



VII | **Operations Summary**

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1. 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.

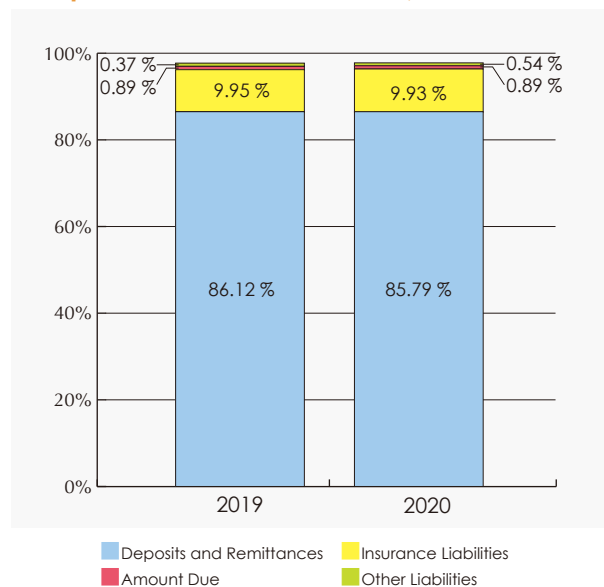
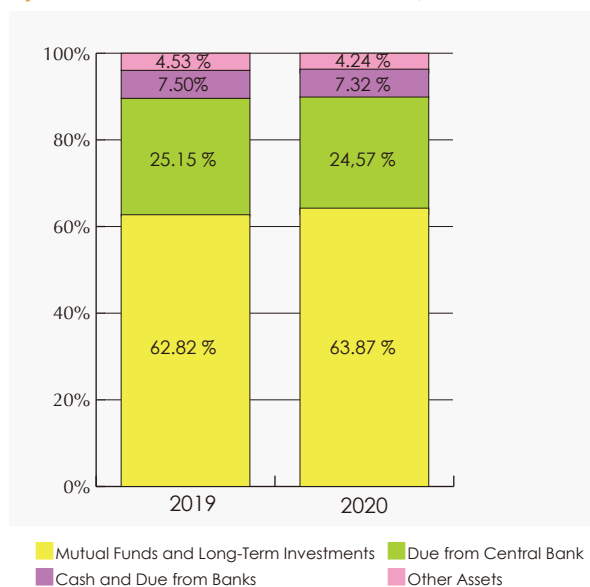
Percentage of Major Assets and Liabilities to Total Assets, 2019 and 2020

Unit: NT\$1,000; %

Major Items	2019		2020	
	Amount	%	Amount	%
Total Assets	7,281,664,852	100.00	7,471,015,716	100.00
Mutual Funds and Long-Term Investment	4,574,507,365	62.82	4,772,006,736	63.87
Due from Central Bank	1,831,436,833	25.15	1,835,520,794	24.57
Cash and Due from Other Banks	546,312,157	7.50	546,614,123	7.32
Other Assets	329,408,497	4.53	316,874,063	4.24
Total Liabilities	7,087,525,235	97.33	7,258,055,193	97.15
Deposits and Remittances	6,271,041,028	86.12	6,409,655,282	85.79
Insurance Liabilities	724,179,541	9.95	742,040,709	9.93
Amount Dues	64,977,224	0.89	66,548,379	0.89
Other Liabilities	27,327,442	0.37	39,810,823	0.54

Note: Figures for 2019 are readjusted by the CPA in accordance with figures approved by the National Audit Office; figures for 2020 are CPA approved.

Comparison Chart of Asset Allocation, 2019 and 2020 Comparison Chart of Liabilities, 2019 and 2020



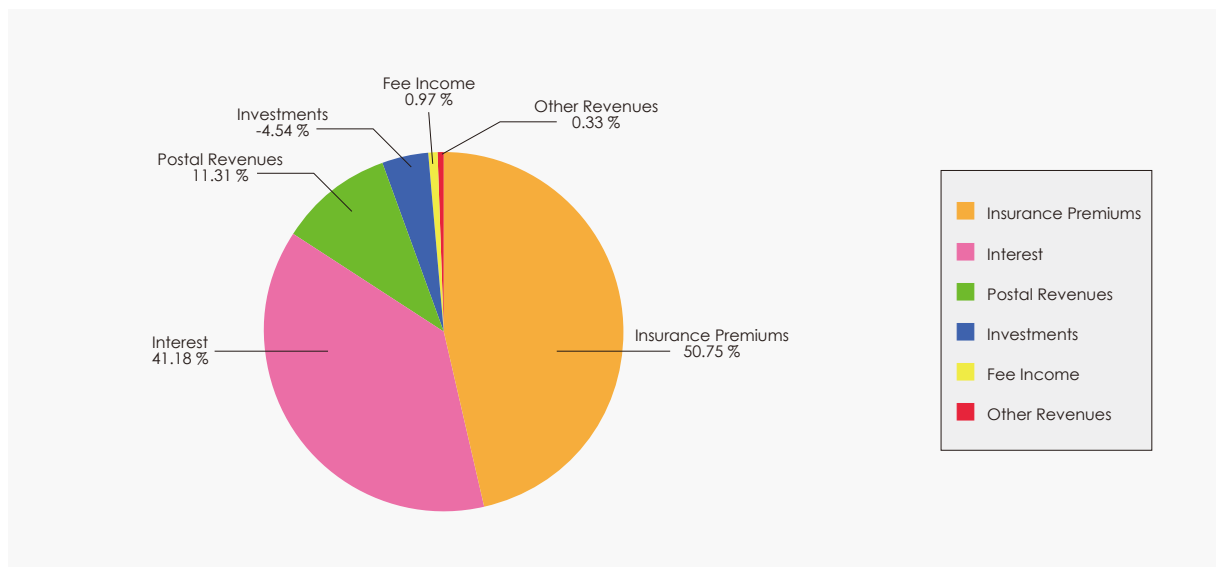
Percentage of All Business Revenues, 2019 and 2020

Unit: NT\$1,000; %

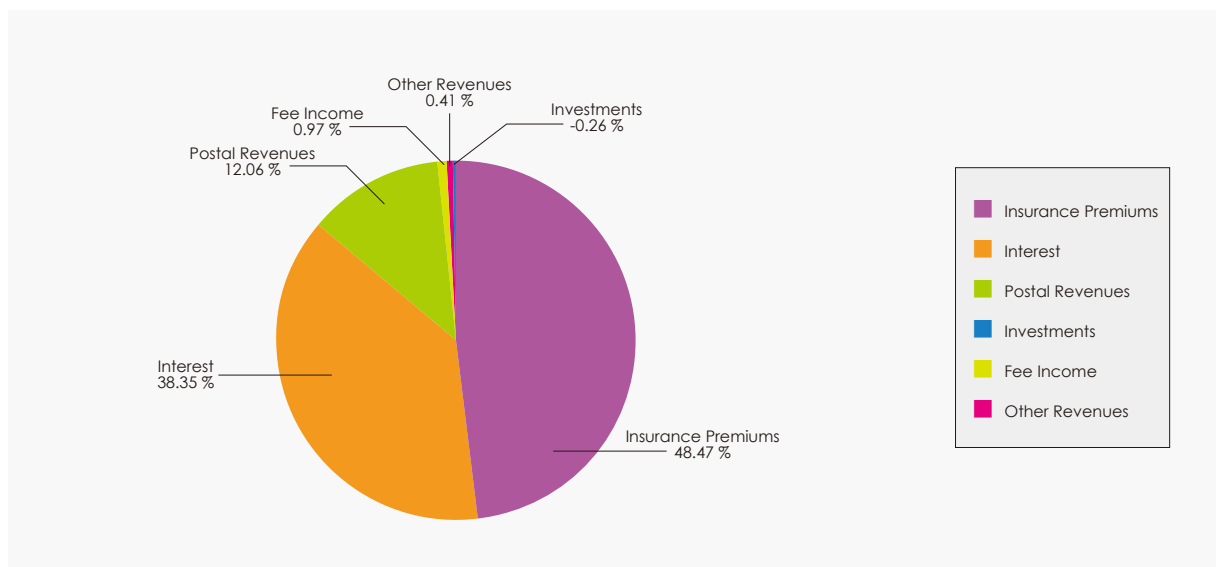
Item	2019		2020	
	Amount	%	Amount	%
Insurance Premiums	127,794,006	50.75	118,502,415	48.47
Interest	103,702,731	41.18	93,745,367	38.35
Postal Revenues	28,479,178	11.31	29,494,361	12.06
Investments	(11,426,275)	-4.54	(629,868)	-0.26
Fee Income	2,434,470	0.97	2,370,558	0.97
Other Revenues	849,842	0.33	987,117	0.41
Total Revenues	251,833,952	100.00	244,469,950	100.00

Note: Figures for 2019 are readjusted by the CPA in accordance with figures approved by the National Audit Office; figures for 2020 are CPA approved.

