



## 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.

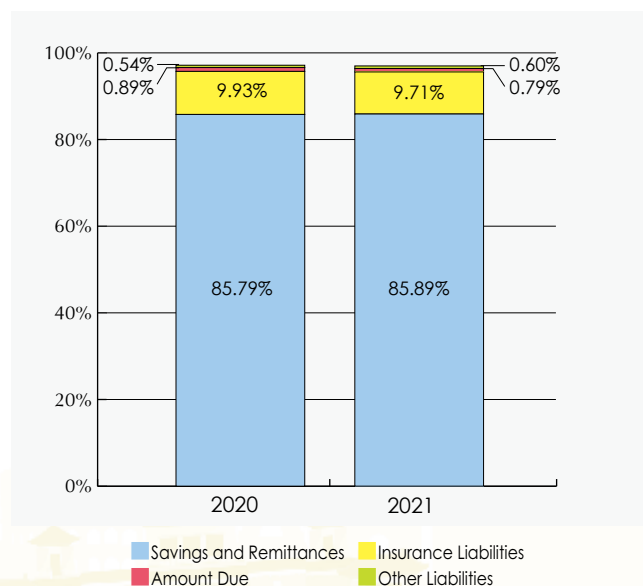
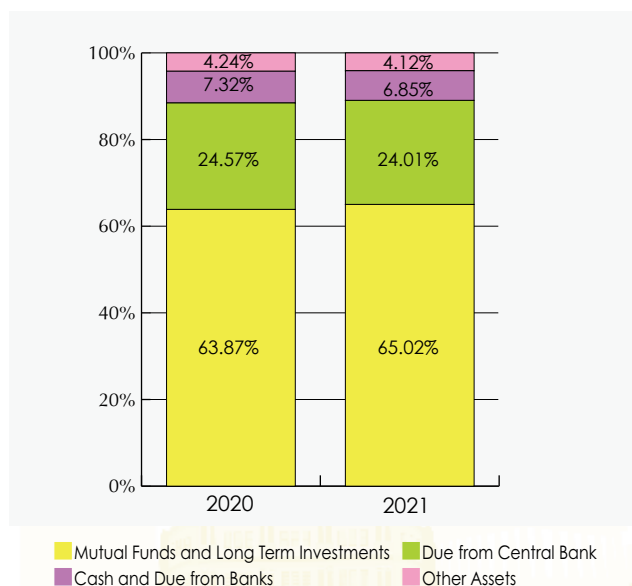
### Percentage of Major Assets and Liabilities to Total Assets, 2020 and 2021

Unit: NT\$1,000; %

Major Items	2020		2021	
	Amount	%	Amount	%
Total Assets	7,471,015,740	100.00	7,687,050,666	100.00
Mutual Funds and Long-Term Investment	4,772,006,760	63.87	4,998,091,913	65.02
Due from Central Bank	1,835,520,794	24.57	1,845,309,408	24.01
Cash and Due from Other Banks	546,614,123	7.32	526,343,054	6.85
Other Assets	316,874,063	4.24	317,306,291	4.12
Total Liabilities	7,258,055,217	97.15	7,455,766,255	96.99
Deposits and Remittances	6,409,655,282	85.79	6,602,632,438	85.89
Insurance Liabilities	742,040,709	9.93	746,575,732	9.71
Amount Dues	66,548,379	0.89	60,484,123	0.79
Other Liabilities	39,810,847	0.54	46,073,962	0.60

Note: Figures for 2020 are readjusted by the CPA in accordance with figures approved by the National Audit Office; figures for 2021 are CPA approved.

### Comparison Chart of Asset Allocation, 2020 and 2021      Comparison Chart of Liabilities, 2020 and 2021





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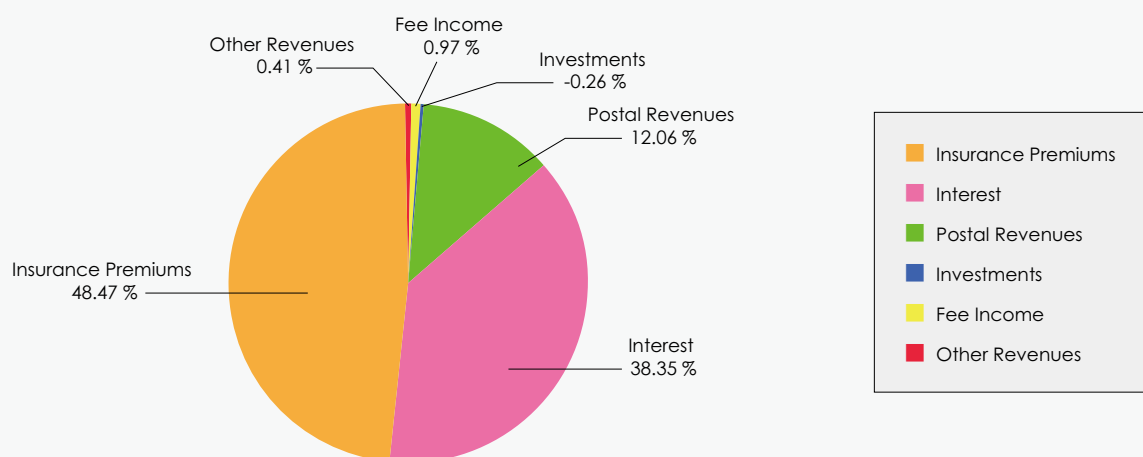
### Percentage of All Business Revenues, 2020 and 2021

Unit: NT\$1,000; %

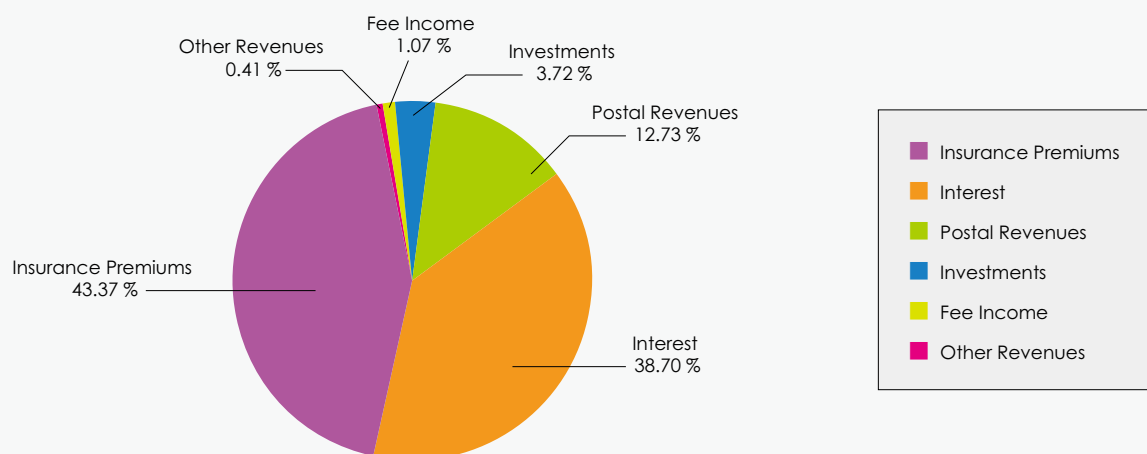
Item	2020		2021	
	Amount	%	Amount	%
Insurance Premiums	118,502,415	48.47	99,178,459	43.37
Interest	93,745,367	38.35	88,516,231	38.70
Postal Revenues	29,494,361	12.06	29,110,781	12.73
Investments	(629,868)	-0.26	8,514,796	3.72
Fee Income	2,370,558	0.97	2,451,098	1.07
Other Revenues	987,117	0.41	927,458	0.41
Total Revenues	244,469,950	100.00	228,698,823	100.00

Note: Figures for 2020 are readjusted by the CPA in accordance with figures approved by the National Audit Office; figures for 2021 are CPA approved.

