



## VII Operations Summary

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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.

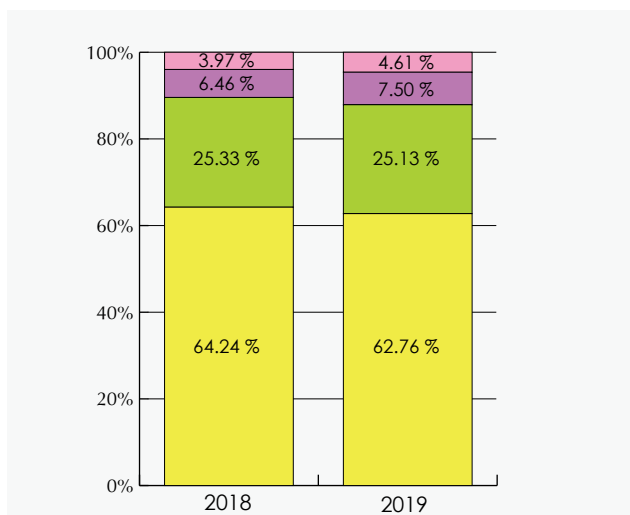
### Percentage of Major Assets and Liabilities to Total Assets, 2018 and 2019

Unit: NT\$1,000; %

| Major Items                           | 2018          |        | 2019          |        |
|---------------------------------------|---------------|--------|---------------|--------|
|                                       | Amount        | %      | Amount        | %      |
| Total Assets                          | 7,124,671,642 | 100.00 | 7,288,948,545 | 100.00 |
| Mutual Funds and Long-Term Investment | 4,576,876,827 | 64.24  | 4,574,507,365 | 62.76  |
| Due from Central Bank                 | 1,804,930,412 | 25.33  | 1,831,436,833 | 25.13  |
| Cash and Due from Other Banks         | 460,451,682   | 6.46   | 546,312,157   | 7.50   |
| Other Assets                          | 282,412,721   | 3.97   | 336,692,190   | 4.61   |
| Total Liabilities                     | 6,961,764,831 | 97.71  | 7,087,190,522 | 97.23  |
| Deposits and Remittances              | 6,163,002,573 | 86.50  | 6,271,041,028 | 86.03  |
| Insurance Liabilities                 | 690,955,768   | 9.70   | 724,179,541   | 9.94   |
| Amount Dues                           | 54,572,539    | 0.77   | 64,642,511    | 0.89   |
| Other Liabilities                     | 53,233,951    | 0.74   | 27,327,442    | 0.37   |

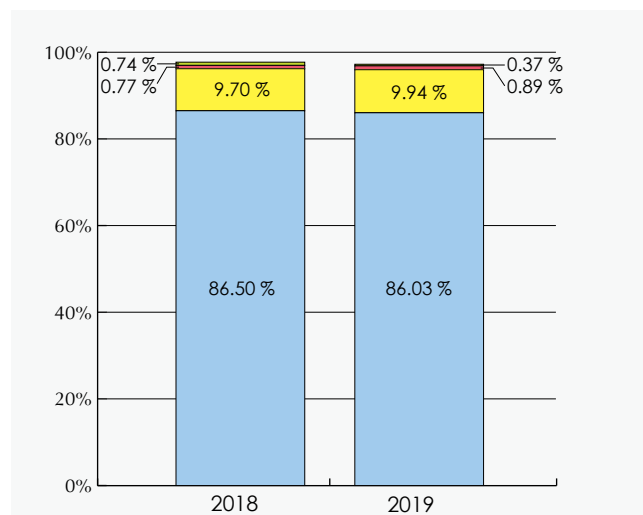
Note: Figures for 2018 are readjusted by the CPA in accordance with figures approved by the National Audit Office; figures for 2019 are CPA approved.

### Comparison Chart of Asset Allocation, 2018 and 2019



■ Cash and Due from Banks    ■ Due from Central Bank  
■ Mutual Funds and Long-term Investments    ■ Other Assets

### Comparison Chart of Liabilities, 2018 and 2019



■ Deposits and Remittances    ■ Insurance Liabilities  
■ Amount Due    ■ Other Liabilities



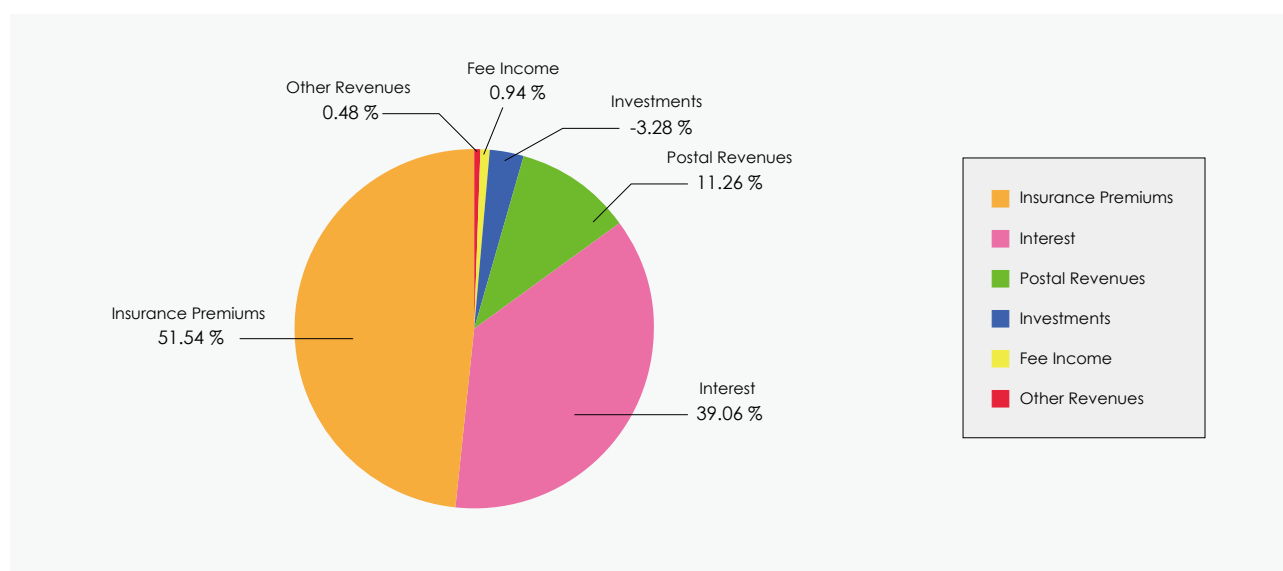
## Percentage of All Business Revenues, 2018 and 2019

Unit: NT\$1,000; %

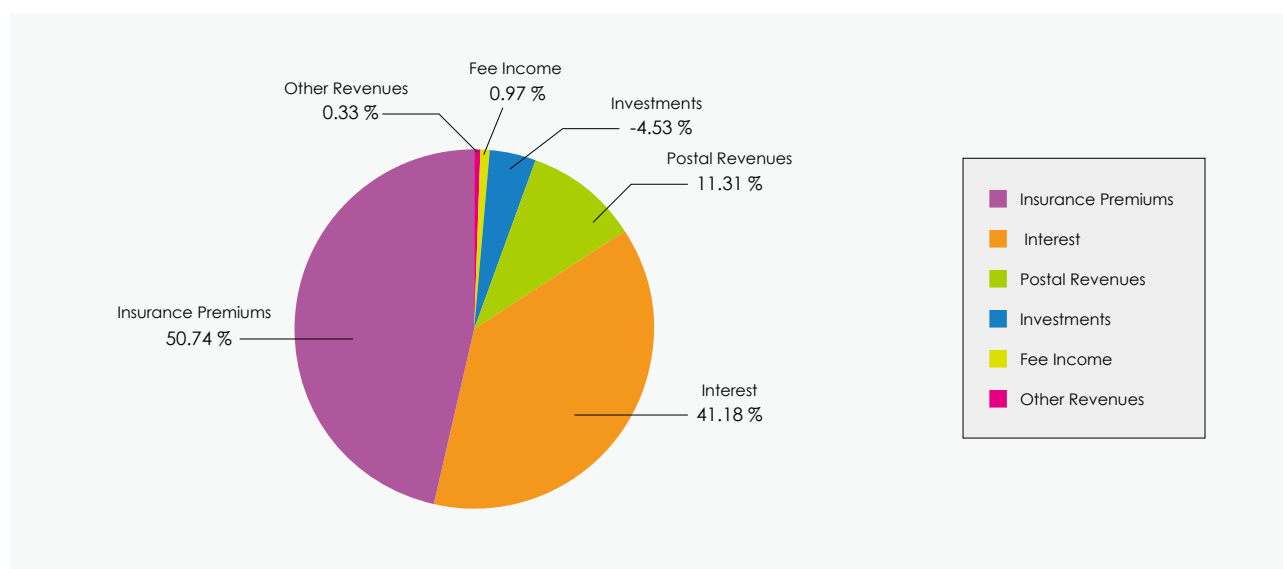
| Item               | 2018        |        | 2019         |        |
|--------------------|-------------|--------|--------------|--------|
|                    | Amount      | %      | Amount       | %      |
| Insurance Premiums | 133,671,585 | 51.54  | 127,794,006  | 50.74  |
| Interest           | 101,297,225 | 39.06  | 103,702,731  | 41.18  |
| Postal Revenues    | 29,202,395  | 11.26  | 28,479,178   | 11.31  |
| Investments        | (8,506,737) | -3.28  | (11,401,986) | -4.53  |
| Service Income     | 2,440,224   | 0.94   | 2,434,470    | 0.97   |
| Other Revenues     | 1,259,101   | 0.48   | 849,842      | 0.33   |
| Total Revenues     | 259,363,793 | 100.00 | 251,858,241  | 100.00 |

Note: Figures for 2018 are readjusted by the CPA in accordance with figures approved by the National Audit Office; figures for 2019 are CPA approved.

## Sources of Business Revenues, 2018



## Sources of Business Revenues, 2019



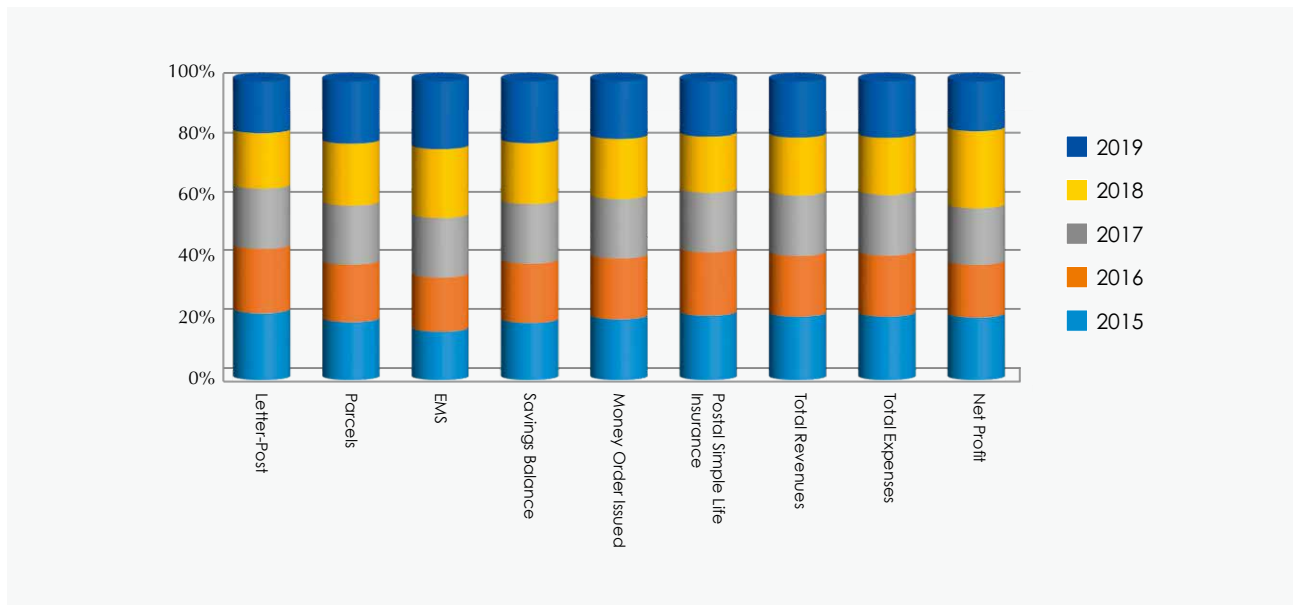


## Business Highlights over the Past 5 Years

| Item                            | Unit                 | 2015      | 2016      | 2017      | 2018      | 2019      |
|---------------------------------|----------------------|-----------|-----------|-----------|-----------|-----------|
| 1. Letter-Post                  | Million pcs.         | 2,612     | 2,504     | 2,352     | 2,152     | 2,023     |
| 2. Parcels                      | Thousand pcs.        | 24,172    | 23,833    | 24,605    | 25,737    | 25,946    |
| 3. EMS                          | Thousand pcs.        | 8,859     | 9,806     | 10,849    | 12,457    | 12,364    |
| 4. Savings Balance              | Million NT\$ Dollars | 5,822,490 | 6,003,341 | 6,074,316 | 6,171,759 | 6,279,948 |
| 5. Money Order Issued           | Thousand pcs.        | 17,187    | 17,114    | 16,769    | 16,890    | 16,174    |
| 6. Postal Simple Life Insurance | Thousand pcs.        | 2,665     | 2,585     | 2,465     | 2,308     | 2,270     |
| 7. Total Revenues               | Million NT\$ Dollars | 286,692   | 272,120   | 271,936   | 259,616   | 252,033   |
| 8. Total Expenses               | Million NT\$ Dollars | 274,912   | 262,313   | 261,328   | 245,185   | 242,685   |
| 9. Net Profit                   | Million NT\$ Dollars | 11,780    | 9,807     | 10,608    | 14,431    | 9,348     |

Note: Figures for 2015-2018 are readjusted by the CPA in accordance with figures approved by the National Audit Office; figures for 2019 are CPA approved.