Sources of Business Revenues, 2019



Sources of Business Revenues, 2020

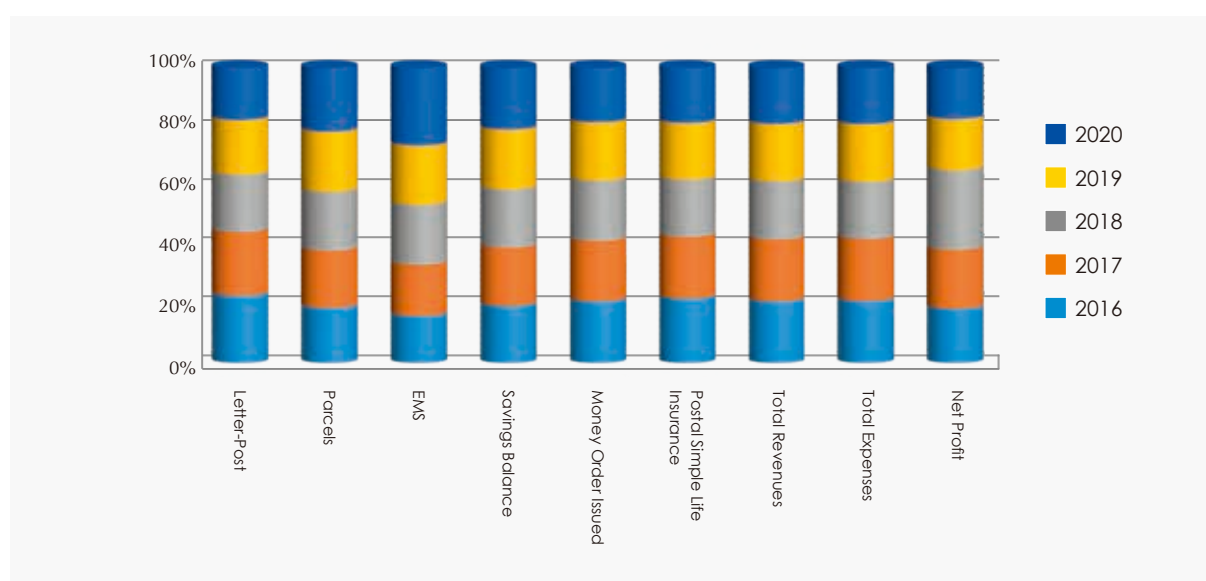


Business Highlights over the Past 5 Years

Item	Unit	2016	2017	2018	2019	2020
1. Letter-Post	Million pcs.	2,504	2,352	2,152	2,023	1,912
2. Parcels	Thousand pcs.	23,833	24,605	25,737	25,946	27,362
3. EMS	Thousand pcs.	9,806	10,849	12,457	12,364	16,186
4. Savings Balance	Million NT\$ Dollars	6,003,341	6,074,316	6,171,759	6,279,948	6,418,183
5. Money Order Issued	Thousand pcs.	17,114	16,769	16,890	16,174	14,948
6. Postal Simple Life Insurance	Thousand pcs.	2,585	2,465	2,308	2,270	2,185
7. Total Revenues	Million NT\$ Dollars	272,120	271,936	259,616	252,033	244,668
8. Total Expenses	Million NT\$ Dollars	262,313	261,328	245,185	242,685	235,531
9. Net Profit	Million NT\$ Dollars	9,807	10,608	14,431	9,348	9,137

Note: Figures for 2016-2019 are readjusted by the CPA in accordance with figures approved by the National Audit Office; figures for 2020 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 2020 thus dropped

to 1,858.35 million pieces, which is 5.98 % lower than the 1,976.54 million pieces in 2019. The correspondence posted per capita was 78.9.

Mainly because of an increase in the "transit mail" business, international letter-post items sent and received in 2020 totaled some 53.62 million pieces, 15.26 % higher than that in 2019, which was some 46.52 million pieces.

2. Parcels

A total of 26,435,000 pieces of domestic parcels were delivered in 2020, 4.55% higher than that in 2019, which was 25,284,000. 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 2020 totaled 926,853 pieces, 40.11% higher than the 661,501 pieces in 2019.

3. Express Mail Service (EMS)

Due to Covid-19 pandemic, logistics business and promotional activities by major online-shopping platforms thrive as the need for home shopping grows.

Express mail delivered domestically in 2020 totaled 14,460,000 pieces, up 32.94 % compared with that in 2019, which was 10,877,000 pieces. Chunghwa Post will continue to offer integrated logistics services such as doorstep pick-up, express delivery, and cash on delivery in order to meet online shopping merchants' demand for multichannel 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 EMS sent and received in 2020 amounted to 1,725,738 pieces, 16.10% higher than the 1,486,403 pieces in 2019.

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 306.26 million e-mails were handled in 2020, 0.3% lower than that in 2019.

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 12 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 2020.

(1) Cross-strait mail delivered in 2020

The volume of mail sent from Taiwan amounted to more than 2,740,000 items, 20.94% lower than that in the previous year; more than 1,210,000 items were received from China, 30.70% 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

Due to Covid-19 pandemic since 2020, postal personnel from Taiwan and China ceased to visit each other while the communication of relevant postal service continued. Chunghwa Post plans to have face-to-face business communication with postal personnel from China when the pandemic slows down.

6. Cargo to Mail service

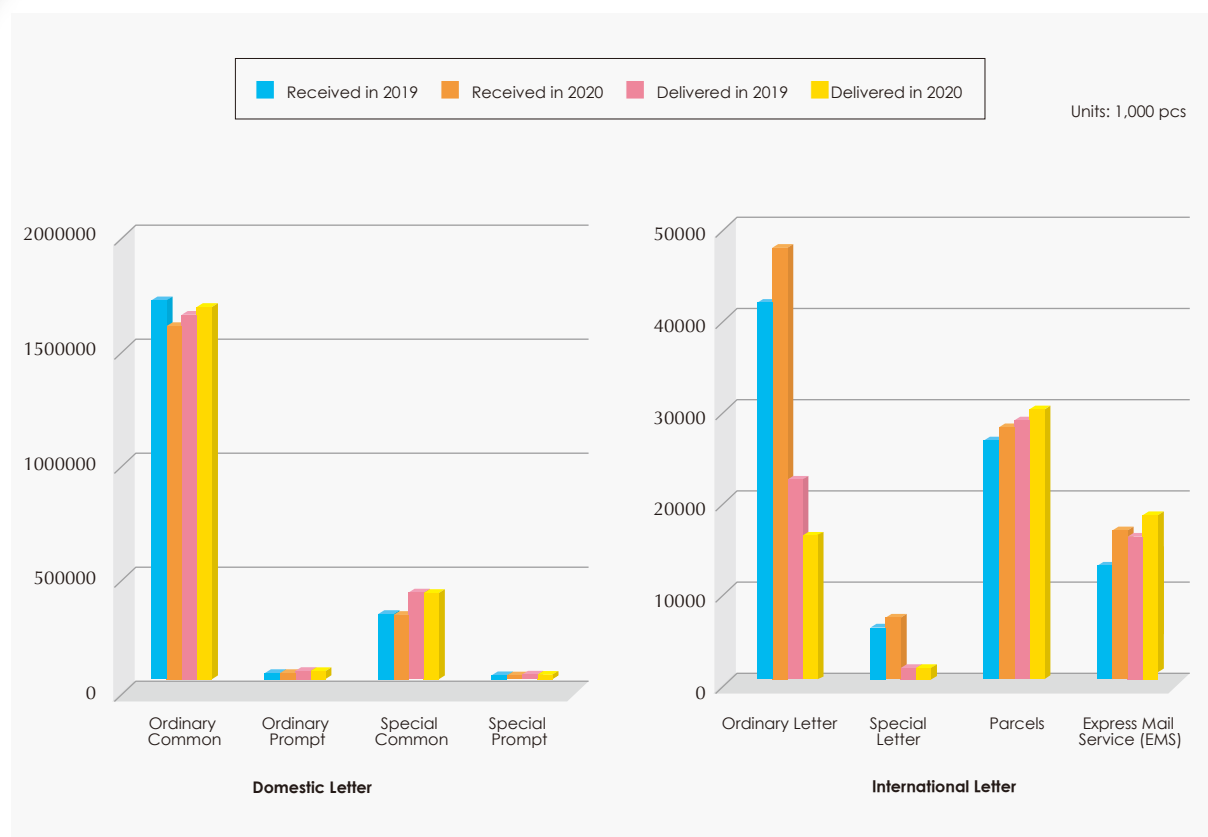
In order to comply with border control policies of the Customs and enhance the competitiveness of the freight forwarders in Taiwan, Chunghwa Post has built the E-transmission system for packing lists. The system serves as a platform and channel for communications between logistics service providers in Taiwan and the Customs Administration, Ministry of Finance. It helps the logistics service providers streamline the Cargo to Mail declaration process and lower the cost. The logistics industry benefits from the system because of the tremendous cost reduction in the process of Cargo to Mail service. The services have processed 4,073 tons of merchandise in 2020, a 49% increase over the previous year, generating the revenue of NT\$1066.45 million, up 95% from the previous year.

Number of Mail Items Received and Delivered, 2019 and 2020

Units: 1,000 pcs

Category			Received		Delivered	
			2019	2020	2019	2020
Domestic Letter	Ordinary	Common	1,648,002	1,535,638	1,584,992	1,619,407
		Prompt	26,693	26,675	36,047	35,076
	Special	Common	284,273	279,523	377,588	375,357
		Prompt	17,576	16,517	20,286	19,259
	Sub-total		1,976,544	1,858,353	2,018,913	2,049,099
International Letter	Ordinary		40,926	46,905	21,674	15,615
	Special		5,600	6,717	1,226	1,214
	Subtotal		46,526	53,622	22,900	16,829
Parcels	Domestic		25,284	26,435	27,494	28,661
	International		662	927	596	626
	Sub-total		25,946	27,362	28,090	29,287
Express Mail Service (EMS)	Domestic		10,877	14,460	13,202	15,691
	International		1,487	1,726	2,294	2,149
	Sub-total		12,364	16,186	15,496	17,840
Total			2,061,380	1,955,523	2,085,399	2,113,055

Number of Mail Items Received and Delivered, 2019 and 2020



7. 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 2020, 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 113,733 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 by dispatch series. By the end of 2020, the international air routes (EMS routes included) and waterways had reached 1,203,635 and 591,116 kilometers respectively.

Mileage of Mail Route, 2019 and 2020

Unit: KM

Type	2019	2020	%
I. Land	108,112	107,983	-0.12%
1. High-speed Railway	345	345	0%
2. Railroads	Suspended	Suspended	Suspended
3. Highways	17,918	17,918	0%
4. Others	89,849	89,720	-0.14%
II. Waterways	592,629	592,629	0%
1. Domestic	1,513	1,513	0%
2. International	591,116	591,116	0%
III. Air Routes	1,207,872	1,207,872	0%
1. Domestic	4,237	4,237	0%
2. International	1,203,635	1,203,635	0%

(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 payroll direct deposit, iPost, Mobile Post APP, online ATM, VISA debit card, and mobile payment 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 2020, the number of accounts totaled over 36,440,000, 0.16% more than that of 2019, while the balance of all accounts combined had climbed 2.20% compared with the previous year to NT\$6,418.1 billion, which translates into more than NT\$ 170,000 per account.

1. New services introduced in 2020

(1) Launching the Postal VISA Debit Card MRT payment service

As a service to enhance the multi-payment function of Postal VISA Debit Card, the cardholders can take Kaohsiung Metro and Taoyuan Metro by tapping their contactless VISA debit cards to pay the fares as of January 16, 2020.

(2) Providing Open Banking first-stage public information search service

In order to provide multi-channel customer service, Chunghwa Post has uploaded financial product/service information to the Open Application Programming Interface Management Platform (Open API Management Platform) established by Financial Information Service Co., Ltd., since March 24, 2020, following the common standards of application interfaces. The information can thus be connected to cooperating companies. The first cooperating company was Moneybook Co., Ltd., whose MoneyBook APP can let customers search New Taiwan Dollar Demand/Time Deposits Product Information and Foreign Exchange Rate.

