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I. Scope of Business

Chunghwa Post may, in accordance with Article 5 of the Postal Act, engage in the following businesses:

1. Mail delivery
2. Postal savings
3. Remittance services
4. Postal simple life insurance
5. Philately and related merchandise
6. Management of postal assets
7. Chunghwa Post may, subject to the approval of the Ministry of Transportation and Communications (MOTC), operate as an agent for other businesses, make investments or engage in relevant businesses as described in subparagraphs 1 to 6 of this article hereof.

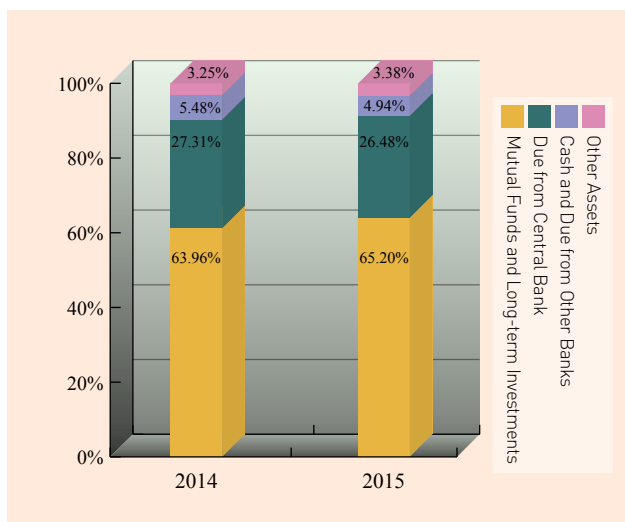
Percentage of Major Assets and Liabilities to Total Assets, 2014 and 2015

Unit: NT\$ 1,000; %

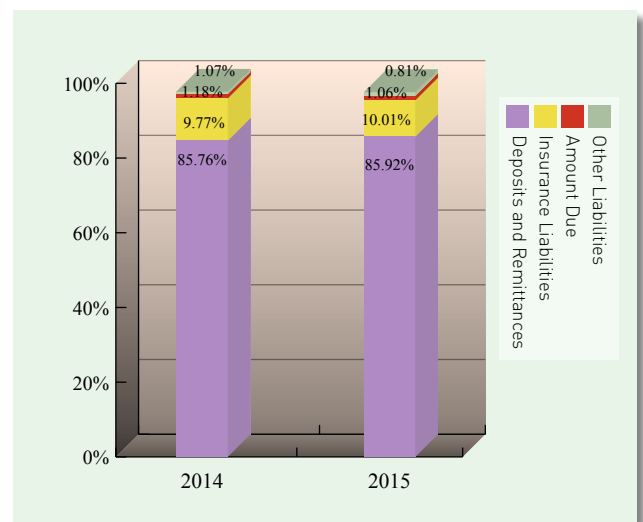
Major Items	2014		2015	
	Amount	%	Amount	%
Total Assets	6,463,325,341	100.00	6,766,810,961	100.00
Mutual Funds and Long-Term Investment	4,134,026,287	63.96	4,411,666,491	65.20
Due from Central Bank	1,764,864,633	27.31	1,792,151,063	26.48
Cash and Due from Other Banks	354,231,823	5.48	334,131,757	4.94
Other Assets	210,202,598	3.25	228,861,650	3.38
Total Liabilities	6,319,606,912	97.78	6,618,242,866	97.80
Deposits and Remittances	5,542,897,815	85.76	5,813,761,964	85.92
Insurance Liabilities	631,670,477	9.77	677,325,478	10.01
Amount Dues	76,411,980	1.18	71,878,176	1.06
Other Liabilities	68,626,640	1.07	55,277,248	0.81

Note: The 2014 Financial Statement was prepared in accordance with the Statement of Financial Accounting Standards of Taiwan and the settlement of explanation base, with adjustments of accounting changes in accordance with the 2013 IFRS. The 2015 Financial Statement was attested by CPA.

Comparison Chart of Asset Allocation, 2014 and 2015



Comparison Chart of Liabilities Allocation, 2014 and 2015





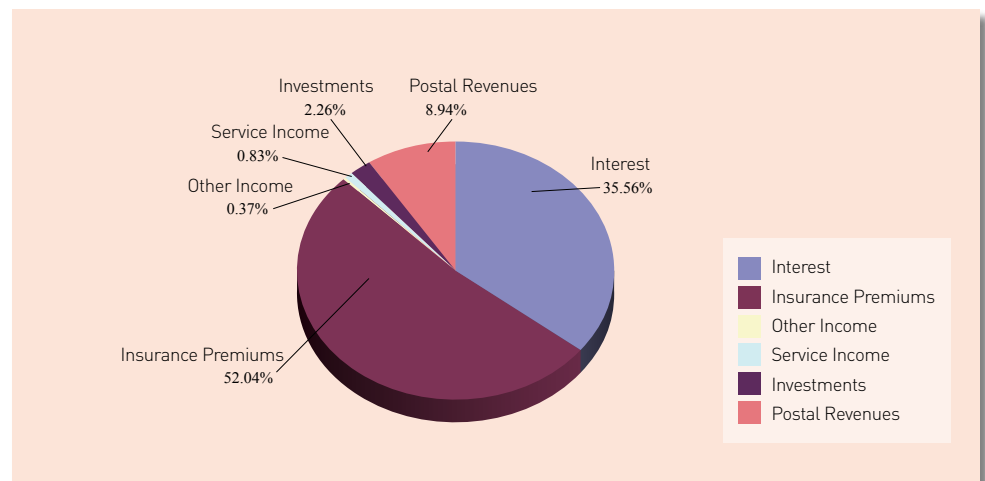
Percentage of All Business Revenues, 2014 and 2015

Unit: NT\$ 1,000; %

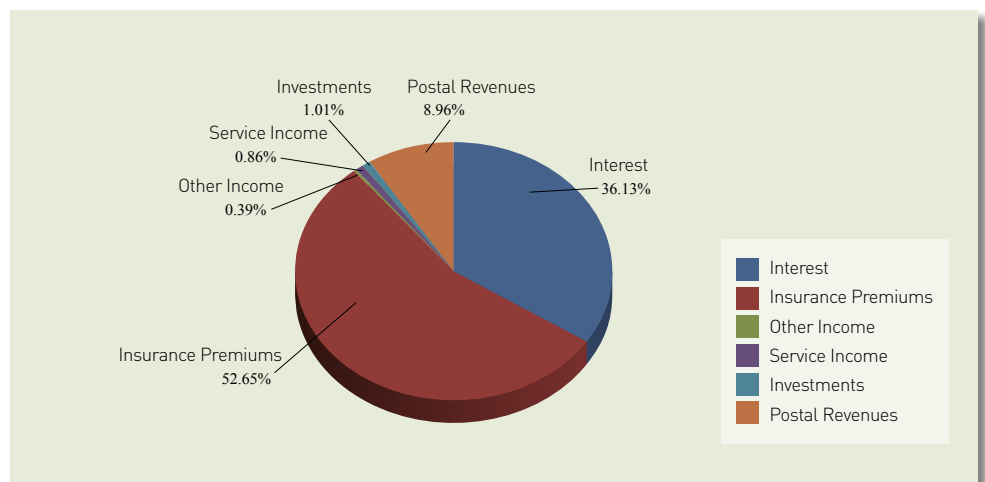
Items	2014		2015	
	Amount	%	Amount	%
Insurance Premiums	148,766,870	52.04	150,853,789	52.65
Interest	101,633,546	35.56	103,525,258	36.13
Postal Revenues	25,553,185	8.94	25,674,829	8.96
Investments	6,457,329	2.26	2,897,698	1.01
Service Income	2,386,554	0.83	2,472,830	0.86
Other Income	1,045,304	0.37	1,096,783	0.39
Total Revenues	285,842,788	100.00	286,521,187	100.00

Note: The 2014 Financial Statement was prepared in accordance with the Statement of Financial Accounting Standards of Taiwan and the settlement of explanation base, with adjustments of accounting changes in accordance with the 2013 IFRS. The 2015 Financial Statement was attested by CPA.

Sources of Business Revenues, 2014



Sources of Business Revenues, 2015

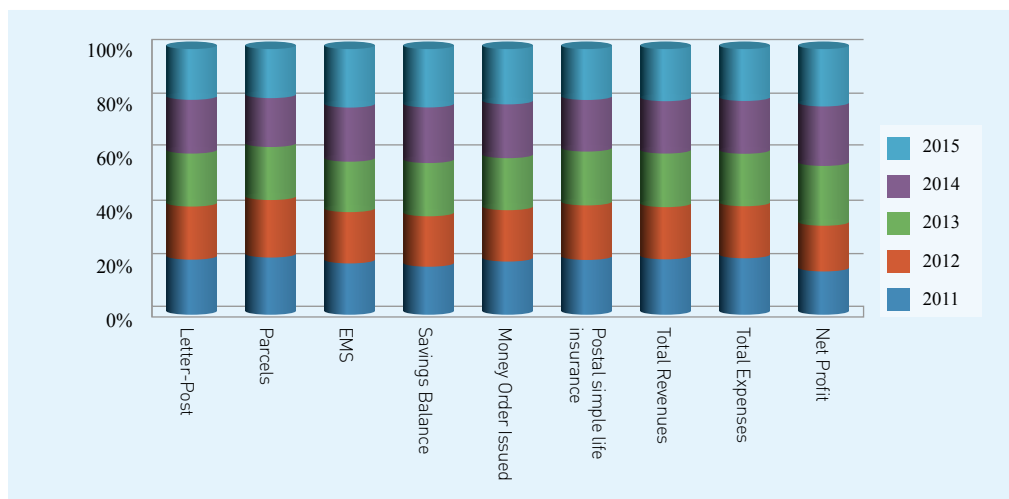


Business Highlights in the Past 5 Years

Items	Unit	2011	2012	2013	2014	2015
1. Letter-Post	Million pcs	2,781	2,706	2,700	2,755	2,612
2. Parcels	Thousand Pcs	27,214	27,946	25,600	23,562	24,172
3. EMS	Thousand Pcs	7,671	7,653	7,538	8,194	8,859
4. Savings Balance	Million NT\$	4,716,689	4,995,976	5,210,943	5,547,399	5,822,490
5. Money Order Issued	Thousand Pcs	16,159	15,877	16,027	16,577	17,187
6. Postal Simple Life Insurance	Thousand Pcs	2,793	2,768	2,754	2,645	2,665
7. Total Revenues	Million NT\$	298,191	280,438	286,871	286,006	286,692
8. Total Expenses	Million NT\$	289,553	271,391	274,810	274,011	275,085
9. Net Profit	Million NT\$	8,638	9,047	12,061	11,995	11,607

Note: The 2014 Financial Statement was prepared in accordance with the Statement of Financial Accounting Standards of Taiwan and the settlement of explanation base, with adjustments of accounting changes in accordance with the 2013 IFRS. The 2015 Financial Statement was attested by CPA.