### Sources of Business Revenues, 2020



### Sources of Business Revenues, 2021

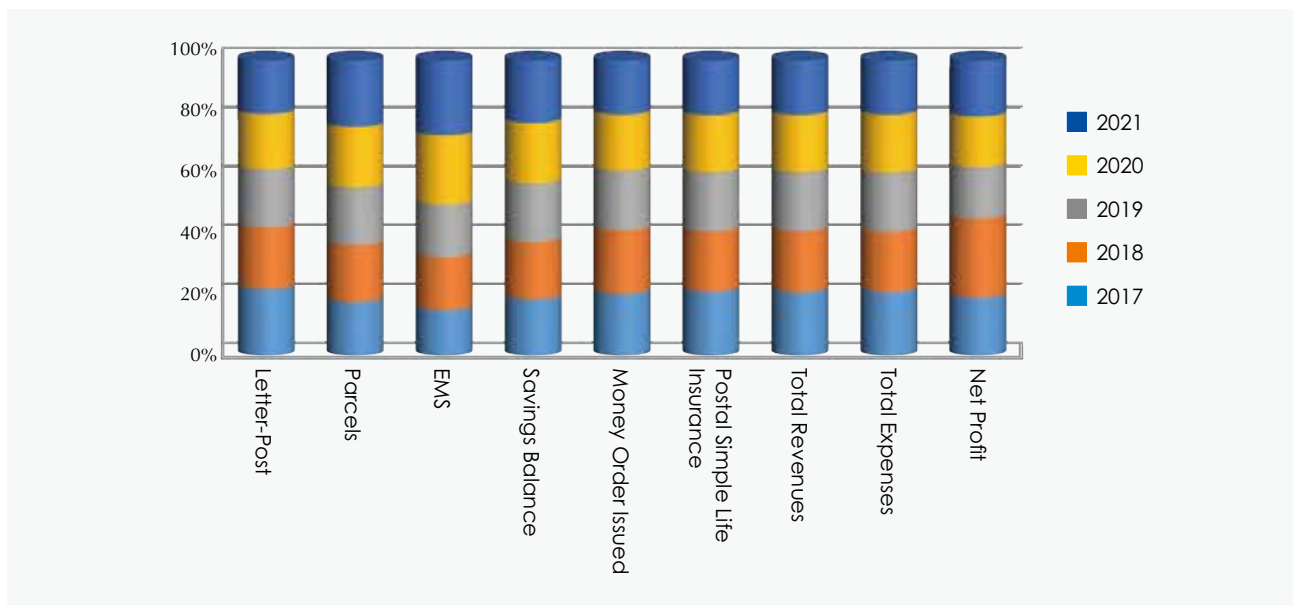


### Business Highlights over the Past 5 Years

Item	Unit	2017	2018	2019	2020	2021
1. Letter-Post	Million pcs.	2,352	2,152	2,023	1,912	1,845
2. Parcels	Thousand pcs.	24,605	25,737	25,946	27,362	29,821
3. EMS	Thousand pcs.	10,849	12,457	12,364	16,186	17,548
4. Savings Balance	Million NT\$ Dollars	6,074,316	6,171,759	6,279,948	6,418,183	6,610,818
5. Money Order Issued	Thousand pcs.	16,769	16,890	16,174	14,948	14,353
6. Postal Simple Life Insurance	Thousand pcs.	2,465	2,308	2,270	2,185	2,065
7. Total Revenues	Million NT\$ Dollars	271,936	259,616	252,033	244,668	228,992
8. Total Expenses	Million NT\$ Dollars	261,328	245,185	242,685	235,531	218,954
9. Net Profit	Million NT\$ Dollars	10,608	14,431	9,348	9,137	10,038

Note: Figures for 2017-2020 are readjusted by the CPA in accordance with figures approved by the National Audit Office; figures for 2021 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



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since August 1, 2017, and this caused the items sent and received in 2021 thus dropped to 1,829.53 million pieces, which is 1.55 % lower than the 1,858.35 million pieces in 2020. The correspondence posted per capita was 78.3.

International letter-post items sent and received in 2021 totaled some 15.46 million pieces, 71.17 % lower than that in 2020, which was some 53.62 million pieces mainly because of the charge adjustment in the "transit mail" business, where surcharge can be imposed per piece due to the weight difference.

## 2. Parcels

A total of 29,036,000 pieces of domestic parcels were delivered in 2021, 9.84% higher than that in 2020, which was 26,435,000. 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 2021 totaled 785,000 pieces, 15.32% lower than the 927,000 pieces in 2020 mainly because of the announcement of additional surcharges for aviation emergencies and adjustments of U.S. postage from March 2021.

## 3. Express Mail Service (EMS)

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

Express mail delivered domestically in 2021 totaled 15,991,000 pieces, up 10.59 % compared with that in 2020, which was 14,460,000 pieces. Chunghwa Post will continue to offer integrated logistics services such as doorstep pick-up, express delivery, and collection 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 express mail sent and received in 2021 amounted to 1,557,000 pieces, 9.79% lower than the 1,726,000 pieces in 2020 mainly because of the announcement of additional surcharges for aviation emergencies and adjustments of U.S. postage from March 2021.

## 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 308.13 million e-mails were handled in 2021, 0.61% higher than that in 2020.

## 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 13 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 2021.

## (1) Cross-strait mail delivered in 2021

The volume of mail sent from Taiwan amounted to more than 2,610,000 items, 5.11% lower than that in the previous year; more than 1,230,000 items were received from China, 0.97% higher 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 the Covid-19 pandemic in 2021, 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 services

(1) In 2021, due to factors such as the sharp increase in terminal dues of international mail charged by postal services in various countries and the soaring prices of Taiwan's sea and air freight caused by the COVID-19 pandemic, the operation volume and value of the transshipping Cargo to Mail services, declined. In 2021, the services processed 1,911 metric tons of merchandise, generating NT\$404.01 million of revenues, a 53% and 62% decrease, respectively, compared to the previous year.

(2) The Free Trade Zone-to Mail (FTZ-to-Mail) services have been rendered to assist Taiwanese logistics service providers in collaborating with cross-border e-commerce platforms by allowing the e-commerce companies to transfer their shipping warehouses originally set up in foreign countries to Taiwan Free Trade Zone so that when a overseas order is established, the order can be shipped by us, Chunghwa Post, to the destination, which can be any country in the world, through our FTZ-to-Mail process. With the FTZ-to-Mail services, competitive advantage of Taiwan's logistics industry can be enhanced. In 2021, the services have processed 80 metric tons of merchandise, an 252% increase compared to the previous year.