(3) Piloting Taiwan Pay QR Code Withdrawal service

As of July 7, 2020, holders of "Cloud Payment" cards can make withdrawal at 7 postal ATMs (including Beimen Branch Office, Taipei) through the "Scan to Withdraw" function under the ATM Withdrawal section of Taiwan Pay APP, as a more convenient service for the public with a view to boosting the use of postal ATMs.

(4) Issuing the VISA Ticket Debit Card

To provide the customers with more payment choices and to diversify postal card usage, Chunghwa Post issued its first VISA Ticket Debit Card on November 24, 2020. VISA Ticket Debit Card combines the functions of a debit card and Easy Card. In addition to the traditional function of a debit card, cardholders can also use the card to take public transportation or as a tool of micropayment. The automatic value-adding function can be turned on when there is insufficient card balance.

(5) Setting up more digitalized branches

In 2020, we opened 2 model digitalized branches, including Taoyuan National Central University Post Office and Tainan National Cheng Kung University Post Office. By the end of 2020, we have opened a total of 9 model digitalized branches in Taipei, Banqiao, Taichung, Kaohsiung, Taoyuan, and Tainan. These branches are equipped with systems for taking numbers and filling in sheets in advance, as well as self service areas with ATMs, passbook entry machines, iBoxes, and ecpost.

2. Improved working procedures

Integrating the transaction verifying processes of Mobile Post APP and Post Guard APP

To provide postal passbook depositors with more convenient services, Chunghwa Post has streamlined the account-device linking process since December 23, 2020. Passbook depositors no longer need to verify transactions on the Post Guard APP. Instead, they can complete the verification process directly on the Mobile Post APP, enjoying better using experience with less switches from different APPs.

3. New services for the convenience of the public

(1) Adding more cooperating platforms to E-payment With Postal Saving Accounts service.

Chunghwa Post has added icash Corp. as a cooperating e-payment platform since March 24, 2020. By the end of December 2020, Chunghwa Post has cooperated with JKOPAY, Line Pay Money, PChomePay, GAMA PAY, O'Pay, and icash to provide diversified payment channels.

(2) Deposit and withdrawal slip over printing services for postal passbook depositors

Since March 28, 2020, all branch offices have provided deposit and withdrawal slip over

printing services for postal passbook depositors to save the time of filling in documents and thus increase customer satisfaction for the service. By December 2020, there is a total number of 1,283,151 deposit/withdrawal transactions using this service.

(3) Adding a "Comment" section for the transfer function on Mobile Post APP and iPost

In order to provide a more convenient service, a "Comment" section was added to the transfer function on Mobile Post APP and iPost on April 28, 2020. Those who transfer money to others can leave comments for themselves' reference or provide transfer information for the received end.

(4) Adding function shortcuts on the logged-in page of Mobile Post APP

Based on the analysis of user behavior data, Chunghwa Post added shortcuts of several most used functions (including Transactions To Update, Transfer, Payment, and Cardless Withdrawal) on the logged-in Asset Overview page of Mobile Post APP from June 2020, creating a more efficient using experience for the postal passbook depositors.

(5) Adding a "Reset iPost Username and Password" service on physical postal ATM

Since July 7, 2020, a "Reset iPost Username and Password" service has been added on physical postal ATMs. In addition to reset the usernames or passwords at the counters or through iPost, postal passbook depositors can also complete the reset procedure through physical postal ATMs.

(6) Adding Appointment service items

To shorten customers' time spent on waiting at the counters and filling sheets, service items including ATM Card Efficient Issuance Appointment, VISA Debit Card Efficient Issuance Appointment, and Inter-bank Pre-designated Transfer Account Appointment were added on July 11, 2020. Postal passbook depositors can make an appointment in advance, fill in account information online, and go to the branch office at the appointment time to complete the application process at once.

(7) Issuance and redemption services of physical Triple Stimulus Vouchers at the counters

In line with the government's policy of economic stimulus, 1,299 branch offices across Taiwan provided services for issuing physical Triple Stimulus Vouchers at the counters from July 15, 2020 to December 31, 2020 and accepting redemption from July 23, 2020 to March 31, 2021. As of the end of December 2020, a total of 10,685,623 sets of Triple Stimulus Vouchers were issued and 13,262,158 vouchers were redeemed, which translated into a total amount of NT\$4,200,298,100.

(8) Digital Triple Stimulus Vouchers

In line with the government's policy of issuing Triple Stimulus Vouchers, Chunghwa Post provided postal VISA Debit Card and Postal ATM Card Scan-to-Pay (Taiwan Pay) electronic linking service with additional cashback. Postal passbook depositors were provided with diversified payment choices while the economic stimulus effect was enhanced through the service.

(9) Joining MyData Platform of National Development Council

In line with Smart Government Action Project, Chunghwa Post has provided the services of searching or downloading passbook deposit transactions information (within 3 months) from MyData Platform of National Development Council since July 31, 2020. Postal passbook depositors can search and download information needed from the platform after identity verification using the citizen digital certificate or TAIWAN Fido.

(10) SMS notification service for money transfers through ATM

From August 18, 2020, when postal passbook depositors transfer money from any physical postal ATM and the amount is NT\$30,000 or above, Chunghwa Post will send short messages

or email as notification. In addition, postal passbook depositors can cancel or enable this service through iPost by cellphone OTP message identity verification, without signing in.

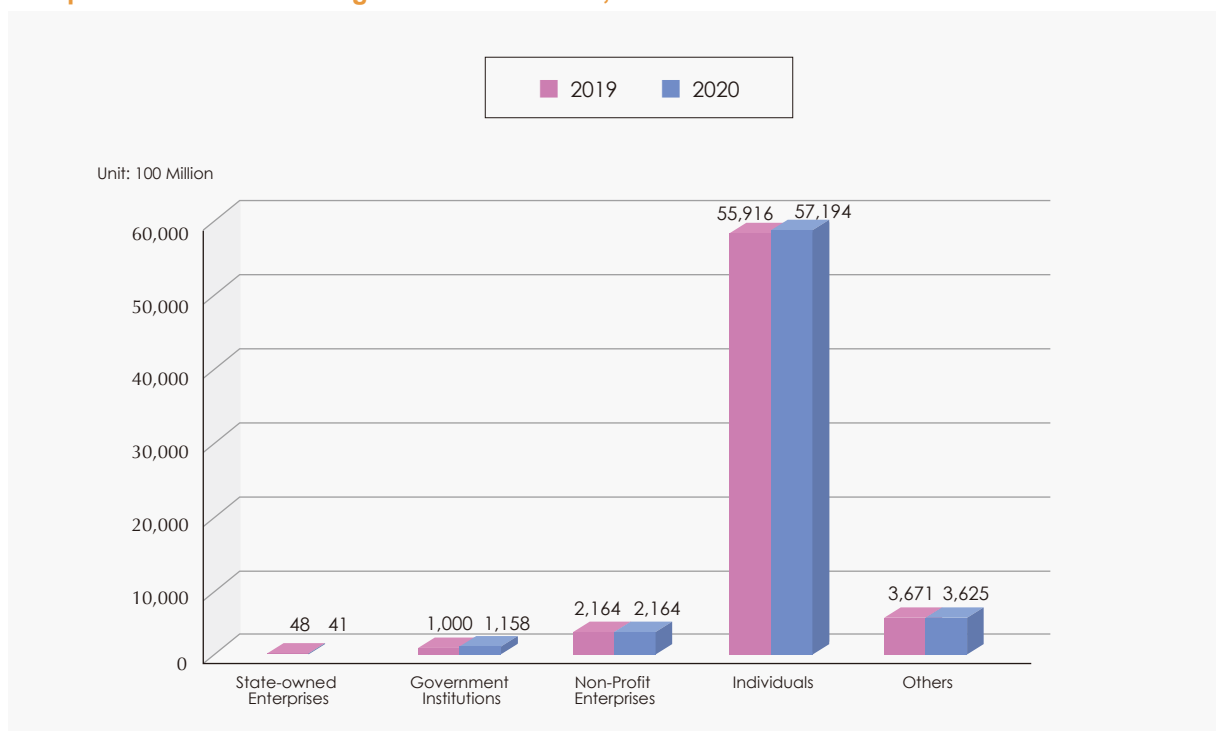
- (11) Providing postal passbook, time deposit, and giro account applications in English version
Chunghwa Post has provided English versions of "Application for postal passbook account" (since March 28, 2020), "Application for time deposit account" (since November 14, 2020), and "Application for giro account" (since December 15, 2020) to facilitate account application process for foreign people.
- (12) Providing the "changing cellphone number and email address" service on Mobile Post APP
In response to the regular use of mobile devices by the new generation, Chunghwa Post has added the "changing cellphone number and email address" function on Mobile Post APP since December 23, 2020, in addition to the original iPost, Web ATM, and at-the-counter channels.
- (13) To make it more convenient for remittances, the Company continuously increases the number of handling branches providing inter-bank remittances. By the end of 2020, there have been 1,263 branches providing the service.

