-maturity financial assets	-	-	-	-	-	150,000 (Note 2)	-	-	-	-	-	150,000 (Note 2)
		TaipeiFubon Bank 5th Financial Debenturees-A Issue in 2010	Held-to-maturity financial assets	-	-	-	300,000 (Note 2)	-	300,000 (Note 2)	-	-	-	-	-	600,000 (Note 2)
		HSBC Bank (Taiwan) Limited 1st Financial Debenture-D Issue in 2011	Held-to-maturity financial assets	-	-	-	-	-	300,000 (Note 2)	-	-	-	-	-	300,000 (Note 2)
1	Senao International Co., Ltd.	<u>Stocks</u> Senao International (Samoa) Holding Ltd.	Investments accounted for using equity method	-	Subsidiary	875	27,452 (US\$ 875)	9,000	261,777 (US\$ 9,000)	-	-	-	-	9,875	289,929 (US\$ 9,875) (Note 4)
		<u>Beneficiary certificates (mutual fund)</u> Fuh Hwa Strategic High Income Fund	Available-for-sale financial assets	-	-	5,000	50,000	6,649	75,000	2,500	28,225	25,000	3,225	9,149	100,000
22	Senao International (Samoa) Holding Ltd.	<u>Stocks</u> Senao International HK Limited	Investments accounted for using equity method	-	Subsidiary	180	5,647 (US\$ 180)	9,000	261,777 (US\$ 9,000)	-	-	-	-	9,180	267,424 (US\$ 9,180) (Note 4)
27	Prime Asia Investments Group Ltd.	<u>Stocks</u> Chunghwa Hsingta Company Ltd.	Investments accounted for using equity method	-	Subsidiary	-	-	-	177,176 (RMB 39,376)	-	-	-	-	-	164,699 (RMB 36,882) (Note 3)

(Continued)

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)
29	Chunghwa Hsingta Company Ltd.	<u>Stocks</u> Chunghwa Telecom (China) Co., Ltd.	Investments accounted for using equity method	-	Subsidiary	-	\$ -	-	\$ 177,176 (RMB 39,376)	-	\$ -	\$ -	\$ -	-	\$ 164,699 (RMB 36,882) (Note 3)

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

Note 2: Stated at its nominal amounts.

Note 3: The ending balance includes equity in earnings or losses of equity method investees and cumulative transaction adjustments.

Note 4: Stated at its original investment amounts.

Note 5: The amount decrease was because of capital reduction.

(Concluded)

CHUNGHWA TELECOM CO., LTD.

**ACQUISITION OF REAL ESTATE AMOUNTING AT COST OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SIX MONTHS ENDED JUNE 30, 2011
(Amounts in Thousands of New Taiwan Dollars)**

Company Name	Type of Property	Transaction Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Proceeds Collection Status	Gain (Loss) on Disposal	Counter-party	Nature of Relationship	Purpose of Disposal	Price Reference	Other Terms
Chunghwa Telecom Co., Ltd. (Chunghwa)	Land	March 2011	April 2000	\$338,347	\$647,717	\$615,331 was collected in March 2011; the rest of \$32,386 will be collected upon land delivery	\$305,280	Taiwan Stock Exchange Corporation (TSE)	None	With the presence of TSE, to create cluster effect of IDC clients	In accordance with land valuation report and mutual agreement	-

CHUNGHWA TELECOM CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SIX MONTHS ENDED JUNE 30, 2011
(Amounts in Thousands of New Taiwan Dollars)