## Number of Mail Items Received and Delivered, 2020 and 2021

Units: 1,000 pcs

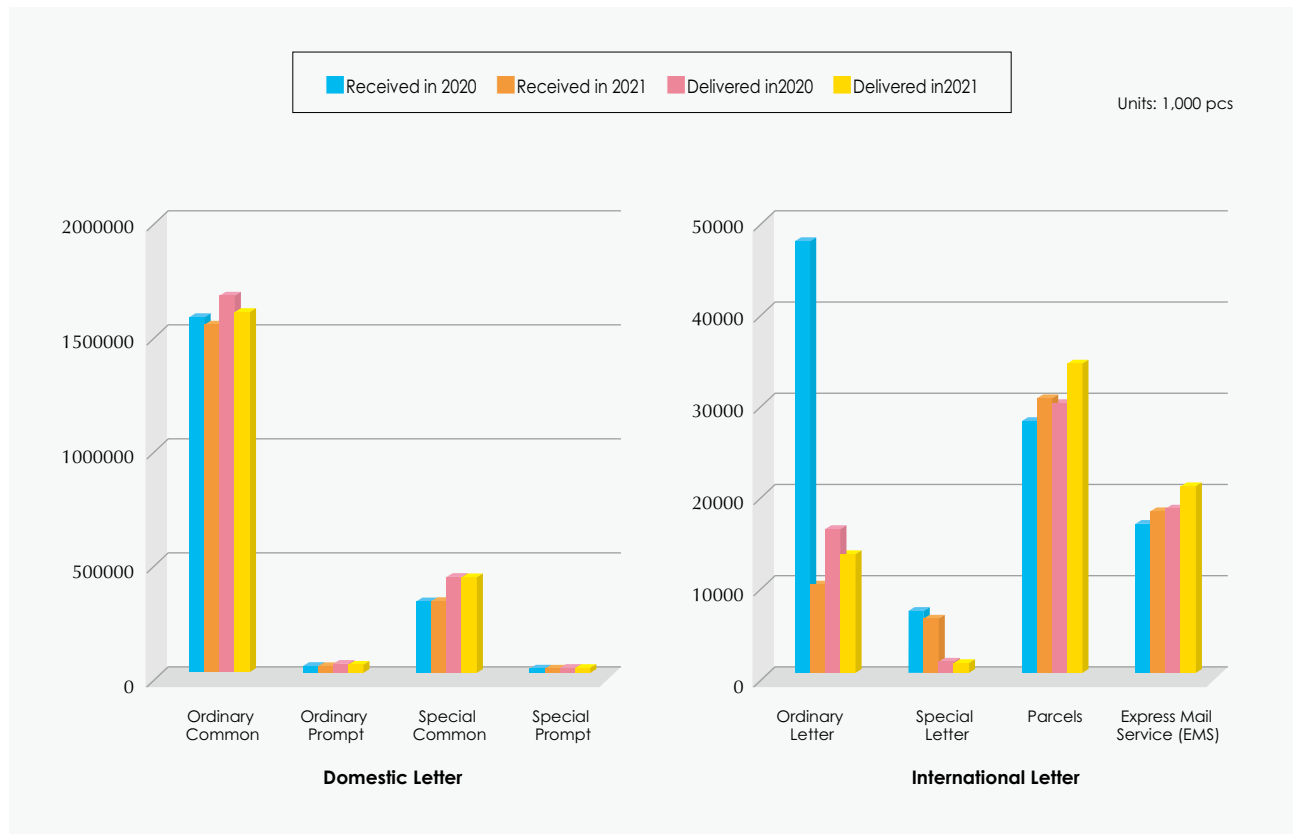
Postal Item			Received		Delivered	
			2020	2021	2020	2021
Domestic Letter	Ordinary	Common	1,535,638	1,506,435	1,619,407	1,555,322
		Prompt	26,675	25,889	35,076	31,557
	Special	Common	279,523	280,966	375,357	373,920
		Prompt	16,517	16,240	19,259	18,886
	Sub-total		1,858,353	1,829,530	2,049,099	1,979,685
International Letter	Ordinary		46,905	9,573	15,615	12,890
	Special		6,717	5,883	1,214	1,063
	Sub-total		53,622	15,456	16,829	13,953
Parcels	Domestic		26,435	29,036	28,661	32,973
	International		927	785	626	639
	Sub-total		27,362	29,821	29,287	33,612
Express Mail Service (EMS)	Domestic		14,460	15,991	15,691	17,726
	International		1,726	1,557	2,149	2,538
	Sub-total		16,186	17,548	17,840	20,264
Total			1,955,523	1,892,355	2,113,055	2,047,514



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### Number of Mail Items Received and Delivered, 2020 and 2021



## 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 2021, 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 113,362 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 2021, the international air routes (EMS routes included) and waterways had reached 1,203,635 and 591,116 kilometers respectively.



## Mileage of Mail Route, 2020 and 2021

Unit: KM

Type	2020	2021	%
I. Land	107,983	107,612	-0.34%
1. High-speed Railway	345	345	0%
2. Railroads	Suspended from 2016	Suspended from 2016	—
3. Highways	17,918	17,918	-0.12%
4. Others	89,720	89,370	-0.39%
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, mobile payment services, and digital savings account 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 2021, the number of accounts totaled over 36,490,000, 0.14% more than that of 2020, while the balance of all accounts combined had climbed 3.00% compared with the previous year to NT\$6,610.8 billion, which translates into more than NT\$ 180,000 per account.





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## 1. New services introduced in 2021

### (1) Launching financial blockchain confirmation service

To develop a digital financial environment, we launched the financial blockchain service on March 16, 2021 to offer audit institutions (such as accounting firms and the National Audit Office) financial information for confirmations using blockchain technology, which reduces manual review, filling and mailing operations while promoting green finance.

### (2) Issuing the Visa Ticket Debit Card

To expand our debit card services, we have collaborated with iPASS Corporation to issue the Visa Ticket Debit Card, which supports iPass transactions and automatic iPass value adding. The Card has been open for application since November 9, 2021.

### (3) Account verification service

In cross-industry collaboration with TAIWAN-CA Inc., we launched the "Chunghwa Post account verification service," which has been applied to the phone number request process on Taiwan Mobile Online Store since November 11, 2021.

### (4) Starting digital savings account

To create a digital and friendly financial environment, we have implemented an online account-opening process, which allows adult citizens to open a Chunghwa Post digital savings account online or via a mobile device. The interal trial operation was started on September 25, 2021, and the process has been open to citizens since January 2022. With high interest rates and various marketing activities, we aim to attract customers, especially the young generation, to open accounts online.

## 2. Improved working procedures

"iPost/ePost non-over-the-counter banking" service.

We improved our bank service application process to offer safe, convenient, and non-over-the-counter services. Our depositors now can apply for the banking service online on the iPost website. And starting June 23, depositors who have applied for the banking service online can activate the service using the Chunghwa Post WebATM with their Postal VISA Debit Cards, and starting November 16 through physical postal ATMs.

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

### (1) Simplified application forms

To strengthen customer service, since March 13, 2021, a new version of the "Interbank Postal Remittance Application Form" for both deposit withdrawal and remittance has been implemented to simplify the deposit withdrawal and remittance processes and improve customer satisfaction.