Volume of Postal Savings Services

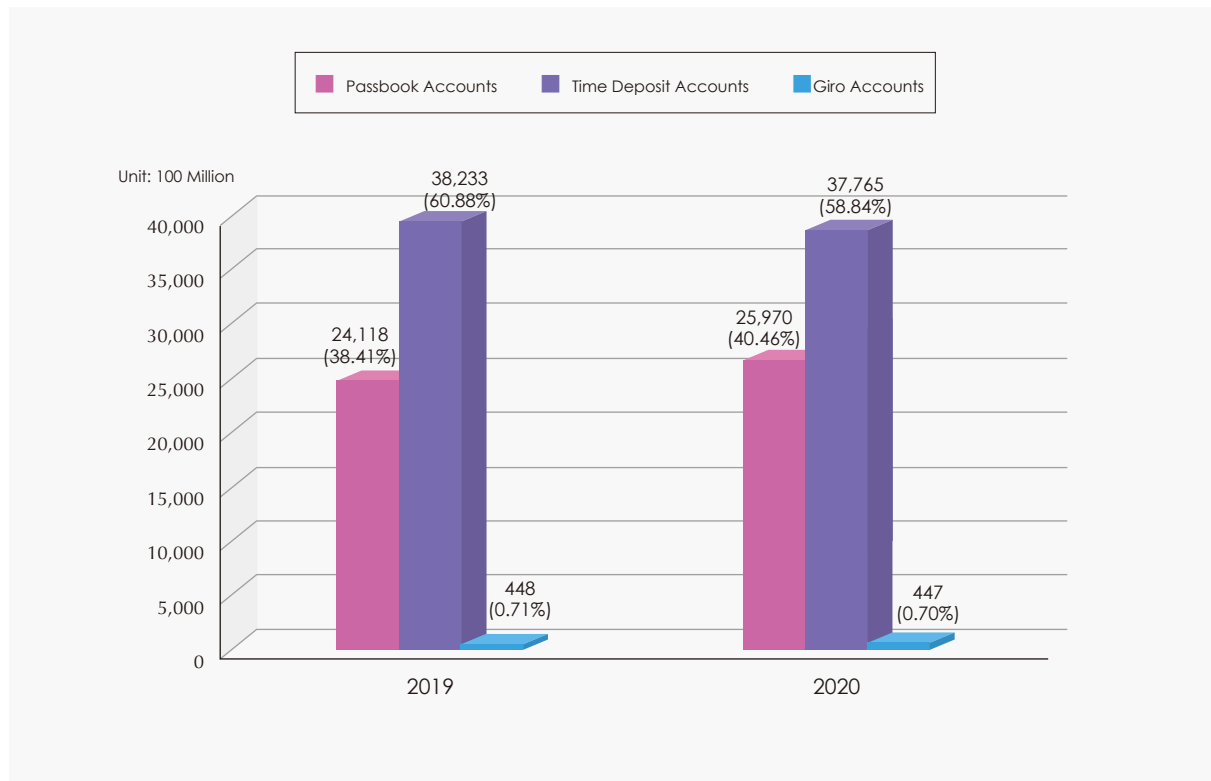
Unit: NT\$ Million

Type	Number of Deposits		Number of Withdrawals		Number of Accounts		Total Balance	
	2019	2020	2019	2020	2019	2020	2019	2020
Passbook Accounts	282,912,968	297,889,160	409,430,570	421,780,233	28,545,279	28,778,976	2,411,809	2,597,006
Time Deposit Accounts	7,347,454	7,131,641	43,761,000	42,847,825	6,264,117	6,106,740	3,823,355	3,776,532
Giro Accounts	46,220,222	54,346,837	12,976,803	13,288,256	1,574,797	1,563,752	44,784	44,645
Total	336,480,644	359,367,638	466,168,373	477,916,314	36,384,193	36,449,468	6,279,948	6,418,183

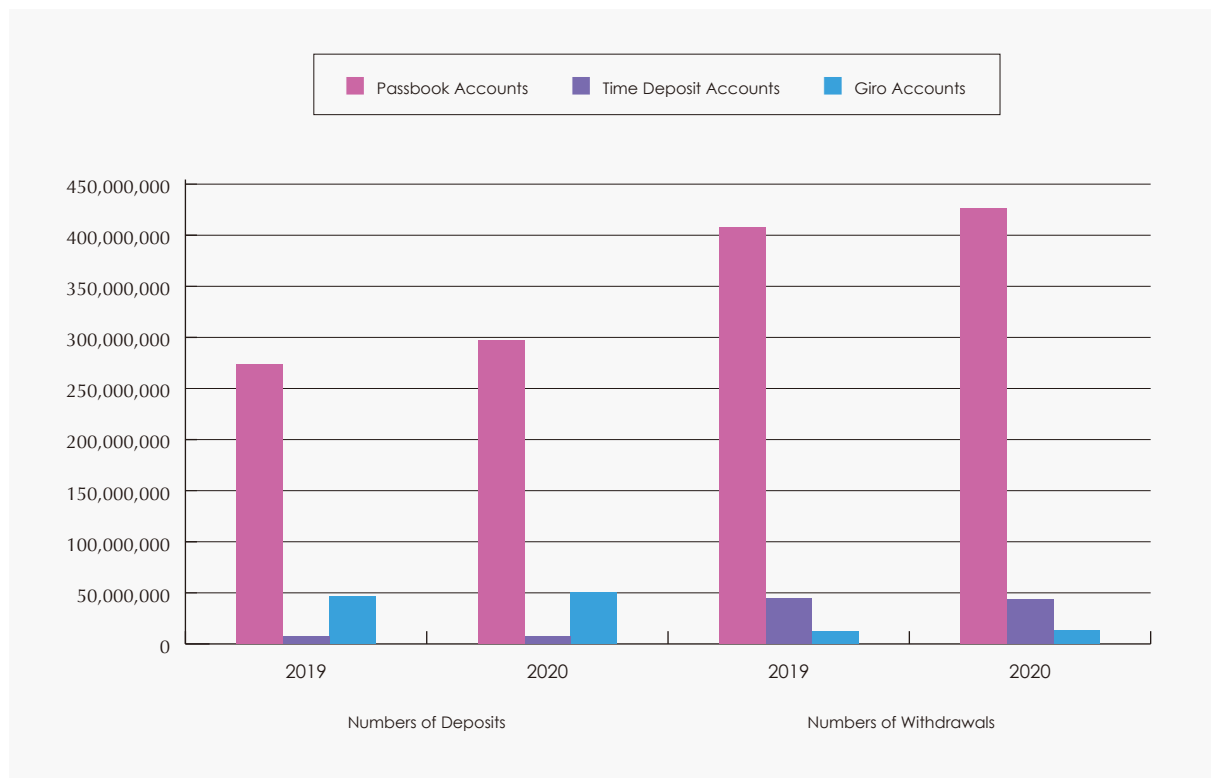
Comparison Chart of Savings Account Holders, 2019 and 2020



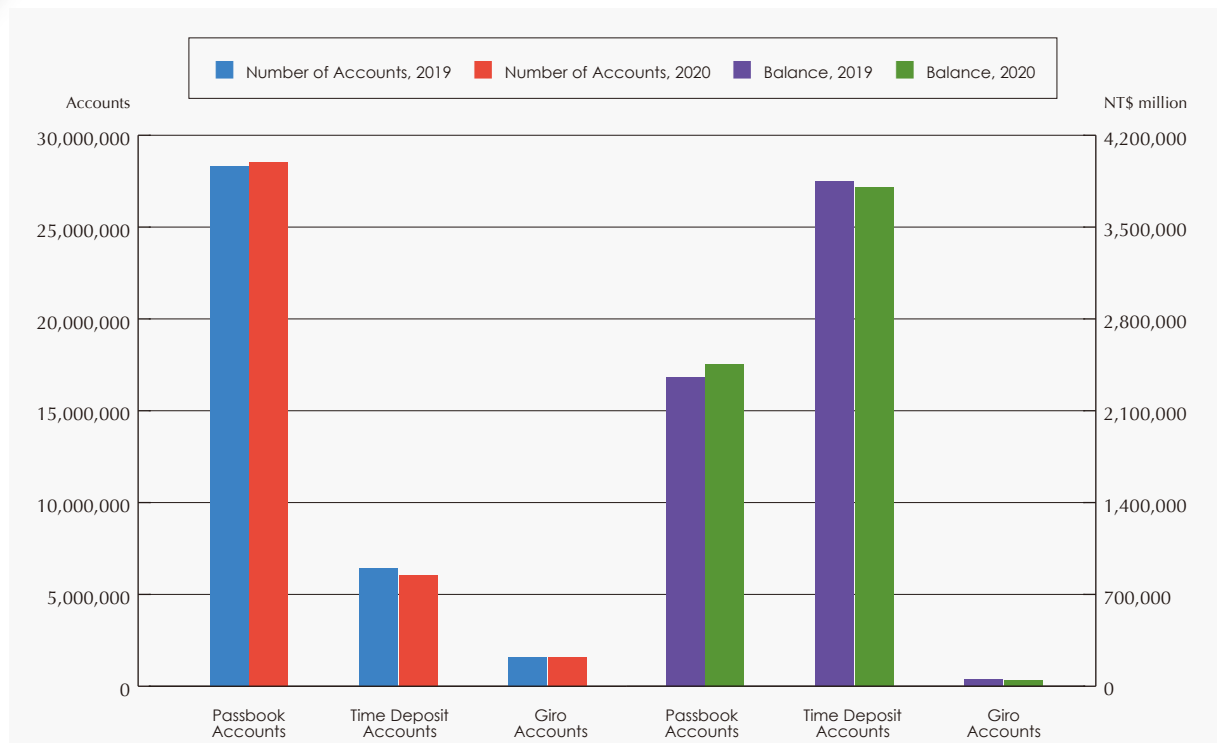
Comparison Chart of Postal Savings Services, 2019 and 2020



Numbers of Deposits and Withdrawals of Various Types of Accounts, 2019 and 2020



Numbers of Accounts and Balances of Various Types of Accounts, 2019 and 2020



(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 buying back travelers' checks in US dollars. By the end of 2020, the number of branches which provide international remittance services, including the trading of foreign currency, had reached 255, 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 2020, funds remitted through Chunghwa Post amounted to over NT\$ 1,636 billion, down 0.31% compared with 2019, while money orders totaled more than 14,940,000, down 7.61% compared with 2019.