## Business Highlights over the Past 5 Years



### (I) Mail services that cross all 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 clients 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 offshoring of some industries also makes the quality and number of letter-post items sent and received hard to grow. Besides, the price adjustment of delivering a domestic letter has been applied



since August 1, 2017, and this caused the items sent and received in 2019 thus dropped to 1,976.54 million pieces, which is 6.27 % lower than the 2,108.7 million pieces in 2018. The correspondence posted per capita was 83.7.

Mainly because of an increase in the "transit mail" business, international letter-post items sent and received in 2019 totaled some 46.52 million pieces, 7.46 % higher than that in 2018, which was some 43.29 million pieces.

## 2. Parcels

A total of 25,284,000 pieces of domestic parcels were delivered in 2019, 0.86% higher than that in 2018. 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 2019 totaled 661,501 pieces, 0.93% lower than the 667,732 pieces in 2018.

## 3. Express Mail Service (EMS)

Due to the concern of logistics costs, some of the major domestic online shopping platforms organize their own logistic teams and cooperate with convenient stores more to arrange merchandise pick-up services. This has led to the drop in the percentage of delivery. Express mail delivered domestically in 2019 totaled 10,877,000 pieces, down 1.62 % 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. In addition, the company will further promote the iBox pickup service. 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 2019 amounted to 1,486,403 pieces, 6.09% higher than the 1,401,133 pieces in 2018.

The available countries (areas)

## 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 307.16 million e-mails were handled in 2019, 1.2% lower than that in 2018.

## 5. Cross-strait service

The completely direct mail service between both sides of the Taiwan Strait was launched on December 15, 2008. Over the past 11 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. In recent years, we have launched services including cross-strait postal (EMS) and cross-strait e-parcel, offering more convenient and varied options for the customers. These services can meet the needs of the general public and businesses alike such as sending and/or receiving groceries, goods purchased online, and business samples. We also continue to support the e-commerce industry in expanding consumer markets in China. Below are our achievements in 2019.



(1) Cross-strait mail delivered in 2019

The volume of mail sent from Taiwan amounted to more than 3,470,000 items, 2.36% higher than that in the previous year; more than 1,750,000 items were received from China, 21.98% lower than the volume in the previous year.

(2) Execution of the Cross-Strait Postal Service Agreement and the cooperation and communication of cross-strait postal service

We visited mainland China in May 2019 for business communications, and in September 2019, we invited the China Cross-strait Postal Exchange Association to Taiwan to exchange experiences of postal business. During these trips, we discussed and exchanged ideas about cross-strait postal service, philately, savings and remittances, insurance, information and e-commerce cooperation.

### 6. Cargo to Mail service

(1) In order to keep improving the Cargo to Mail service and solve the problem of a lack of operational space in sea mail and air mail services, Chunghwa Post has made the warehouse at the Wharf No. 79, Port of Kaohsiung into the operational site where the merchandise imported by sea can be transferred to mail services. In addition, an incoming air mail terminal warehouse has been set up at Taoyuan Air Mail Facility in March, 2019. The Facility will serve as the operational site for air to air and sea to air Cargo to Mail service, solving the problem of lacking an operational site near the airport and improving the overall efficiency of Cargo to Mail service. The services have processed 2,738 tons of merchandise in 2019, a 28% increase over the previous year, generating the revenue of NT\$546.8 million, up 12% from the previous year.

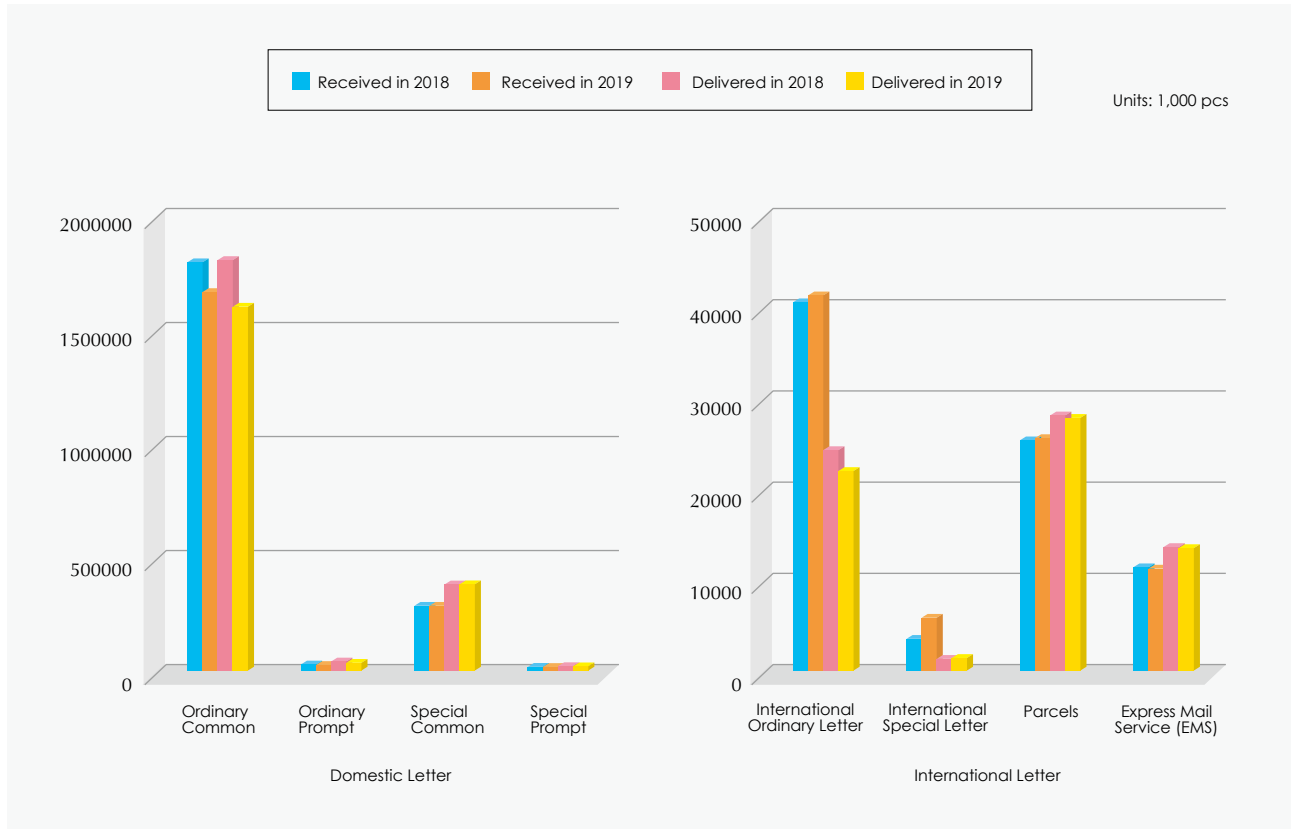
(2) Chunghwa Post continued to help the domestic logistics industry develop in major e-commerce areas in China by visiting logistics service providers and major e-commerce platforms for business opportunities and further promoting Taiwan's Cargo to Mail service on the export end.

### Number of Mail Items Received and Delivered, 2018 and 2019

Units: 1,000 pcs

| Postal Item                |               |        | Received  |           | Delivered |           |
|----------------------------|---------------|--------|-----------|-----------|-----------|-----------|
|                            |               |        | 2018      | 2019      | 2018      | 2019      |
| Domestic Letter            | Ordinary      | Common | 1,777,890 | 1,648,002 | 1,788,005 | 1,584,992 |
|                            |               | Prompt | 28,596    | 26,693    | 41,314    | 36,047    |
|                            | Special       | Common | 283,735   | 284,273   | 376,519   | 377,588   |
|                            |               | Prompt | 18,481    | 17,576    | 21,555    | 20,286    |
|                            | Sub-total     |        | 2,108,702 | 1,976,544 | 2,227,393 | 2,018,913 |
| International Letter       | Ordinary      | 40,005 | 40,926    | 23,986    | 21,674    |           |
|                            | Special       | 3,290  | 5,600     | 1,114     | 1,226     |           |
|                            | Subtotal      | 43,295 | 46,526    | 25,100    | 22,900    |           |
| Parcels                    | Domestic      | 25,069 | 25,284    | 27,775    | 27,494    |           |
|                            | International | 668    | 662       | 681       | 596       |           |
|                            | Sub-total     | 25,737 | 25,946    | 28,456    | 28,090    |           |
| Express Mail Service (EMS) | Domestic      | 11,056 | 10,877    | 13,281    | 13,202    |           |
|                            | International | 1,401  | 1,487     | 2,383     | 2,294     |           |
|                            | Sub-total     | 12,457 | 12,364    | 15,664    | 15,496    |           |
| Total                      |               |        | 2,190,191 | 2,061,380 | 2,296,613 | 2,085,399 |

## Number of Mail Items Received and Delivered, 2018 and 2019



### 7. Mail routes

#### (1) Domestic mail routes

Efficiency, safety, accessibility, precision, and afford ability 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 2019, 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 114,288 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 2019, the international air routes (EMS routes included) and waterways had reached 1,203,635 and 591,116 kilometers respectively.



## Mileage of Mail Route, 2018 and 2019

Unit: KM

| Type                  | 2018      | 2019      | %      |
|-----------------------|-----------|-----------|--------|
| I. Land               | 108,957   | 108,537   | -0.39% |
| 1. High-speed Railway | 345       | 345       | 0%     |
| 2. Railroads          | Suspended | Suspended | –      |
| 3. Highways           | 17,931    | 17,918    | -0.07% |
| 4. Others             | 90,681    | 90,275    | -0.45% |
| II. Waterways         | 592,629   | 592,629   | 0%     |
| 1. Domestic           | 1,513     | 1,513     | 0%     |
| 2. International      | 591,116   | 591,116   | 0%     |
| III. Air Routes       | 1,205,788 | 1,207,872 | 0.17%  |
| 1. Domestic           | 4,237     | 4,237     | 0%     |
| 2. International      | 1,201,551 | 1,203,635 | 0.17%  |

### (II) Savings services offered to the general public

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 outperforms 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 our services in the fields of i-Post, Mobile Post APP, 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 clients to send and receive payments. We will also be in line with the finance digitization policy of the government, providing our clients with convenient and safe channels of mobile payment and e-payment.

By the end of 2019, the number of accounts totaled over 36,380,000, 0.72% more than that of 2018, while the balance of all accounts combined had climbed 1.75% compared with the previous year to NT\$ 6,279.9 billion, which translates into more than NT\$ 170,000 per account.





## 1. New services introduced in 2019

### (1) Piloting Postal ATM Cards cloud payment and mobile payment services

The "Postal ATM Cards cloud payment service" and the card distribution service were piloted from March 20, 2019. Once the holders of Postal ATM Cards and Postal VISA Debit Cards apply for the services on the Taiwan Mobile Payment APP, they can transfer money, withdraw money, pay fees and tax, carry out cross-border transactions, and tap to pay or scan to pay while shopping. By the end of 2019, a total of 85,337 cards providing such service have been issued, with which a total of 1,030,470 transactions have been conducted, and the total amount has reached more than NT\$2,347.85 million.

### (2) Allowing the HCE Mobile VISA Cards to be installed on mobile devices with iOS10.0 or newer versions

From April 9, 2019 onwards, HCE Mobile VISA Cards can be installed on mobile devices that carry no NFC and run iOS10.0 or Android5.0, and all the newer versions. These devices can be used to scan or tap to pay in any appointed store with the "EMV QR Code" sticker, both brick-and-mortar and online. By the end of 2019, there have been 57,513 transactions conducted with scan to pay or tap to pay services, which amounted to more than NT\$45.14 million.

### (3) Setting up more digitalized branches

In 2019, we opened three model digitalized branches, including Taipei Stadium Post Office, Taoyuan Chenggong Road Post Office, and Tainan Chenggong Road Post Office. By the end of 2019, we have opened a total of 7 model digitalized branches in Taipei, Banqiao, Taichung, Kaohsiung, Taoyuan and Tainan. These branches are equipped with digital interactive walls and systems for taking numbers and filling in sheets in advance, as well as self-service areas with ATMs, passbook entry machines, ticket vending machines, iBoxes, and ECpost. These facilities allow the public to experience and understand various digital services provided by Chunghwa Post.

### (4) Launching the QR Code Scan to Pay service for credit card bills

On May 28, 2019, Chunghwa Post launched the QR Code scan to pay service to keep up with VISA international organizations. Visa Debit Card cardholders can pay their credit card bills by scanning the code on their phones.

### (5) Launching the Cross-border QR Code Scan to Pay service

In order to provide a more convenient cross-border e-payment service, depositors are able to use the Taiwan Pay function on the Post Guard APP to make a payment on offshore platforms since Aug 27, 2019.