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

Chunghwa Post has added EasyCard Corp. as a cooperating e-payment platform since June 7, 2021. By the end of December 2021, Chunghwa Post has cooperated with JKOPAY, Line Pay Money, PChomePay, GAMA PAY, O'Pay, icash and Easy Wallet to provide diversified payment channels.

### (3) Issuance and cashing of printed stimulus vouchers and cashing of Doublepon

- In line with the government's economic revitalization policy, we distributed printed triple stimulus vouchers over the counter from July 15, 2020 to the end of December 2020, with a total 10,685,623 individuals acquiring; and from July 23, 2020 to the end of March 2021, we cashed the vouchers over the counter, with a total of 13,525,237 cashed.
- In line with the government's economic revitalization policy, we distributed printed quintuple stimulus vouchers over the counter from October 12, 2021, with a total of 5,433,852 individuals acquiring as of the end of December 2021; and from October 15, 2021 we cashed the vouchers over the counter, with a total of 6,270,135 pieces cashed as of the end of December 2021.

- In cooperation with the Taoyuan City Government's promotion of "Taoyuandoublepon" program, from January 3, 2022 to June 30, 2022, post offices at all levels under the jurisdiction of the Taoyuan Post Office was open to cash the Doublepons.
- (4) Distribution of pandemic prevention subsidies
- In response to the Covid-19 pandemic, the government agencies have successively implemented the Relief Program 4.0, and we, Chunghwa Post, assisted in the distribution of subsidies, which were directly remitted into the Chunghwa Post accounts of those with one or were offered to those without one in the form of postal money orders specified for relief. As of the end of December in 2021, the subsidies were remitted to a total of 1,411,053 accounts, and a total of 182,371 postal money orders were delivered.
  - In line with the Executive Yuan's policy on pandemic-prevention subsidies for families with children, we processed a total of 40,737 over-the-counter applications for the subsidies from July 15, 2021 to the end of September.
  - In line with the first-phase policy of the K-12 Education Administration, we assisted in the issuance of the pandemic prevention subsidies for families with children (NT\$10,000 per child). On June 15, 2021, we remitted the subsidies to our depositors who had registered online, and on June 18, 2021, we enabled individuals to draw the subsidies from the ATMs of 3 banks, including Cathay United Bank, Taishin Bank and CTBC Bank, after verification using their Postal VISA Debit Cards.
  - In line with Ministry of Labor's policy on part-time wage subsidy and labor subsidies, on June 28, 2021, we remitted the subsidies to our depositors who had registered on the subsidy website, and on July 1, 2021, we enabled individuals to draw the subsidies from the ATMs of 3 banks, including Cathay United Bank, Taishin Bank and CTBC Bank, after verification using their Postal VISA Debit Cards.
- (5) Scheduled transfers on iPost/ePost with a "message"
- When scheduling a transfer on iPost or ePost, remitters can now adding a message for the receiver or themselves, increases the convenience of payment.
- (6) Starting transfers to a mobile phone number service
- Our depositors can now apply to link their mobile phone numbers to their passbook accounts so that they can use the phone numbers as receiving account numbers that one can enter on iPost, WebATM, or the Taiwan Pay cloud-based payment app to complete a non-designated instant transfer.
- (7) Transaction notification
- When our depositors make a purchase of NT\$5,000 or more using the Taiwan Pay app (with their Postal VISA Debit Cards registered) or Postal Guard app, an app notification of debit will be shown; and when the depositors transfer NT\$10,000 or more from their passbook accounts on an ATM, a notification of transfer will be sent via email or SMS.
- (8) Removal of the renewal requirement for ePost fast login
- To improve convenience for our depositors, we have removed the renewal requirement for ePost quick login, so the depositors using the service for more than 1 year no longer need to apply for login renewal 30 days before the expiration date.
- (9) Cardless cash withdrawal from ATMs
- To enhance our ATM services, we have been installing QR Code readers to our ATMs to enable cash withdrawal through mobile devices.
- (10) Increasing branch offices with instant card issuance service
- In 2021, there were 595 newly added branch offices with instant card issuance service; by the end of 2021, there were a total of 1,117 offices (excluding one or two-clerk branch offices) providing the same-day Postal VISA Debit Card issuance service.



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### (11) Digital Quintuple Stimulus Vouchers

In line with the government's policy of issuing Quintuple 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.

### (12) Financial Inheritance Inquiry Service

With the Ministry of Finance's measures to further enable convenient inquiry of financial inheritance, the revenue service agencies would handle and respond to these inquiries from citizens, and we would provide information of postal savings balances to improve the convenience and efficiency of public access to information.

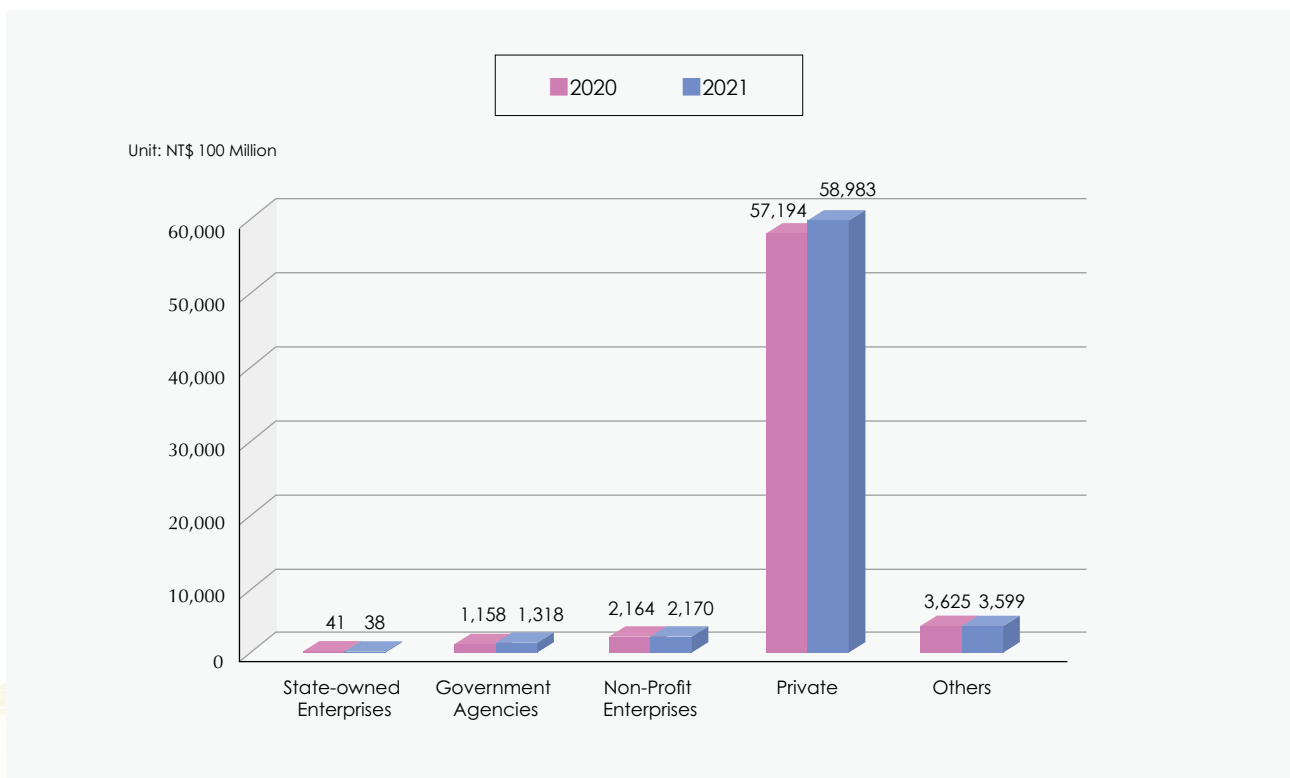
### (13) To make it more convenient for remittances, the Company continuously increases the number of handling branches providing inter-bank remittances. By the end of 2021, there were 1,263 branches providing the service.

