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Thanks to the accelerated administration of Covid-19 vaccines, global economic activities have resumed gradually in 2021¹. Domestically, the economic growth rate in 2021 was 6.45%. In December, the monitoring indicator continued to be yellow-red light (signifying transitional). Although the leading indicator showed a slight decline, the coincident indicator continued to show a growing trend, suggesting the domestic economy is still growing steadily. Looking forward to 2022, though the development of the pandemic is still unpredictable, its impact on the global economy has lessened. With increased investment in Taiwan from domestic semiconductor manufacturers, the government's timely incentive policy for Taiwanese businesses, and the continuous development of green energy investment and infrastructure, domestic investment is expected to gain more momentum^{2,3}. According to the Directorate-General of Budgeting, Accounting, and Statistics (under Executive Yuan), the economic growth rate in 2022 is predicted to be 4.42%⁴.

The pandemic has changed people's lifestyle and consumption habit, accelerating the development of digitization. To keep up with global and current trends and enhance competitiveness, Chunghwa Post has actively accelerated its step in digital transformation, revitalizing its assets, and dedicating itself to ESG (environmental, social, corporate governance) practices to ensure the Company's steady and sustainable operation.

In the face of a severe and ever-changing environment, Chunghwa Post has encountered many challenges regarding national missions and its operation. Thanks to the constant effort of all colleagues, Chunghwa Post again attains its operational goals in 2021. The operating results in 2021 and a summary of operational goals for 2022 are presented as follows:

[1] Based on the analysis of domestic and foreign economic situations done by the Committee of Research and Development, Ministry of Economic Affairs on December 29, 2021.

[2] Based on the statistics of national income and related press releases about the domestic economic prospect from the Directorate-General of Budget, Accounting, and Statistics, Executive Yuan on February 24, 2022.

[3] Based on the press release on January 27, 2022, from the National Development Council about the economy status in December 2020.

[4] Based on the same source as Note 2.



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I. 2021 Operation Results

(I) Major Operation Items: Budget Estimation and Execution

Items	Units	Result This Year	Estimation	Result Previous Year	Estimation Accomplished (%)	Increase over Previous Year (%)
Mail Operations	1000 pcs	1,892,355	1,871,973	1,955,522	101.09%	-3.23%
Philately	NT\$1000	616,720	558,765	625,663	110.37%	-1.43%
Savings (Average daily balance)	NT\$100 million	65,532.09	66,034.00	63,850.36	99.24%	2.63%
Domestic Remittances (Total amount)	NT\$100 million	16,420.54	14,039.00	16,360.07	116.96%	0.37%
Simple Life Insurance (Premium income)	NT\$100 million	991.78	1,280.00	1,185.02	77.48%	-16.31%
Agential Services(Total amount)	NT\$100 million	82.71	54.39	201.52	152.07%	-58.96%

- Notes:
1. Compared with last year, the volume of mail pieces processed slightly decreased because of the following two reasons. Firstly, the pandemic caused the airline class fee to skyrocket, causing cargo to mail to be higher than a direct flight to mainland China. Therefore, the demand for intermediary transit in Taiwan from cross-border e-commerce retailers decreased considerably. Secondly, the terminal dues for international mailing increased significantly, leading to a remarkable decrease in delivery requests from freight forwarders for intermediary transit.
 2. Compared with last year, the revenue from philately decreased, primarily because the issuance of stamp albums in 2021 decreased by 30,000 in consideration of actual demand in the domestic and foreign philately market.
 3. Compared with last year, the premium income of Simple Life Insurance decreased because the Financial Supervisory Commission set an insurance threshold, terminating six types of best-selling insurance products and reducing the premium income of new policies. In addition, the premium income decreased because a great deal of endowment insurance policies would mature this year, and the amount of renewal premium declined, in addition to the severe impact of the pandemic on the sales of life insurance policies.
 4. Compared with last year, the total amount of agential services decreased, primarily because the distribution and redemption of triple stimulus vouchers, which had started in July 2020, already concluded in December 2020 and March 2021, respectively.

(II) Capital Utilization

Postal capital utilization is institutionalized in accordance with Article 18 of the Postal Remittances and Savings Act and Article 27 of Postal Simple Life Insurance Act. Below is the tabular presentation of the postal capital utilization as of the end of December 2021:

2021 Postal Capital Utilization

Unit: NT\$100 million

Item	As of the End of December of 2021	Percentage in Postal Capital (%)	As of the End of December of 2020	Increase/Decrease (%)
Demand deposits (including reserves against deposits in the Central Bank of the ROC and the revolving funds in all branch offices.)	2,895	3.89%	2,769	4.55%
Time deposits (including time savings deposits)	20,539	27.59%	20,585	-0.22%
Interbank Call Loans and Short Term Notes and Bills	17,726	23.81%	17,767	-0.23%
Bonds (including government bonds, corporate bonds, and financial bonds)	20,882	28.05%	19,818	5.37%
Overseas Investment	10,276	13.80%	9,693	6.01%
Stocks and Mutual Funds (including investment outsourcing)	1,613	2.17%	1,165	38.45%
Mortgage loans on Certificates of Deposit, Insurance Policies and Real Estate.	399	0.53%	442	-9.73%
Real Estate Investment	122	0.16%	114	7.02%
Total	74,452	100%	72,353	2.90%

