



8

**I. 2014 Operation Results**

10

**II. 2015 Operation Plan Outline**





# Business Report

Retrospecting 2014, despite the frequent outbreak of the global geopolitical risk and Fed's announcement of termination of the U.S. Quantitative Easy (QE), the continuous declination of international oil price and the stimulus policies boosted by Eurozone and Japan, etc., were helpful to boost the global economy. Looking forward to the future, the global economy is expected to grow due to such advantageous factors as the faster recovery in the U.S.A. and declination of the international raw material/supplies price. The domestic economy recovered stably in 2014. It is expected that the economic growth rate in 2015 will be better than that in 2014, as benefited from the global economic recovery and lowering international oil price.

The Company has proactively operated the existing mail, savings and life insurance business patterns since the restructuring of 2003. The Company is committed to provide prevalent, quality, local and considerate services to the civilians throughout the nation to meet civilian demand for a basic life and become the entity most reliable to them all.



*President Shian-Juh Chen*

While facing such a severe external environment plus the need of taking up the tasks of policy, mail operation was quite difficult. However, under the joint efforts of postal employees and active promotion of businesses, the Company was able to achieve the operational goal of 2014. The 2014 operation results and 2015 operation plan are outlined below:

## I. 2014 Operation Results

### (I) Major Operation Items Estimation and Execution

Operation Item	Unit	Result this year	Estimation	Result previous year	Estimation Accomplishment rate (%)	Increase over previous year %
Mail operations	1,000 pcs	2,786,839	2,712,661	2,733,116	102.73%	1.97%
Philately	Thousand NT\$	784,690	660,000	764,639	118.89%	2.62%
Postal savings (Average daily balance)	100 Million NT\$	54,278.45	50,780.00	51,649.35	106.89%	5.09%
Money orders (Amount issued)	100 Million NT\$	16,983.52	15,100.00	16,660.41	112.47%	1.94%
Simple life insurance (Premium income)	100 Million NT\$	1,487.67	1,550.00	1,570.86	95.98%	-5.30%
Agential business (Agential amount)	100 Million NT\$	235.64	162.12	225.17	145.35%	4.65%



## (II) Capital utilization

Postal capital is employed in accordance with Article 18 of the Postal Remittance and Savings Act and Article 27 of the Simple Life Insurance Act. As of the end of December 2014, the utilization of postal capital is as follows:

### 2014 Postal Capital Utilization

Unit: 100 Million NT\$

Item	As of the end of December this year (2014)	Percentage in postal capital (%)	As of the end of December last year (2013)	Increase/Decrease (%)
Deposits in current accounts (including reserves against deposits in the Central Bank of the R.O.C. and the revolving funds of its branch offices)	1,963	3.13%	2,173	-9.66%
Certificate deposits (including time deposits)	18,915	30.11%	19,122	-1.08%
Call loans of other banks and short-term bills and notes	14,043	22.35%	11,976	17.26%
Bonds (including government bonds, corporate bonds and financial bonds)	19,126	30.45%	18,685	2.36%
Overseas investments	7,088	11.28%	6,210	14.14%
Stocks and mutual funds (including money invested by investment management companies on behalf of the post office)	1,219	1.94%	1,191	2.35%
Mortgage loans on CDs, insurance policies and real estate	453	0.72%	441	2.72%
Real estate investments	13	0.02%	13	0%
Total	62,820	100%	59,811	5.03%

## (III) Financial Status and Profitability Analysis

In FY 2014, the total revenue (including operating revenue and non-operating revenue) stood at NT\$ 286,022.78 million and total expenditure (including operating costs, operating expenses and non-operating expenses) totaled NT\$272,613.46 million. Profit before tax was NT\$1,349.32 million, the income tax expenses were NT\$1,297.29 million and net profit was NT\$12,112.03 million, an increase of NT\$2,913.94 million over the estimated NT\$9,198.09 million. The figures for the ROA (return on assets) after tax, ROE (return on equity) after tax and net profit margin for the year were 0.19%, 8.33% and 4.24%, respectively.