## Volume of Postal Savings Services

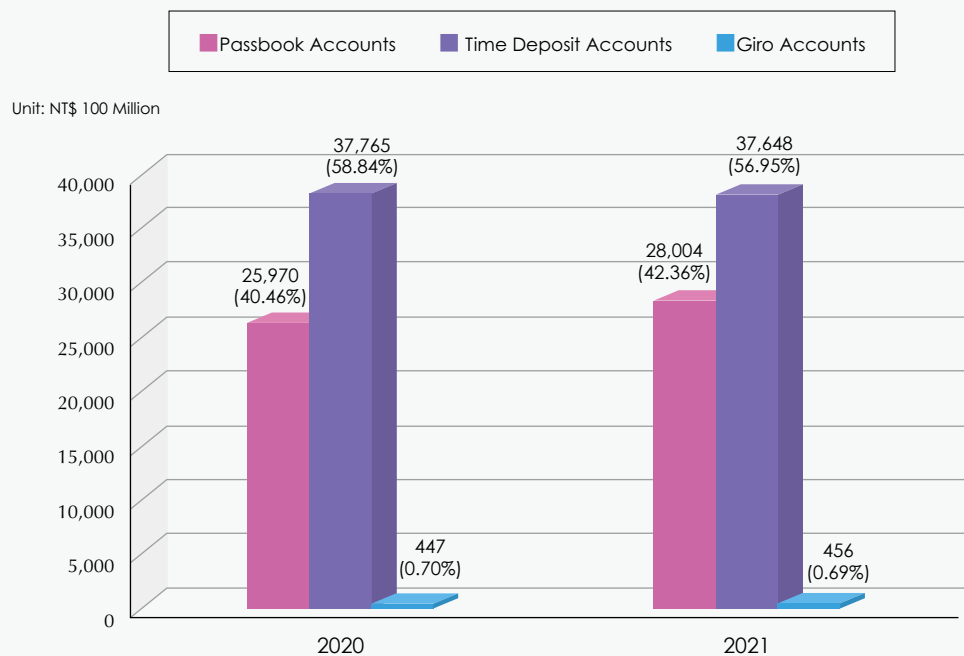
Unit: NT\$ Million

Type	Number of Deposits		Number of Withdrawals		Number of Accounts		Total Balance	
	2020	2021	2020	2021	2020	2021	2020	2021
Passbook Accounts	297,889,160	302,286,605	421,780,233	434,267,228	28,778,976	28,982,729	2,597,006	2,800,401
Time Deposit Accounts	7,131,641	6,816,755	42,847,825	41,304,209	6,106,740	5,964,083	3,776,532	3,764,780
Giro Accounts	54,346,837	42,423,690	13,288,256	14,340,770	1,563,752	1,550,738	44,645	45,637
Total	359,367,638	351,527,050	477,916,314	489,912,207	36,449,468	36,497,550	6,418,183	6,610,818

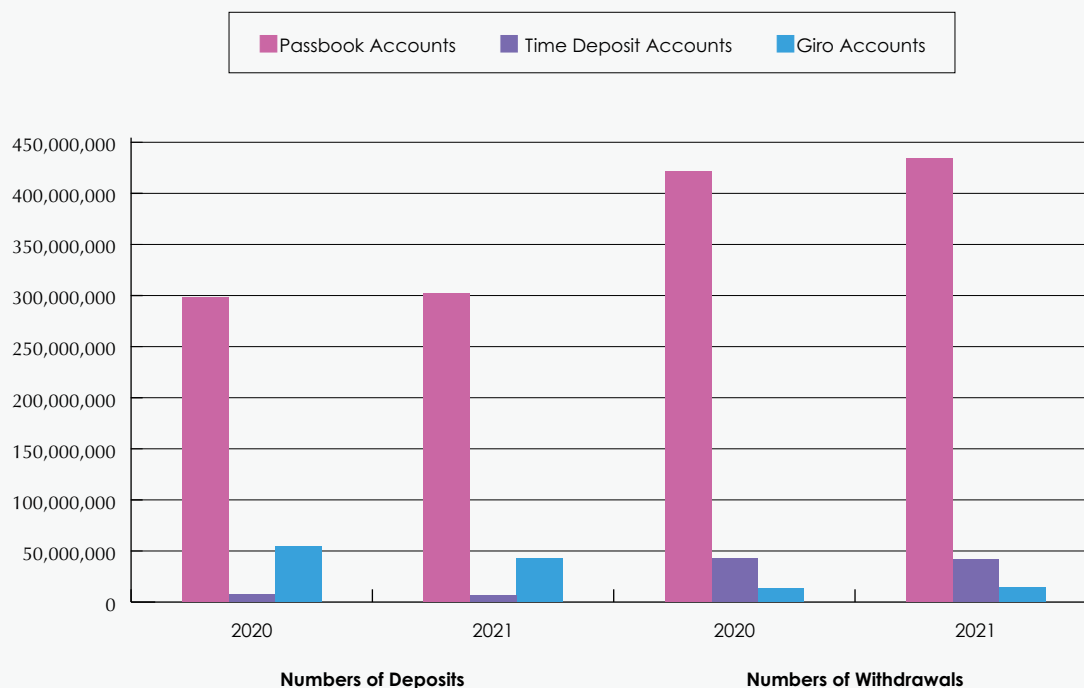
## Comparison Chart of Savings Account Holders, 2020 and 2021