Comparison Chart of Business Highlights in the Past 5 Years



(I) Mail services-No Boundaries

1. Letter-post items

The rapid development of information technology in recent years has promoted the widespread use of the Internet and e-mail. As it is becoming more and more convenient for customers to obtain information services, the use of mail delivery, a traditional way of communication, has gradually declined. Letter-post service nowadays is faced with a number of challenges. In addition to the price war initiated by private corporations, telecommunications operators and banks have also started to send more than one bills in a single letter, while some bills are even e-mailed only. The effects of offshoring, moreover, have prevented the growth of letter-post items and the operating value generated therefrom. The items sent and received in 2015 totaled 2,593,140,000, which translates into 110.4 per capita. The overall volume is 5.16% lower than the 2,734,290,000 pieces in 2014, when the number of letter-post items was boosted by the bulk of mail sent for the purpose of Taiwan's nine-in-one elections in the same year.

International letter-post items sent and received in 2015 totaled 18,970,000, down 8.79% from the 20,800,000 pieces of 2014. The decline is mainly attributed to the decreased volume of trans-delivered international mail.



2. Parcels

A total of 23,449,000 domestic parcels were delivered in 2015, up 2.5% compared with the previous year. In order to enhance Chunghwa Post's competitiveness in the parcels sector, we have been striving to improve the quality of our delivery services by engaging in the exchange of mailing information with online shops as well as the integration of multiple services. We have also continued to encourage local farmers to sell quality produce on our online shopping site, Post Mall, thereby promoting the sales of produce and specialties through e-commerce and increasing our revenues.

The international parcels sent and received in 2015 totaled 722,102, which translates into a growth rate of 5.61% compared with the 683,712 pieces of 2014.

3. Express Mail Service (EMS)

With the online shopping markets both at home and abroad witnessing a boom driven by the fast-growing e-commerce industry, the demand for B2C delivery and cross-border logistics has also increased. Express mail delivered domestically in 2015 totaled 7,008,000 pieces, up 11.23% compared with the previous year. Chunghwa Post will continue to offer integrated logistics services such as doorstep pick-up, express delivery, collection on delivery, and reverse logistics operations in order to meet online shopping merchants' demand for multi-channel services. Services catering to senders will also be upgraded with a view to ensuring a stable growth in the number of items we are entrusted to deliver.

The volume of international express mail sent and received in 2015 amounted to 1,851,098 pieces, 2.24% lower than the 1,893,424 pieces of 2014.

4. E-mail service

We at Chunghwa Post seeks to promote our e-mail service and ensure the security of our clients' data. Our management system has met the ISO27001 information security standard, and we are being reviewed every 6 months with an aim to further boost clients' confidence and strengthen our competitiveness. A total of 313,540,000 e-mails were handled in 2015, up 2.04% from the previous year.

5. Cross-strait mail service

The direct mail service between both sides of the Taiwan Strait was launched on December 15th, 2008. Over the past 7 years, the direct air and sea transport across the strait have seen substantial development, and related services in both Taiwan and China have also been streamlined. We at Chunghwa Post are therefore able to maintain a stable quality in our delivery of letter-post items, parcels, and express mail. Our comprehensive services have, in addition to satisfying the public's demand for mail delivery, promoted cross-strait economic and trading activities as well. Below are our achievements in 2015.

(1) Cross-strait mail delivered in 2015

The volume of mail sent from Taiwan amounted to more than 4,900,000 items, down 2.78% compared with the previous year; more than 3,670,000 items were received from China, 13.24% lower than the volume of 2014.

(2) Cooperation and exchange between cross-strait postal agencies

Invited by the Postal Association of Taiwan, representatives of the China Cross-strait Postal Exchange Association visited in June and December. During the two months, a forum on the development of cross-strait postal services and an exchange meeting on cross-strait postal operations were held for the two associations to discuss and exchange ideas about four topics: the popularization of postal services, the development of e-commerce and logistics across the Taiwan Strait, the financial cooperation between Chunghwa and China Posts, as well as the reform and innovation of the two national posts. In addition to co-hosting in December an extraordinary cross-strait philatelic exhibition with China Post in Taichung City, we at Chunghwa Post also invited our Chinese partner to Taiwan in May and November to deliberate how to expand our cooperation in e-commerce through the mooncake sales plan and develop partnerships in other business aspects. All the above-mentioned exchanges and meetings are exceptionally beneficial to cross-strait collaboration in postal operations.

(3) Planning of Suzhou Exchange Office

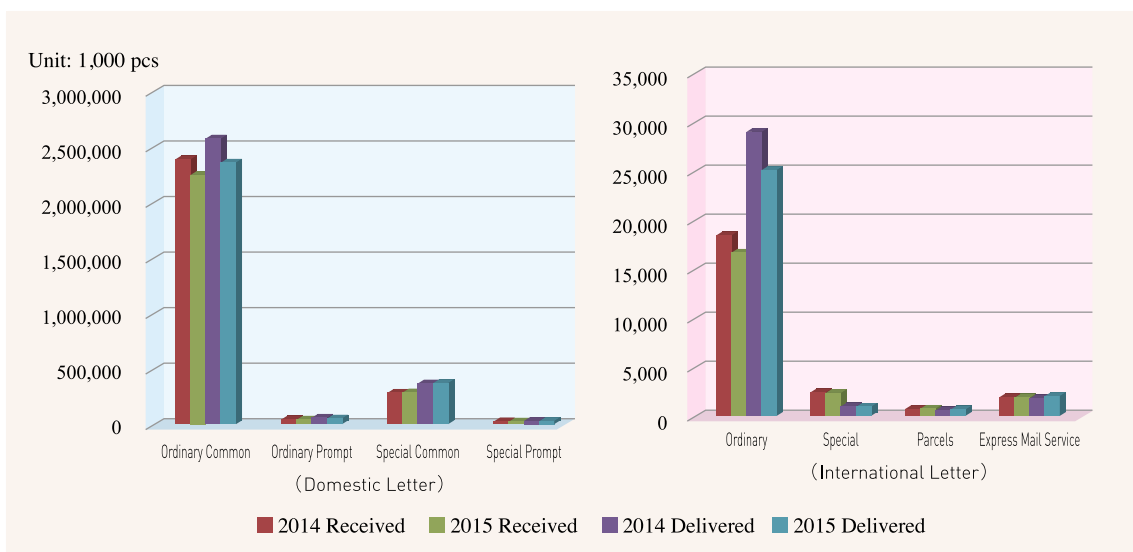
The large amounts of mail accumulated at the Shanghai Exchange Office waiting to be handled have often affected the efficiency of cross-strait postal services. Hence, Chunghwa and China Posts have agreed on the establishment of the Suzhou Exchange Office in order to improve the quality of cross-strait mail services and provide a solid foundation for future cooperation. With establishment-related procedures completed on November 9th, 2015, we expect to provide a range of refined, excellent, efficient and convenient cross-strait postal services for both general and commercial purposes after the Suzhou Exchange Office officially starts operating.

Number of Mail Items Received and Delivered, 2014 and 2015

Units: 1,000 pcs

Mail Items			Received		Delivered	
			2014	2015	2014	2015
Domestic Letter	Ordinary	Common	2,384,004	2,243,181	2,570,507	2,353,760
		Prompt	43,690	40,923	57,921	50,457
	Special	Common	282,657	285,720	366,328	368,848
		Prompt	23,934	23,321	28,855	27,848
	Sub-Total		2,734,285	2,593,145	3,023,611	2,800,913
International Letter	Ordinary	18,396	16,632	28,954	25,051	
	Special	2,402	2,338	959	921	
	Sub-Total	20,798	18,970	29,913	25,972	
Parcels	Domestic	22,878	23,450	25,377	25,927	
	International	684	722	531	632	
	Sub-Total	23,562	24,172	25,908	26,559	
Express Mail Service (EMS)	Domestic	6,300	7,008	8,065	8,959	
	International	1,894	1,851	1,766	2,015	
	Sub-Total	8,194	8,859	9,831	10,974	
Total			2,786,839	2,645,146	3,089,263	2,864,418

Number of Mail Items Received and Delivered, 2014 and 2015





6. Mail routes

(1) Domestic mail routes

Efficiency, safety, accessibility, precision, and affordability are valued in postal services. Therefore, domestic delivery is carried out with the support of a wide array of transportation resources offered by both the government and the private sector. In addition, we at Chunghwa Post also provide our own transportation vehicles and facilities, thereby constructing a delivery network which consists of highways, railroads, waterways, and air routes. By the end of 2015, the combined length of all the routes within the intricate network, which encompasses the Taiwan island, the Penghu County, the Kinmen County, and the Matsu Islands, had reached an impressive 124,386.6 kilometers.