### (6) Accepting ATM-card payment at the mail service counters

In order to provide customers with a more convenient and more secure paying method, when sending and receiving mail items at the counters, customers can pay the postages with the ATM Cards, instead of by cash, the Company has provided new method in 160 Top-level, A-level, and some particularly busy B-level branches since October 15, 2019. In addition, from December 12, 2019, payment with ATM Cards can be accepted when purchasing stamps, envelopes, Convenient Boxes and Bags, Convenient Packages, tax stamps, and philatelic products.

### (7) Launching the Postal VISA Debit Card e-invoice carrier service

The Postal VISA Debit Card e-invoice carrier service was launched on November 23, 2019, allowing depositors to carry e-invoices on the Postal VISA Debit Cards. Moreover, depositors can enter the card number, the ID number, and the last four digits of their date of birth on the website of the Ministry of Finance or kiosk machines in convenient stores to check the details of their purchases within three months and the prize-winning invoices.

(8) Launching the QR Code scan to pay service for international packages

A pilot service was launched in Taipei Customs on December 6, 2019 that allows the receivers of international packages to pay the income tax by scanning their mobile devices when the packages are delivered by mail carriers.

(9) Launching the iBox cash on delivery (COD) service

In order to keep up with the expansion of the iBox service and to provide customers with fast and convenient payment methods, the Company has provided the service, through which the COD payment of iBoxes can be made with Taiwan Pay QR Code scan since December 25, 2019.

## **2. Improved working procedures**

To provide a convenient procedure for customers to apply and collect ATM Cards immediately, the instant card issuing service was launched on September 26, 2019, and the service will eventually be available at 168 branches. By the end of 2019, there have been a total of 521 branches around the country offering such service, which can greatly save clients' time.

## **3. New services for the convenience of the public**

(1) Raising the balance for easy account closing process

From March 20, 2019 onwards, those who raise the balance of postal passbook or giro accounts from NT\$30,000 to NT\$60,000 or below can close their accounts with a general money withdraw process without providing identification or letters of authorization.

(2) Providing transference by fax and over printing services for time deposit

From July 24, 2019 onwards, individual account holders can apply for "transference by fax" with the certificate of deposit, identification, and signature to transfer the certificate of time deposit in person. The transference of the certificate of time deposit can be completed on site. Additional services provided include changing seals, changing passwords, ending certificates of deposit, and activating over printing service for certificates of deposit, which can save the trouble of filling in documents and make the process easier for customers.

(3) Providing deposit and withdrawal slip over printing services for postal passbook depositors

Taipei Jinnan Post Office and other nine branches piloted the deposit and withdrawal slip over printing services for postal passbook depositors from November 23, 2019. Customers who apply for the aforementioned services at the counters do not have to fill in deposit and withdrawal slips and can save the trouble of filling in documents.

(4) Adding a "comment" section for inter-bank transfer on iPost

In order to provide a more convenient service, a "comment" section was added to the inter-bank transfer function on iPost on September 25, 2019. Those who transfer money to others can leave comments for the received end, which makes it easier for both parties to check and confirm the transfer information.

(5) Adding OTP service for e-payment with postal saving accounts

In order to provide better services and expand the customer base, Chunghwa Post cooperate with e-payment platforms to provide depositors with the "paying with postal saving accounts" service. In addition to the identity verification on the Post Guard APP and online ATM, "iPost log-in with text-message OTP (One Time Password)" verification was added on November 13, 2019 to make the setting more convenient.

(6) Launching the "speedy log-in" service on iPost

In order to make the log-in process more convenient and ensure the safety of transactions on iPost, Chunghwa Post incorporates the biometric identification on mobile devices in this new function. From November 19, 2019 onwards, depositors can log in iPost with facial recognition, fingerprints, or pattern passwords.



## (7) Launching iPost in English version

In order to provide foreigners with more convenient online services, the English iPost website was launched on December 26, 2019.

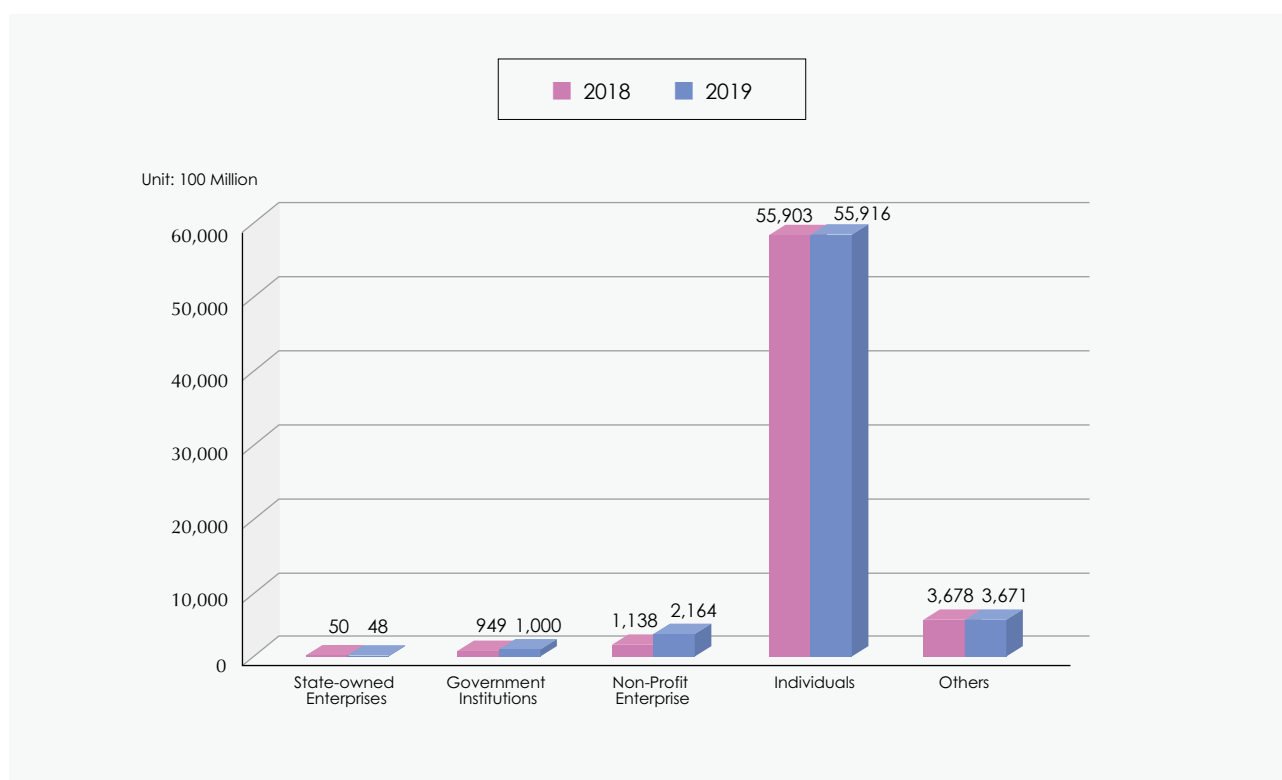
## (8) To make it more convenient for remittances, the Company continuously increases the number of handling branches providing inter-bank remittances. By the end of 2019, there have been 1,259 branches providing the service.

## Volume of Postal Savings Services

Unit: NT\$ Million

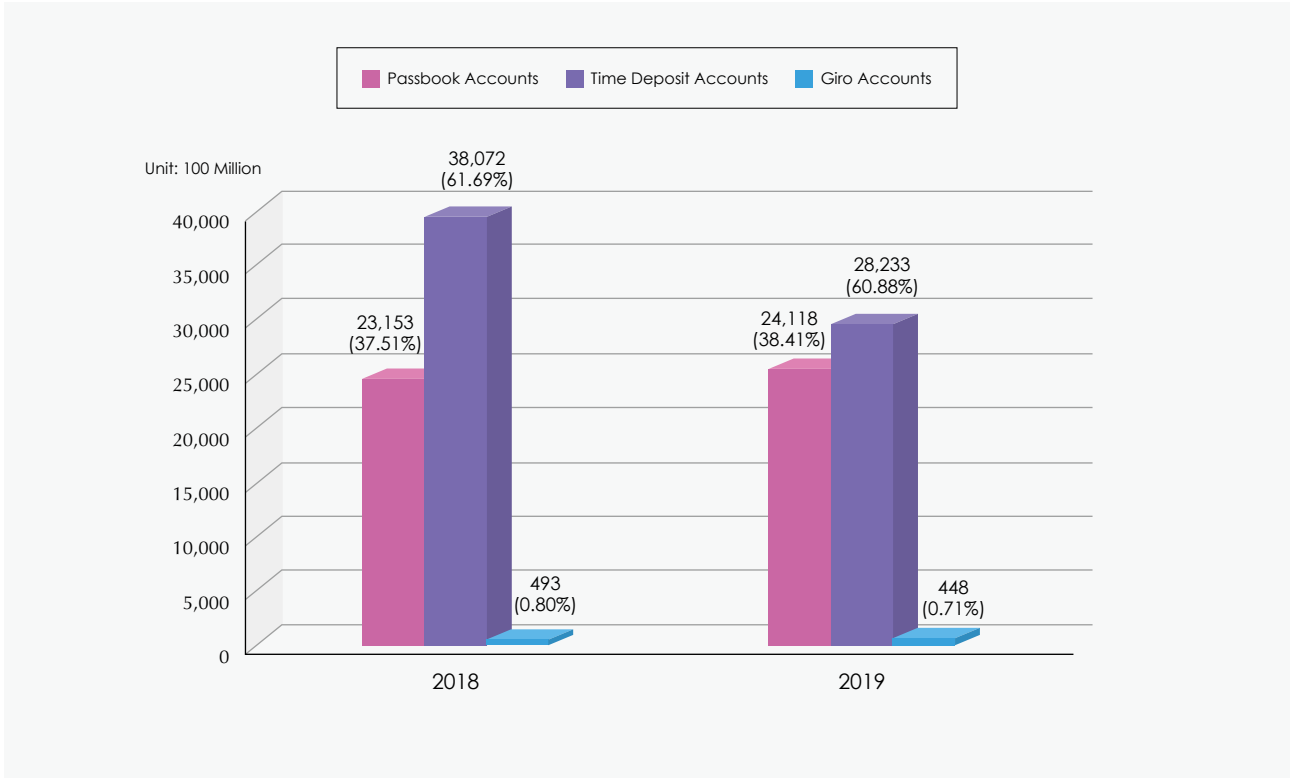
| Type                  | Number of Deposits |             | Number of Withdrawals |             | Number of Accounts |            | Total Balance |           |
|-----------------------|--------------------|-------------|-----------------------|-------------|--------------------|------------|---------------|-----------|
|                       | 2018               | 2019        | 2018                  | 2019        | 2018               | 2019       | 2018          | 2019      |
| Passbook Accounts     | 273,554,688        | 282,912,968 | 394,822,032           | 409,430,570 | 28,305,590         | 28,545,279 | 2,315,286     | 2,411,809 |
| Time Deposit Accounts | 7,296,380          | 7,347,454   | 44,385,426            | 43,761,000  | 6,233,876          | 6,264,117  | 3,807,196     | 3,823,355 |
| Giro Accounts         | 49,048,817         | 46,220,222  | 12,350,735            | 12,976,803  | 1,584,598          | 1,574,797  | 49,277        | 44,784    |
| Total                 | 329,899,885        | 336,480,644 | 451,558,193           | 466,168,373 | 36,124,064         | 36,384,193 | 6,171,759     | 6,279,948 |