### Comparison Chart of Postal Savings Services, 2020 and 2021



### Numbers of Deposits and Withdrawals of Various Types of Accounts, 2020 and 2021

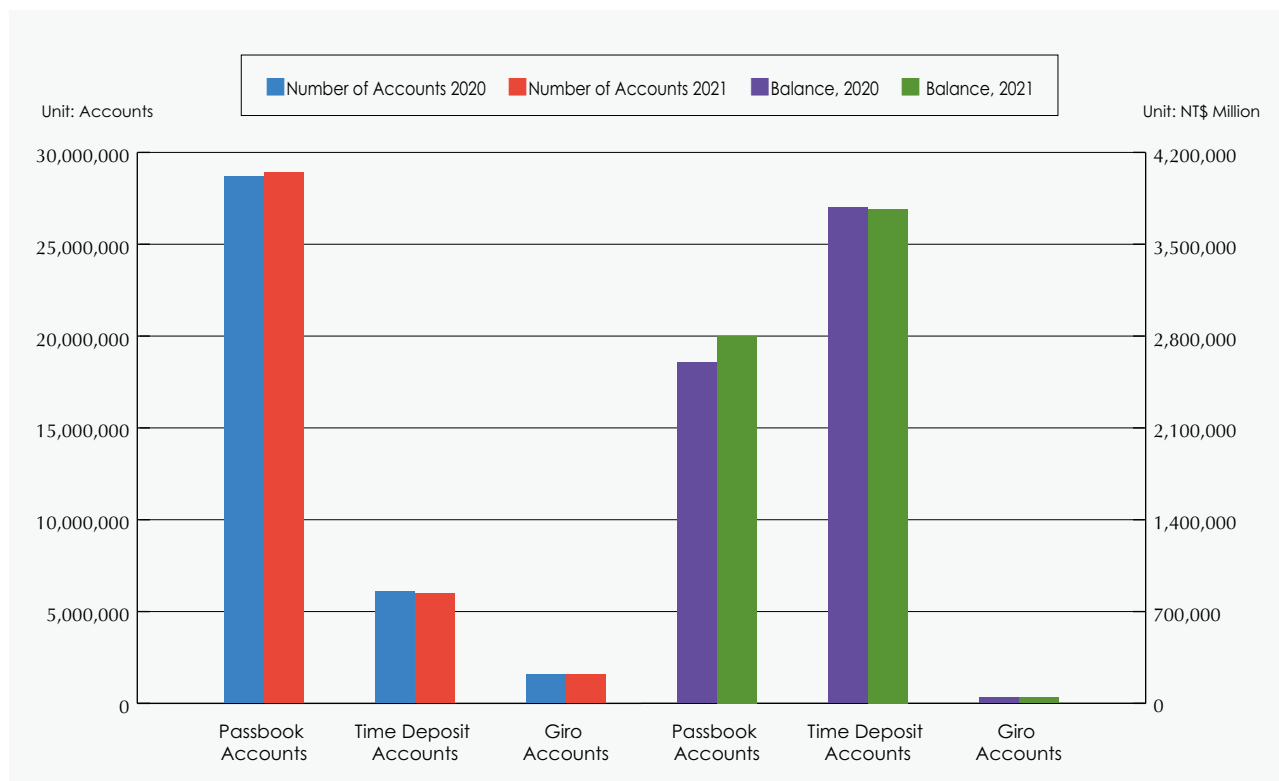




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### Numbers of Accounts and Balances of Various Types of Accounts, 2020 and 2021



### (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 2021, the number of branches which provide international remittance services, including the trading of foreign currency, had reached 257, and the Taoyuan International Airport as well as 27 scenic areas/regional branches had been appointed to undertake the exchange of foreign currencies and the trading of US dollar travelers' checks.

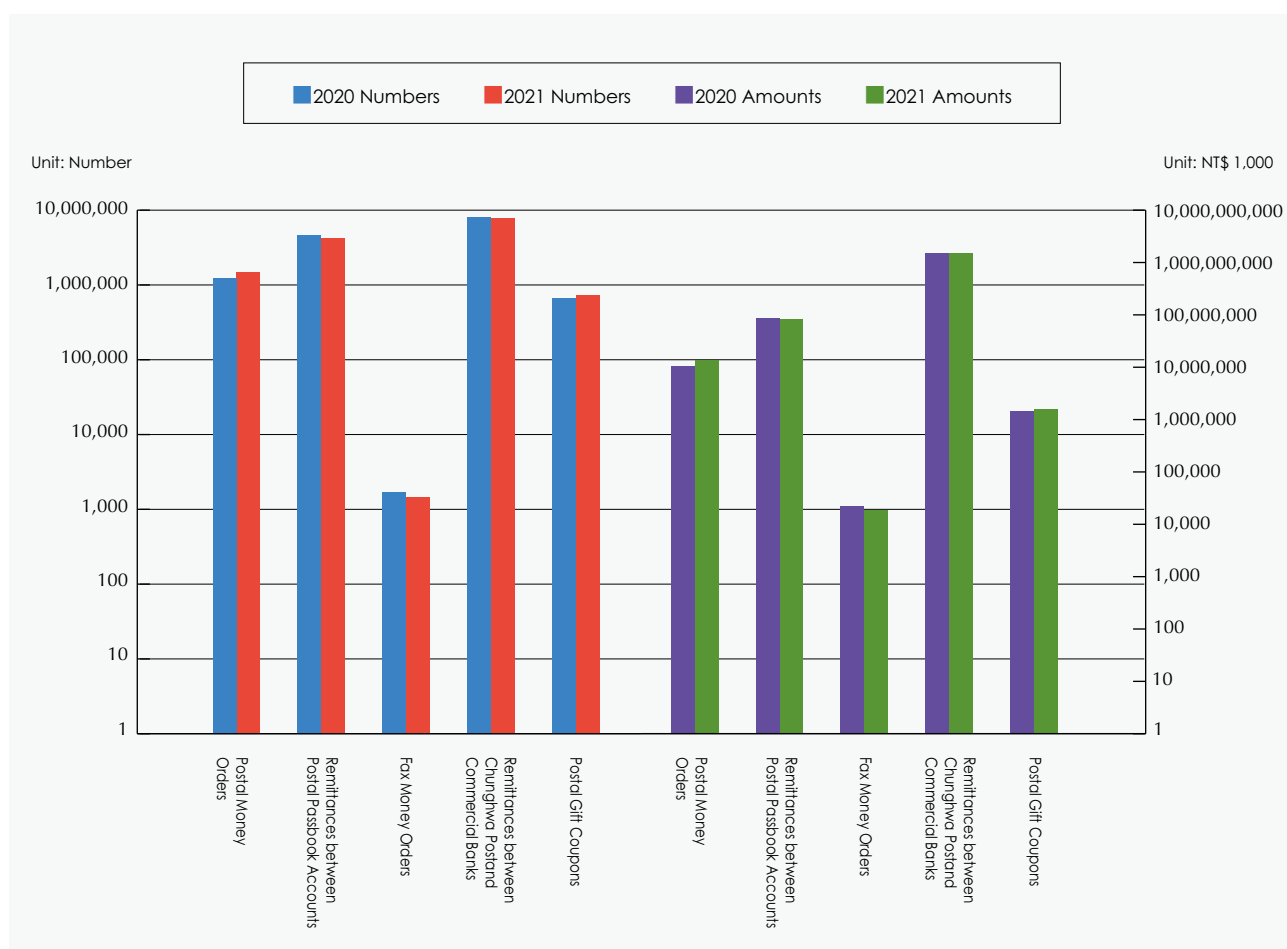
In 2021, funds remitted through Chunghwa Post amounted to over NT\$ 1,642 billion, up 0.37% compared with that of 2020, while money orders totaled more than 14,350,000, down 3.95% compared with that of 2020.

