



**Chunghwa Telecom Reports Un-audited Consolidated Operating Results
for the Second Quarter of 2016**

TAIPEI, Taiwan, R.O.C. July 28, 2016 - Chunghwa Telecom Co., Ltd. (TAIEX: 2412, NYSE: CHT) (“Chunghwa” or “the Company”) today reported its un-audited operating results for the second quarter of 2016. All figures were prepared in accordance with Taiwan-International Financial Reporting Standards (“Taiwan-IFRSs”) on a consolidated basis.

(Comparisons throughout the press release, unless otherwise stated, are made with regard to the prior year period)

Second Quarter 2016 Financial Highlights

- Total revenue decreased by 1.3% to NT\$56.20 billion
- Mobile communications revenue decreased by 7.1% to NT\$26.48 billion.
 - o Mobile value-added services (VAS) revenue increased by 5.0% to NT\$10.35 billion, with mobile Internet revenue, the largest contributor to VAS revenue, increasing by 6.6%
- Internet revenue increased by 5.5% to NT\$6.83 billion
- Domestic fixed communications revenue increased by 3.7% to NT\$18.41 billion
- International fixed communications revenue increased by 0.9% to NT\$3.55 billion
- Total operating costs and expenses decreased by 0.9% to NT\$43.31 billion
- Net income attributable to stockholders of the parent decreased by 0.7% to NT\$11.06 billion
- Basic earnings per share (EPS) was NT\$1.43

Dr. Rick L. Tsai, Chairman and CEO of Chunghwa Telecom stated, “Continued focus on streamlining our expansion efforts, operations and expense controls enabled us to outperform our guidance for operating income, net income and EPS during the second quarter of 2016. Our mobile internet revenue grew by 6.6% year over year, as our 4G subscriber base expanded to 5.7 million as of the end of June. Additionally, our competitive advantages in offering scalable, reliable, and comprehensive ICT solutions to enterprise customers, resulted in continued solid enterprise adoption of our ICT services during the quarter.”

Dr. Tsai continued, "Moving forward, we will continue to execute upon our expansion strategies surrounding our core growth areas including 4G adoption, ICT expansion, and enterprise cloud growth in Taiwan. In addition to the introduction of the Big 4G plans in April, we are focusing more on channel marketing to retain customers and increase their contribution. Lastly, we are extremely proud to have begun operation at our CHT Taipei IDC, one of the four highest-rated data centers in the world. This cutting-edge IDC will significantly strengthen CHT's cloud-based business capabilities by connecting Asia Pacific companies looking for high-speed, reliable data access connections to the rest of the world. We are confident that these new initiatives will continue to strengthen our leadership position and further boost our growth momentum going forward."

Revenue

Chunghwa Telecom's total revenues for the second quarter of 2016 decreased by 1.3% to NT\$56.20 billion, which was comprised of 47.1% mobile, 12.1% internet, 32.8% domestic fixed, 6.3% international fixed, and 1.7% from other businesses.

Mobile communications revenue for the second quarter 2016 decreased by 7.1% to NT\$26.48 billion. This was mainly due to the continual decrease of smart device sales and mobile voice revenues because of VoIP substitution and market competition, which was partially offset by the increase in mobile VAS revenue.

Internet business revenue for the second quarter of 2016 increased by 5.5% year-over-year to NT\$6.83 billion. The increase was primarily attributable to higher data communications revenue and application VAS revenue.

Domestic fixed revenue for the second quarter of 2016 increased by 3.7% year-over-year to NT\$18.41 billion, mainly due to the growth of ICT project revenue. Broadband access revenue decreased by 1.8% to NT\$4.70 billion. Local and DLD service revenue decreased by 5.7% and 7.8% to NT\$8.01 billion and NT\$0.73 billion, respectively, mainly due to increased mobile and VoIP substitution. International fixed revenue increased by 0.9% to NT\$3.55 billion.

Operating Costs and Expenses

Total operating costs and expenses for the second quarter of 2016 decreased by 0.9% to NT\$43.31 billion. The decrease was primarily due to the lower costs of goods sold and depreciation expenses, which offset the increase of ICT project expenses.

Operating Income and Net Income

Income from operations for the second quarter of 2016 decreased by 2.4% to NT\$12.88 billion. The operating margin was 22.9%, compared to 23.1% in the same period of 2015. Net income attributable to stockholders of the parent decreased by 0.7% to NT\$11.06 billion and basic earnings per share was NT\$1.43.

Cash Flow and EBITDA

Cash inflow from operating activities for the second quarter of 2016 decreased by 26.0% to NT\$13.41 billion. Cash and cash equivalents as of June 30th, 2016 increased by 30.2% year-over-year to NT\$44.64 billion.

EBITDA for the second quarter of 2016 decreased by 2.8% to NT\$20.99 billion. EBITDA margin decreased to 37.4% compared from 37.9% in the same period of 2015.