(III) Financial Status and Profitability Analysis

In fiscal year 2021, the total revenue (including operating revenue and non-operating revenue) amounted to NT\$228,992.31 million and the total expenditure (including operating costs, operating expenses and non-operating expenses) totaled NT\$216,475.23 million. Profit before tax was NT\$12,517.08 million, and the income tax payable was NT\$2,478.60 million, and the net profit was NT\$10,038.48 million, with an increase of NT\$950.93 million over the estimated NT\$9,087.55 million. The ROA (return on assets), ROE (return on equity) after tax, and net profit margin for the year were 0.13%, 4.52%, and 4.39% respectively.



(IV) Research and Development

The relevant business units of our company conducted analyses of financial situations and investigations on industrial dynamics and trends, both at home and abroad, on a regular and irregular basis, and compiled referential business reports for the benefit of operation. What follows is a list of major research developments in 2021 that deserves our mention:

1. Three hundred and fifty-four (354) reports done regularly on the analyses of domestic and international financial situations.

- (1) Analytical reports on domestic and international macroeconomics (monthly)
- (2) Analytical reports on domestic fixed income market (weekly)
- (3) Analytical reports on domestic stock market (weekly)
- (4) Analytical reports on international investments (weekly and monthly)

2. One (1) sponsored research project by experts and academic institutions: Research Project on E-Commerce Platform Operation and Development Strategy for Chunghwa Post

II. 2022 Outline of Operation Plan

(I) Strategy

By integrating Chunghwa Post's logistics, cash, and information flows, we aim to offer comprehensive and quality services of mails, savings and remittances, and insurance. By actively promoting digital transformations, we are pursuing the business objectives of smart logistics and digital finance. By enhancing the utilization of postal capital and revitalizing asset management to boost operational efficiency. By continuing to provide welfare services, we fulfill our corporate social responsibility.

(II) Policy

1. Related to implementing government policies

- (1) To be in line with economic policies, supporting the government's major public construction projects and the investment plans of the private sectors.
- (2) To be in line with financial policies, popularizing mobile payment, developing diverse financial services, and promoting inclusive finance.
- (3) To be in line with cross-strait policies, enhancing the interaction and cooperation so as to offer convenient services to people.
- (4) To be in line with the asset policies, enhancing asset management and utilization to enlarge operational capacity.
- (5) To be in line with national policies, promoting the exchange and cooperation with the postal businesses in various countries.

2. Related to Management

- (1) Vie for relaxing regulations, re-integrate resources of postal service, and diversify products so as to offer comprehensive and quality mails, savings and remittances, and insurance services.



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- (2) Develop service of smart logistics to broaden the scope of postal service, create demand for parcel and package delivery, and gain greater advantage to Chunghwa Post's operation.
- (3) Promote the transition into Finance technology and provide an O2O service in response to the digitalization of financial services.
- (4) Allocate assets properly, enhance the effectiveness of capital utilization, activate asset utilization, and promote the effectiveness of such developments.
- (5) Make good use of our information technology, enhance information security, improve the operating procedures, and strengthen the overall effectiveness of our service.
- (6) Enhance management of human resources and actively nurture talent to improve competitiveness.
- (7) Enhance corporate governance, optimize the financial structure, and improve the risk management.
- (8) Gradually replace the current vehicles with electric ones to be in line with the government's green policies.
- (9) Actively advocate for various charitable activities, continue organizing events for the elderly, take social responsibility, and create a positive corporate image.

3. Related to Coordinating Supply and Demand

- (1) To enhance service quality and work effectiveness, relocating and renovating post offices branches, improving facilities, and creating a bright, comfortable and friendly postal environment for clients.
- (2) To enhance operational efficiency, expanding information appliances and upgrading operating systems to meet clients' diverse needs.
- (3) To promote postal transformations and to develop smart logistics, constructing a postal logistics park, offering supporting services for related businesses, and strengthening our corporate competitiveness.
- (4) In response to the trend of Internet economy, constructing a public platform and network of comprehensive cross-border logistics, internally accelerating the transformation of traditional postal services and externally facilitating the expansion of local enterprises into global market.

(III) Operation Goals

- 1. Mail:** Estimated to handle 1 billion 797.74 million pieces.
- 2. Philately:** Estimated to have a revenue of NT\$558.77 million.
- 3. Savings:** Estimated to have an average daily balance of NT\$6,742.8 billion year-round.
- 4. Remittances:** Estimated to process a total amount of NT\$1,454.5 billion year-round.
- 5. Simple Life Insurance:** Estimated to have a premium income amounting to NT\$82.1 billion in total year-round.
- 6. Agential Services:** Estimated to process a total amount of NT\$4 billion 568.25 million year-round.

(IV) Surplus Goal

It is estimated to generate a profit before tax of NT\$10 billion 634.34 million.