No.	Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction (Note 2)		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	Sales	\$ 719,522 (Note 4)	1	30 days	-	-	\$ 655,936 (Note 5)	3
				Purchase	3,165,536 (Note 3)	6	30-90 days	-	-	(804,475) (Note 6)	(10)
		CHIEF Telecom Inc.	Subsidiary	Sales	140,514 (Note 7)	-	30 days	-	-	29,083 (Note 8)	-
				Purchase	149,265	-	60 days	-	-	(46,332) (Note 9)	-
		Chunghwa System Integration Co., Ltd.	Subsidiary	Purchase	188,882 (Note 10)	-	30 days	-	-	(252,500) (Note 11)	(3)
		Taiwan International Standard Electronics Co., Ltd.	Equity-method investee	Purchase	242,226	-	30-90 days	-	-	(204,210)	(2)
		Light Era Development Co., Ltd.	Subsidiary	Sales	100,054 (Note 12)	-	-	-	-	-	-
		So-net Entertainment Taiwan	Equity-method investee	Sales	120,369	-	60 days	-	-	8,484	-
1	Senao International Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	Sales	3,152,955 (Note 3)	26	30-90 days	-	-	825,835 (Note 6)	44
				Purchase	697,103 (Note 4)	7	30 days	-	-	(399,303) (Note 5)	(18)
2	CHIEF Telecom Inc.	Chunghwa Telecom Co., Ltd.	Parent company	Sales	149,265	26	60 days	-	-	46,205 (Note 9)	34
				Purchase	140,066 (Note 7)	29	30 days	-	-	(28,814) (Note 8)	(36)
3	Chunghwa System Integration Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	Sales	681,493 (Note 10)	85	30 days	-	-	252,319 (Note 11)	84

Note 1: Excluding payment and receipts collected in trust for others.

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

Note 3: The difference was because Senao International Co., Ltd. classified the amount as other current liabilities.

Note 4: The difference was because Senao International Co., Ltd. classified the amount as operating expenses.

(Continued)

Note 5: The difference was because Senao International Co., Ltd. classified the amount as other payables.

Note 6: The difference was because Chunghwa Telecom Co., Ltd. classified the amount as amounts collected in trust for others.

Note 7: The difference was because CHIEF Telecom Inc. classified the amount as operating expenses.

Note 8: The difference was because CHIEF Telecom Inc. classified the amount as other current liabilities.

Note 9: The difference was because CHIEF Telecom Inc. classified the amount as other receivables.

Note 10: The difference was because Chunghwa Telecom Co., Ltd. classified the amount as inventories, property, plant and equipment, and intangible assets.

Note 11: The difference was because Chunghwa System Integration Co., Ltd. classified the amount as other current assets.

Note 12: The difference was because Light Era Development Co., Ltd. classified the amount as intangible assets and operating expenses.

(Concluded)

CHUNGHWA TELECOM CO., LTD.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

JUNE 30, 2011

(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	\$ 655,936	11.58	\$ -	-	\$ 655,936	\$ -
1	Senao International Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	1,077,810	7.70	-	-	1,077,733	-
3	Chunghwa System Integration Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	252,319	2.97	-	-	228,041	-

Note 1: Payments and receipts collected in trust for others are excluded from the accounts receivable for calculating the turnover rate.

CHUNGHWA TELECOM CO., LTD.