## Volume of Remittance Services

Unit: NT\$ 1,000

Type	Number		Amount	
	2020	2021	2020	2021
Postal Money Orders	1,188,602	1,443,115	10,622,283	13,594,671
Remittances between Postal Passbook Accounts	4,804,603	4,261,308	85,853,914	83,842,835
Fax Money Orders	1,694	1,445	21,474	19,030
Remittances between CHP and Commercial Banks	8,040,206	7,774,329	1,535,910,025	1,541,171,148
Postal Gift Coupons	672,544	735,465	1,459,625	1,575,044
International Postal Money Orders	6	0	3	0
International Outgoing Remittances	7,436	6,776	1,617,228	1,471,092
Travelers' Checks in USD	274	0	2,839	0
Remittances to Mainland China	3,242	2,835	280,244	241,467
Trading of Foreign Currencies	229,701	127,984	238,971	139,211
Total	14,948,308	14,353,257	1,636,006,606	1,642,054,498

## Volume of Domestic Remittance Services, 2020 and 2021

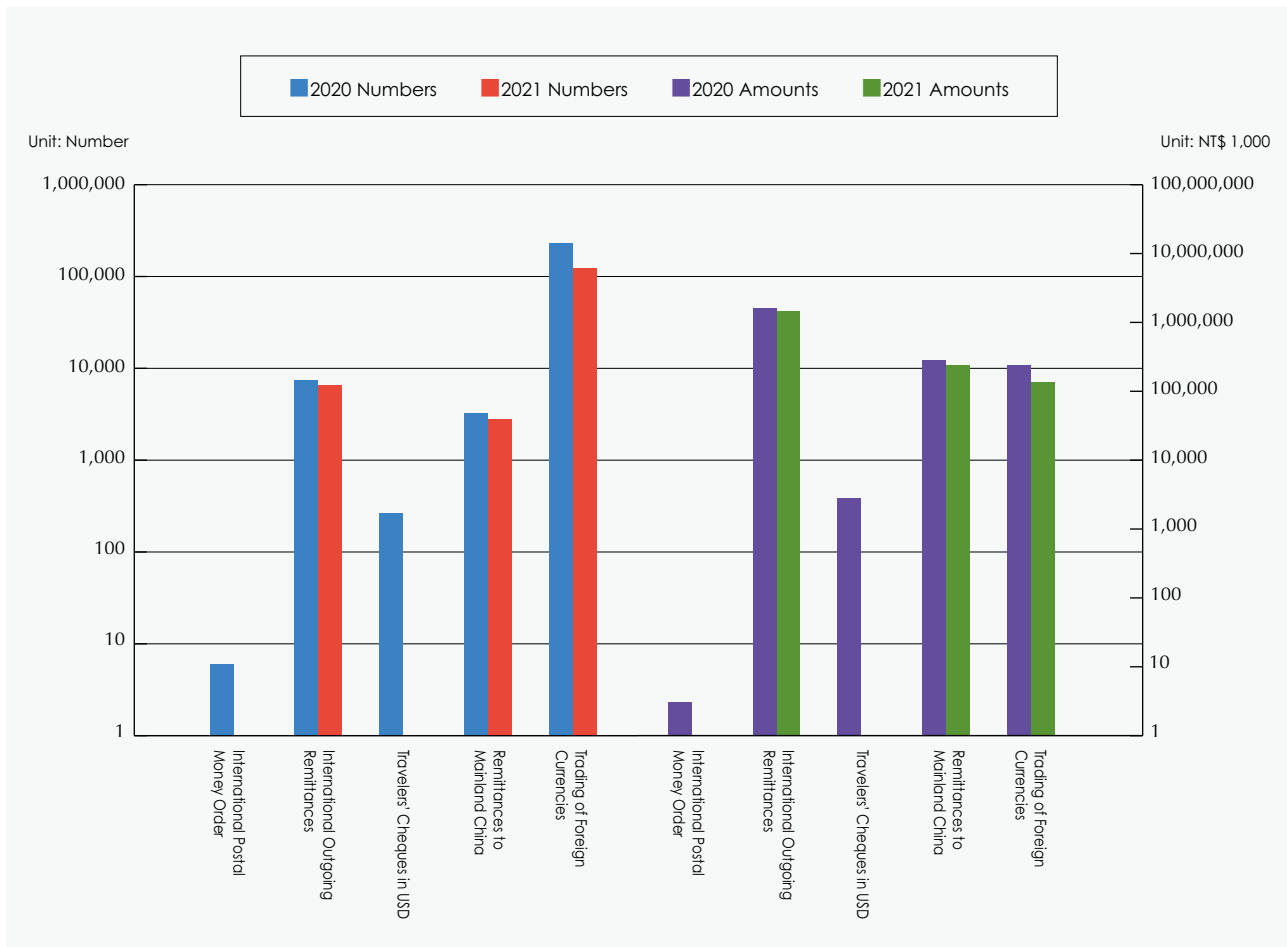




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### Volume of International Remittance Services, 2020 and 2021



#### (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 “裨益民生”, 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 2021

### (1) The "Postal Simple Life Insurance- Jin-huan-si Increasing Endowment" was launched on January 12, 2021.

- Age eligibility:  
10-year premium paying term: 16 to 65 (Both male and female).  
20-year premium paying term: 16 to 50 (Male); 16 to 60 (Female).
- Sum assured: From the 1st policy year, the "basic sum assured" will increase by 5% annually on simple interest basis until the 20th policy year.
- Policy maturity benefit: Provided that the insured survives to the expiry date of the policy and the policy is still in force, the maturity benefit will be paid in the amount of the sum assured at that time.
- The minimum sum assured: NT\$100,000.
- The maximum sum assured:

Insured age	16 to 35	36 or above
Basic sum assured	NT\$1,500,000	NT\$2,000,000

### (2) "Postal Simple Life Insurance- Chang-le Increasing Endowment" was launched on July 1, 2021.

- Age eligibility: 16 to 65.
- Sum assured: From the 1st policy year, the "basic sum assured" will increase by 5% annually on simple interest basis until the 20th policy year.
- Living benefits:
  1. During the premium payment term, the insured will be paid, on the 3rd, 6th and 9th policy anniversaries, with 6% of the basic sum assured at that time.
  2. From the end of the premium paying period to 19 years after the end, the insured will be paid, on



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each policy anniversary (including the one at the end of the premium paying term), with 6% of the basic sum assured at that time.

- The minimum sum assured: NT\$100,000.
- The maximum sum assured:

Insured age	16 to 31	32 to 65
Basic sum assured	NT\$1,200,000	NT\$1,500,000

(3) "Postal Simple Life Insurance- An-xin Whole Life Insurance" was re-launched on July 1, 2021. On the same day, the maximum number of the policies one can own was relaxed from 2 to 3. The maximum assured amount has been increased from NT\$500,000 to NT\$700,000; and since November 15, 2021, the minimum insured age for each premium paying term of "Postal Simple Life Insurance- An-xin Whole Life Insurance" has been lowered to 30.

- Age eligibility:  
6-year premium paying term: 30 to 73.  
10-year premium paying term: 30 to 70.  
15-year premium paying term: 30 to 66.  
20-year premium paying term: 30 to 60.
- Survival benefit: Provided that the insured survives on the policy anniversary when his/her age has reached 110 years old and the policy is still in force, the survival will be paid on the amount of the sum insured.
- The minimum sum assured: NT\$100,000.
- The maximum sum insured is NT\$2,000,000.

### 3. New policies

In 2021, newly-issued Postal Life Insurance policies totaled 173,679, the sum assured reached NT\$65.07878 billion, and the first-year premium income generated therefrom was NT\$7.01058 billion.