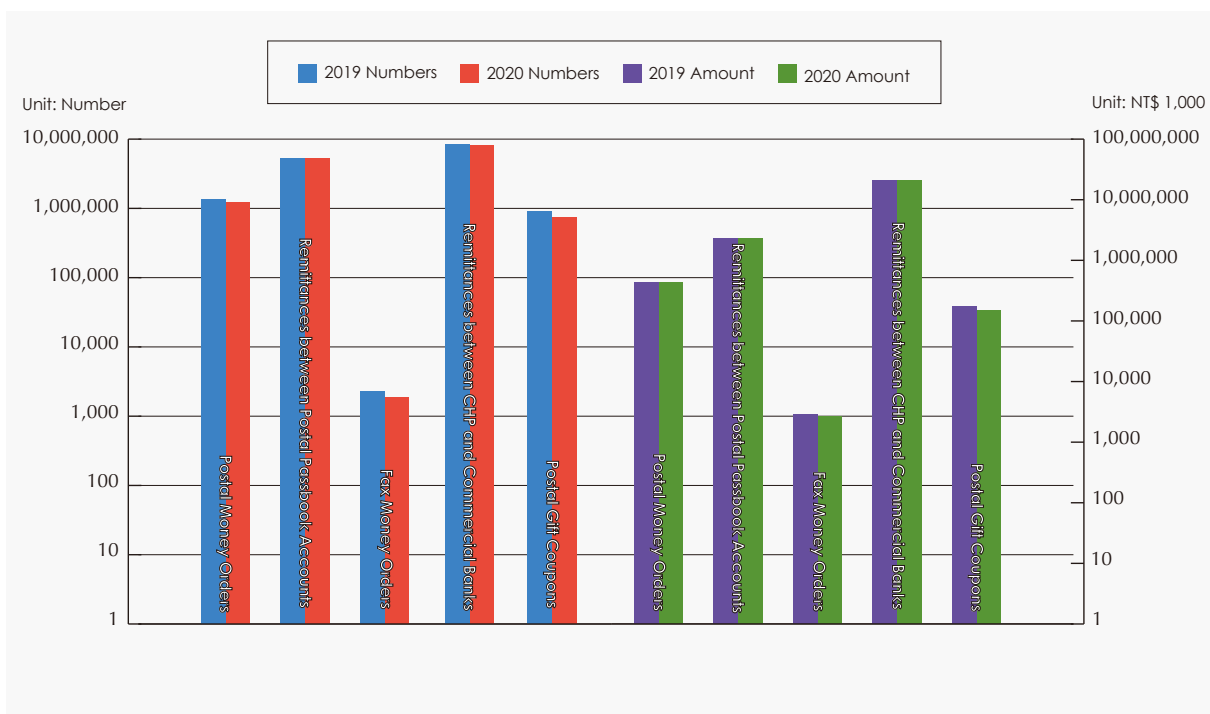


Volume of Remittance Services

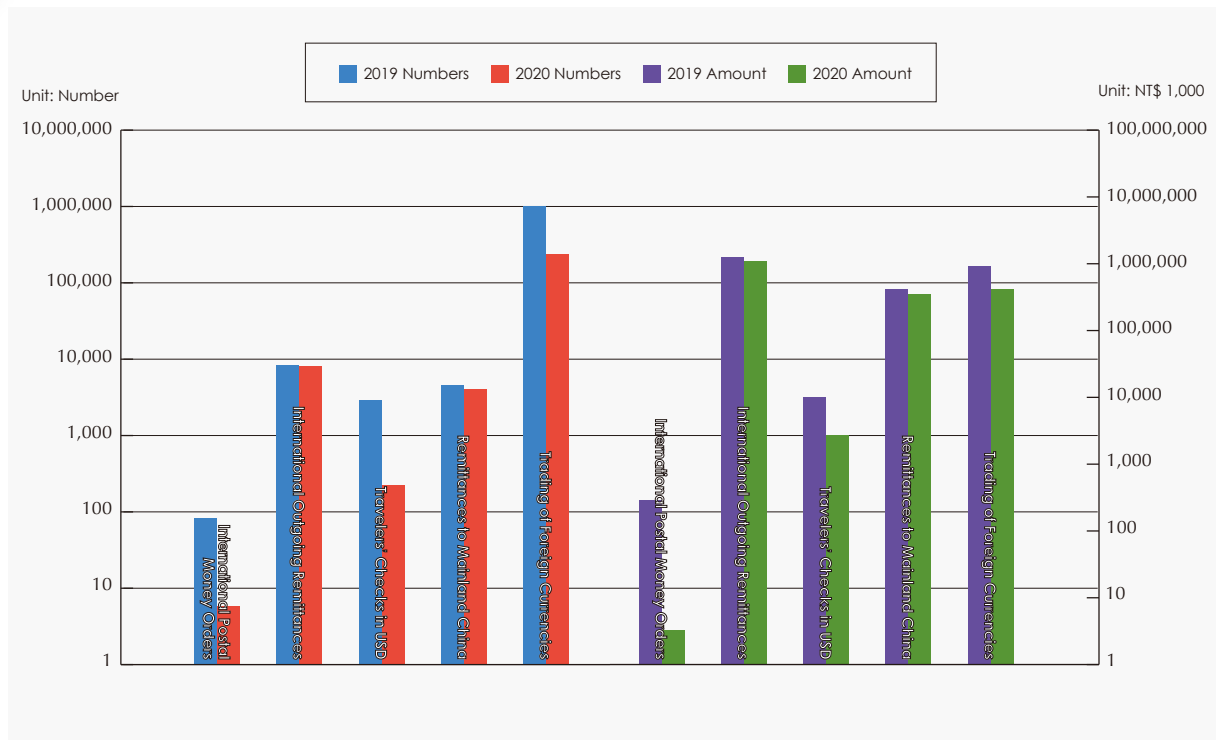
Unit: NT\$ 1,000

Type	Number		Amount	
	2019	2020	2019	2020
Postal Money Orders	1,221,697	1,188,602	10,637,170	10,622,283
Remittances between Postal Passbook Accounts	4,820,140	4,804,603	92,655,285	85,853,914
Fax Money Orders	1,843	1,694	22,568	21,474
Remittances between CHP and Commercial Banks	8,232,171	8,040,206	1,532,926,555	1,535,910,025
Postal Gift Coupons	841,628	672,544	1,842,500	1,459,625
International Postal Money Orders	71	6	373	3
International Outgoing Remittances	8,088	7,436	1,812,718	1,617,228
Travelers' Checks in USD	2,440	274	14,747	2,839
Remittances to Mainland China	3,954	3,242	349,462	280,244
Trading of Foreign Currencies	1,041,754	229,701	925,846	238,971
Total	16,173,786	14,948,308	1,641,187,224	1,636,006,606

Volume of Domestic Remittance Services, 2019 and 2020



Volume of International Remittance Services, 2019 and 2020



(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 2020

(1) The "Postal Simple Life Insurance- Happy Life 168 Endowment" was launched on July 1, 2020.

- Age eligibility: 16 to 55
- The premium paying terms are 6 years or 10 years. Clients will receive living premium within the period of insurance every 3 policy anniversaries and a maturity premium on clients' 78-year-old policy anniversary.
- The minimum sum insured is NT\$100,000 and the maximum sum insured is NT\$2,000,000.

(2) "Postal Simple Life Insurance- Happy Postal Endowment" was launched on July 1, 2020.

- Age eligibility: 16 to 45 (Male); 16 to 50 (Female)
- The premium paying term is 15 years. Clients will receive living premium on the third, the sixth, the ninth, and the twelfth policy anniversary and a maturity premium when the term expires.
- The minimum sum insured is NT\$100,000 and the maximum sum insured is NT\$2,500,000.

(3) "Postal Simple Life Insurance- Ever Rich 123 Endowment"

- Age eligibility : 16 to 60 (Male); 16 to 65 (Female)
- The premium paying term is 12 years. Clients will receive living premium within the period of insurance every 3 policy anniversaries and a maturity premium on clients' 80-year-old policy anniversary.
- The minimum sum insured is NT\$100,000 and the maximum sum insured is NT\$2,000,000.

3. New policies

In 2020, newly-issued Postal Life Insurance policies totaled 217,654, the sum insured reached NT\$62.59592 billion, and the first-year premium income generated therefrom was NT\$16.40134 billion.