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES IN WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
SIX MONTHS ENDED JUNE 30, 2011
(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 June 30, 2011			Net Income (Loss) of the Investee	Recognized Gain (Loss) (Notes 1 and 2)	Note
					June 30, 2011	December 31, 2010	Shares (Thousands)	Percentage of Ownership (%)	Carrying Value			
0	Chunghwa Telecom Co., Ltd.	Senao International Co., Ltd.	Sindian, New Taipei City	Selling and maintaining mobile phones and its peripheral products	\$ 1,065,813	\$ 1,065,813	71,773	28	\$ 1,330,533	\$ 659,390	\$ 185,867	Subsidiary
		Light Era Development Co., Ltd.	Taipei	Housing, office building development, rent and sale services	3,000,000	3,000,000	300,000	100	3,522,010	550,643	550,536	Subsidiary
		Chunghwa Investment Co., Ltd.	Taipei	Telecommunications, telecommunications value-added services and other related professional investment	1,738,709	1,738,709	178,000	89	1,914,178	79,657	70,670	Subsidiary
		Chunghwa System Integration Co., Ltd.	Taipei	Providing communication and information aggregative services	838,506	838,506	60,000	100	694,042	8,740	14,720	Subsidiary
		Chunghwa Telecom Singapore Pte., Ltd.	Singapore	Telecommunication wholesale, internet transfer services international data and long distance call wholesales to carriers	574,112	1,389,939	26,383	100	615,496	5,823	5,823	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	548,719	263,938	99,919	Equity-method investee
		CHIEF Telecom Inc.	Taipei	Internet communication and internet data center ("IDC") service	482,165	482,165	37,942	69	523,632	79,807	56,658	Subsidiary
		Donghwa Telecom Co., Ltd.	Hong Kong	International telecommunications IP fictitious internet and internet transfer services	522,003	522,003	129,590	100	502,560	(5,574)	(5,574)	Subsidiary
		International Integrated System, Inc.	Banqiao, New Taipei City	IT solution provider, IT application consultation, system integration and package solution	283,500	283,500	22,498	33	251,264	(56,899)	(26,732)	Equity-method investee
		Viettel-CHT Co., Ltd.	Vietnam	IDC services	288,327	288,327	-	30	245,265	46,589	13,983	Equity-method investee
		Chunghwa International Yellow Pages Co., Ltd.	Taipei	Yellow pages sales and advertisement services	150,000	150,000	15,000	100	179,849	24,149	24,123	Subsidiary
		Prime Asia Investments Group Ltd. (B.V.I.)	British Virgin Islands	Investment	177,176	-	1	100	164,699	(11,136)	(11,136)	Subsidiary
		Dian Zuan Integrating Marketing Co., Ltd.	Taipei	Information technology service and general advertisement service	114,640	-	11,464	40	112,079	(6,403)	(2,561)	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	97,455	39,227	11,768	Equity-method investee
		Spring House Entertainment Tech. Inc.	Taipei	Network services, producing digital entertainment contents and broadband visual sound terrace development	62,209	62,209	5,996	56	91,142	26,368	14,777	Subsidiary
		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	72,129	8,502	9,579	Subsidiary
		KingWaytek Technology Co., Ltd.	Taipei	Publishing books, data processing and software services	71,770	71,770	1,703	33	66,243	15,363	2,353	Equity-method investee
		Chunghwa Telecom Vietnam Co., Ltd.	Vietnam	Information and communications technology, international circuit, and intelligent energy network service	43,847 (VND 30,921,368)	-	-	100	41,161 (VND 30,603,757)	(439) (VND (324,531))	(439) (VND (324,531))	Subsidiary
		So-net Entertainment Taiwan	Taipei	Online service and sale of computer hardware	60,008	60,008	3,429	30	31,532	20,895	6,335	Equity-method investee
		Chunghwa Telecom Japan Co., Ltd.	Japan	Telecom business, information process and information provide service, development and sale of software and consulting services in telecommunication	17,291	17,291	1	100	18,411	6,295	6,295	Subsidiary
New Prospect Investments Holdings Ltd. (B.V.I.)	British Virgin Islands	Investment	-	-	-	100	-	-	-	-	Subsidiary	
Chunghwa Sochamp Technology Inc.	Taipei	License plate recognition system	20,400 (Note 4)	-	2,040	-	20,400 (Note 4)	-	-	-	Subsidiary	
1	Senao International Co., Ltd.	Senao Networks, Inc.	Linkou, New Taipei City	Telecommunication facilities manufactures and sales.	206,190	206,190	16,824	41	300,207	62,726	25,713	Equity-method investee
		Senao International (Samoa) Holding Ltd.	Samoa Islands	International investment	289,229 (US\$ 9,875)	27,452 (US\$ 875)	9,875	100	230,406 (US\$ 8,000)	(53,960) (US\$ (1,856))	(53,547) (US\$ (1,840))	Subsidiary

(Continued)