(2) International mail routes

As Taiwan is an island, most international mail is delivered through air or over water. Taiwan's international mail routes start here on the island, extend overseas, and end at the exchange offices of foreign countries where cross-border mail is exchanged in bulk. By the end of 2015, the international air routes (EMS routes included) and waterways had reached 1,201,551 and 593,400 kilometers respectively.

Mileage of Mail Route, 2014 and 2015

Unit: KM

Type	2014	2015	Growth (%)
1. Land	119,491	118,843	-0.54%
1. High-speed Railway	345	345	
2. Railroads	426	426	
3. Highways	27,998	27,774	-0.80%
4. Others	90,722	90,298	-0.46%
2. Waterways	594,913	594,913	
1. Domestic	1,513	1,513	
2. International	593,400	593,400	
3. Air Routes	1,205,582	1,205,582	
1. Domestic	4,031	4,031	
2. International	1,201,551	1,201,551	

(II) Savings services-The Public Treasurer

Developed based on the idea that postal agencies are easily accessible to the general public, the postal savings system is aimed at providing services to all Taiwanese nationals. Postal savings accounts come in three types: passbook accounts, time deposit accounts, and giro accounts. As the government continues to encourage thrift and saving, all three types of accounts have absorbed large amounts of hot money, which was subsequently used to fund major constructions of Taiwan and stabilize the domestic financial market. Despite negative factors such as the 2008 financial crisis, economic downturns, offshoring, and capital outflows, the postal savings system still outperform all the other financial institutions in Taiwan in terms of the number of accounts and the total savings balance thanks to the robust operations of Chunghwa Post over the years. In the future, we will keep striving to expand in the fields of payroll direct deposit, online ATM, and VISA card services in order to increase our share in the passbook savings market. We will also strive to deliver services through a more diversified range of electronic channels and expand our scope of business, thereby enhancing our competitiveness.

Chunghwa Post's giro account, which allows account holders to make deposits and withdrawals as well as transfer payments and remittances, is one of the most unique services provided in the Taiwanese financial industry. Giro deposit slips are sent in the electronic form to increase the efficiency of giro payment; in the case of a giro deposit where the payer is to be specified, payer information is sent electronically to the recipient so that no manual write-off is needed. In addition, holders of giro accounts can also make transfers and request checks therefrom, which are two functions of demand deposit accounts. In the future, we at Chunghwa Post will continue to promote our online, ATM, and ACH payment channels in order to make it more convenient for our customers to send and receive payments.

At the end of 2015, the number of accounts totaled over 35,260,000, 1.77% more than that of 2014, while the balance of all accounts combined had climbed 4.96% compared with the previous year to NT\$5822.4 billion, which translates into more than NT\$160,000 per account.

1. New services introduced in 2015

- (1) With the widespread use of mobile devices promoted by the rapid development of science and technology, people's consumption habits and preferred methods of payment have also changed. As a response to the public's growing demand for mobile payment, Chunghwa Post has started to issue smart debit as well as smart VISA cards and provide the QR code payment service since Q4, 2015. Customers can shop, pay, and make transfers with their mobile devices by simply downloading applications or scanning QR codes.
- (2) In order to hold safely in escrow the funds involved in the transactions between consumers and e-commerce providers, including online shops and individual vendors, thereby protecting the transaction security as well as both parties' rights and interests, Chunghwa Post has started to offer the third-party payment service for online transactions since 2015.

2. Improved working procedures

- (1) With the scanning and filing of 22,000,000 passbook holders' chops completed in 2015, Chunghwa Post's electronic chop verification system has been established. We are confident that the system will enhance the efficiency of manual chop verification at service windows and reduce the number of human errors.
- (2) As a response to the policy of competent authorities to introduce "banking 3.0," we at Chunghwa Post have introduced several new digital financial services to save customers the time they spend at service windows. Starting from December, 2015, customers can make appointments online before opening passbook accounts and apply through the Internet to have their accounts settled and closed.

3. New services intended for the convenience of the public

- (1) Chunghwa Post has raised the ATM withdrawal limit from NT\$100,000 to NT\$150,000 per day in light of the public's needs. The new threshold has been in effect since December 25th, 2015.
- (2) In order to enhance the convenience of the iPost webpage and the Chunghwa Post application, customers can, starting from December 16th, 2015, change the account names and passwords they use on both platforms and obtain new authentication numbers for the application through the postal WebATM.
- (3) Starting from July 14th, 2015, holders of postal accounts can withdraw foreign currencies with their ATM cards from foreign exchange ATMs of commercial banks.
- (4) By the end of 2015, a total of 1,270 remittance agencies had been established to help customers remit funds from their postal accounts to commercial banks in a more convenient way.

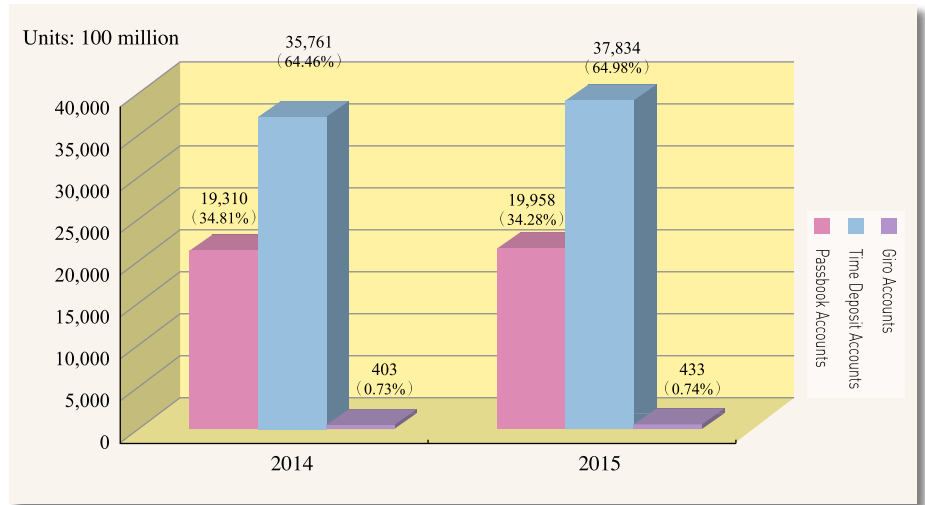
Volume of Postal Savings Services

Unit: NT\$ million

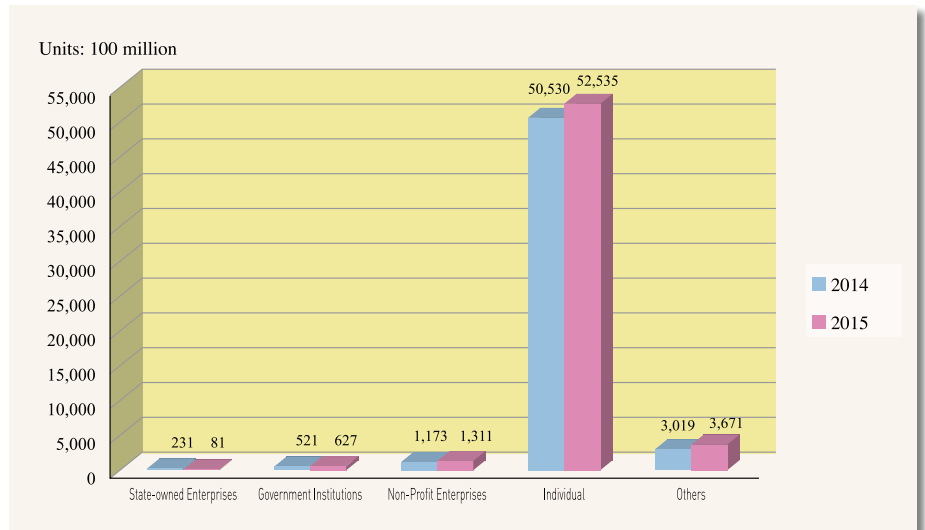
Type	Number of Deposits		Number of Withdrawals		Number of Accounts		Total Balance	
	2014	2015	2014	2015	2014	2015	2014	2015
Passbook Accounts	226,172,895	242,641,723	358,469,986	367,315,319	27,226,251	27,533,314	1,931,019	1,995,785
Time Deposit Accounts	6,908,477	7,215,677	40,548,632	44,659,636	5,821,913	6,132,507	3,576,128	3,783,370
Giro Accounts	60,826,242	58,555,077	12,399,245	12,486,637	1,602,205	1,599,493	40,252	43,335
Total	293,907,614	308,412,477	411,417,863	424,461,592	34,650,369	35,265,314	5,547,399	5,822,490