## Savings Accounts Holders, 2018 and 2019

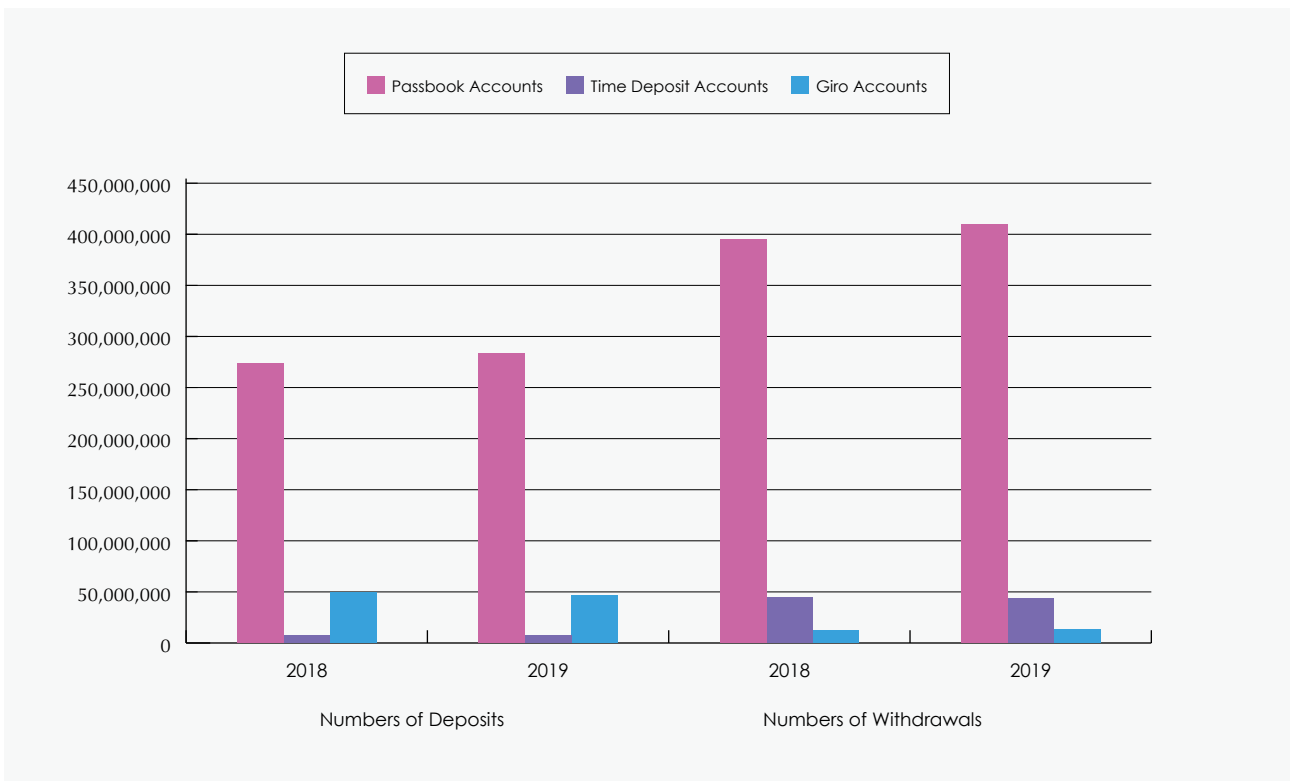




### Comparison Chart of Postal Savings Services, 2018 and 2019

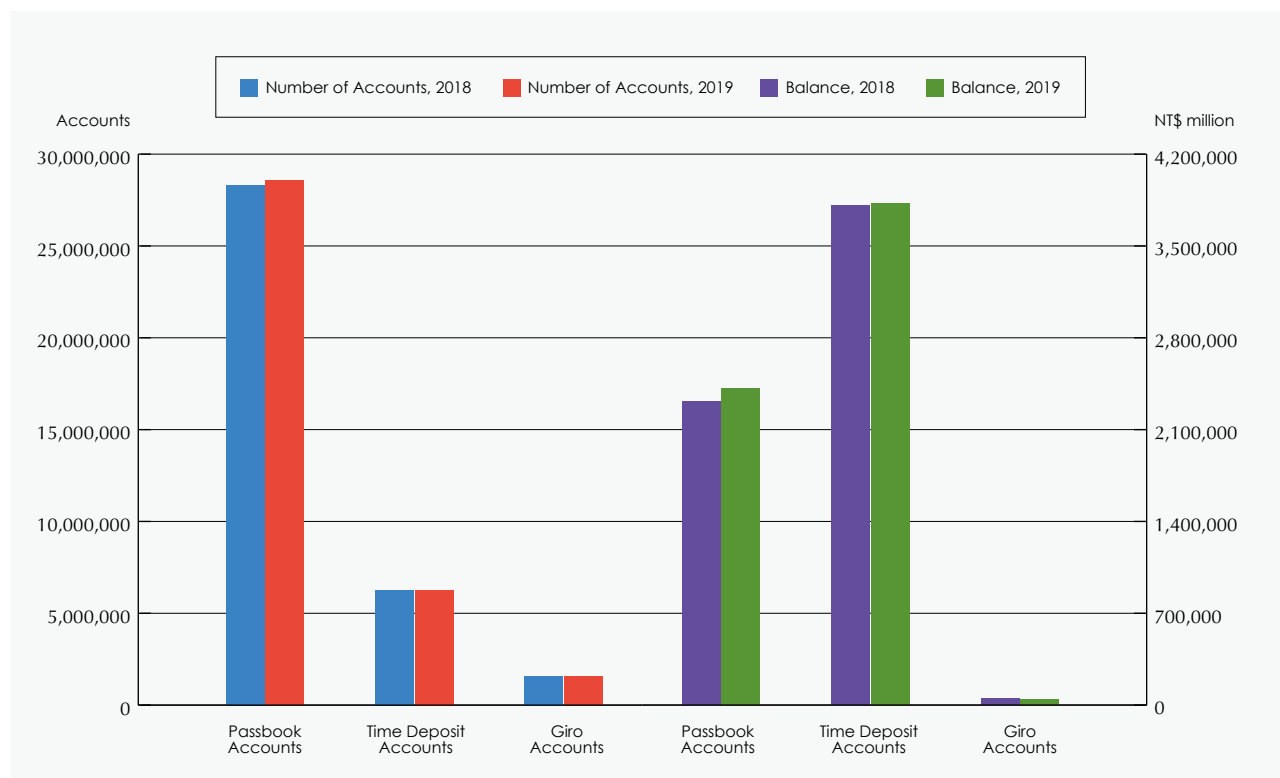


### Numbers of Deposits and Withdrawals of Various Types of Accounts, 2018 and 2019





### Numbers of Accounts and Balances of Various Types of Accounts, 2018 and 2019



### (III) Remittance Services – Connect our clients to the world

Chunghwa Post's convenient and efficient remittance services, which are provided through a nationwide remittance network, play 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 and travelers' checks in US dollars. By the end of 2019, the number of branches which provide international remittance services, including the trading of foreign currency, had reached 251, and the Taoyuan International Airport as well as 28 scenic areas/regional branches had been appointed to undertake the exchange of foreign currencies and the trading of US dollar travelers' checks.

In 2019, funds remitted through Chunghwa Post amounted to NT\$ 1,641.1 billion, down 4.43% compared with 2018, while money orders totaled more than 16,170,000, down 4.24% compared with 2018.

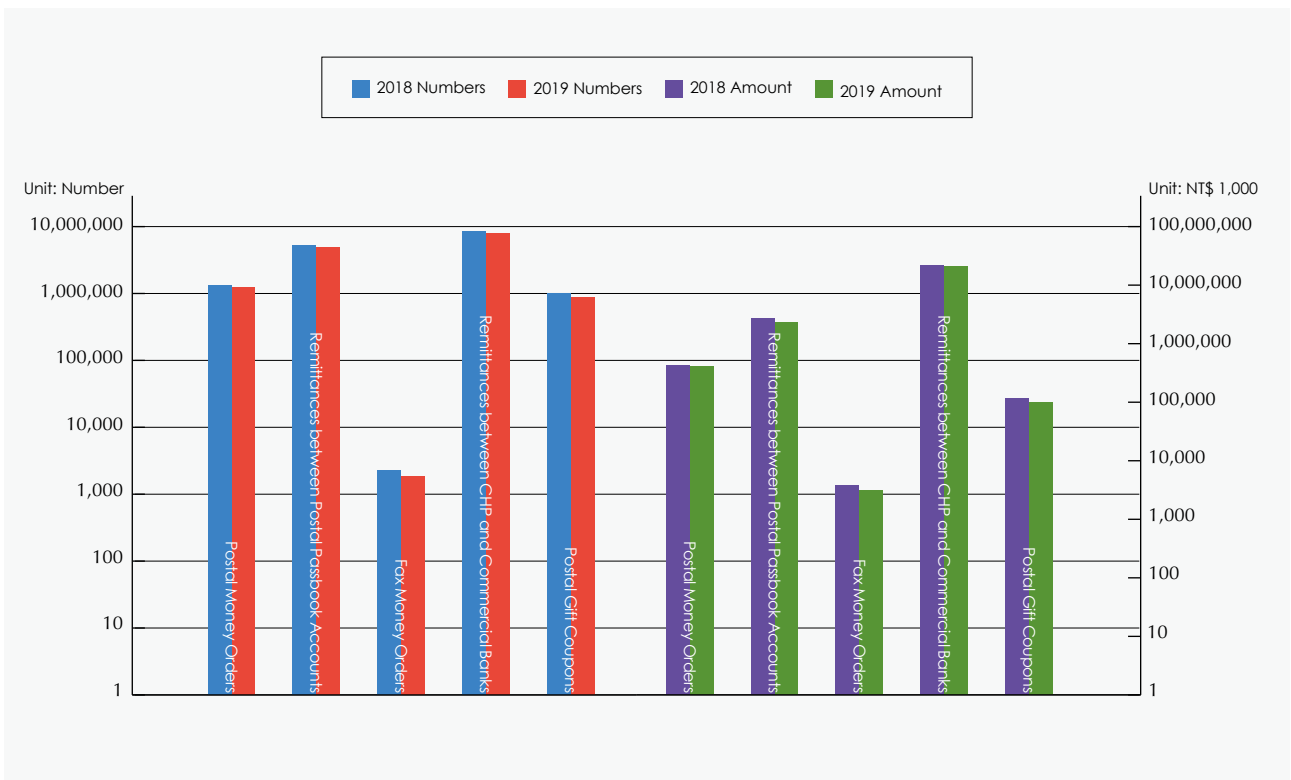


## Volume of Remittance Services

Unit: NT\$ 1,000

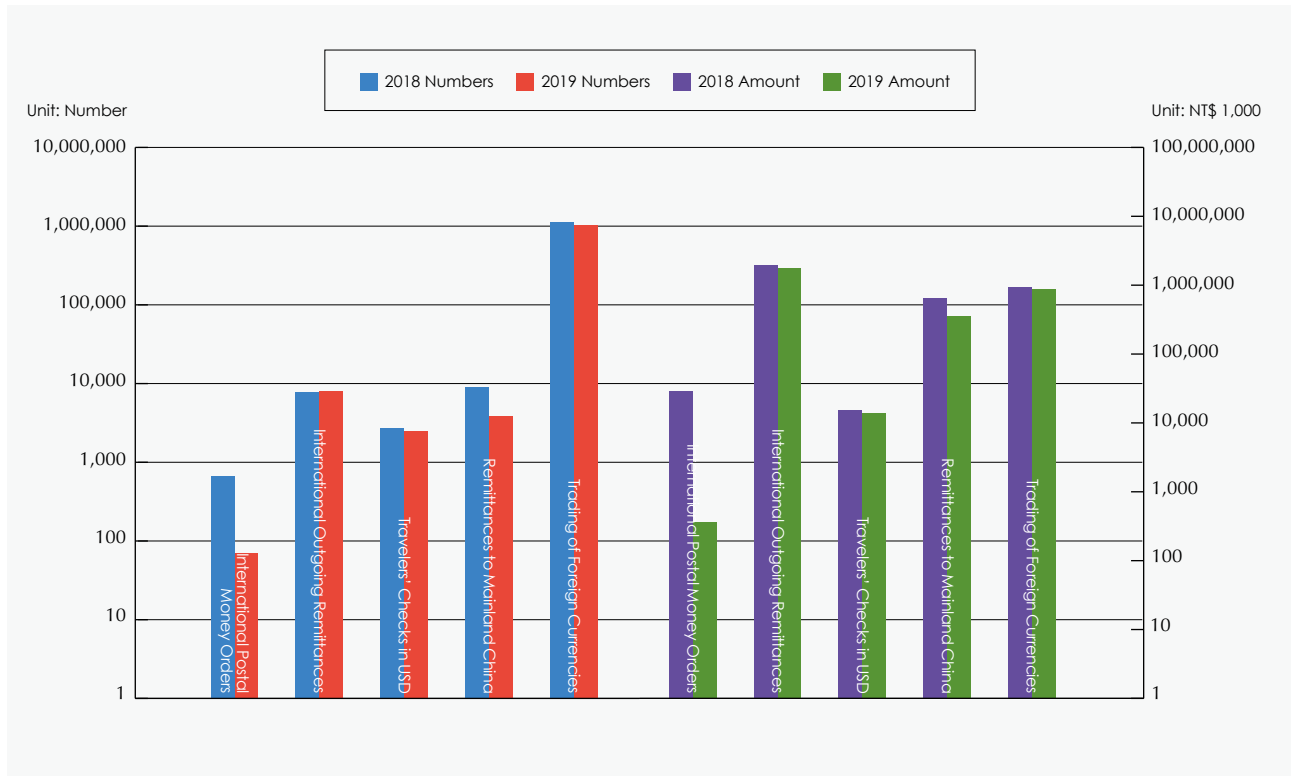
| Type   | Number     |            | Amount        |               |
|--|------------|------------|---------------|---------------|
|  | 2018       | 2019       | 2018          | 2019          |
| Postal Money Orders                          | 1,266,068  | 1,221,697  | 11,172,537    | 10,637,170    |
| Remittances between Postal Passbook Accounts | 5,030,957  | 4,820,140  | 110,142,171   | 92,655,285    |
| Fax Money Orders                             | 2,196      | 1,843      | 26,258        | 22,568        |
| Remittances between CHP and Commercial Banks | 8,465,447  | 8,232,171  | 1,590,144,842 | 1,532,926,555 |
| Postal Gift Coupons                          | 995,842    | 841,628    | 2,142,643     | 1,842,500     |
| International Postal Money Orders            | 689        | 71         | 29,482        | 373           |
| International Outgoing Remittances           | 8,002      | 8,088      | 1,935,346     | 1,812,718     |
| Travelers' Checks in USD                     | 2,816      | 2,440      | 15,581        | 14,747        |
| Remittances to Mainland China                | 8,947      | 3,954      | 702,031       | 349,462       |
| Trading of Foreign Currencies                | 1,108,570  | 1,041,754  | 977,544       | 925,846       |
| Total  | 16,889,534 | 16,173,786 | 1,717,288,435 | 1,641,187,224 |

## Volume of Domestic Remittance Services, 2018 and 2019





## Volume of International Remittance Services, 2018 and 2019



### (IV) Postal Simple Life Insurance – The best safeguard

The Postal Simple Life Insurance is aimed at guaranteeing our nationals' basic economic security and improving the wellbeing of the society. The ubiquitous presence of postal agencies all over the country has made taking out the postal insurance policy an easy task. In addition, as no health checkup is required from the insured, and the application procedure is fairly simple, the Postal Simple Life Insurance has won the public's favor and trust.

