

CHUNGHWA TELECOM CO LTD  
Form 20-F  
April 25, 2017  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 20-F**

(Mark One)

**REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

**or**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2016**

**or**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**or**

**SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of event requiring this shell company report**

For the transition period from                      to

Commission file number 001-31731

**Chunghwa Telecom Co., Ltd.**

(Exact name of Registrant as specified in its charter)

**Chunghwa Telecom Co., Ltd.**

(Translation of Registrant's name into English)

**Taiwan, Republic of China**

(Jurisdiction of incorporation or organization)

**21-3 Hsinyi Road, Section 1, Taipei, Taiwan, Republic of China**

(Address of principal executive offices)

**Fufu Shen**

**21-3 Hsinyi Road, Section 1, Taipei,**

**Taiwan, Republic of China**

**Tel: +886 2 2344-5488**

**Email: chtir@cht.com.tw**

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

**Securities registered or to be registered pursuant to Section 12(b) of the Act:**

<b>Title of each class</b>	<b>Name of each exchange on which registered</b>
<b>Common Shares, par value NT\$10 per share</b>	<b>New York Stock Exchange*</b>
<b>American Depositary Shares, as evidenced by American</b>	<b>New York Stock Exchange</b>

**Depository Receipts, each representing 10 Common Shares**

**Securities registered or to be registered pursuant to Section 12(g) of the Act:**

**None**

**Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:**

**None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

**7,757,446,545 Common Shares**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer	Non-accelerated filer	Emerging growth
	company		

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP	International Financial Reporting Standards as issued	Other
	by the International Accounting Standards Board	

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

The term new or revised financial accounting standard refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

\* Not for trading, but only in connection with the listing on the New York Stock Exchange of the American Depositary Shares

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**SUPPLEMENTAL INFORMATION**

All references to we, us, our and our company in this annual report are to Chunghwa Telecom Co., Ltd. and our consolidated subsidiaries, unless the context otherwise requires. All references to shares and common shares are to our common shares, par value NT\$10 per share, and to ADSs are to our American depositary shares, each of which represents ten of our common shares. The ADSs are issued under the deposit agreement, as amended, supplemented or modified from time to time, originally dated as of July 17, 2003, among Chunghwa Telecom Co., Ltd. and the Bank of New York, and amended and restated on November 14, 2007, among Chunghwa Telecom Co., Ltd. and JP Morgan Chase Bank, as depository, and the holders and beneficial owners of American Depositary Receipts issued thereunder. All references to Taiwan are to the island of Taiwan and other areas under the effective control of the Republic of China. All references to the government or the ROC government are to the government of the Republic of China. All references to the Ministry of Transportation and Communications or the MOTC are to the Ministry of Transportation and Communications of the Republic of China. All references to the National Communications Commission or the NCC are to the National Communications Commission of the Republic of China. All references to the Securities and Futures Bureau are to the Securities and Futures Bureau of the Republic of China or its predecessors, as applicable.

ROC GAAP means the generally accepted accounting principles of the Republic of China, U.S. GAAP means the generally accepted accounting principles of the United States, IFRSs means International Financial Reporting Standards as issued by the International Accounting Standards Board, and Taiwan IFRSs means the International Financial Reporting Standards as issued by the International Accounting Standards Board and endorsed by the Financial Supervisory Commission, or the FSC, which are required to be adopted by applicable companies in the ROC pursuant to the Framework for Adoption of International Financial Reporting Standards by Companies in the ROC promulgated by the FSC on May 14, 2009. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding. Unless otherwise indicated, or the context otherwise requires, references in this annual report to financial and operational data for a particular year refer to the fiscal year of our company ending December 31 of that year.

When we refer to our privatization or our being privatized in this annual report, we mean our status as a non-state-owned entity after the government reduced its ownership of our outstanding common shares, including our common shares owned by entities majority-owned by the government, to less than 50%. We were privatized on August 12, 2005.

We publish our consolidated financial statements in New Taiwan dollars, the lawful currency of the Republic of China. In this annual report, NT\$ and NT dollars mean New Taiwan dollars, \$, US\$ and U.S. dollars mean United States dollars.

**FORWARD-LOOKING STATEMENTS IN THIS ANNUAL REPORT MAY NOT BE REALIZED**

This annual report contains forward-looking statements, including statements regarding:

our business and operating strategies;

our network expansion plans;

our business, operations and prospects;

our financial condition and results of operations;

our dividend policy;

the telecommunications industry regulatory environment in Taiwan; and

future developments in the telecommunications industry in Taiwan.



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These forward-looking statements are generally indicated by the use of forward-looking terminology such as believe, expect, anticipate, estimate, plan, aim, seek, project, may, will or other similar words that express an intention, belief or expectation that certain actions or results of actions that may or are expected to occur in the future. These statements reflect our current views with respect to future events and are subject to risks, uncertainties and assumptions, many of which are beyond our control. The forward-looking statements are contained principally in the sections entitled Item 3. Key Information D. Risk Factors, Item 4. Information on the Company and Item 5. Operating and Financial Review and Prospects. These statements are made under the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. You should not place undue reliance on these statements, which apply only as of the date of this annual report. These forward-looking statements are based on our own information and on information from other sources we believe to be reliable. Actual results may differ materially from those expressed or implied by these forward-looking statements. Factors that could cause differences include, but are not limited to, those discussed under Item 3. Key Information D. Risk Factors. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this annual report might not occur and our actual results could differ materially from those anticipated in these forward-looking statements. The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this annual report completely and with the understanding that our actual future results may be materially different from what we expect.