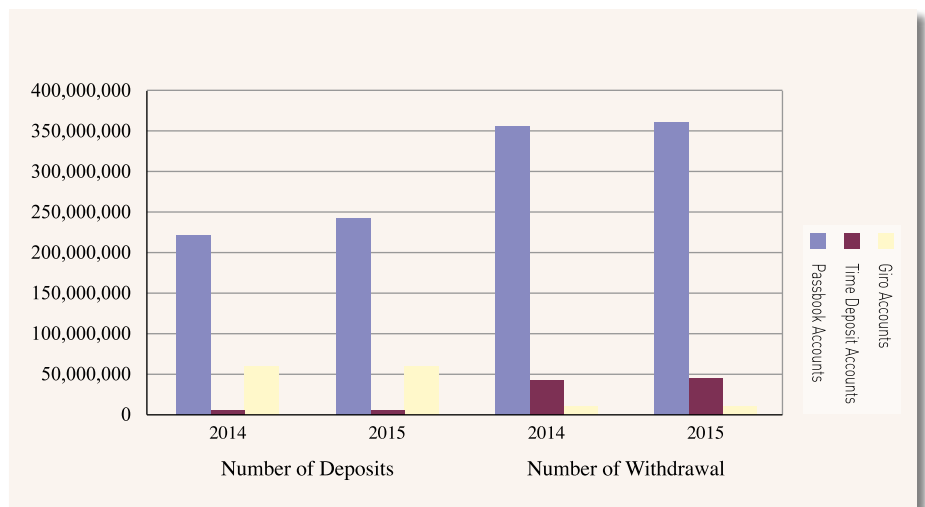
Comparison Chart of Postal Savings Services, 2014 and 2015



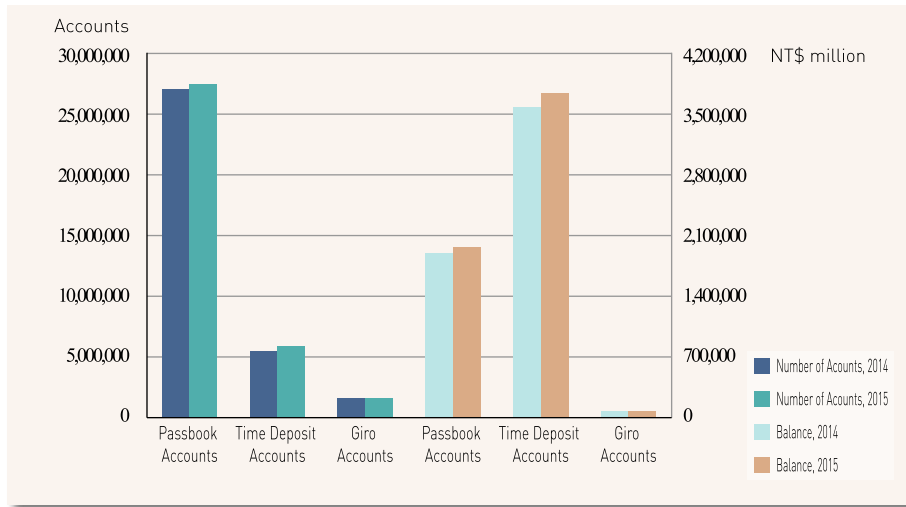
Savings Accounts Holders, 2014 and 2015



Numbers of Deposits and Withdrawals of Various Types of Accounts, 2014 and 2015



Numbers of Accounts and Balances of Various Types of Accounts, 2014 and 2015



(III) Remittance services-Worldwide Remittance Service

Chunghwa Post's convenient and efficient remittance services, which are provided through a nationwide remittance network, plays a significant role in stimulating the flow of funds and the financial market in Taiwan. For domestic remittances, we currently accept postal money orders, remittances between postal passbook accounts, fax money orders, postal gift coupons, as well as remittances between Chunghwa Post and commercial banks. As for the international sector, we handle international postal money orders, outward/inward international remittances, as well as the exchange of foreign currencies (cash RMB included) and travelers checks in US dollars. By the end of 2015, the number of post offices which provide international remittance services, including the trading of foreign currency, had reached 231, and the Taoyuan International Airport as well as 32 scenic areas/regional post offices had been appointed to undertake cash foreign exchange and the trading of US dollar travelers checks.

In 2015, funds remitted through Chunghwa Post amounted to NT\$1672.8 billion, down 1.5% compared with 2014, while money orders totaled 17,180,000, registering a 3.68% year-on-year growth.

Volume of Remittance Services

Unit: NT\$ 1,000

Type	Number		Amount	
	2014	2015	2014	2015
Postal Money Orders	1,581,548	1,496,770	16,051,503	14,715,938
Remittances between Postal Passbook Accounts	4,451,355	4,769,102	119,205,671	116,763,619
Fax Money Orders	4,846	4,099	54,784	47,905
Remittances between CHP and Commercial Banks	8,248,155	8,541,258	1,557,049,704	1,535,213,180
Postal Gift Coupons	1,225,374	1,343,679	2,476,407	2,654,975
International Postal Money Orders	943	821	45,375	41,098
International Outgoing Remittances	4,935	5,833	1,364,479	1,344,256
Travelers' Checks in USD	5,025	4,087	26,219	26,338
Remittances to Mainland China	17,049	15,566	1,254,164	1,165,215
Trading of Foreign Currencies	1,038,324	1,005,908	823,605	851,653
Total	16,577,464	17,187,123	1,698,351,911	1,672,824,177

When the Postal Simple Life Insurance was first introduced back in 1935, Chiang Kai-Shek, the Generalissimo of the Military Affairs Committee at that time, expressed his expectations for this service through four calligraphic characters, “溥益民生,” which means “enhance the wellbeing of the general public.” According to his wish, the insurance is supposed to be a simple, stable, non-profit, and extensively-promoted service managed exclusively by postal agencies under the government, and the insured should be able to lead a carefree life without worries about life after retirement or the financial condition of his/her family. The Postal Simple Life Insurance, in other words, represents a policy aimed at benefiting all citizens and improving social welfare. Therefore, we at Chunghwa Post regard “溥益民生” as the principle of providing Postal Simple Life Insurance, hoping that this service will help protect our social security and contribute to the social security net of Taiwan.

Ever since the Directorate General of Posts was corporatized to become Chunghwa Post in 2013, we have been striving to create a favorable business environment, make full use of information technology, diversify our products, and provide a comprehensive array of services to satisfy customers’ needs. In the future, we will continue to recruit and train professionals in relevant fields, hoping to win the confidence of all Taiwanese people by offering quality insurance programs which reflect our emphasis on honest, reliable, and customer-oriented services.

Volume of Postal Simple Life Insurance

Unit: NT\$ million

Year	Number of Policies			Sum Insured			Premium Income	Life Insurance Reserve
	New Policies	Policies in Force	Benefit Payment	New Policies	Policies in Force	Benefit Payment		
2014	388,297	2,645,105	482,386	137,427	1,011,057	109,670	148,767	631,280
2015	366,310	2,665,036	332,272	122,743	1,001,102	122,337	150,854	677,136

1. Mortgage products introduced in 2015:

- (1) The “Special Package for Government Employees” introduced on July 30th, 2015 (available for the military personnel, civil servants, and teachers of public schools).

*Lower mortgage rates to reward government employees.

*No fixed maturity date or late payment penalty.

- (2) The “Basic Mortgage Plan” introduced on November 19th, 2015.

*Two different sets (Levels A & B) of rates and loan-to-value ratios assigned to lenders according to their financial resources and collateral.

*No fixed maturity date or late payment penalty.

*Diversified mortgage products to meet customers’ needs.

2. New policies

In 2015, newly-issued postal life insurance policies totaled 366,310, down 5.66% compared with 2014, the insured amount registered a 10.68% year-on-year decrease, dropping to NT\$122,743,110,000, and the first-year premium income generated therefrom amounted to NT\$25,193,420,000, 7.75% lower than that of the previous year.



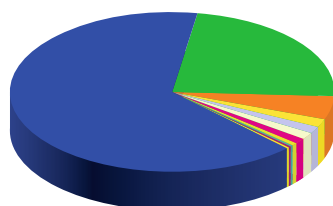
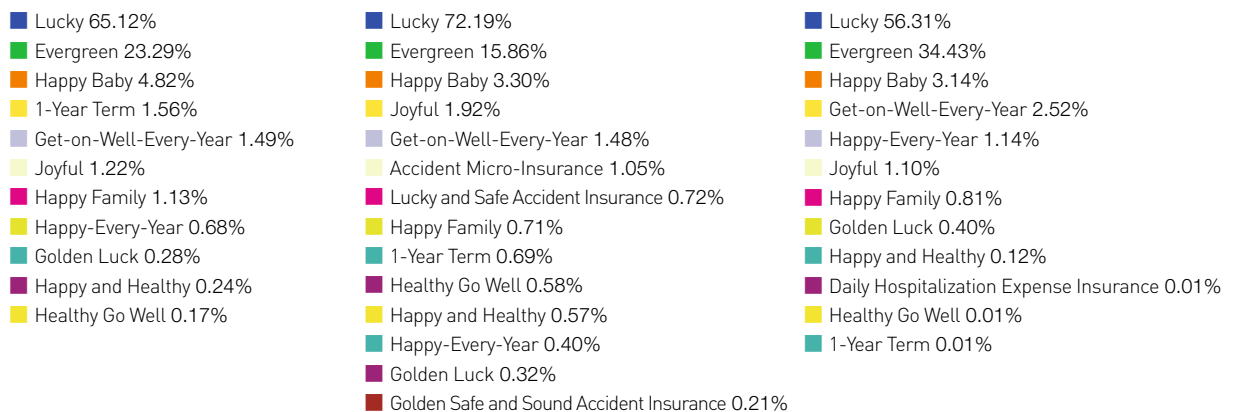
New Policies