When the Postal Simple Life Insurance was first introduced back in 1935, the then Nationalist Government expected it to be an extensively promoted service that is non-profit because it is specially administered by the government, simple and secure because it is exclusively managed by postal agencies, protective and carefree because it provides a safeguard against worrying about family financial conditions and life after retirement. This means the Postal Simple Life Insurance carries a specific significance in benefiting the general public and a policy-related mission to improve social welfare. Therefore, we at Chunghwa Post regard “溥益民生”, which means “enhance the wellbeing of the general public”, as the principle of providing the Postal Simple Life Insurance, hoping that this service will help protect our social security and contribute to a sound social security net in Taiwan.

Ever since the Directorate General of Posts was corporatized to become Chunghwa Post in 2003, 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 so as to satisfy customers' needs. In the future, we will continue to recruit and train professionals, hoping to win the confidence of all Taiwanese people by offering quality insurance programs that reflect our emphasis on honest, reliable, and customer-oriented services.



## 1. Characteristics of Postal Simple Life Insurance

### (1) Types of products

The Postal Simple Life Insurance comprises pure endowment insurance, insurance against death, and endowment, as well as health insurance and accident insurance which may be provided as a rider. 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 to facilitate the insurer's underwriting process, 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, is allowed to be insured for more than NT\$6 million in total.

### (4) Premium payment

Unless otherwise specified, premium payments can be made on either a yearly, semi-yearly, quarterly, or monthly basis. The subsequent installments have to be transferred from the postal passbooks or giro accounts, a way of payment that trims 1% off the original transfer fees.

## 2. New insurance products introduced in 2019

(1) The "Postal Simple Life Insurance—Rich and Beautiful Life Increasing Endowment" was launched on March 20, 2019.

- Age eligibility: 1 to 25 (6-year premium paying term); 1 to 20 (10-year premium paying term)
- The premium paying terms are 6 years or 10 years. Clients will receive living premium within the period of insurance and a maturity premium when the term expires.
- The minimum sum insured is NT\$100,000 and the maximum sum insured is NT\$1,000,000.

(2) The "Postal Simple Life Insurance—Energy 369 Interest Sensitive Insurance" was launched on June 17, 2019.

- Age eligibility: 16 to 60.
- The premium paying term is 10 years. Clients will receive living premium at the end of the third, the sixth, and the ninth year of the period of insurance and a maturity premium when the term expires.
- The minimum sum insured is NT\$100,000 and the maximum sum insured is NT\$2,000,000.

## 3. New policies

In 2019, newly-issued Postal Life Insurance policies totaled 251,780, up 10.17% compared with 2018; the sum insured registered a 13.57% year-on-year increase, reaching NT\$62.06005 billion; and the first-year premium income generated therefrom increased by 4.91% to NT\$17.74389 billion when compared with the previous year.





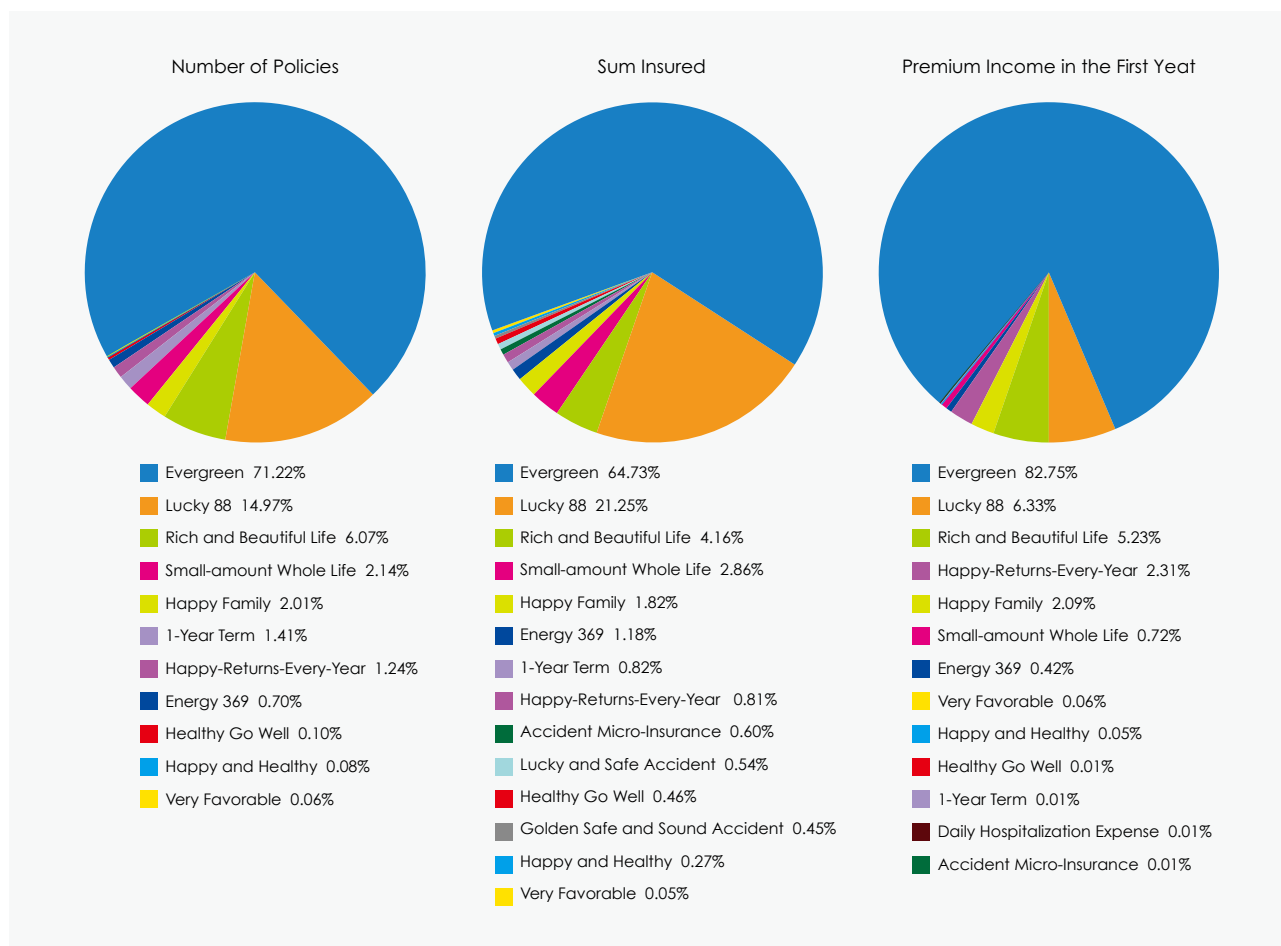
### New Policies by Type

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

| Type                    | Number of Policies                             | %       | Sum insured | %          | Premium Income in the First Year | %          |       |
|-------------------------|--|---------|-------------|------------|----------------------------------|------------|-------|
| <b>Total</b>            | 251,780  | 100.00  | 62,060,045  | 100.00     | 17,743,891                       | 100.00     |       |
| Endowment               | Evergreen Increasing Endowment                 | 179,312 | 71.22       | 40,174,398 | 64.73                            | 14,682,268 | 82.75 |
|                         | Lucky 88 Endowment                             | 37,689  | 14.97       | 13,190,152 | 21.25                            | 1,123,903  | 6.33  |
|                         | Rich and Beautiful Life Increasing Endowment   | 15,280  | 6.07        | 2,581,580  | 4.16                             | 927,820    | 5.23  |
|                         | Happy Family Increasing Endowment              | 5,065   | 2.01        | 1,126,630  | 1.82                             | 371,114    | 2.09  |
|                         | Happy>Returns-Every-Year Endowment             | 3,124   | 1.24        | 502,930    | 0.81                             | 410,532    | 2.31  |
|                         | Energy 369 Interest Sensitive Insurance        | 1,777   | 0.70        | 733,960    | 1.18                             | 74,203     | 0.42  |
| Insurance Against Death | Small-Amount Whole Life Insurance              | 5,386   | 2.14        | 1,773,283  | 2.86                             | 128,171    | 0.72  |
|                         | 1-Year Term Insurance                          | 3,548   | 1.41        | 510,290    | 0.82                             | 2,058      | 0.01  |
|                         | Healthy Go Well Term Insurance                 | 252     | 0.10        | 288,490    | 0.46                             | 1,393      | 0.01  |
|                         | Happy and Healthy Whole Life Insurance         | 202     | 0.08        | 164,940    | 0.27                             | 8,689      | 0.05  |
|                         | Very Favorable Increasing Whole Life Insurance | 145     | 0.06        | 31,120     | 0.05                             | 10,629     | 0.06  |
| Accident Insurance      | Accident Micro-Insurance Rider                 | 1,029   |             | 373,170    | 0.60                             | 1,063      | 0.01  |
|                         | Lucky and Safe Accident Insurance Rider        | 838     |             | 332,040    | 0.54                             | 296        | 0.00  |
|                         | Golden Safe and Sound Accident Insurance Rider | 596     |             | 276,440    | 0.45                             | 309        | 0.00  |
| Health                  | Daily Hospitalization Expense Insurance Rider  | 536     |             | 622        | 0.00                             | 1,443      | 0.01  |

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

### Percentage Distribution of New Policies by Type



#### 4. Policies in force

In 2019, the number of in-force postal life insurance policies were 2,269,987, the sum insured amounted to NT\$ 765.46055 billion, and the premium income was NT\$127.79401 billion.

#### In-Force Policies by Type

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

| Type                    | Number of Policies                                    | %       | Sum Insured | %           | Premium Income | %          |       |
|-------------------------|---|---------|-------------|-------------|----------------|------------|-------|
| Total                   | 2,269,987   | 100.00  | 765,460,551 | 100.00      | 127,794,006    | 100.00     |       |
| Endowment               | Evergreen Increasing Endowment                        | 844,487 | 37.20       | 187,031,861 | 24.44          | 70,995,060 | 55.55 |
|                         | Lucky 6-year-Term Endowment                           | 572,072 | 25.20       | 212,693,784 | 27.79          | 35,663,119 | 27.91 |
|                         | Stable Family Refundable Whole Life Endowment         | 165,110 | 7.27        | 60,402,704  | 7.89           | 90,707     | 0.07  |
|                         | Happy Family Increasing Endowment                     | 70,841  | 3.12        | 15,778,351  | 2.06           | 3,923,563  | 3.07  |
|                         | Beautiful Life Interest-Sensitive Insurance           | 65,688  | 2.90        | 37,076,083  | 4.84           | 3,381,038  | 2.65  |
|                         | Others  | 334,835 | 14.75       | 112,829,124 | 14.74          | 12,211,440 | 9.55  |
| Insurance Against Death | Safe and Peace Whole Life Insurance                   | 83,936  | 3.70        | 56,322,047  | 7.36           | 106,046    | 0.08  |
|                         | Safe and Smooth Double-Indemnity Whole Life Insurance | 16,946  | 0.75        | 8,819,172   | 1.15           | 75,508     | 0.06  |
|                         | 1-Year Term Insurance                                 | 13,999  | 0.62        | 2,081,100   | 0.27           | 5,034      | 0.00  |
|                         | Small-amount Whole Life Insurance                     | 13,476  | 0.59        | 4,061,124   | 0.53           | 274,163    | 0.22  |
|                         | Happy and Healthy Whole Life Insurance                | 12,797  | 0.57        | 7,868,156   | 1.03           | 419,603    | 0.33  |
|                         | Others  | 75,800  | 3.33        | 49,915,948  | 6.52           | 622,371    | 0.49  |
| Accident Insurance      | Lucky and Safe Accident Insurance Rider               | 15,458  |             | 6,828,454   | 0.89           | 6,468      | 0.01  |
|                         | Accident Micro-Insurance Rider                        | 6,237   |             | 1,917,840   | 0.25           | 1,063      | 0.00  |
|                         | Golden Safe and Sound Accident Insurance Rider        | 4,011   |             | 1,829,385   | 0.24           | 2,292      | 0.00  |
| Health Insurance        | Daily Hospitalization Expense Insurance Rider         | 4,374   |             | 5,418       | 0.00           | 16,531     | 0.01  |

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

#### 5. Benefit payment

##### (1) Payment on maturity

In 2019, a total of 241,778 payments were made on maturity, and the sum insured was NT\$92.74975 billion.

##### (2) Payment to claims

The year of 2019 saw 6,549 payments to claims, and the sum insured was NT\$2.51991 billion.

##### (3) Surrender value

The year of 2019 saw 33,791 cases of surrender, and the sum insured was NT\$8.89262 billion.