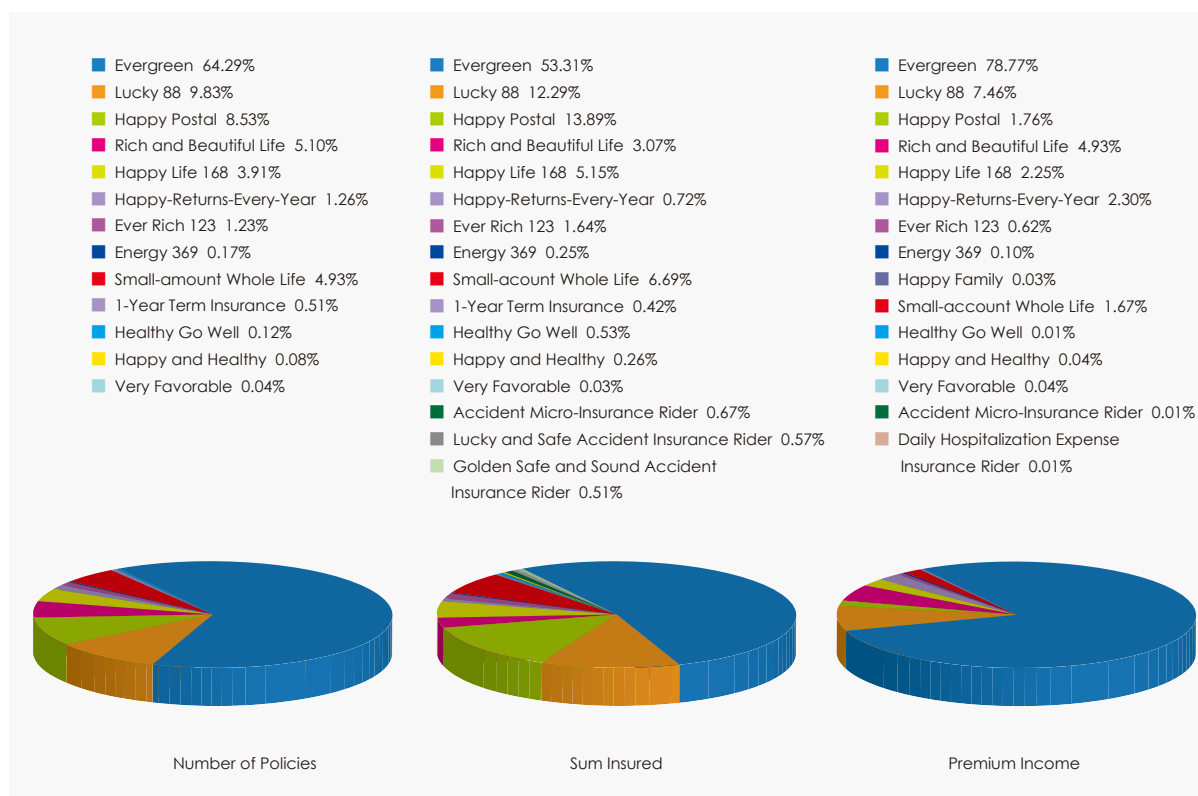
New Policies by Type

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

Type		Number of Policies	%	Sum insured	%	Premium Income in the First Year	%
Total		217,654	100.00	62,595,916	100.00	16,401,340	100.00
Endowment	Evergreen Increasing Endowment	139,937	64.29	33,367,969	53.31	12,919,982	78.77
	Lucky 88 Endowment	21,396	9.83	7,694,363	12.29	1,224,100	7.46
	Happy Postal Endowment	18,567	8.53	8,696,857	13.89	289,114	1.76
	Rich and Beautiful Life Increasing Endowment	11,110	5.10	1,922,580	3.07	807,798	4.93
	Happy Life 168 Endowment	8,506	3.91	3,221,760	5.15	368,206	2.25
	Happy>Returns-Every-Year Endowment	2,733	1.26	451,810	0.72	377,032	2.30
	Ever Rich 123 Endowment	2,685	1.23	1,022,659	1.64	101,268	0.62
	Energy 369 Interest Sensitive Insurance	368	0.17	157,840	0.25	16,445	0.10
	Happy Family Increasing Endowment	0	0.00	0	0.00	5,690	0.03
	Small-Amount Whole Life Insurance	10,725	4.93	4,189,442	6.69	273,271	1.67
Insurance Against Death	1-Year Term Insurance	1,098	0.51	260,110	0.42	617	0.00
	Healthy Go Well Term Insurance	259	0.12	331,609	0.53	1,368	0.01
	Happy and Healthy Whole Life Insurance	177	0.08	161,910	0.26	6,726	0.04
	Very Favorable Increasing Whole Life Insurance	93	0.04	18,680	0.03	6,471	0.04
Accident Insurance	Accident Micro-Insurance Rider	965	—	421,350	0.67	1,153	0.01
	Lucky and Safe Accident Insurance Rider	742	—	359,050	0.57	297	0.00
	Golden Safe and Sound Accident Insurance Rider	698	—	317,240	0.51	338	0.00
Health	Daily Hospitalization Expense Insurance Rider	579	—	687	0.00	1,464	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 2020, the number of in-force postal life insurance policies were 2,184,668, the sum insured amounted to NT\$ 713.07198 billion, and the premium income was NT\$118.50242 billion.

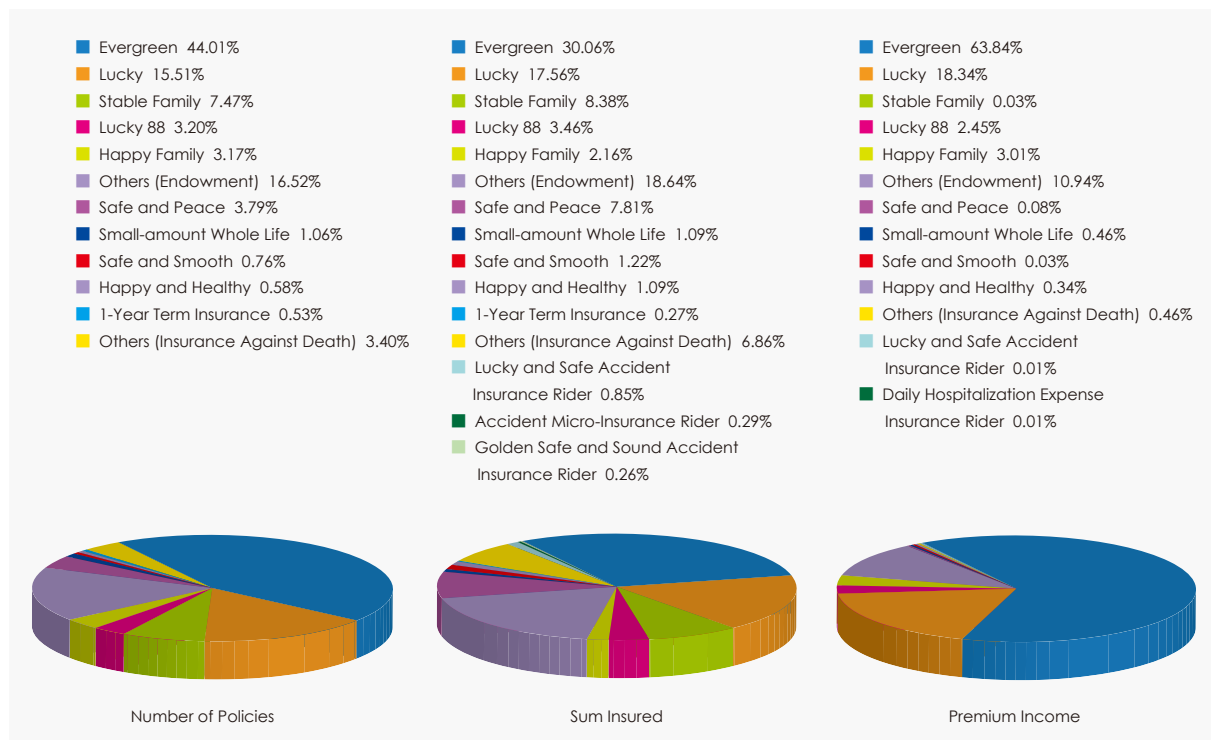
In-Force Policies by Type

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

Type		Number of Policies	%	Sum Insured	%	Premium Income	%
Total		2,184,668	100.00	713,071,976	100.00	118,502,415	100.00
Endowment	Evergreen Increasing Endowment	961,535	44.01	214,318,354	30.06	75,656,591	63.84
	Lucky 6-year-Term Endowment	338,879	15.51	125,233,148	17.56	21,727,706	18.34
	Stable Family Refundable Whole Life Endowment	163,259	7.47	59,763,522	8.38	36,113	0.03
	Beautiful Life Interest-Sensitive Insurance	69,812	3.20	24,675,423	3.46	2,904,799	2.45
	Happy Family Increasing Endowment	69,356	3.17	15,378,359	2.16	3,570,720	3.01
	Others	360,840	16.52	132,903,878	18.64	12,963,125	10.94
	Insurance Against Death	Safe and Peace Whole Life	82,765	3.79	55,656,482	7.81	92,049
Small-amount Whole Life Insurance		23,089	1.06	7,807,260	1.09	540,180	0.46
Safe and Smooth Double-Indemnity Whole Life Insurance		16,706	0.76	8,698,078	1.22	35,284	0.03
Happy and Healthy Whole Life Insurance		12,692	0.58	7,806,889	1.09	398,057	0.34
1-Year Term Insurance		11,507	0.53	1,898,260	0.27	5,047	0.00
Others		74,228	3.40	48,924,692	6.86	548,372	0.46
Accident Insurance	Lucky and Safe Accident Insurance Rider	13,731	—	6,059,378	0.85	5,544	0.01
	Accident Micro-Insurance Rider	6,497	—	2,093,440	0.29	1,153	0.00
	Golden Safe and Sound Accident Insurance Rider	4,089	—	1,849,809	0.26	2,249	0.00
Health Insurance	Daily Hospitalization Expense Insurance Rider	4,092	—	5,004	0.00	15,426	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 In-Force Policies by Type



5. Benefit payment**(1) Payment on maturity**

In 2020, a total of 256,285 payments were made on maturity, and the sum insured was NT\$99.67572 billion.

(2) Payment to claims

The year of 2020 saw 6,671 payments to claims, and the sum insured was NT\$2.50603 billion.

(3) Surrender value

The year of 2020 saw 32,358 cases of surrender, and the sum insured was NT\$7.70885 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 2020 saw 92,292 cases of policy loans, and the loan balance was NT\$13.1252 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 2020, the number of secured mortgage loans issued by Chunghwa Post totaled 13,435, and the loan balance was NT\$30.75259 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\$ 625.66 million in 2020. 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 2020, including 1 set of commemorative stamps, 16 sets of special stamps and 1 set of definitive stamps. Among them, the set of the Completion of the Suhua Highway Improvement Project Postage Stamps was issued on January 3, 2020 in commemoration of the completion of this major national transportation construction. The Inauguration of the 15th-term President and Vice President Commemorative Issue was issued on May 20, 2020 to convey the concepts of blossoming, democracy, coming into place, and direction. The set of Astronomy Postage Stamps, designed with the motifs of an annular solar eclipse, a comet, a total solar eclipse, and a total lunar eclipse, was issued on June 20, 2020 to increase public understanding of astronomical phenomena. The set of COVID-19 Prevention Postage Stamps was issued on July 21, 2020 consisting two stamps designed with a horizontal se-tenant block and a se-tenant gutter featuring the text: "All out against the pandemic; COVID Nineteen we shall defeat. Taiwan can help." to promote and respond to the government's virus prevention policies against the COVID-19 pandemic. The set of the Ancient Chinese Paintings Postage Stamps: "Syzygy of the Sun, Moon, and the Five Planets" by Xu Yang, Qing Dynasty (I) was issued on November 11, 2020. In the set, the work held in the National Palace Museum was printed across a series of twelve stamps to present



the beauty of ancient Chinese paintings. Additional issues include 1 stamp yearbook (one in hardback and the other in loose leaf), 1 postage stamp catalogue, 5 stamp folios, 2 stamp pictorials, 9 maximum cards, and 1 press sheet of New Year's Greeting Postage Stamps (Issue of 2020). Furthermore, in line with business demands, Chunghwa Post also released envelopes for domestic registered mail (1 vertical type and 1 horizontal type), envelopes for domestic ordinary mail (1 vertical type and 1 horizontal type), 1 Mother's Day postal cards, 2 Auspicious Ox New Year Cards, 1 set 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 manufactured and launched the BLOOMING HEART porcelain cup, the BLOOMING HEART cup and plate set, the President Inauguration Commemorative Pure Gold Ignot, the President Inauguration Commemorative Set of Pure Gold Ignot and Fine Silver Ignot, the President Inauguration Commemorative Fine Silver Ignot, 2 BLOOMING HEART soup bowls, 4 stamp display frames, 2 POST & SPORTS wristbands, the FrAGRANT Silk Fan, the Rattan Flower Scarf, the Auspicious Ox Pure Gold Ignot, the Auspicious Ox Fine Silver Ignots (2 types), the Auspicious Ox Fine Silver Ignot Premium Edition, the Auspicious Ox High Relief Copper Medal, the Collectable Set of Auspicious Ox Pure Gold Ignot, Fine Silver Ignot and High Relief Copper Medal, Chunghwa Post 2021 calendar, Chunghwa Post 2021 notebook, 2 types of HELLO KITTY thermos, the HELLO KITTY braising pot, 2 types of HELLO KITTY foldable bags, HELLO KITTY blessing cards, HELLO KITTY stickers, and HELLO KITTY sticky notes. A total of 31 philatelic accessories were launched. Additionally, Chunghwa Post authorized its branches nationwide to design and sell a total of 174 types of philatelic products.