Unit of Sum Insured and Premium Income: NT\$ 1,000

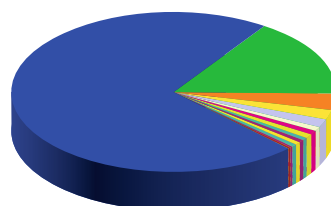
Type	No. of Policies	%	Sum Insured	%	Premium Revenue	%	
Total	366,310	100.00	122,743,113	100.00	25,193,421	100.00	
Endowment	Lucky 6-year-Term Endowment	238,535	65.12	88,608,570	72.19	14,185,221	56.31
	Evergreen Increasing Endowment	85,315	23.29	19,473,132	15.86	8,674,323	34.43
	Happy Baby Endowment	17,646	4.82	4,045,800	3.30	791,542	3.14
	Get-on-Well-Every-Year Endowment	5,462	1.49	1,820,790	1.48	634,788	2.52
	Joyful Endowment	4,464	1.22	2,354,959	1.92	278,038	1.10
	Happy Family Increasing Endowment	4,123	1.13	867,310	0.71	204,490	0.81
	Happy-Every-Year Endowment	2,478	0.68	487,440	0.40	286,255	1.14
	Golden Luck Endowment	1,037	0.28	391,240	0.32	99,990	0.40
	Other Endowments	0	0.00	0	0.00	433	0.00
Insurance against Death	1-Year Term Insurance	5,730	1.56	844,870	0.69	1,870	0.01
	Happy and Healthy Whole Life Insurance	884	0.24	696,139	0.57	29,745	0.12
	Healthy Go Well Term Insurance	636	0.17	712,359	0.58	2,033	0.01
	Other Insurance against Death	0	0.00	0	0.00	45	0.00
Accident Insurance	Accident Micro-Insurance Rider	5,582		1,285,300	1.05	656	0.00
	Lucky and Safe Accident Insurance Rider	1,929		889,456	0.72	906	0.00
	Golden Safe and Sound Accident Insurance Rider	569		264,560	0.21	479	0.00
Health Insurance	Daily Hospitalization Expense Insurance Rider	851		1,188	0.00	2,607	0.01

Note: Accident Insurance and Health Insurance are sold as a rider and therefore not included in the total.

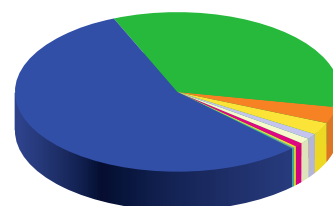
Percentage Distribution of New Policies by Type



Number of Policies



Sum Insured



Premium Income

Policies in Force

Unit of Sum Insured and Premium Income: NT\$ 1,000

Types		No. of Policies	%	Sum Insured	%	Premium Revenue	%
Total		2,665,036	100.00	1,001,101,540	100.00	150,853,789	100.00
Endowment	Lucky 6-year-Term Endowment	1,426,091	53.51	526,260,183	52.57	83,664,615	55.46
	Evergreen Increasing Endowment	238,451	8.95	53,456,380	5.34	26,602,107	17.63
	Stable Family Refundable Whole Life Endowment	171,742	6.44	62,702,960	6.26	791,040	0.52
	Golden Babe Child Insurance	111,074	4.17	31,851,476	3.18	4,909,654	3.25
	Good Fortune all the Way Insurance	95,849	3.60	16,344,240	1.63	15,293,736	10.14
	Beautiful Life Interest-Sensitive Insurance	91,789	3.44	50,960,913	5.09	5,609,829	3.72
	Safe and Rich Increasing Endowment	64,147	2.41	25,475,149	2.54	571,251	0.38
	Happy Baby Insurance	50,919	1.91	12,231,099	1.22	2,496,933	1.66
	Little Sun Child Insurance (91)	31,360	1.18	8,881,987	0.89	803,050	0.53
	Joyful Endowment	30,192	1.13	15,803,981	1.58	1,989,335	1.32
	Good Fortune Year after Year Endowment	27,405	1.03	7,462,681	0.75	302,666	0.20
	Happy Child Increasing Whole Life Insurance with Survival Benefits	24,465	0.92	8,182,110	0.82	154,343	0.10
	Auspicious Child Endowment	18,693	0.70	5,603,033	0.56	361,260	0.24
	Happy-Every-Year Endowment	16,539	0.62	3,067,984	0.31	1,926,860	1.28
	Good Luck and Peaceful Endowment	14,602	0.55	8,477,751	0.85	181,292	0.12
	Get-on-Well-Every-Year Endowment	9,915	0.37	3,403,325	0.34	1,317,717	0.87
	Happy Family Increasing Endowment	9,650	0.36	2,126,004	0.21	520,940	0.35
	Little Sun Child Insurance	8,135	0.31	2,639,032	0.26	363,662	0.24
	Golden Luck Endowment	6,395	0.24	2,224,628	0.22	618,724	0.41
	Healthy and Safe 103 Endowment	2,729	0.10	1,493,090	0.15	62,398	0.04
	Great Luck Endowment	2,696	0.10	765,780	0.08	109,428	0.07
	Wealthy and Happy Child Endowment	2,549	0.10	816,704	0.08	71,562	0.05
	Golden Colors Increasing Endowment 123	683	0.03	165,575	0.02	49,448	0.03
	Healthy and Blessed Endowment	289	0.01	106,280	0.01	19,118	0.01
	Other Endowments	280	0.00	45,694	0.00	11,827	0.01
Sub-Total	2,456,639	92.18	850,548,039	84.96	148,802,795	98.63	
Insurance against Death	Safety and Peace Whole Life Insurance	88,654	3.33	59,093,886	5.90	702,208	0.47
	Safe and Smooth Double-Indemnity Whole Life Insurance	17,825	0.67	9,232,992	0.92	131,581	0.09
	Happy and Healthy Whole Life Insurance	13,034	0.49	8,111,778	0.81	447,057	0.30
	Longevity Term Insurance	12,594	0.47	9,786,153	0.98	57,260	0.04
	Safe and Healthy Term Insurance	5,906	0.22	5,489,511	0.55	22,246	0.02
	1-Year Term Insurance	5,431	0.20	806,610	0.08	1,905	0.00
	Lucky Star Whole Life Insurance	3,693	0.14	2,535,781	0.25	111,161	0.07
	6-Year Term Insurance	3,389	0.13	3,055,677	0.31	7,400	0.01
	Safe and Smooth Double-Indemnity Whole Life Insurance (91)	1,735	0.06	510,756	0.05	21,397	0.01
	Healthy Go Well Term Insurance	1,076	0.04	1,152,661	0.12	3,330	0.00
	Other Insurance against Death	55,060	2.07	33,173,524	3.31	506,179	0.34
	Sub-Total	208,397	7.82	132,949,329	13.28	2,011,724	1.35



Types		No. of Policies	%	Sum Insured	%	Premium Revenue	%
Accident Insurance	Lucky and Safe Accident Insurance Rider	31,744		13,768,538	1.38	12,623	0.01
	Golden Safe and Sound Accident Insurance Rider	5,870		2,649,280	0.26	4,306	0.00
	Accident Micro-Insurance Rider	5,141		1,177,850	0.12	656	0.00
	Sub-Total	42,755		17,595,668	1.76	17,585	0.01
Health Insurance	Daily Hospitalization Expense Insurance Rider	6,464		8,504	0.00	21,685	0.01

Note: Accident Insurance and Health Insurance are sold as a rider and therefore not included in the total.

3. Policies in force

In 2015, the number of in-force postal life insurance policies amounted to 2,665,036, 0.75% higher than that of 2014, the insured amount posted a 0.98% year-on-year decline, dropping to NT\$11,101,540,000, and the premium income totaled NT\$150,853,790,000, up 1.40% compared with the previous year.

4. Policy loans

Under the circumstances where a policyholder has paid for the premiums of a still-in-force policy for no less than 1 year, he/she may apply for a loan no greater than the nonforfeiture value of the policy as a way to fulfill his/her financing needs. The application procedure is simple and easy. In addition to consulting post offices, policyholders can also make use of Chunghwa Post's ATMs and the postal WebATM to apply for loans in a more convenient and efficient manner.

The year of 2015 saw 135,264 cases of policy loans, up 2.92% compared with 2014, and the outstanding loans arising therefrom posted an 8.90% year-on-year growth by climbing to NT\$16,476,720,000.

5. Secured mortgage loans

Starting to be offered in 1997, Chunghwa Post's secured mortgage loans are not only available to policyholders of the Postal Simple Life Insurance but all applicants who meet the loan requirements as well. The loan service can be accessed all over the territory of Taiwan, except for the Matsu Islands, at the 20 post offices undertaking mortgage loan-related services or the 202 branches collecting required documents.

In 2015, the number of secured mortgage loans issued by Chunghwa Post totaled 13,649, up 6.61% compared with 2014, and the outstanding loan balance amounted to NT\$33,628,250,000, 14.63% higher than that of the previous year.

6. Benefit payment

(1) Payment on maturity

In 2015, a total of 287,493 payments were made on maturity, which translates into a 34.12% year-on-year decline, while the amount paid to the insured climbed by 16.41% from last year's number to NT\$106,992,380,000.

(2) Surrender value

The year of 2015 saw 39,593 cases of surrender, 3.39% lower than that of 2014, and the amount paid to the insured posted a 16.00% yearly decline by dropping to NT\$1,322,190,000.

(3) Payment to claims

The year of 2015 saw 5,186 payments to claims, up 3.82% compared with 2014, and the amount paid to the insured totaled NT\$2,142,360,000, 4.89% higher than that of the previous year.

7. Characteristics of postal simple life insurance

(1) Types of products

The Postal Simple Life Insurance comes mainly in two types, endowment insurance and term insurance, but health insurance and accident insurance may be added as riders. All nationals of the Republic of China are eligible to be insured.