Capital Expenditure (“Capex”)

Total Capex for the second quarter of 2016 decreased by 28.3% to NT\$3.43 billion, and was comprised of 44.5% domestic fixed communications, 40.0% mobile communications, 9.0% Internet, 2.7% international fixed communications, and 3.8% from others.

Business and Operational Highlights

Broadband/HiNet

The Company continued to execute its strategy of encouraging FTTx migration. As of June 30th, 2016, the number of FTTx subscribers reached 3.44 million, accounting for 76.6% of the Company’s total broadband users. Moreover, the number of subscribers signing up for speeds of 100Mbps or higher increased by 13.8%, reaching 1.12 million. HiNet broadband subscribers totaled 3.76 million as of June 30th, 2016.

Mobile

As of June 30th, 2016, Chunghwa had 10.87 million mobile subscribers, representing a 2.5% year-over-year decrease. The Company also had 6.43 million mobile Internet subscribers, representing a 16.1% year-over-year increase. As of June 30th, 2016, the company accumulated 5.70 million 4G subscribers.

Fixed-line

As of June 30th, 2016, the Company maintained its leading position in the fixed-line market, with a total of 11.06 million subscribers.

Financial Statements

Financial statements and additional operational data can be found on the Company's website at <http://www.cht.com.tw/en/ir/stockit-earningsit.html>.

NOTE CONCERNING FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements. These statements constitute "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar statements. Statements that are not historical facts, including statements about Chunghwa's beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Investors are cautioned that actual events and results could differ materially from those statements as a result of a number of factors including, but not limited to the risks outlined in Chunghwa's filings with the U.S. Securities and Exchange Commission on Forms F-1, F-3, 6-K and 20-F, in each case as amended. The forward-looking statements in this press release reflect the current belief of Chunghwa as of the date of this press release and Chunghwa undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such date, except as required under applicable law.

This press release is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer or selling security holder and that will contain detailed information about the company and management, as well as financial statements.

NON-GAAP FINANCIAL MEASURES

To supplement the Company's consolidated financial statements presented in accordance with International Financial Reporting Standards pursuant to the requirements of the Financial Supervisory Commission, or T-IFRSs, Chunghwa Telecom also provides EBITDA, which is a "non-GAAP financial measure". EBITDA is defined as consolidated net income (loss) excluding (i) depreciation and amortization, (ii) total net comprehensive financing cost (which is comprised of net interest expense,

exchange gain or loss, monetary position gain or loss and other financing costs and derivative transactions), (iii) other income, net, (iv) income tax.

In managing the Company's business, Chunghwa Telecom relies on EBITDA as a means of assessing its operating performance because it excludes the effect of (i) depreciation and amortization, which represents a non-cash charge to earnings, (ii) certain financing costs, which are significantly affected by external factors, including interest rates, foreign currency exchange rates and inflation rates, which have little or no bearing on our operating performance, (iii) income tax (iv) other expenses or income not related to the operation of the business.

CAUTIONS ON USE OF NON-GAAP FINANCIAL MEASURES

In addition to the consolidated financial results prepared under T-IFRSs, Chunghwa Telecom also provide non-GAAP financial measures, including "EBITDA". The Company believes that the non-GAAP financial measures provide investors with another method for assessing its operating results in a manner that is focused on the performance of its ongoing operations.

Chunghwa Telecom's management believes investors will benefit from greater transparency in referring to these non-GAAP financial measures when assessing the Company's operating results, as well as when forecasting and analyzing future periods. However, the Company recognizes that:

- these non-GAAP financial measures are limited in their usefulness and should be considered only as a supplement to the Company's T-IFRSs financial measures;
- these non-GAAP financial measures should not be considered in isolation from, or as a substitute for, the Company's T-IFRSs financial measures;
- these non-GAAP financial measures should not be considered to be superior to the Company's T-IFRSs financial measures; and
- these non-GAAP financial measures were not prepared in accordance with T-IFRSs and investors should not assume that the non-GAAP financial measures presented in this earnings release were prepared under a comprehensive set of rules or principle.

Further, these non-GAAP financial measures may be unique to Chunghwa Telecom, as they may be different from non-GAAP financial measures used by other companies. As such, this presentation of non-GAAP financial measures may not enhance the comparability of the Company's results to the results of other companies. Readers are cautioned not to view non-GAAP results as a substitute for results under T-IFRSs, or as being comparable to results reported or forecasted by other companies.

About Chunghwa Telecom

Chunghwa Telecom (TAIEX 2412, NYSE: CHT) is Taiwan's largest integrated telecommunications services company that provides fixed-line, mobile, broadband, and internet services. The Company also provides information and communication technology services to corporate customers and is expanding

its cloud computing services. In recent years, Chunghwa has been actively involved in corporate social responsibility and has won domestic and international awards and recognition. For more information, please visit our website at www.cht.com.tw.

Contact: Fu-fu Shen
Phone: +886 2 2344 5488
Email: chtir@cht.com.tw