## (IV) Research and Development

The business units of the Company conduct analysis of financial situations both at home and abroad, industrial development and trend on a regular and irregular basis, in addition to preparing project research of other businesses as operational reference. The overview of important research development of 2014 is as follows:

1. 347 periodical domestic and international financial situation analysis reports:
  - (1) Domestic and international economic analysis reports (monthly)
  - (2) Domestic fixed income market research and analysis reports (weekly)
  - (3) Domestic stock market research and analysis reports (weekly)
  - (4) International investment research and analysis reports (weekly, monthly)



# Business Report

## 2. 12 overseas study reports

### 3. 11 research projects that were handled by commissioned experts and academic institutes:

- (1) Customer Satisfaction Survey of 2014 postal services
- (2) Analysis on actual measured value under Chunghwa Post postmen workload evaluation standards
- (3) Chunghwa Post's development strategies about mobile industry and contracted study on applied services
- (4) Creative marketing strategies of philately business
- (5) Analysis on standard operating procedure for postmen workload evaluation and system installation commissioned research projects
- (6) Research on discussion about regulations for postage discount
- (7) A7 logistic center lead-time planning
- (8) Contracted research project for analysis on obligation and cost of Chunghwa Post service prevalence
- (9) Research on postage information transparency
- (10) Korean and Japanese insurance business types and supervision regulations research project
- (11) Research project for orientation of postal life insurance and future development

## II. 2015 Operation Plan Outline

### (I) Operation Guidelines

Develop new types of businesses, apply information technology to improve competitiveness; strengthen e-commerce logistics service, and integrate postal service logistic, money and information flow functions; strengthen asset repurposing; increase operation effectiveness; effectively increase postal capital utilization effectiveness, support major government development projects and private investment plans.

### (II) Operational policy

#### 1. Concerning government policy executor

- (1) To be in line with the cross-strait policy, enhance business exchange and cooperation, and provide the public with rapid postal service.
- (2) To be in line with the economic boosting policy and support government major development projects and private investment plans.
- (3) To be in line with the financial policy, provide the nationals with basic economic protection and help construction of social security network.
- (4) To be in line with the asset management policy, activate asset utilization and enhance development effect to increase operating revenue.



## 2. Concerning management

- (1) Enhance HR management, upgrade HR quality, and satisfy the need for business development.
- (2) Integrate postal service resources, research & development diversified products, and provide the prevalent and well-founded services for mail, savings and life insurance businesses.
- (3) Develop cross-strait postal service business, integrate cash flow, logistic and information flow strengths, and expand operating niche.
- (4) Apply information technology, enhance information security, improve operating procedure, and increase performance of service.
- (5) Enhance corporate governance and risk management mechanism, fulfill information transparency; adjust allocation layout, and upgrade capital utilization effect.
- (6) Enhance asset management, activate asset utilization, increase development effect, and take care of public welfare objectives concurrently.
- (7) Actively participate in public welfare activities, fulfill corporate social responsibilities, and build fine-quality corporate identity.

## 3. Concerning supply and demand

- (1) In order to upgrade the service quality and operating performance, the Company worked hard to build and landscape branch offices, improve service facilities, and create a bright, comfortable and friendly postal service environment.
- (2) In order to enhance operational performance, the Company installed additional information equipment and system function to satisfy customers' diversified needs.
- (3) In order to meet the needs for business development, the Company planned to build the postal service logistic park to provide industrial supporting services.

### (III) Operation goals

1. Mail: It is estimated that 2,678.15 million pieces of mail will be handled.
2. Philately: It is estimated that philately revenues will be NT\$671 million.
3. Deposit: It is estimated that daily balance will be NT\$5,450 billion.
4. Exchange: It is estimated that the amount of exchange will be NT\$1,600 billion.
5. Simple life insurance: It is estimated that annual premium income will be NT\$153 billion.
6. Agential business: It is estimated that annual amount of agential business will be NT\$16,516 million

### (IV) Surplus goal:

It is estimated that pretax surplus will be NT\$9,840.08 million.