#### 6. Policy loans

Under the circumstances where a policyholder has paid for the premiums of a still-in-force policy for no less than one (1) year, he/she may apply for a loan no greater than the non-forfeiture value of the policy as a way to fulfill his/her financial needs. The application procedure is simple and easy. In addition to consulting counters personally, 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 2019 saw 107,457 cases of policy loans, and the loan balance was NT\$14.47799 billion.

#### 7. 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 19 branches undertaking mortgage loan-related services or the 202 branches collecting required documents.

In 2019, the number of secured mortgage loans issued by Chunghwa Post totaled 13,605, and the loan balance was NT\$31.26930 billion.

## (V) Philately – Educational and Entertaining


Philately is among the key business activities operated by Chunghwa Post. In order to provide better services for philatelic customers, promote philatelic culture, and fulfill corporate social responsibilities, Chunghwa Post encourages all of its branches to vigorously expand philatelic business, which generated a revenue of NT\$ 550.99 million in 2019. The philatelic business activities include:

### 1. Issuing new postage stamps and philatelic accessories

(1) A total of 18 sets of postage stamps were issued in 2019, including 2 set of commemorative stamps, 14 sets of special stamps and 2 sets of definitive stamps. Among them, the 100th Anniversary of the Presidential Office Building Commemorative Issue is a se-tenant strip of three stamps that features the key visual characteristics of the 100th Anniversary of the Presidential Office Building, which includes red bricks, an arcing curve, and an arrow, alluding to the connection between past, present, and future. The combination of patterns and lines symbolizes the legacy passed down through generations and the forward-looking spirit. The Calligraphy Postage Stamps – “Poetry of Hanshan and Recluse Pang” by Huang Ting-chien, Sung Dynasty is a se-tenant strip of four stamps, fully showcasing the elegance and generosity of calligraphy. The set of Jade Articles from the National Palace Museum Postage Stamps is definitive stamps that consist of two self-adhesive stamps, which are easy to use, with the denominations of NT\$8 and NT\$28 in a sheetlet of 50 pieces respectively. The Ancient Chinese Art Treasures Postage Stamps — Blue and White Porcelain (Issue of 2019) adopts the partly embossed printing technique. There is also a pair of souvenir sheets that adds more fun to stamp collecting. The Taiwan Intelligent Transportation Postage Stamps displays with creative themes the achievement of Taiwan's intelligent transportation in the past 20 years. The Sports Postage Stamps (Issue of 2019) comprises a se-tenant block of four stamps, on which there are baseball bats and balls in the gutter between the upper and lower stamps in the block. Moreover, there is also a limited edition, one exclusive sheet of four stamps, printed with serial number that is truly worth collecting. The New Year's Greeting Postage Stamps (Issue of 2019) resembles wood-block prints. The clean lines of the graphic design evoke the vitality of the Year of the Rat. Additional issues include 1 model of stamp yearbook (one in hardback and the other in loose leaf), 1 model of postage stamp catalogue, 5 models of stamp folio, 1 models of stamp pictorial, 9 models of maximum cards, 1 style of commemorative envelope, and 1 model of press sheet of New Year's Greeting Postage Stamps (Issue of 2019). Furthermore, in line with business demands, Chunghwa Post also released 2 models (vertical and horizontal designs) of domestic postal cards, festival postal cards (Mother's Day, Father's Day, Teacher's Day, and Christmas), 2 models of the Money Rat New Year Card, horizontal envelopes for domestic prompt delivery mail, and vertical/ horizontal envelopes for domestic ordinary/registered mail, 3 sets of postage labels, and 1 set of two New Year's Greeting postal cards.

### (2) Issuing philatelic accessories

In our quest for diversified product development and growth in philately business, Chunghwa Post launched 16 types (26 designs) of philatelic products in 2019, including Mailbox Wooden Cell Phone Amplifier, Carrier Pigeon Cell Phone Holder, Convenience Box Desk Organizer, Passbook Spiral Notebook and Postage Stamp Ruler, Card (6 individual designs and 1 Set), 100th Anniversary of the Presidential Office Building Commemorative Issue and Framed Art, Foldable Shopping Bag (3 designs), Foldable Travel Bag (2 designs), Postman Figure Combo Kit (Issue of 2019),



The Large Dragon Stamp Fine Gold Ingot, The Money Rat Fine Gold Ingot, The Money Rat Fine Silver Ingot (2 designs), The Money Rat Fine Silver Ingot Premium Edition, The Money Rat High Relief Copper Medal, and The Money Rat Premium Collection. Additionally, Chunghwa Post authorizes its branches nationwide to design and sell a total of 112 types of philatelic products.

## **2. Organizing sales promotions to expand philately business**

### **(1) Stamp Yearbook Issue of 2018 Sales Promotion**

The sales promotion lasted from January 4 to May 31 in 2019. During this period, any customer who bought a 2018-issued Stamp Yearbook (either hardback or loose leaf) was rewarded with a scratch-and-win card, with 29,421 prizes given away, including OSIM Massage Chair, Apple MacBook Air, 3M Air Purifier-Humidifier, ASUS tablets, and several philatelic accessories.

### **(2) 2019 Stamp Beauty Pageant**

The public was able to vote for the most beautiful stamps via postal card, website, mobile phone, Facebook Fan Page, and Line On Air from February 18 to March 22, 2019. A total of 648,769 votes were casted, with the top three winners being the Jiemei (Sister) Lakes of the Alpine Lakes of Taiwan Postage Stamps (III), the *Clavularia viridis* of the Corals of Taiwan Postage Stamps (Issue of 2018), and the Songluo Lake of the Alpine Lakes of Taiwan Postage Stamps (III).

## **3. Philately promotion events**

### **(1) Holding the issuing ceremony of the 100th Anniversary of the Presidential Office Building Commemorative Issue**

Launched on April 2, 2019, the 100th Anniversary of the Presidential Office Building Commemorative Issue consists of a se-tenant strip of three stamps and a souvenir sheet. On the same day, the issuing ceremony was held at the south garden of the Presidential Office Building to promote the new issue and allow the public to further understand the century-old architecture. Distinguished guests attending the event included Chunghwa Post former chairman Wei Chien-Hung, Secretary-General to the President Chen Chu, Vice Premier Chen Chi-Mai, Minister of Transportation and Communications Lin Chia-lung, Vice President of the General Association of Chinese Culture Chiang Chun-Nan, Presidential Office Third Bureau Director Li Nan-Yang, and Chinese Taipei Philatelic Federation chairman Chen Yu-An. A memory lane set up at the ceremony displayed the paizas of the Ministry of Posts and Communications in Qing dynasty, a copy of the Qing dynasty letter pillar-box, uniforms of mail carriers in the early years of the Republic of China, a copy of the tilted mailbox, Presidential Office Building stamps issued in the past, and award-winning collections from Philatelic Classrooms. In addition, there were philatelic tours and Writing Future Mail activities. Philatelist were in for a great treat since a temporary post office was set up on the ground floor of the Presidential Office Building, where people could send mails and collect cancellations.

### **(2) Organizing the 2019 Chunghwa Post Creative Stamp Design Competition**

In order to educate the public about philately and provide a stage where they can unleash their creativity, the 2019 Chunghwa Post Creative Stamp Design Competition was organized. Entries were taken from May 29 to August 28, 2019. The public could vote for the five "Most Popular Stamps" on the event website from September 16 to 23, the award ceremony of which was held at the Postal Museum on October 30, 2019. The competition was divided into the Student Group and the Adult Group and a total of 642 entries were received. There were 26 prizes given out, including one Gold, one Silver, one Bronze, five Merit Awards, and five Honorable Mentions in each group, as well as the five "Most Popular Stamps." The total prize money amounted to NT\$ 300,000.

### **(3) Holding the issuing ceremony of the Taiwan Scenery Postage Stamps - Yilan County**

Launched on July 16, 2019, the Taiwan Scenery Postage Stamps - Yilan County consists of a set of four stamps. On the same weekend, the issuing ceremony and the 123 Anniversary Party of Changhua



Post was held at the Tiu-tiu Tâng Forest in Yilan. At the ceremony, a temporary post office was set up for people to buy special philatelic products and collect souvenir cancellations. Moreover, in order to promote philately in a local fashion, the Philatelic Classrooms from Gongguan Elementary School and Sanmin Elementary School, as well as the Philately Club from Yilan Commercial Vocational High School were invited to present their fascinating works. In addition, there was a Farmer's Market where specialties from Yilan, such as tea, oval kumquats, rice, and fruits, were sold by nonprofit organizations. Last but not least, the limited Father's Day postal cards were offered at the ceremony for people to write down and send out their love.

(4) Hosting the "Taipei Night" event of the Singpex 2019 36th Asian International Stamp Exhibition

In order to promote TAIPEI 2020 38th Asian International Stamp Exhibition and invite philatelists from all over the world to visit Taiwan and participate in the event, President Chiang of Chunghwa Post led a delegation to join the Singpex 2019 36th Asian International Stamp Exhibition and set up a stand to exchange with philatelic societies, stamp dealers, and philatelists across the globe. In addition, to invite interested parties to attend the Taipei 2020 38th Asian International Stamp Exhibition, a "Taipei Night" banquet was organized at 7 p.m. of Aug 1 at Conrad Centennial Singapore. Nearly 300 distinguished guests from the Taipei Representative Office in Singapore, the Singapore Post Limited, the Fédération Internationale de Philatélie (FIP), and the Federation of Inter-Asian Philately (FIAP) joined the event, which successfully secured 17 dealers to set up 21 stands in the 2020 event.

(5) Holding the ROCUPEX 2019 Taipei & R.O.C.-Thailand Stamp Exhibition

In order to promote international exchange in philately, the ROCUPEX 2019 Taipei & R.O.C.-Thailand Stamp Exhibition was jointly held by the Taipei Post Office, the Chinese Taipei Thematic Society, the Chinese Taipei Philatelic Society, and the Philatelic Association of Thailand at the Postal Museum from September 6 to 10, 2019. The philatelic societies under the Chinese Taipei Philatelic Federation were the co-organizers of the event, which was supervised by Changhua Post and the Chinese Taipei Philatelic Federation. The exhibits included 100 precious stamp collections from Thailand and 250 competitive and non-competitive collections from Taiwan. To commemorate the occasion, Changhua Post launched the Formosan Serow Postage Label and its maximum card on the opening day, which were great collections for philatelists to acquire. During the period of the exhibition, Taipei post offices set up four pop-up post offices and four postage label vending machines on site to serve the customers. In addition, Stamp Exhibition postage labels and stamp folios, stamp collections, the Personal Greeting Stamps – Classic Artifacts from the National Palace Museum, and postcard sets were also available. There was also a series of brilliant activities including philatelic lectures, Philatelic Classrooms, and exhibition and collection tours.

(6) Holding the issuing ceremony of the Taiwan Intelligent Transportation Postage Stamps

The Taiwan Intelligent Transportation Postage Stamps, which consists of a set of four stamps and one souvenir sheet, was launched on September 25, 2019 to promote Taiwan's achievements in developing intelligent transportation and educate the public about intelligent transportation. On the same day, the issuing ceremony was held at the ground-floor hall of the building of the Ministry of Transportation and Communications. Philatelists were in for a great treat since a temporary post office was set up at Taipei Renhang Post Office, where stamp items and limited edition commemorative cards for issuing ceremony were available. Furthermore, cancellation service was also provided at site.

(7) Holding the issuing ceremony of the Sports Postage Stamps (Issue of 2019)

To help promote sports activities and commemorate Taiwan being the host of the Group B games of the 2019 WBSC Premier12, the baseball-themed Sports Postage Stamps (Issue of 2019), a set of four stamps, was launched on November 1, 2019. On the same day, the issuing ceremony was held at 2 p.m. at the Philately Service Center on the third floor of Taichung Minquan Road Post Office to kick off the 2019 WBSC Premier12. The ceremony was attended by Changhua Post chairman of the board



Wu Hong-mo, Head of Technical Committee for WBSA World Baseball Softball Confederation Peter Caliendo, Secretary-general of Chinese Taipei Baseball Association Lin Tsung-cheng, Taichung City Sports Bureau Director Li Yu-jui, the Fubon Guardians players Chiang Chih-hsien and Chang Cheng-wei, and other distinguished guests. Taichung post offices also set up a temporary post office at the ceremony from 9 a.m. to 4 p.m. on the day for visitors to purchase stamp items, limited-edition commemorative cards for issuing ceremony, stamp folios, and limited-edition convenient boxes. Furthermore, cancellation service was also provided at site.

(8) Sponsoring philatelic societies to participate in philatelic events at home and abroad

- i. Subsidizing the 2019 annual membership fees for the Chinese Taipei Philatelic Federation to join the FIP and FIAP.
- ii. Subsidizing delegates of the Chinese Taipei Philatelic Federation to attend the general assembly and the conferences held by the Board of Directors of the FIP and FIAP, and to participate in China 2019 World Stamp Exhibition, and the Singapex 2019 36th Asian International Stamp Exhibition.
- iii. Supporting philatelic societies and other groups nationwide to organize philatelic exhibitions and stamp-collection promotions, totaling 71 times.
- iv. Honoring, on the awarding ceremonies of 2019 Postal Day and 2019 National Stamp Exhibition, Ma Lan-mao and other 22 outstanding philatelists who either won awards in international stamp/philatelic exhibitions or made special contributions in the year of 2018, and 3 philatelic societies which organized national stamp exhibitions in 2018. In total, 1 plaque and 33 medals were awarded, and an amount of NT\$820,000 was given away.