2. Organizing sales promotions to expand philately business

(1) Stamp Yearbook Issue of 2019 Sales Promotion

The sales promotion was held from January 3 to May 31, 2020. During the event period, for every purchase of a Stamp Yearbook Issue of 2019 (hardcover or loose-leaf), the purchaser would get 1 scratch off. A total of 29,421 prizes were available, including an LG CX 55 inch 4K Ultra HD Smart OLED TV, the Collectable Set of Money Rat Pure Gold Ignot, the Fine Silver Ignot and High Relief Copper Medal, a DAIKIN Photocatalytic Air Purifier, a Panasonic Nanoe Hair Dryer, and a variety of exquisite philatelic accessories.

(2) 2020 Stamp Beauty Pageant

The 2020 Stamp Beauty Pageant was held from February 10 to March 13, 2020. In the event, people can vote for the most beautiful stamps through postcards, the Internet, Facebook fan pages, and LINE ON AIR. A total of 1,255,841 votes were casted, with the top three winners being "Dongsha Atoll National Park Stamps: Dongsha Coral Reef", "Taiwan Scenery Postage Stamps-Hualien County: Sea of Rapeseed Flowers in the East Rift Valley", and "Taiwan Scenery Postage Stamps-Hualien County: Qixingtian".

3. Philately promotion events

(1) Holding the issuing ceremony of Completion of the Suhua Highway Improvement Project Postage Stamps

To mark the completion and the opening of Suhua Highway Improvement Project to traffic, and to manifest Taiwan's achievement of major transportation construction, Chunghwa Post issued a set of 2 "Completion of the Suhua Highway Improvement Project Postage Stamps" on January 3, 2020, and held a stamp issuing ceremony on the 10th floor of the Postal Museum at 10 am on the same day. For postal fans, the Postal Museum also set up a temporary post

office on the first floor, which provided service for the public to send postally-used mail items. Furthermore, cancellation service and philatelic products were also provided at the site.

(2) Holding the issuing ceremony of the COVID-19 Prevention Postage Stamps

Due to the unity of the whole people to fight against the pandemic, the spread of COVID-19 slowed down. To pay tribute to all epidemic prevention workers, Chunghwa Post issued the "COVID-19 Prevention Postage Stamps" on July 21, 2020 and held a stamp issuing ceremony on the 10th floor of the Postal Museum at 3:30 pm on the same day. The event was hosted by Wu Hung-Mou, Chairperson of the Company; Su Tseng-chang, Premier of the Executive Yuan; Tang Feng, the Minister without Portfolio; Lin Chia-Lung, Minister of Transportation and Communications; Chen Shih-Chung, Commander of the Central Epidemic Command Center along with members of the Epidemic Prevention Task Force; Tseng Wen-Sheng, Deputy Minister of the Ministry of Economic Affairs; Chiang Jui-tang, President of the Company, and representatives of the National Anti-epidemic Team and a number of distinguished guests jointly unveiled the stamps. The Taipei Post Office also set up a temporary post office on the 1st floor of the Postal Museum from 10 am to 5 pm on the same day to provide cancellation services, as well as sales of philatelic products, epidemic prevention postal cards, limited edition stamp folios and stamp issuing ceremony commemorative cards for the postal users.

(3) Supporting philatelic societies to participate in philatelic events at home and abroad

Supporting philatelic societies and other groups nationwide to organize stamp exhibitions and stamp-collection promotions, totaling 60 times.

(4) Organizing various youth-oriented philatelic events:

- i. Establishing a total of 192 stamp collecting classrooms in schools nationwide in 2020, recruiting 4,603 members.
- ii. On October 27, 2020, the "Best Philatelic Works Competition" was held to encourage students in the Philatelic Classroom to make 4-page Little Philatelic Artworks and 16-page One Frame Stamp Collections. The entries included 75 pieces of Little Philatelic Artworks and 32 pieces of One Frame Stamp Collections with rich and diversified materials used.
- iii. Supporting senior high and vocational schools as well as universities, colleges and junior colleges to start philatelic clubs, of which 33 have been established so far.

(5) 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 2020, 10 stamp exhibitions and special exhibitions and 12 philatelic lectures were held at the Postal Museum, attracting a total of 100,082 visitors. Stamp sales and site renting generated a revenue of NT\$4,732,320. In addition, exhibits were provided with external cooperation exhibitions and 2 community activities each.

- i. Holding stamp exhibitions and special exhibitions to promote philately and aesthetics
 - 4 exhibitions at Postal Museum: 2020 Year of the Rat Greeting Postage Stamps from around the World, Art from Childhood-Childhood Special Stamp Exhibition, Auspicious Gifts- Elderly Honoring Special Stamp Exhibition, and Happy Ox Year- Chinese Zodiac Special Stamp Exhibition.
 - 5 exhibitions at Postal Museum Taipei Branch: Into the Woods Special Stamp Exhibition, Beautiful Architecture Special Stamp Exhibition, Doggie Special Stamp Exhibition, Playful Swimmers-Marine Life Special Stamp Exhibition, and Exquisite Porcelain Special Stamp Exhibition.



- 1 exhibition at Lanyang Museum: Yilan Image Reflected in the Stamp Collections of Taiwan Postal Systems and Postage Arts
- 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. A total of 12 lectures were held with the participation of 564 philatelic enthusiasts.
- iii. Sales of tickets and provision of venue rentals to increase revenue
In order to promote philately and social education and cultural activities, in addition to selling stamps and products at the business counter on the 1st floor, the audio-visual room on the 2nd floor, the special exhibition room on the 6th floor, and the auditorium and meeting rooms on the 10th floor were also available for rent. In 2020, due to the COVID-19 pandemic, the operating income of venue rental and visitor tickets was affected. The rental income was NT\$1,552,460, stamp and product sales income was NT\$3,179,860, and total revenue was NT\$4,732,320.
- iv. Providing exhibits and co-organizing exhibitions with external parties.
 - 1 exhibition at National Museum of Natural Science: Insects on Stamps exhibition.
 - 1 exhibition at Pinglin Tea Museum, New Taipei City: Cha Share exhibition
- v. Participating in community activities to enhance corporate image
 - From June 25th to 26th, 2020, for the Spring Book Fair at "2020 South Taipei Fun Carnival" organized by the General Association of Chinese Culture, Chunghwa Post planned a number of fun activities such as book sharing, letter writing, and stamp painting to encourage parents and their children and young people to learn more about the Postal Museum.
 - From December 12th to 13th, 2020, for "2020 Guling Street Books & Creative Bazaar", Chunghwa Post planned time letter writing and many other parent-child interactive games held in Longfu Village Office, Zhongzheng District, Taipei City, to exert the social education function of the Postal Museum in an entertaining way.

(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, electronic appliances, art gifts, coupons, festival gift items, daily supplies, organic foods and books.
2. Chunghwa Post continued to promote the Postmall, integrating postal logistics and distribution business. In 2020, the cumulative number of franchise stores totaled 2,269, and the cumulative number of products on the shelves exceeded 160,000. In order to establish the characteristics of the postal e-commerce platform, the "Caring Agricultural Products Marketing Zone", "Taiwan Special Agricultural Products Gallery Zone" and "Public Care Zone" have been opened to assist small farmers and micro-enterprises to expand commodity marketing channels.
3. To meet multifaceted investment needs of deposit account clients, Chunghwa Post has designated 961 branch offices to sell 131 domestic funds by the end of 2020.

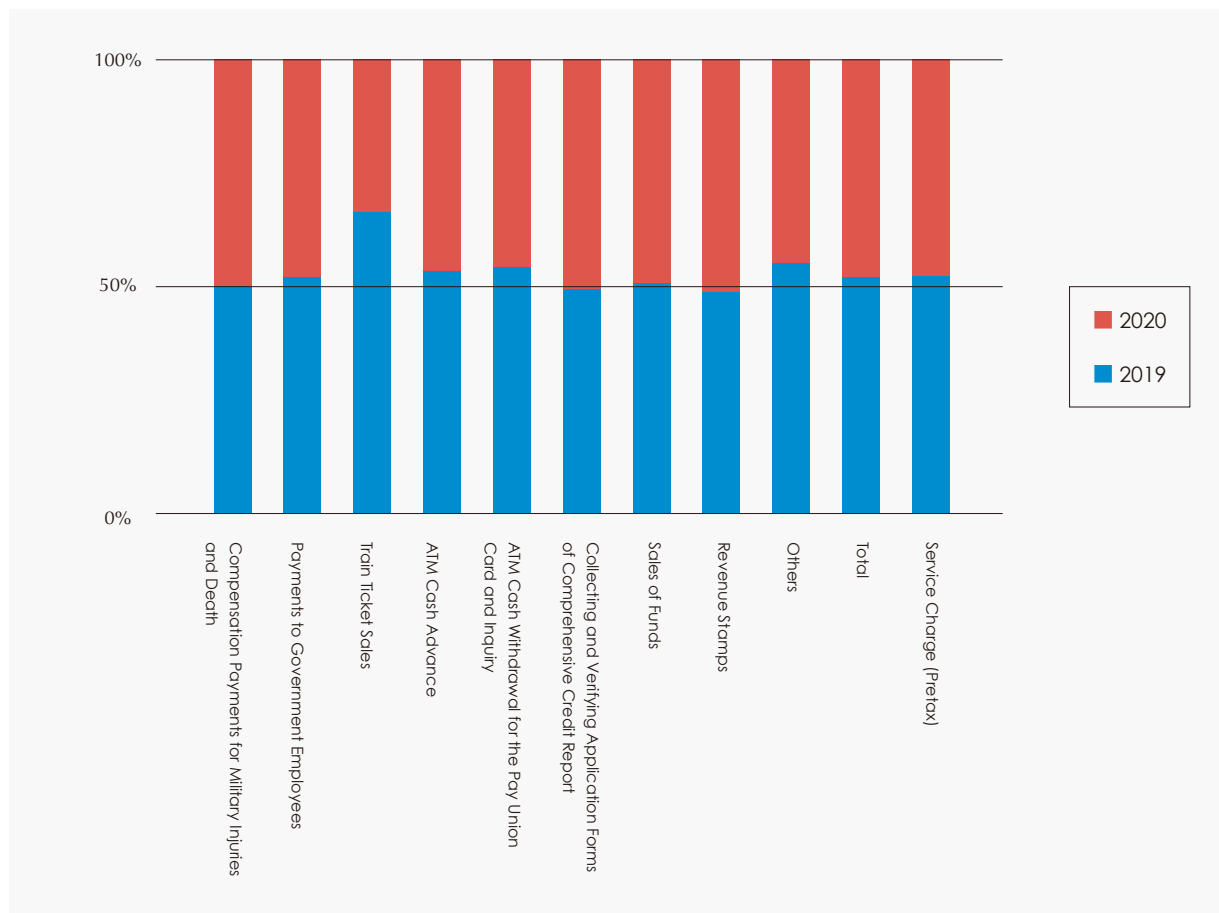
4. The Application Forms of Comprehensive Credit Report and Financial Institution Debtor Listing provided by the Report Joint Credit Information Center can now be collected and verified by branches on all levels.