No.	Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2011			Net Income (Loss) of the Investee	Recognized Gain (Loss) (Notes 1 and 2)	Note
					June 30, 2011	December 31, 2010	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	\$ 1,864	\$ (73)	\$ (73)	Subsidiary
		Chief International Corp.	Samoa Islands	Network communication and engine room hiring	(US\$ 6,068 200)	(US\$ 6,068 200)	200	100	(US\$ 8,370 291)	(US\$ 520 18)	(US\$ 520 18)	Subsidiary
3	Chunghwa System Integrated Co., Ltd.	Concord Technology Co., Ltd.	Brunei	Providing advanced business solutions to telecommunications	(US\$ 31,973 1,010)	(US\$ 31,973 1,010)	1,010	100	(US\$ 7,864 274)	(US\$ (2,276) (94))	(US\$ (2,276) (94))	Subsidiary
7	Spring House Entertainment Tech. Inc.	Ceylon Innovation Co., Ltd.	Taipei	International trading, general advertisement and book publication service	1,000	-	-	100	979	(21)	(21)	Subsidiary
8	Light Era Development Co., Ltd.	Yao Yong Real Property Co., Ltd.	Taipei	Real estate leasing business	2,809,963	2,824,180	83,290	100	2,809,963	22,774	(14,217)	Subsidiary
9	Chunghwa Telecom Singapore Pte., Ltd.	ST-2 Satellite Ventures Pte., Ltd.	Singapore	Operation of ST-2 telecommunication satellite	(SG\$ 409,061 18,102)	(SG\$ 409,061 18,102)	18,102	38	(SG\$ 411,995 16,521)	(SG\$ (13,422) (580))	(SG\$ (3,118) (136))	Equity-method investee
14	Chunghwa Investment Co., Ltd.	Chunghwa Precision Test Tech Co., Ltd.	Tao Yuan	Semiconductor testing components and printed circuit board industry production and marketing of electronic products	91,875	91,875	110,317	53	118,723	5,590	3,004	Subsidiary
		Chunghwa Investment Holding Co., Ltd.	Brunei	General investment	(US\$ 34,483 1,043)	(US\$ 34,483 1,043)	1,043	100	(US\$ 14,116 491)	(US\$ (3,861) (133))	(US\$ (3,861) (133))	Subsidiary
		Tatung Technology Inc.	Taipei	The product of SET TOP BOX	50,000	50,000	5,000	28	18,825	57,088	15,446	Equity-method investee
		Panda Monium Company Ltd.	Cayman	The production of animation	(US\$ 20,000 602)	(US\$ 20,000 602)	602	43	-	-	-	Equity-method investee
		CHIEF Telecom Inc. Senao International Co., Ltd.	Taipei Sindian, New Taipei City	Telecommunication and internet service Selling and maintaining mobile phones and its peripheral products	(US\$ 20,000 49,731)	(US\$ 20,000 49,731)	20,000 1,001	4 -	23,481 46,873	79,807 659,390	2,921 1,581	Equity-method investee Equity-method investee
18	Concord Technology Co., Ltd.	Glory Network System Service (Shanghai) Co., Ltd.	Shanghai	Providing advanced business solutions to telecommunications	(US\$ 31,973 1,010)	(US\$ 31,973 1,010)	1,010	100	(RMB 7,864 1,771)	(US\$ (2,726) (94))	(US\$ (2,726) (94))	Subsidiary
20	Chunghwa Precision Test Tech. Co., Ltd.	Chunghwa Precision Test Tech. USA Corporation	United States	Semiconductor testing components and printed circuit board industry production and marketing of electronic products	(US\$ 12,636 400)	(US\$ 12,636 400)	400	100	(US\$ 10,200 355)	(US\$ (1,171) (40))	(US\$ (1,171) (40))	Subsidiary
22	Senao International (Samoa) Holding Ltd.	Senao International HK Limited	Hong Kong	Sales of communication business	(US\$ 267,424 9,180)	(US\$ 5,647 180)	9,180	100	(US\$ 210,775 7,318)	(US\$ (54,785) (1,885))	(US\$ (54,785) (1,885))	Subsidiary
		HopeTech Technologies Limited	Hong Kong	Information technology and telecommunication products sales	(US\$ 21,177 675)	(US\$ 21,177 675)	5,240	45	(US\$ 19,239 668)	(US\$ 146 5)	(US\$ 66 2)	Equity-method investee
24	Chunghwa Investment Holding Co., Ltd.	CHI One Investment Co., Limited	Hong Kong	General investment	(HK\$ 14,483 3,924)	(HK\$ 14,483 3,924)	3,500	100	(HK\$ 4,433 1,201)	(HK\$ (3,861) (1,034))	(HK\$ (3,861) (1,034))	Subsidiary
26	CHI One Investment Co., Limited	Xiamen Sertec Business Technology Co., Ltd.	Xiamen	Customer Services and platform rental activities	(RMB 13,862 2,963)	(RMB 13,862 2,963)	-	49	(RMB 3,924 881)	(RMB (7,881) (1,764))	(RMB (3,862) (866))	Equity-method investee
23	Senao International HK Limited.	Senao Trading (Fujian) Co., Ltd.	Fujian	Information technology services and sale of communication products	(US\$ 58,665 2,000)	-	-	100	(US\$ 42,746 1,484)	(US\$ (15,511) (534))	(US\$ (15,511) (534))	Subsidiary
		Senao International Trading (Shanghai) Co., Ltd.	Shanghai	Information technology services and sale of communication products	(US\$ 87,429 3,000)	-	-	100	(US\$ 64,158 2,228)	(US\$ (23,106) (795))	(US\$ (23,106) (795))	Subsidiary
		Senao International Trading (Shanghai) Co., Ltd.	Shanghai	Information technology services and sale of communication products	(US\$ 57,510 2,000)	-	-	100	(US\$ 57,294 1,989)	(US\$ (447) (15))	(US\$ (447) (15))	Subsidiary (Note 5)
		Senao International Trading (Jiangsu) Co., Ltd.	Jiangsu	Information technology services and sale of communication products	(US\$ 58,092 2,000)	-	-	-	(US\$ 45,453 1,578)	(US\$ (12,617) (434))	(US\$ (12,617) (434))	Subsidiary
27	Prime Asia Investments Group, Ltd. (B.V.I.)	Chunghwa Hsingta Co., Ltd.	Hong Kong	Investment	(RMB 177,176 39,376)	-	-	100	(RMB 164,699 36,882)	(RMB (11,136) (2,494))	(RMB (11,136) (2,494))	Subsidiary
29	Chunghwa Hsingta Company Ltd.	Chunghwa Telecom (China) Co., Ltd.	Shanghai	Planning and design of energy conservation and software and hardware system services, and intergartion of information system	(RMB 177,176 39,376)	-	-	100	(RMB 164,699 36,882)	(RMB (11,136) (2,494))	(RMB (11,136) (2,494))	Subsidiary