(2) No health checkup required

Health checkups are not required for persons who are insured with the Postal Simple Life Insurance. However, in order for the insurer's underwriting process to be facilitated, the insured and the proposer shall respond with complete honesty to the questions on the insurance application form.

(3) Insured amount

No insured individual, regardless of how many policies he/she holds, shall be insured for more than NT\$6 million in total.

(4) Premium payment

Unless otherwise specified, premium payments can be made on a yearly, semi-yearly, quarterly, or monthly base. Starting from August 1st, 2015, the first and subsequent installments shall all be transferred from postal passbook or giro accounts, a way of payment that trims 1% off the original premium.

(V) Philately—educational and entertaining

Philately is among key business activities operated by Chuanghwa Post. A series of activities were launched in 2015, such as expanding the philately business, holding philatelic events and promoting philatelic culture, generating an annual revenue of NT\$795.58 million.

1. Issuing new postage stamps

A total of 21 sets of postage stamps were released in 2015, including 4 sets of commemorative issues, 16 sets of special issues and one set of definitive issue. Additional issues of the same year included: 2 models of stamp yearbook, one in hardback and the other in loose leaf, one model of postage stamp catalogue, 4 models of stamp folio, 8 models of stamp pictorial, 6 models of maximum card, 2 styles of commemorative envelope and one model of "New Year's Greeting Postage Stamps (Issue of 2015)" press sheet.

Among all issues provided for sale, the "Marine Life Postage Stamps - Jellyfish" were printed with three-colored fluorescent ink and "Stamps Featuring Ancient Chinese Paintings by Giuseppe Castiglione - Qing Dynasty" were printed with silk paper. "TAIPEI 2015 - 30th Asian International Stamp Exhibition Commemorative Issues" employed repeating series of tiny letters and numbers to form their images. Augmented Reality (AR) was utilized to enable customers to enjoy the majesty of the large dragon and the beauty of flying swan geese featuring the commemorative stamps. "TAIPEI 2015 - 30th Asian International Stamp Exhibition Commemorative Issue." Moreover, a series of the issues released for the exhibition: Family Comes First, Our Ecosystem, Stamps on Paintings Depicting Literary Gatherings, and National Palace Museum Southern Branch Opening Exhibition Stamps - were featured with innovation in terms of stamp shapes and the formats of full sheets. These issues epitomized the exquisiteness and diversity of postage stamps.

In line with business demands, Chunghwa Post also released one model of domestic postal card (vertical and horizontal designs), one model of domestic ordinary stamped envelope, one model of registered stamped envelope, 2 sets of postage labels, one set of postage-due stamps, one set of 12 landscape postal cards, and one set of 5 New Year's Greeting Postal Cards with Lottery.



2. Issuing philatelic products

Chunghwa Post provided 7 types of philatelic products in 2015, including silver ingots featuring the Large Dragon Stamp, Postman Figure piggy banks (Issue of 2015), porcelain cups bearing the image of Herb Plants Postage Stamps, shopping bags bearing the image of Children-at-play Postage Stamps, collecting frame for the "Completion and Inauguration of Nangang – Su'ao Section of National Highway Number Five Commemorative Issue", and Postman Figure key rings (Issue of 2015). A total of 13 models were produced for sale. Chunghwa Post also authorized its branches nationwide to produce and sell a total of 142 models of philatelic products.

3. Organizing sales promotions to expand philately business

(1) "New Year's Greeting Postal Cards with Lottery (Issue of 2014)" sales promotion:

This sales promotion was launched from December 1st 2014 to February 28th 2015 to encourage citizens to send their happy new year greetings by means of postal cards. A public lucky draw was held on March 17th, with 1,040 prizes given away, including tablets, stamps, philatelic products, and so forth.

(2) 2014 Stamp Yearbook premium sales:

The premium sales lasted from January 6th until June 1st 2015. During this period of time, any customer who bought a 2014 Stamp Yearbook (either hardback or loose leaf) would be rewarded with a scratch-and-win card, with 10,032 prizes given away, including laptops, smart phones, tablets, and postage stamps and philatelic products released by Chunghwa Post.

(VI) Agential business—inclusive of everything

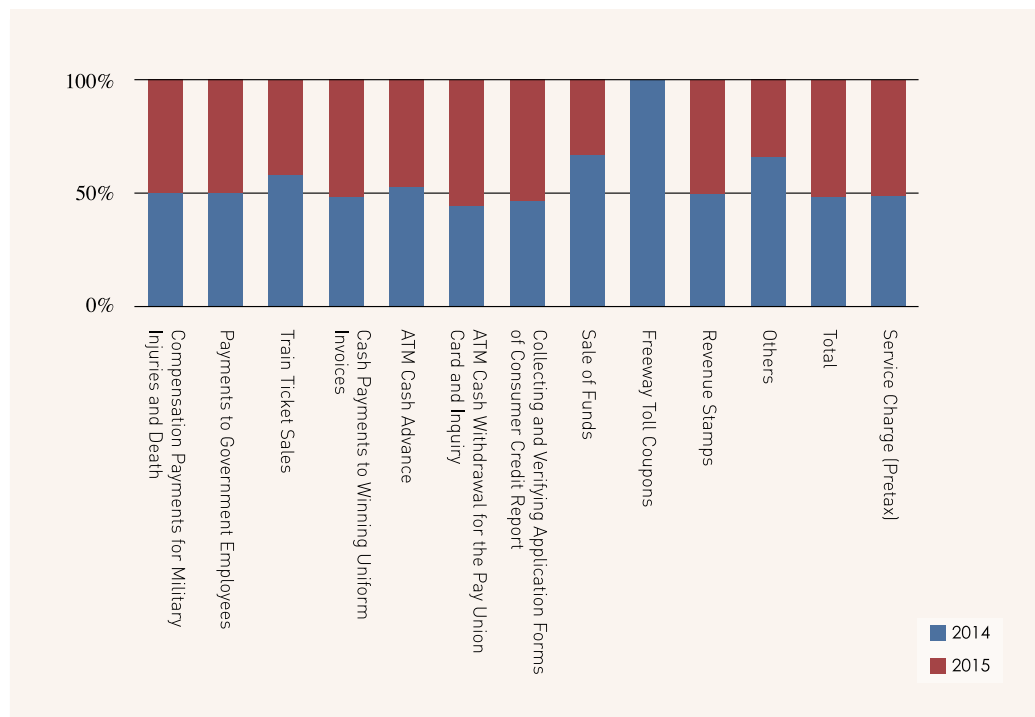
1. In accordance with Paragraph 7, Article 5 of the Postal Act, Chunghwa Post may operate as an agent for other business. At the present, the Company has been commissioned to sell 21 types of merchandise, including revenue stamps, anti-tuberculosis stamps, enrollment guidelines, web account ID and telephone cards, prepaid cards, tickets and accommodation vouchers, DVDs, clothes and ornaments, commemorative coins and gold/silver bars/bricks, beauty products, health products, health drinks (edible oil), wine, rice, 3C appliances, art gifts, coupons, festival gift items, daily supplies, organic foods and books.
2. Chunghwa Post keeps expanding the Postal Mall to integrate postal logistics and distribution business. In 2015, the number of franchise stores reached 2,183, with 283,838 items of merchandise provided for sale. To build up the characteristics of E-commerce postal vendors and differentiate them from competitors, the Company will take more care to the marketing of agricultural products, and will continue to set up special zones for indigenous fruit growers to sell their products, preserve cultural and creative zones for special agricultural products and plan charitable sales promotions. The Company has been making continuous efforts to expand the Postal Mall to further develop postal logistics and distribution business.
3. To cash winning uniform invoices. Winners of the 2nd to 6th prizes and the NT\$2,000-valued prize exclusive to electronic invoice lotteries may cash their prizes at any branch of Chunghwa Post across the country while winners of the grand prize and the NT\$1,000,000-valued prize exclusive to electronic invoice lotteries have to cash their prizes at designated branches.
4. To meet multifaceted investment needs of deposit account clients, Chunghwa Post has been adding new sale locations for domestic funds. There were 1,159 branches selling 166 domestic funds by the end of 2015.
5. Post offices of all levels provide agential businesses of collecting and verifying application forms of Consumer Credit Report and Financial Institution Debtor Listing to be filed with the Joint Credit Information Center.

Volume of Agential Business (exclusive of bonds and military honorable discharge pension funds)

Unit: NT\$ 10,000

Item	2014	2015	Increase/ Decrease %
Compensation Payments for Military Injuries and Death	110,689	108,463	-2.01
Payments to Government Employees	237,760	239,671	0.80
Train Ticket Sales	6,534	4,710	-27.92
Cash Payments to Winning Uniform Invoices	769,146	844,603	9.81
ATM Cash Advance	45,687	40,098	-12.23
ATM Cash Withdrawal for the Pay Union Card and Inquiry	811,500	990,111	22.01
Collecting and Verifying Application Forms of Consumer Credit Report	114	131	14.91
Sale of Funds	181,092	91,824	-49.29
Freeway Toll Coupons	324	0	-100
Revenue Stamps	157,799	158,575	0.49
Others	35,760	18,545	-48.14
Total	2,356,405	2,496,731	5.96
Service Charge(Pretax)	54,967	57,238	4.13

Comparison Chart of Agential Business, 2014 and 2015





(VII) Asset Management—asset activation

Real properties under the management of Chunghwa Post are used to operate businesses such as postal services, savings and remittances services and life insurance services. Paragraph 6, Article 5 of the Postal Act provides that Chunghwa Post may engage in the management of postal assets. Moreover, according to the Plans for Strengthening the Management and Utilization Efficiency of State-owned Assets formulated by the Ministry of Finance, post offices and mail processing centers of all levels, while in compliance with objectives, originally designated purposes or profit-seeking enterprises of Chunghwa Post, may properly utilize spare space or provide it to others at a cost after reviewing the actual utilization of real properties registered under their names. Such plans aim to increase revenues, make full use of postal resources and boost the rate of return on assets. In order to enhance the utilization efficiency of postal assets, Chunghwa Post managed to better utilize postal real properties and aggressively repurposed spare space in 2015. Details are as follows:

1. Asset lease

- (1) The lease of property assets is as follows:
 - A. Renting out spare space after review and adjustment of the workspace configuration.
 - B. Renting out business premises for marketing display.
 - C. Allowing mobile communication companies to rent roofs of post offices for base station installation.
 - D. Renting out the interior and outer walls (or space) for posting ads.
 - E. Others: renting out meeting rooms, auditoriums, parking lots and employee training classrooms.
- (2) All post offices (centers) were asked to make an inventory of the actual use of their own real properties. Where there was spare space or any underused property, short-, mid- and long-term use improvement plans had to be proposed to guide the implementation of relevant asset revitalization programs.
- (3) Post-tax revenue from rent was NT\$241,670,000 in 2015, up NT\$21,050,000 or 9.55% compared with NT\$220,620,000 in 2014.