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

Unit: NT\$10,000

Item	2019	2020	Growth %
Compensation Payment for Military Injuries and Death	105,675	104,320	-1.28%
Payments to Government Employees	2,172	2,017	-7.14%
Train Ticket Sales	1,181	620	-47.50%
ATM Cash Advance	35,722	30,208	-15.44%
ATM Cash Withdrawal for the Pay Union Card and Inquiry	313,393	246,422	-21.37%
Collecting and Verifying Application Forms of Comprehensive Credit Report	133	135	1.50%
Sales of Funds	38,421	35,087	-8.68%
Revenue Stamps	101,984	107,506	5.41%
Others	18,143	13,170	-27.41%
Total	616,824	539,485	-12.54%
Service Charge (Pretax)	6,609	5,757	-12.89%

Comparison Chart of Agential Business, 2019 and 2020





(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 2020. 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\$284.18 million in the year of 2020, up NT\$ 4.35 million or 1.55% compared with NT\$279.83 million generated in 2019.

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 2020, 31 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 2020, 60 systems have been installed, reaching a capacity of 2,286 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) Four 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 convened one meeting once in 2020 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.

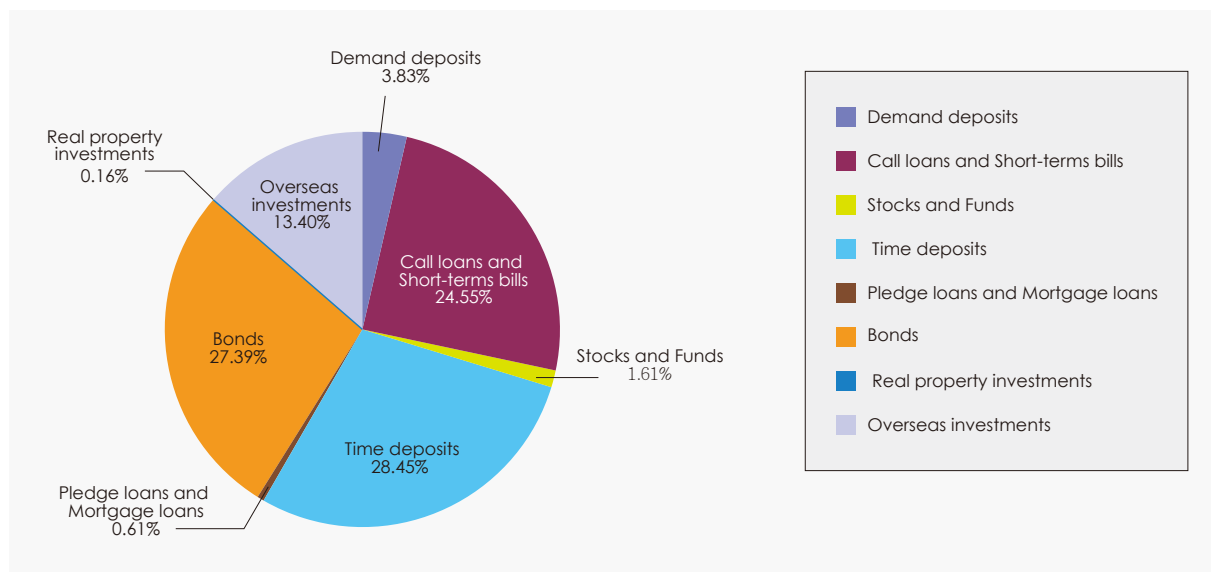
(VIII) Capital Utilization – Supporting state construction programs

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 2020, postal capital (savings, remittances and life insurance capital inclusive) put into use has totaled NT\$7,235.3 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\$276.9 billion, accounting for 3.83% of the total.
2. Time deposits (time savings deposits inclusive): NT\$2,058.5 billion, or 28.45% of the total.
3. Interbank call loans and short-term bills: NT\$1,776.7 billion, or 24.55% of the total.

4. Bonds (government bonds, corporate bonds and financial bonds inclusive): NT\$1,981.8 billion, or 27.39% of the total.
5. Overseas investments: NT\$969.3 billion, or 13.40% of the total.
6. Stocks and funds (outsourced investments inclusive): NT\$116.5 billion, 1.61% of the total.
7. Time deposits and life insurance policy pledge loans and mortgage loans: NT\$44.2 billion, or 0.61% of the total.
8. Real property investments: NT\$11.4 billion, or 0.16% of the total.

Utilization of Postal Capital



By the end of 2020, 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		2019	2020	As of January 20 th 2021
Number of Employees	Staff	14,351	14,250	14,246
	Laborers	9,879	9,838	9,821
	Contract Workers	1,805	1,782	1,770
	Total	26,035	25,870	25,837
	Average Age	45.7	45.8	45.6
Average Seniority		17.1	17.0	16.8
Educational Background (Half-day Workers Counted as Whole)	Doctorates	9	9	9
	Masters	1,296	1,335	1,361
	Bachelors	17,000	17,197	17,226
	Senior High School	7,555	7,186	7,108
	Junior High School and Below	645	598	587
Employee Holding Professional Certificates		3,706	4,236	243
2020 Employee Training	1. Training Courses: Launched 873 classes on technical skills, computer and lectures on specific topics for new recruits, executives and professionals, with 50,833 recorded attendances. 2. Online Learning: Launched for all employees, having total hours amounting to 885,559.5 hours.			
2020 Volunteering	In 2020, a total of 4,151 volunteers worked for 1,429,432.2 hours in branches and mail processing centers at all levels.			

(I) Budget quota

In accordance with the quota set in budget 2020, Chunghwa Post was allowed to employ a total of 27,496 employees, including 14,800 regular staff, 10,896 regular workers and 1,800 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, 2020, Chunghwa Post has employed a chairperson, a president, 9,931 transferred employees, 14,155 staff members and 1,782 contract workers, totaling 25,870 employees. Among them, 23,916 employees (92.45% of the entire workforce) were basic-level clerks, 1,869 employees (7.22%) worked at management level, 21 (0.08%) were training staff, and 64 (0.25%) 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 mail items.

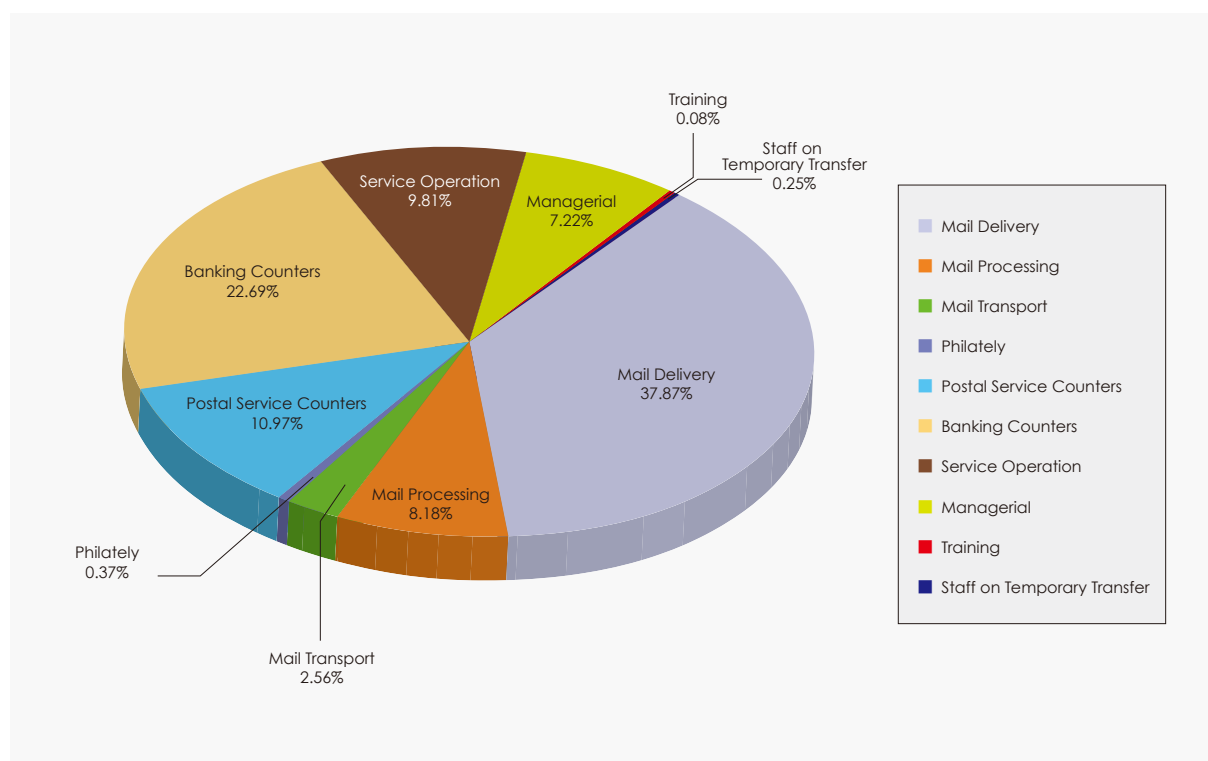


Employees by Function

December 31, 2020 Unit: Person

	Total	%	Head Office	Branches at All Levels	Mail Processing Center
Total	25,870	100%	1,725	23,369	776
Total Business Staff	23,916	92.45%	930	22,258	728
Mail Delivery	9,796	37.87%	0	9,796	0
Mail Processing	2,115	8.18%	0	1,635	480
Mail Transport	661	2.56%	14	399	248
Philately	97	0.37%	62	35	0
Postal Service Counters	2,839	10.97%	0	2,839	0
Banking Counters	5,870	22.69%	0	5,870	0
Service Operation	2,538	9.81%	854	1,684	0
Managerial	1,869	7.22%	739	1,083	47
Training	21	0.08%	17	4	0
Staff on Temporary Transfer	64	0.25%	39	24	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 1,299 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 IBM8562-K02 mainframe

computer, which has two CPUs running at a speed of 645 million instructions per second (MIPS), a 288GB 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. Chunghwa Post has 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.