(9) Organizing various youth-oriented philatelic events:

- i. Holding 2019 Family Camp, attracting 1,486 philately fans.
- ii. Establishing a total of 195 Philatelic Classrooms in schools nationwide in 2019, recruiting 4,707 members.
- iii. Supporting senior high and vocational schools as well as universities, colleges and junior colleges to start philatelic clubs, of which 39 have been established so far.

(10) Organizing exhibitions and activities at the Postal Museum

The Postal Museum was established for collecting, preserving, displaying and conducting researches on postal artifacts, so as to carry on postal missions, promote postal culture, and provide the public with a recreational place to learn about postal business and appreciate the beauty of stamps. In the year of 2019, 11 stamp exhibitions and special exhibitions, 12 philatelic lectures, and 2 community activities were held at the Postal Museum, attracting a total of 132,609 visitors. Stamp sales and site renting generated a revenue of NT\$5,997,146.

i. Holding stamp exhibitions and special exhibitions to promote philately and aesthetics

Chunghwa Post cooperated with other museums, the industry, and philatelic societies to organize a wide array of great exhibitions at the main museum and its branches.

Six exhibitions held at the main museum included "Bills, coins, and stamps special exhibition," 2019 The Year of the Pig zodiac stamps from around the world, "Postal art exhibition and 2019 Chinese culture philately seminar," "The beautiful world of stamps," "Happy at 99—senior stamp exhibition," and "Money Rat—zodiac stamps special exhibition."

Five exhibitions held at the branches of the museum included Valentine's Day Stamps Exhibition, "Stamps about the East—story stamps special exhibition," Once Upon a Time... fairy tale stamps special exhibition, "The Mystic Sky—fantastic starry sky stamps special exhibition," and "New Year Fortune—festive stamps special exhibition."

ii. Organizing philatelic lectures to encourage philately

To promote philatelic exchange and educate philatelists, the Postal Museum has cooperated with the Chinese Taipei Philatelic Federation to hold stamp monthly lectures on every third Saturday.



Philatelic experts are invited to introduce stamp collections and pass down their knowledge, as well as to share the joy of philately. Every lecture draws a crowd of enthusiastic philatelists.

iii. Participating in community activities to enhance corporate image

To implement the corporate philosophy of “caring about the community and giving back to the society,” Chunghwa Post has actively participated in community activities. Chunghwa Post organized charitable activities such as donating books, writing time-travel letters, and puzzle games at “2019-Interesting Journey in Southern Taipei City,” held by the General Association of Chinese Culture on April 4 and 5 and 2019 and the “18th Guling Street Books & Creative Bazaar” on December 14 and 15, 2019. It is the hope of Chunghwa Post that the public can understand our good intention.

## (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 its Postal Mall to integrate postal logistics and distribution business. In the year of 2019, the number of franchise stores reached 2,222 and more than 174,000 items were provided for sale. To develop the Postal Mall into a distinctive E-commerce platform, three online sections have been set up to exclusively promote agricultural products, green products, charitable sales, and Taiwan special farm products to help individual farmers and micro-enterprises expand sales channels.
3. To meet multifaceted investment needs of deposit account clients, Chunghwa Post has designated 1,096 branch offices to sell 131 domestic funds by the end of 2019.
4. The Application Forms of Comprehensive Credit Report and Financial Institution Debtor Listing provided by the Report Joint Credit Information Center can now be collected and verified by branches on all levels.

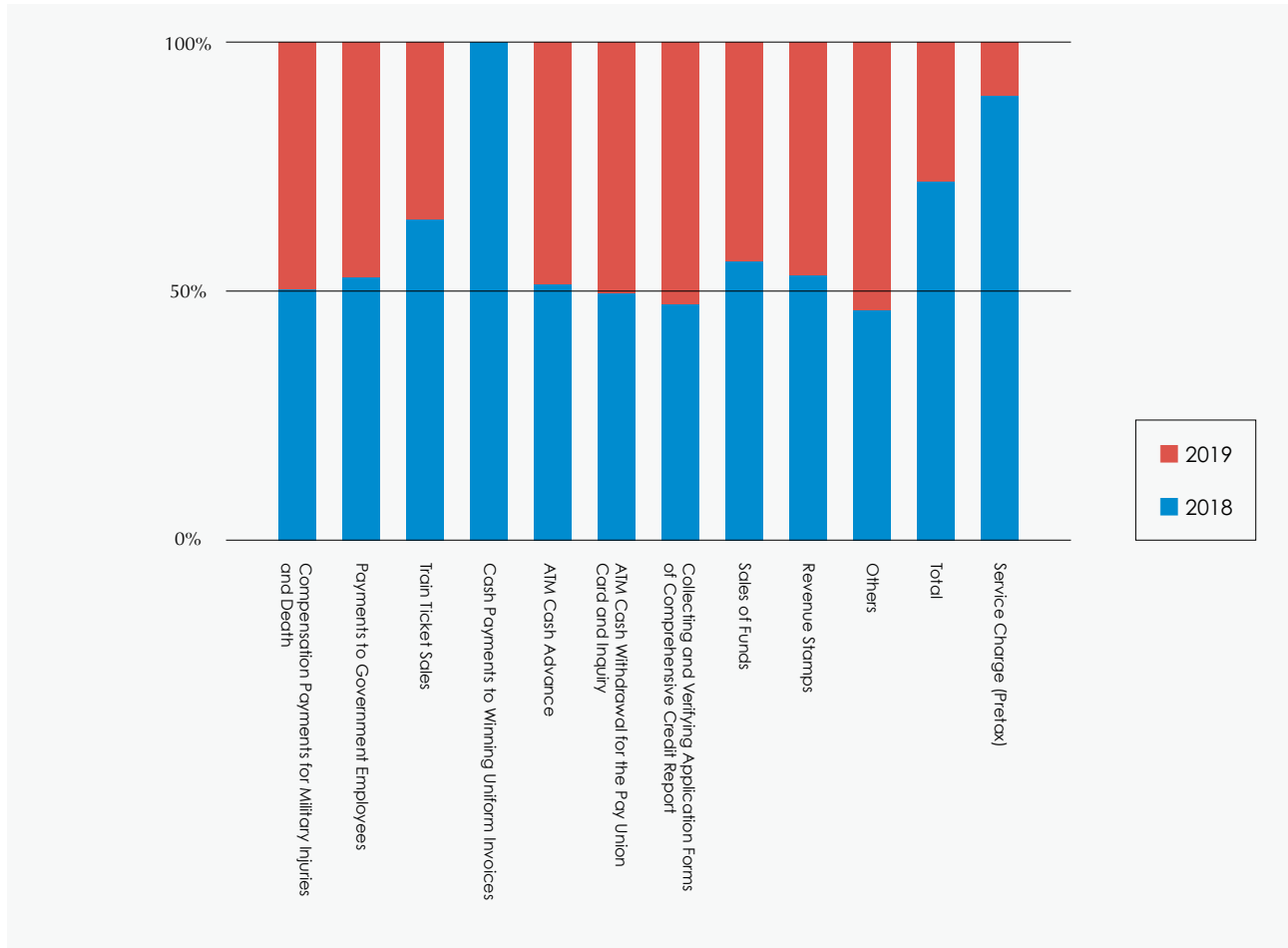
## Volume of Agential Business (exclusive of bonds and military honorable discharge pension funds)

Unit: NT\$10,000

| Item  | 2018      | 2019    | Growth % |
|---|-----------|---------|----------|
| Compensation Payment for Military Injuries and Death                      | 106,336   | 105,675 | -0.62%   |
| Payments to Government Employees  | 2,429     | 2,172   | -10.58%  |
| Train Ticket Sales  | 2,094     | 1,181   | -43.60%  |
| Cash Payments to Winning Uniform Invoices                                 | 926,325   | 0       | -100.00% |
| ATM Cash Advance  | 37,680    | 35,722  | -5.20%   |
| ATM Cash Withdrawal for the Pay Union Card and Inquiry                    | 307,463   | 313,393 | 1.93%    |
| Collecting and Verifying Application Forms of Comprehensive Credit Report | 119       | 133     | 11.76%   |
| Sales of Funds  | 49,110    | 38,421  | -21.77%  |
| Revenue Stamps  | 115,069   | 101,984 | -11.37%  |
| Others  | 15,253    | 18,143  | 18.95%   |
| Total   | 1,561,878 | 616,824 | -60.51%  |
| Service Charge (Pretax)   | 55,937    | 6,609   | -88.18%  |



**Comparison Chart of Agential Business, 2018 and 2019**



**(VII) Asset Management – Asset Activation**

Real properties under the management of Chunghwa Post are used to operate businesses such as postal service, savings and remittances services and life insurance. Paragraph 6 of 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 at all levels, while in compliance with objectives, originally designated purposes or profit-seeking businesses 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 are aimed at increasing revenues, making full use of postal resources and boosting 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 2019. Details are as follows:

**1. Asset lease**

- (1) The lease of property assets is as follows:
  - i. Renting out spare space after review and adjustment of the workspace configuration.
  - ii. Renting out business premises for marketing display.
  - iii. Allowing mobile communication companies to rent roofs of post offices for base station installation.





- iv. Renting out the interior and outer walls (or space) for posting ads.
- v. Others: renting out meeting rooms, auditoriums, parking lots and the employee training classrooms.
- (2) All post offices and Taipei Mail Processing Center 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 program.
- (3) Post-tax revenue from rent was NT\$279.83 million in the year of 2019, up NT\$17.45 million or 6.65% compared with NT\$262.38 million generated in 2018.

## 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) Participated in 1 urban renewal projects launched by the government.
- (3) Launched by ourselves 1 urban renewal project.

## 3. Continuing to demolish and rebuild old post offices to enhance the quality of service and use the space more efficiently

- (1) If the assets of Chunghwa Post (old office buildings or lands having yet to be used) locate in urban areas (that are convenient, well-developed, and densely populated), potentially great locations, or scenic spots, Chunghwa Post is going to rebuild them to enhance the quality of service.
- (2) In response to the change in the type of operation, Chunghwa Post evaluates the business performance and potential for development of post offices of all levels and Taipei Mail Processing Center, and accordingly adjusts the use of space. To utilize the real estate more efficiently, the old office buildings or lands of Chunghwa Post located in residential or business districts are rebuilt into or used for multi-purpose (commercial) buildings.

## 4. Building a positive corporate image

- (1) Setting up more beautified post offices as examples, which provide bright, comfortable, convenient environments for the public to use the postal service and enhance the service quality. By the end of 2019, 28 exemplary post offices have been set up.
- (2) In line with the sustainable energy policies promoted by the government, Chunghwa Post has installed photovoltaic power generation systems on the roof of post offices. By the end of 2019, 58 systems have been installed, reaching a capacity of 2,087 KW.
- (3) Chunghwa Post provided long-term care institutions with spare post office space to support their development. For example, the third, fourth, and fifth floors of Nangang Post Office were rented out to the integrated long-term care institution of Keelung Hospital under the Ministry of Health and Welfare, and the third floor of Fengyuan Huludun Post Office in Taichung was rented out to the daycare center of Taichung Senior Health Promotion Association.
- (4) Six of the estates of Chunghwa Post were selected by the Ministry of the Interior and local governments to join the public housing scheme.

## 5. 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 (Taipei Mail Processing Center) to orchestrate, arrange and support the activation of property assets owned and managed by post offices/centers at all levels, and to provide incentives accordingly. The supervision team met twice in 2019 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 post offices (centers) at all levels.

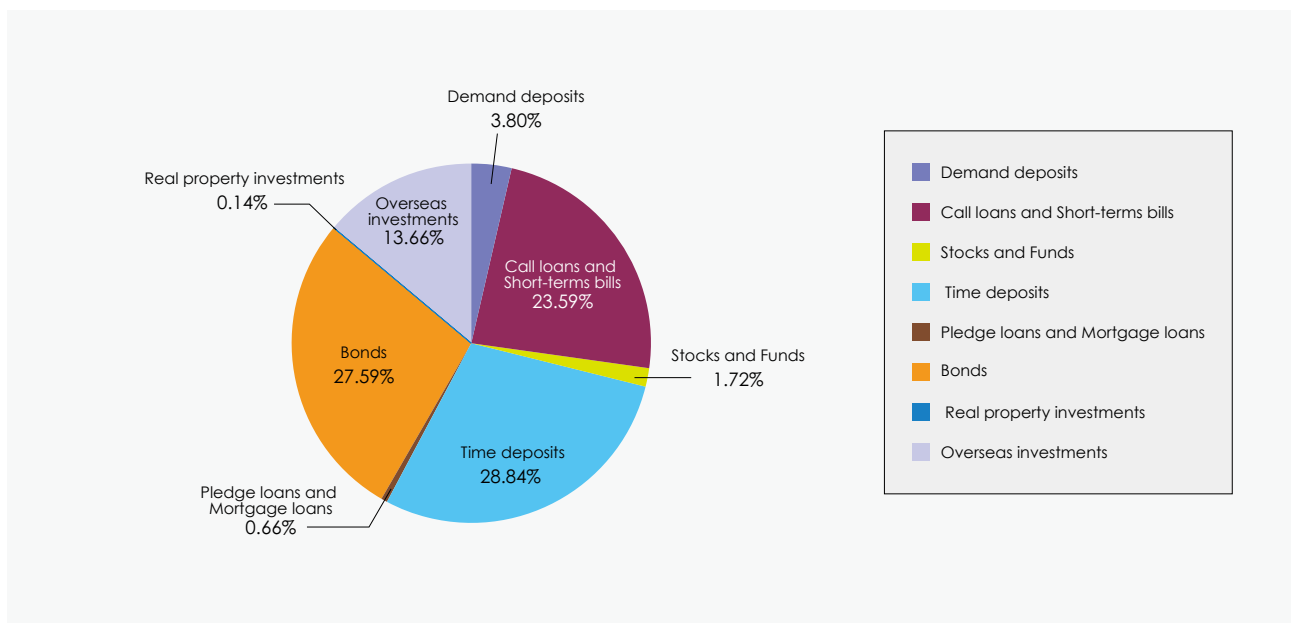
- (3) Chunghwa Post provided trainings on property assets utilization on a yearly basis. All levels of post offices (center) performing well in asset revitalization were invited to designate a representative to share their successful stories and experience.