## **PART I**

### **ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS**

Not applicable.

### **ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE**

Not applicable.

### **ITEM 3. KEY INFORMATION**

#### **A. Selected Financial Data**

The selected consolidated statements of comprehensive income data and consolidated cash flows data for the years ended December 31, 2014, 2015 and 2016, and the selected consolidated balance sheets data as of December 31, 2015 and 2016 set forth below are derived from our audited consolidated financial statements included elsewhere in this annual report and should be read in conjunction with, and are qualified in their entirety by reference to, our consolidated financial statements and the related notes. The selected consolidated statements of comprehensive income data and consolidated cash flows data for the years ended December 31, 2012 and 2013, and the selected consolidated balance sheet data as of December 31, 2012, 2013 and 2014 set forth below are derived from our audited consolidated financial statements, which are not included this annual report. The consolidated financial statements have been prepared and presented in accordance with IFRSs.



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	Year Ended December 31					
	2012 NT\$	2013 NT\$	2014 NT\$	2015 NT\$	2016 NT\$	US\$
	(in billions, except for per share and per ADS data)					
<b>Consolidated Statements of Comprehensive Income Data:</b>						
Revenues	221.4	228.0	226.6	231.8	230.0	7.1
Operating costs	(141.5)	(147.3)	(148.4)	(148.1)	(147.6)	(4.6)
Gross profit	79.9	80.7	78.2	83.7	82.4	2.5
Operating expenses	(29.9)	(33.1)	(34.0)	(33.2)	(33.8)	(1.0)
Other income and expenses	(1.6)	0.1	0.6	(0.1)	(0.5)	(0.0)
Income from operations	48.4	47.7	44.8	50.4	48.1	1.5
Non-operating income and expenses <sup>(1)</sup>	1.6	1.4	1.8	1.6	1.3	0.0
Income before income tax	50.0	49.1	46.6	52.0	49.4	1.5
Income tax expense	(7.4)	(6.5)	(9.0)	(9.1)	(7.8)	(0.2)
Consolidated net income	42.6	42.6	37.6	42.9	41.6	1.3
Attributable to:						
Stockholders of the parent	41.5	41.5	37.0	42.1	40.5	1.3
Noncontrolling interests	1.1	1.1	0.6	0.8	1.1	0.0
	42.6	42.6	37.6	42.9	41.6	1.3
Earnings per share:						
Basic	5.35	5.35	4.77	5.42	5.22	0.16
Diluted	5.33	5.34	4.76	5.41	5.21	0.16
Earnings per ADS equivalent:						
Basic	53.49	53.49	47.66	54.19	52.19	1.61
Diluted	53.34	53.40	47.58	54.06	52.11	1.61

	As of December 31					
	2012 NT\$	2013 NT\$	2014 NT\$	2015 NT\$	2016 NT\$	US\$
	(in billions)					
<b>Consolidated Balance Sheets Data:</b>						
Working capital	40.2	(0.3)	6.9	13.3	17.5	0.5
Long-term investments	19.7	15.3	13.1	10.5	7.2	0.2
Property, plant and equipment	297.3	302.7	302.7	296.4	291.2	9.0
Investment properties	7.8	8.0	7.6	7.9	8.1	0.3
Intangible assets	5.8	44.4	42.8	50.4	47.4	1.5
Net defined benefit assets	0.0	0.0	0.0	0.0	0.9	0.0

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Total assets	440.0	441.0	446.5	452.8	446.9	13.8
Short-term loans	0.1	0.3	0.6	0.1	0.1	0.0
Current portion of long-term loans		0.3		0.0		
Long-term loans <sup>(2)</sup>	2.1	1.4	1.9	1.7	1.6	0.0
Customers deposits	4.9	4.8	4.8	4.7	4.6	0.1
Net defined benefit liabilities	4.6	5.5	6.5	7.1	1.5	0.0
Deferred revenue	3.8	3.7	3.4	3.6	3.5	0.1
Total liabilities	76.6	77.8	80.8	83.4	79.9	2.5
Net assets	363.4	363.2	365.7	369.4	367.0	11.3
Capital stock	77.6	77.6	77.6	77.6	77.6	2.4
Equity attributable to stockholders of the parent	359.1	358.3	360.8	364.3	360.7	11.1
Noncontrolling interests	4.3	4.9	4.9	5.1	6.3	0.2

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	Year Ended December 31					
	2012	2013	2014	2015	2016	
	NT\$	NT\$	NT\$	NT\$	NT\$	US\$
	(in billions, except for percentages and per share)					
<b>Consolidated Cash Flows Data:</b>						
Net cash provided by operating activities	65.6	75.3	71.4	76.3	65.0	2
Net cash used in investing activities	(18.6)	(49.1)	(27.3)	(30.4)	(21.7)	(0.7)
Net cash used in financing activities	(42.5)	(42.5)	(35.1)	(39.2)	(42.5)	(1.3)
Net increase (decrease) in cash and cash equivalents	4.5	(16.3)	9.0	6.7	0.8	0.0
<b>Other Financial Data:</b>						
Gross margin <sup>(3)</sup>	36%	35%	35%	36%	36%	36%
Operating margin <sup>(4)</sup>	22%	21				