2. Asset development

Chunghwa Post participated in a number of urban renewal projects:

- (1) Participated in 3 urban renewal projects launched by the private sector.
- (2) Launched by ourselves an urban renewal project.

3. Applied to change Lands for Government Agencies and Lands for Post Offices owned and managed by post administrations to categories with higher land use density. Applications for relevant urban plan changes have been submitted to the Urban and Rural Development Branch of the Construction and Planning Agency, the Ministry of Interior. 156 post offices have now had their applications approved.

4. Other measures to activate assets

- (1) Chunghwa Post established a Property Assets Operation Supervision Team and formulated Guidelines for Property Assets Operation Incentives at All Levels of Post Offices (Processing Centers) to orchestrate, arrange and support the activation of property assets owned and managed by all levels of post offices (processing centers), and provide incentives accordingly. The supervision team met twice in 2015 to speed up the revitalization and resolve problems arising therefrom.

- (2) Meeting minutes, briefings along with training materials, regulations and reports regarding asset revitalization have been uploaded online, ready to be shared among all levels of post offices (centers).
- (3) Chunghwa Post provided trainings on property assets utilization on a yearly basis. All levels of post offices (centers) with excellent performances in asset revitalization were invited to designate a representative to share their success stories and experience.

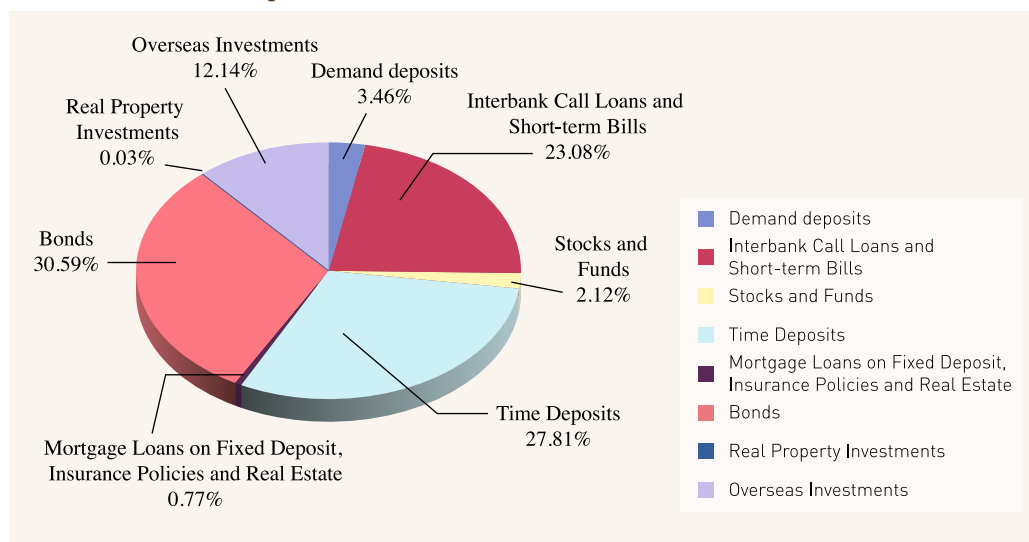
(VIII) Capital Utilization—supporting state construction programs

Chunghwa Post keeps attracting non-government idle capital, accumulating a steadily growing amount of postal fund, which shall be utilized in accordance with Article 18 of the Postal Remittances and Savings Act and Article 27 of the Simple Life Insurance Act. Some of the fund shall be re-deposited with the Central Bank of the Republic of China, while the remaining may be utilized in various ways: deposited with state-owned and private banks, invest abroad, purchase bonds, bills and stocks, provide certificates of time deposit loans, life insurance policy loans and mortgage loans, and invest in real property. Chunghwa Post, in line with government policies, also provide mid-and long-term capital plans to finance major state construction projects and private investment projects to boost economic development across Taiwan.

By the end of 2015, postal capital (savings, remittances and life insurance capital inclusive) put into use has totaled NT\$6,584.7 billion. The capital was utilized in the following ways:

1. Demand deposits (deposit reserves re-deposited with the Central Bank of the Republic of China and revolving capital of post offices at all levels inclusive): NT\$227.6 billion, accounting for 3.46% of the total.
2. Time deposits (time savings deposits inclusive): NT\$1,831.1 billion, or 27.81% of the total.
3. Interbank call loans and short-term bills: NT\$1,519.4 billion, or 23.08% of the total.
4. Bonds (government bonds, corporate bonds and financial bonds inclusive): NT\$2,145 billion, or 30.59% of the total.
5. Overseas investments: NT\$799.4 billion, or 12.14% of the total.
6. Stocks and funds (outsourced investments inclusive): NT\$139.9 billion, or 2.12% of the total.
7. Certificates of time deposit loans, life insurance policy loans and mortgage loans: NT\$51 billion, or 0.77% of the total.
8. Real property investments: NT\$1.8 billion, or 0.03% of the total.

Utilization of Postal Capital





By the end of 2015, Chunghwa Post has provided more than NT\$1,611.2 billion postal capital, in line with government policies, to finance major state construction projects and private investment projects. Details are as follows:

Project Names	Amounts/ NT\$ 100 Million	Remarks
State Construction and Private Investment Projects	9,735	In coordination with the "Committee for Planning and Promoting the Utilization of Short- and Long-Term Funding" initiated by Council for Economic Planning & Development
Small and Medium Enterprises (SME) Consolidation Project Loans	1,338	In coordination with Small and Medium Enterprise Administration of the Ministry of Economic Affairs
First Time Homebuyers Loans	1,057	In coordination with the Construction and Planning Agency, Ministry of the Interior
Manufacturing Industry and SME Project Loans	727	In coordination with the Central Bank of the ROC
First Time Homebuyers Loan for Propertyless People	2,715	Same as above
Home Reconstruction Loans for 921 Quake Victims	514	Same as above
Reconstruction/Repair Loans for Schools, Medical Institutions, Temples and Churches Damaged in the 921Quake	26	Same as above

II. Employee Composition

Year		2014	2015	As of January 20, 2016
Number of Employees	Staff	11,639	11,450	11,355
	Laborers	12,542	12,645	12,894
	Contract Workers	1,431	1,494	1,488
	Total	25,612	25,589	25,737
	Average Age	47.0	46.9	46.7
Average Seniority		19.7	19.4	19.1
Educational Background (Half-Day Workers Counted as Whole)	Doctorates	3	3	4
	Masters	819	918	926
	Bachelors	14,631	15,018	15,136
	Senior High School	9,473	9,072	9,058
	Junior High School and Below	1,112	991	1,025
Employees Holding Professional Certificates			2,238	282
Employee Training	I. Training Courses: Launched 1,144 classes on technical skills, computer skills, and lectures on specific topics for new recruits, executives, professionals, with 59,812 recorded attendances. 2. Online Learning: Launched for all employees, having total hours amounting to 558,795 hours.			
Volunteering	In 2015, volunteers worked for 1,087,926 hours in various branches and mail processing centers.			

(I) Budget quota

In accordance with the quota set in budget 2015, Chunghwa Post was allowed to employ a total of 27,496 employees, including 12,212 regular staff, 13,484 regular workers and 1,800 temporary workers.

(II) Outsourcing some of the businesses to private enterprises

To cut salary expense, some of the non-core businesses continued to be outsourced, such as mail transport, mail processing, mail counters, registered mail claiming and postal agencies.