Note 1: The equity in net income (loss) of investees was based on audited financial statements.

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

Note 3: New Prospect Investments Holdings Ltd. (B.V.I.) was incorporated in March 2006, but have not yet begun operation as of June 30, 2011. Chunghwa has 100% ownership right in an amount of US\$1 in the holding company.

Note 4: Prepayment for long-term investment, NT\$20,400 thousand, was injected in Chunghwa Sochamp Technology Inc. by Chunghwa in June 2011. Chunghwa Sochamp Technology Inc. completed its registration on July 1st, 2011, and Chunghwa owns 51% of ownership of Chunghwa Sochamp Technology Inc.

Note 5: The English name is the same as the above entity; however, the Chinese names included in the respective Articles of Incorporations are different.

CHUNGHWA TELECOM CO., LTD.

INVESTMENT IN MAINLAND CHINA
SIX MONTHS ENDED JUNE 30, 2011

(Amounts in Thousands of New Taiwan Dollars, in Thousands of U.S. Dollars)

Investee	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2011	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2011	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of June 30, 2011	Accumulated Inward Remittance of Earnings as of June 30, 2011
					Outflow	Inflow					
Glory Network System Service (Shanghai) Co., Ltd.	Providing advanced business solutions to telecommunications	\$ 31,973	Note 1	\$ 31,973	\$ -	\$ -	\$ 31,973	100%	\$ (2,726)	\$ 7,864	\$ -
Xiamen Sertec Business Technology Co., Ltd.	Customer services and platform rental activities	28,282	Note 1	13,862	-	-	13,862	49%	(3,862)	3,924	-
Senao Trading (Fujian) Co., Ltd.	Information technology services and sale of communication products	58,665	Note 1	-	58,665	-	58,665	100%	(15,511)	42,746	-
Senao International Trading (Shanghai) Co., Ltd.	Information technology services and sale of communication products	87,429	Note 1	-	87,429	-	87,429	100%	(23,106)	64,163	-
Senao International Trading (Shanghai) Co., Ltd. (Note 7)	Information technology services and sale of communication products	57,510	Note 1	-	57,510	-	57,510	100%	(447)	57,294	-
Senao International Trading (Jiangsu) Co., Ltd.	Information technology services and sale of communication products	58,092	Note 1	-	58,092	-	58,092	100%	(12,617)	45,453	-
Chunghwa Telecom (China) Co., Ltd.	Energy conserving and providing installation, design and maintenance services	177,176	Note 1	-	177,176	-	177,176	100%	(11,136)	164,699	-

Accumulated Investment in Mainland China as of June 30, 2011	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Stipulated by Investment Commission, MOEA
\$ 31,973 (US\$ 1,010)	\$ 48,169 (US\$ 1,500)	\$ 380,759 (Note 3)
13,862 (US\$ 431)	79,882 (US\$ 2,500)	1,391,514 (Note 4)
261,696 (US\$ 9,000)	261,696 (US\$ 9,000)	2,631,296 (Note 5)
177,176 (US\$ 6,000)	177,176 (US\$ 6,000)	210,218,307 (Note 6)

(Continued)

Note 1: Investments were through an holding company registered in a third region.