### (VIII) Capital Utilization – Supporting state construction programs

Chunghwa Post keeps attracting non-government idle capital, accumulating a steadily growing amount of postal capital, which shall be spent in accordance with Article 18 of the Postal Remittances and Savings Act and Article 27 of the Simple Life Insurance Act. Portions of the capital shall be re-deposited with the Central Bank of the Republic of China (Taiwan) while the remaining may be spent in various ways: deposited with state-owned and private banks, invest abroad, purchase bonds, bills and stocks, provide time deposits and life insurance policy pledge loans and mortgage loans, and invest in real property. In coordination with government policies, Chunghwa Post 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 2019, postal capital (savings, remittances and life insurance capital inclusive) put into use has totaled NT\$7,059.1 billion. The capital was distributed as follows:

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\$268.1 billion, accounting for 3.80% of the total.
2. Time deposits (time savings deposits inclusive): NT\$2,036.1 billion, or 28.84% of the total.
3. Interbank call loans and short-term bills: NT\$1,664.9 billion, or 23.59% of the total.
4. Bonds (government bonds, corporate bonds and financial bonds inclusive): NT\$1,947.4 billion, or 27.59% of the total.
5. Overseas investments: NT\$964.6 billion, or 13.66% of the total.
6. Stocks and funds (outsourced investments inclusive): NT\$121.6 billion, 1.72% of the total.
7. Time deposits and life insurance policy pledge loans and mortgage loans: NT\$46.3 billion, or 0.66% of the total.
8. Real property investments: NT\$10.1 billion, or 0.14% of the total.

### Utilization of Postal Capital





By the end of 2019, Chunghwa Post has provided more than NT\$1,612.6 billion postal capital, in coordination with government policies, to finance major state construction projects and private investment projects. Details are as follows:

| Project Name   | Amount / NT\$100 Million | Remarks   |
|--|--------------------------|---|
| State Construction and Private Investment Projects   | 9,748                    | In coordination with the Committee for Planning and Promoting the Utilization of Short- and Long-Term Funding initiated by National Development Council |
| Small and Medium Enterprises (SME) Consolidation Project Loans   | 1,339                    | 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 Citizens without Self-Use Residential Property                            | 2,715                    | Same as above   |
| Home Reconstruction Loans for 921 Quake Victims  | 515                      | Same as above   |
| Reconstruction/Repair Loans for Schools, Medical Institutions, Temples and Churches Damaged in 921 Quake | 25                       | Same as above   |

## II. Employee Composition

| Year   |   | 2018   | 2019   | As of January 20th 2019 |
|--|---|--------|--------|-------------------------|
| Number of Employees  | Staff   | 14,211 | 14,351 | 14,378                  |
|  | Laborers  | 9,957  | 9,879  | 9,885                   |
|  | Contract Workers  | 1,782  | 1,805  | 1,817                   |
|  | Total   | 25,950 | 26,035 | 26,080                  |
|  | Average Age   | 45.8   | 45.7   | 45.7                    |
| Average Seniority  |   | 17.9   | 17.1   | 17.1                    |
| Educational Background (Half-day Workers Counted as Whole) | Doctorates  | 6      | 9      | 9                       |
|  | Masters   | 1,202  | 1,296  | 1,298                   |
|  | Bachelors   | 16,626 | 17,000 | 17,033                  |
|  | Senior High School  | 7,898  | 7,555  | 7,564                   |
|  | Junior High School and Below  | 703    | 645    | 645                     |
| Employee Holding Professional Certificates                 |   | 2,080  | 3,706  | 393                     |
| 2019 Employee Training                                     | 1. Training Courses: Launched 1,360 classes on technical skills, computer and lectures on specific topics for new recruits, executives and professionals, with 86,723 recorded attendances.<br>2. Online Learning: Launched for all employees, having total hours amounting to 895,954.5 hours. |        |        |                         |
| 2019 Volunteering  | In 2019, a total of 2,089 volunteers worked for 1,011,347.5 hours in branches and mail processing centers at all levels.  |        |        |                         |

### (I) Budget quota

In accordance with the quota set in budget 2019, Chunghwa Post was allowed to employ a total of 27,496 employees, including 14,800 regular staff, 10,596 regular workers and 2,100 temporary workers.

### (II) Outsourcing some of the businesses to private enterprises

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

### (III) Workforce structure

As of December 31, 2019, Chunghwa Post has employed a president, a confidential secretary, 10,779



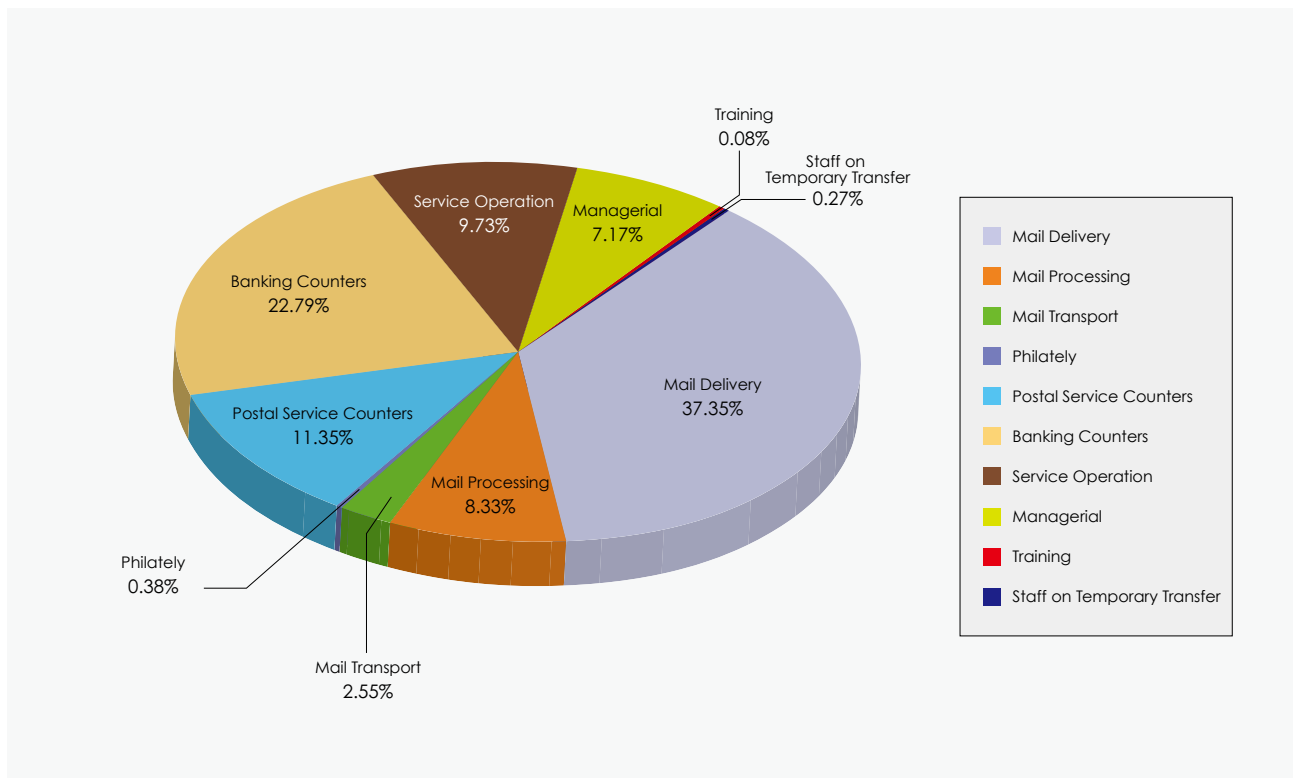
transferred employees, 13,449 staff members and 1,805 contract workers, totaling 26,035 employees. Among them, 24,079 employees (92.49% of the entire workforce) were basic-level clerks, 1,866 employees (7.17%) worked at management level, 22 (0.08%) were training staff, and 68 (0.27%) were staff worked on temporary transfer. Such a workforce structure displays that, compared with a rather small number of managerial positions, a large number of employees work behind counters or at departments handling postal mails.

### Employees by Function

December 31st, 2019 Unit: Person

|                             | Total  | %      | Head Office | Branches at All Levels | Mail Processing Center |
|-----------------------------|--------|--------|-------------|------------------------|------------------------|
| Total                       | 26,035 | 100%   | 1,712       | 23,528                 | 795                    |
| Total Business Staff        | 24,079 | 92.48% | 923         | 22,412                 | 744                    |
| Mail Delivery               | 9,724  | 37.35% | 0           | 9,724                  | 0                      |
| Mail Processing             | 2,169  | 8.33%  | 0           | 1,670                  | 499                    |
| Mail Transport              | 664    | 2.55%  | 14          | 405                    | 245                    |
| Philately                   | 100    | 0.38%  | 61          | 39                     | 0                      |
| Postal Service Counters     | 2,954  | 11.35% | 0           | 2,954                  | 0                      |
| Banking Counters            | 5,934  | 22.79% | 0           | 5,934                  | 0                      |
| Service Operation           | 2,534  | 9.73%  | 848         | 1,686                  | 0                      |
| Managerial                  | 1,866  | 7.17%  | 732         | 1,084                  | 50                     |
| Training                    | 22     | 0.08%  | 18          | 4                      | 0                      |
| Staff on Temporary Transfer | 68     | 0.27%  | 39          | 28                     | 1                      |

### Employees by Function





### III. Labor-Management Relations

#### (I) Employee benefit plans, retirement system and its implementation, as well as labor-management agreements and measures for protecting employees' rights and interest:

##### 1. Employee benefit plans

- (1) Benefits provided by the Company: sports and recreational activities, birthday parties, vacation subsidies and continuing education opportunities.
- (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 employees' children, 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 with regard to employees' retirement, severance and consolation payments: Regulations Governing the Retirement of Employees of Postal and Communications 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. We at Chunghwa Post keep 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, both labor and management representatives are elected and designated to attend such meetings in accordance with applicable laws. Additionally, labor-management businesses including employees' salary, welfare, laying off, and pension were all conducting according to regulations.

##### 4. Measures for protecting employees' rights and interests

To clearly regulate rights and obligations of laborers and the management, Chunghwa Post has formulated 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 called every year to reconcile the relations between the two parties and to resolve issues relevant to employees' benefits in a proper manner. Where any recommendation is put forward at labor-management meetings, or by the Labor Union or its members, Chunghwa Post has been responding to or processing relevant issues in a timely and proper manner.

#### (II) Loss resulting from labor disputes in the most recent fiscal year and during the current fiscal year as of 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 system

#### 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 1,298 branch offices throughout the country, (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

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), controls heterogeneous storage and stores databases of various systems, which can enhance the efficiency of managing storage resources, and the middle tier, equipped with a high-end server, integrates various systems to access back-end data. 90 % of the systems in this environment are established upon a virtualized platform, where the application systems and databases are with high availability and are able to use the hardware resources of a virtualized platform more efficiently. This environment also provides a big data platform to respond to large data storage and reduce storage costs and provide energy for data analysis. Moreover, to support the relocating of the Postal Park of Smart Logistics near the A7 station of Taoyuan (Airport) Metro in the future, the Company will keep bringing in new technologies and virtualization management tools to enhance system performance and operation efficiency and to prepare for the movement of the facilities.

#### 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 has also been updated on a regular basis.

### (II) Emergency backup and safeguarding measures

#### 1. The Company has been holding regular disaster recovery drills each year, and such drills have been carried out as follows:

(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) Organizing local backup and recovery drills at Taipei Main Computer Center twice a year to familiarize relevant staff with required 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.

## **2. Circuit backup measures**

In order to strengthen the backup ability of each post office branch, ISDN backup circuits would all be renewed and replaced with MPLS VPN backup circuits by September 2019. In addition, traffic shunting measures would be taken between the transactions at the counters and the administrative network to boost the broadband speed of the backup circuit to allow quicker transactions. When the branches encounter a line fault, the backup mechanism would immediately be activated and the MPLS VPN connection would be available, the process of which would not affect the services at the branches.

**3. Apart from the abovementioned backup measures, Chunghwa Post has also established a Network Monitor Center and an Information Security Monitor Center, to monitor network operations 24/7 and any potential unidentified intrusion from within and outside.**