(III) Workforce structure

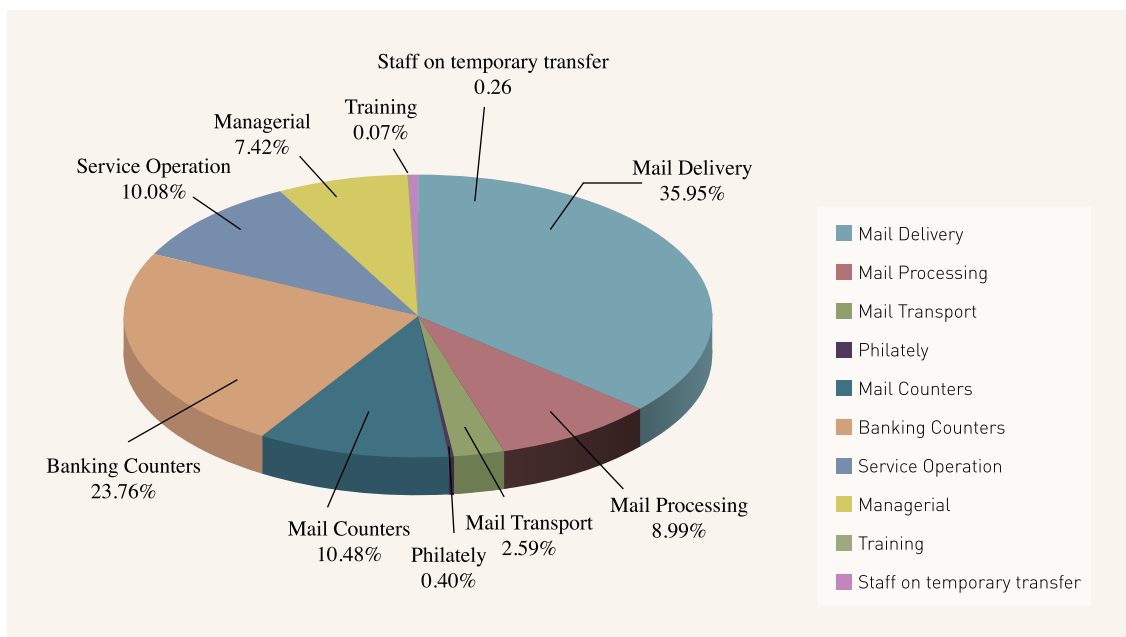
By December 31st 2015, there were 25,589 employees, including a chairperson, a president, 15,088 transferred employees, 9,005 staff members and 1,494 contract workers. Among them, 23,607 employees (or 92.25% of the entire workforce) were basic-level clerks, 1,899 employees (or 7.42%) worked at management level, 17 (or 0.07%) were training staff, and 66 (or 0.26%) were staff on temporary transfer. It is plain to see that, compared with a rather small number of managerial positions, a large majority of employees work behind counters or at departments handling postal mails.

Employees by Function

December 31, 2015 Unit: Person

	Head Office	Branches	Mail Processing Center	Total	%
Total	1,635	22,754	1,200	25,589	100.00
Total Business Staff	862	21,614	1,131	23,607	92.25
Mail Delivery		9,200		9,200	35.95
Mail Processing		1,550	751	2,301	8.99
Mail Transport	19	265	380	664	2.59
Philately	61	42		103	0.40
Mail Counters		2,681		2,681	10.48
Banking Counters		6,079		6,079	23.76
Service Operation	782	1,797		2,579	10.08
Managerial	728	1,103	68	1,899	7.42
Training	17			17	0.07
Staff on temporary transfer	28	37	1	66	0.26

Employees by Function





III. Labor-Management Relations

(I) Employee benefit plans, retirement system, and the status of their implementation, as well as labor-management agreements and measures for protecting employees' rights and interests:

1. Employee benefit plans

- (1) Benefits provided by the Company: sports and recreational activities, birthday parties, vocation subsidies and continuing education courses.
- (2) Benefits provided by the Company's Employee Welfare Committee: gifts and gift certificates for three major Chinese holidays and the Labor Day, education subsidies for children of employees, mutual assistance in the event of wedding, childbirth and funeral of employees.

2. Retirement system

Depending on employee status (civil servant concurrent with labor status, or only labor status) and employment dates, the following laws and regulations will apply regarding employees' retirement, severance and consolation payments: Regulations Governing the Retirement of Employees of Postal and Communication Enterprises under the MOTC, Regulations Governing the Retirement of Non-Ranking Current Employees of Chunghwa Post Co., Ltd, Labor Standards Act, Labor Pension Act, Enforcement Guidelines for the Severance of Transferred Employees of Chunghwa Post Co., Ltd, and Directions for Retirement, Consolation Payments and Severance of Regular Employees of Chunghwa Post Co., Ltd. The Company keeps working on providing retirees with proper care.

3. Labor-management agreements

To harmonize labor-management relations, labor-management meetings are held at least once every three months in accordance with Implementing Regulations Governing Labor-Management Meetings and Article 83 of the Labor Standards Act. In order to unite employees and build a cohesive team, labor and management representatives for these meetings are elected or appointed in accordance with applicable laws. Issues discussed at such meetings include salary, benefits, retirement, severance, consolation payments, and so forth.

4. Measures for protecting employees' rights and interests

To clearly regulate rights and duties of labors and the management, Chunghwa Post has set up work rules in accordance with Article 70 of the Labor Standards Act, and made and entered into, with its Labor Union, a collective agreement, which shall be complied with by the both parties. In addition, a report meeting (an ad-hoc meeting when necessary) is held every year to coordinate with the relations between the two parties and properly resolve issues relevant to employees' benefits. Where recommendations are put forward at labor-management meetings, or by the Labor Union and its members, Chunghwa Post handles relevant issues or gave proper responses in a timely manner.

(II) Losses resulting from labor disputes in the most recent fiscal year and during the current fiscal year up to the date of printing the annual report, disclosure of an estimated amount of loss incurred to date or likely to be incurred in the future, and mitigation measures: None

IV. IT Facilities

(I) Hardware and software deployment of the IT systems

1. The host system of Taipei Main Computer Center

This main computer center is employed with an IBM2828-V04 mainframe computer, which has four central processing units (CPUs) running at a speed of 2.244 billion instructions per second (BIPS), a 176GB memory and a z/OS V2.1 operating system. Based on the needs of the Company and its business systems, the host system of the main computer center handles (1) online and batch operations of savings, remittances and life insurance business requested by 1,324 branch offices in Taipei, (2) accounting and mail services; (3) operation connections with other financial institutions to deal with interbank businesses; and (4) system testing for various businesses.

2. The host system of Taichung Disaster Recovery Center

The backup and disaster recovery center in Taichung is employed with an IBM2817-603 mainframe computer, which has three CPUs running at a speed of 2.13 BIPS, a 128GB memory and a z/OS V2.1 operating system. Based on the needs of the Company and its business systems, the host system of the backup center is divided into various logical partitions corresponding to the mainframe computer of the main center in Taipei, preparing for the activation of the backup system in the event of any disaster so as to sustain the operational capacity of the company's important systems.

3. The open system

In 2005, the Company built a three-tiered centralized computing environment for the open system. The front end, equipped with a blade server, deals with input and output network services while the back end, a storage area network (SAN), stores databases of various systems, and the middle tier, equipped with a high-end server, integrates various systems to access back-end data. A series of improvements have been made to the environment: a load balancer was installed in 2005; the remote storage of materials was completed in 2008; the year of 2009 saw the setting up a virtual environment and a remote backup scheme for important systems such as Internet services; and the storage was virtualized in 2015. All these measures help Chunghwa Post to make full use of resources. Moreover, the Company keeps bringing in new technologies and virtualization management tools to enhance system performance and operation efficiency.

4. Maintenance

The Company have professional manufacturers maintain hardware and software equipment of Taipei Main Computer Center, Taichung Disaster Recovery Center and the open system, with maintenance engineers checking the operation of equipment regularly, to prevent in advance any possible failure and ensure that the hardware runs safely and stably. On the other hand, to maintain the safety and high availability of information and communications, system software is also updated regularly.

(II) Emergency backup and safeguarding measures

1. The Company has been holding regular disaster recovery drills each year starting from 2003, and drills have been carried out in the following ways:

- (1) Switching the operation system from Taipei Main Computer Center to Taichung Disaster Recovery Center twice a year to ensure that, after Taipei center is hit by disasters, system operation can be resumed promptly and various businesses can continue to be provided.



- (2) Holding local backup and recovery drills at Taipei Main Computer Center twice a year to familiarize relevant staff with local backup and recovery procedures, and to ensure the availability of backup data. Therefore, system operation can be resumed promptly in the event of a localized disaster at Taipei center.
 - (3) holding area control center (station) drills irregularly
 - A. These drills simulate an emergency situation at any area control center (station), where online operations have been disrupted. The backup system of the control station of Taichung Disaster Recovery Center would then be started immediately to take over the problematic station so as to resume online operations of local post offices.
 - B. 1,259 branch offices are equipped with ISDN dial-up lines and 42 branch offices are equipped with MPLS VPN backup schemes. If the private line of any branch office fails, ISDN or MPLS VPN connection will start automatically to prevent operations being disrupted.
 - (4) Testing the backup network for interbank systems with other financial institutions twice a year to test whether the backup network functions well, check whether the switching procedures are correct, and familiarize operating personnel with the procedures. Therefore, when the main network fails, operating personnel are able to rapidly switch to the backup network and resume normal operations of interbank systems.
- 2. Apart from the above-mentioned backup measures, Chunghwa Post has also established a Network Monitor Center and an Information Security Monitor Center, to monitor network operations of the whole area and any potential unidentified intrusion from within and outside.**
 - 3. The Company has received the ISO27001 Information Security Certification and keeps working on sustaining the validity of this international standards certificate. The efforts prove that Chunghwa Post attaches great importance to information security and the implementation of relevant measures. the Company will keep making improvements to safeguard information security by following the Plan-Do-Check-Act (PDCA) management model.**
 - 4. To demonstrate our goodwill intent to protect personal data and clients' rights and interests, Chunghwa Post has formulated a personal information management scheme, certified by BS10012:2009 Personal Data Management System. The Company keeps working on sustaining the validity of this international standards certificate. In 2014, an anti-disclosure tool was introduced as part of the Company's continuous efforts to strengthen environmental controls of information systems. The Company will make further improvements by following the Plan-Do-Check-Act (PDCA) management model so as to provide all-around management of personal data.**