Note 2: Recognition of investment gains (losses) was calculated based on the investee's audited 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 calculated based on the consolidated net assets value of Chunghwa Investment Co., Ltd.

Note 5: The amount was calculated based on the consolidated net assets value of Senao International Co., Ltd.

Note 6: The amount was calculated based on the consolidated net assets value of Chunghwa Telecom Co., Ltd.

Note 7: The English name is the same as the above entity; however, the Chinese names included in the respective Articles of Incorporations are different.

(Concluded)

TABLE 9**CHUNGHWA TELECOM CO., LTD.****SEGMENT INFORMATION
SIX MONTHS ENDED JUNE 30, 2011 AND 2010
(Amount in Thousands of New Taiwan Dollars)**

	Domestic Fixed Communications Business	Mobile Communications Business	Internet Business	International Fixed Communications Business	Others	Adjustment	Total
<u>Six months ended June 30, 2011</u>							
Revenues from external customers	\$ 39,148,983	\$ 36,830,954	\$ 11,859,619	\$ 7,568,737	\$ 120,827	\$ -	\$ 95,529,120
Intersegment revenues (Note 2)	\$ 7,103,517	\$ 3,190,165	\$ 800,140	\$ 702,355	\$ 210	\$ (11,796,387)	\$ -
Segment income before tax	\$ 10,378,723	\$ 13,062,738	\$ 5,205,132	\$ 1,238,579	\$ (232,935)	\$ -	\$ 29,652,237
Total assets	\$ 227,425,681	\$ 58,605,600	\$ 16,686,818	\$ 2,331,361	\$ 120,315,205	\$ -	\$ 445,364,665
<u>Six months ended June 30, 2010</u>							
Revenues from external customers	\$ 34,622,057	\$ 37,951,198	\$ 11,479,325	\$ 7,615,617	\$ 104,458	\$ -	\$ 91,772,655
Intersegment revenues (Note 2)	\$ 6,912,479	\$ 981,947	\$ 453,020	\$ 703,484	\$ 341	\$ (9,051,271)	\$ -
Segment income before tax	\$ 9,183,574	\$ 14,897,239	\$ 4,927,700	\$ 1,441,941	\$ (696,247)	\$ -	\$ 29,754,207
Total assets	\$ 230,477,555	\$ 58,162,645	\$ 15,788,304	\$ 20,259,179	\$ 125,637,490	\$ -	\$ 450,325,173

Note 1: The Company organizes its reporting segments based on types of organizational business. The five reporting segments are segregated as below: Domestic fixed communications business, mobile communications business, internet business, international fixed communications business and others.

- o Domestic fixed communications business - the provision of local telephone services, domestic long distance telephone services, broadband access, and related services;
- o Mobile communications business - the provision of mobile services, sales of mobile handsets and data cards, and related services;
- o Internet business - the provision of HiNet services and related services;
- o International fixed communications business - the provision of international long distance telephone services and related services;
- o Others - the provision of non-Telecom Services, and the corporate related items not allocated to reportable segments.

Note 2: Represents intersegment revenues from goods and services.

Note 3: According to Regulations Governing Network Interconnection among Telecommunications Enterprises Article 20, ownership of the tariffs for the communications between mobile telecommunications network and fixed telecommunications network except for international communications shall follow the following principles:

The tariff is collected from the call-originating subscribers by the call-originating telecommunications enterprises pursuant to the pricing of the mobile telecommunications network enterprises, and the revenue from the tariff belongs to the mobile telecommunications network enterprises. However, from January 1, 2011, the tariff shall be both priced and collected from the call-originating subscribers by the call-originating telecommunications enterprise; revenue from the tariff shall belong to the call-originating telecommunications enterprises as well.