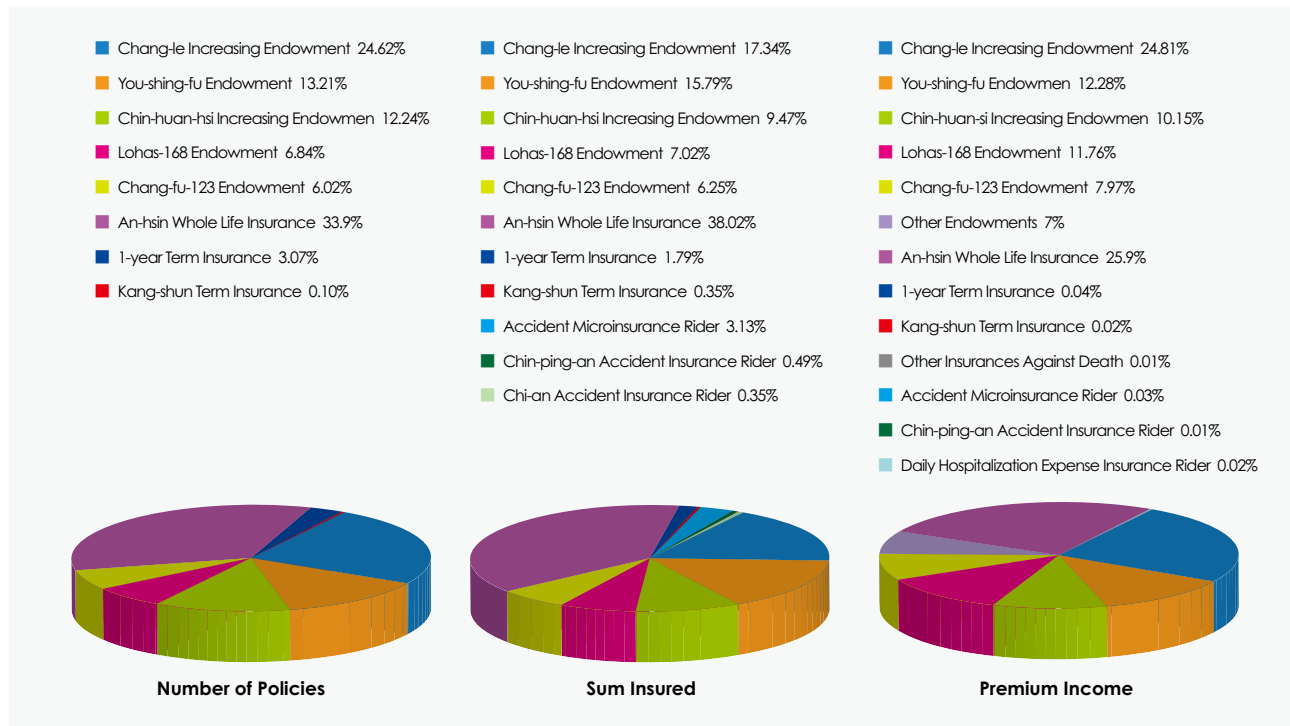
### New Policies by Type

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

Type		Number of Policies	%	Sum insured	%	First-year Premium Income	%
Total		173,679	100.00	65,078,775	100.00	7,010,575	100.00
Endowment	Chang-le Increasing	42,757	24.62	11,284,396	17.34	1,738,993	24.81
	You-shing-fu Endowment	22,934	13.21	10,276,679	15.79	860,929	12.28
	Chin-huan-si Increasing	21,259	12.24	6,164,555	9.47	711,641	10.15
	Lohas-168 Endowment	11,881	6.84	4,567,575	7.02	824,678	11.76
	Chang-fu-123 Endowment	10,459	6.02	4,068,798	6.25	559,002	7.97
	Others	0	0.00	0	0.00	490,536	7.00
Insurance Against Death	An-hsin Whole Life Insurance	58,881	33.90	24,744,319	38.02	1,815,607	25.90
	1-year Term Insurance	5,333	3.07	1,163,409	1.79	2,899	0.04
	Kang-shun Term Insurance	175	0.10	228,418	0.35	1,080	0.02
	Others	0	0.00	0	0.00	887	0.01
Accident Insurance	Accident Microinsurance Rider	4,714	—	2,037,500	3.13	1,993	0.03
	Chin-ping-an Accident Insurance Rider	632	—	318,180	0.49	386	0.01
	Chi-an Accident Insurance	454	—	224,130	0.35	251	0.00
Health	Daily Hospitalization Expense Insurance Rider	635	—	816	0.00	1,693	0.02

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 2021, the number of in-force postal life insurance policies were 2,065,329, the sum insured amounted to NT\$ 664.15295 billion, and the premium income was NT\$99.17846 billion.

## In-Force Policies by Type

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

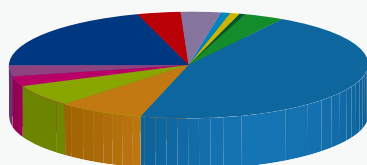
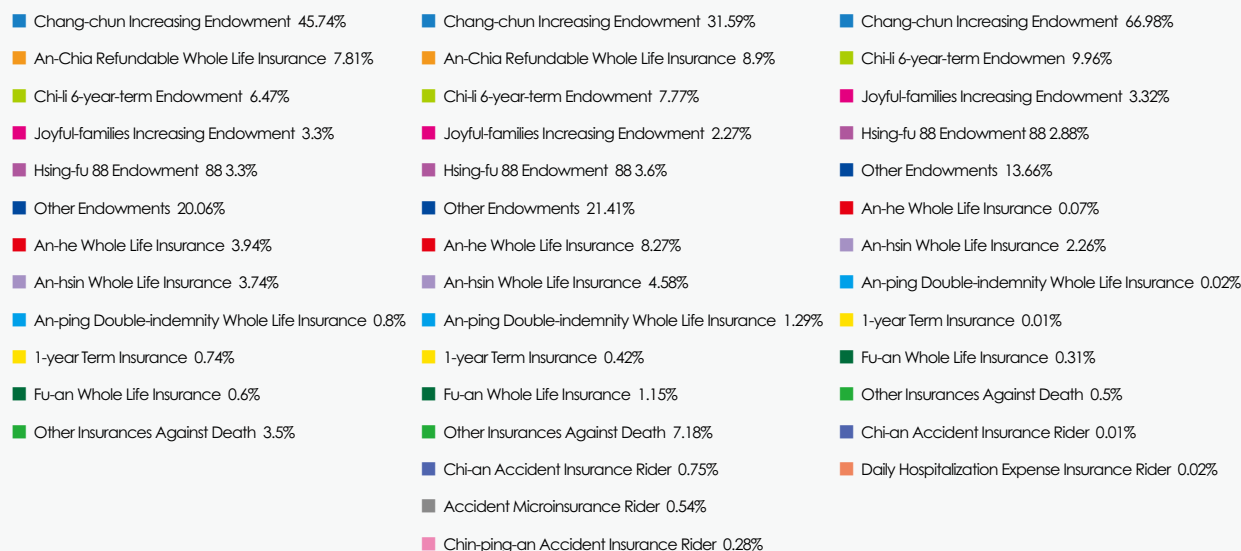
Type		Number of Policies	%	Sum Insured	%	Premium Income	%
Total		2,065,329	100.00	664,152,948	100.00	99,178,459	100.00
Endowment	Chang-chun Increasing Endowment	944,590	45.74	209,828,181	31.59	66,427,920	66.98
	An-Chia Refundable Whole Life Insurance	161,341	7.81	59,088,455	8.90	3,407	0
	Chi-li 6-year-term Endowment	133,556	6.47	51,604,835	7.77	9,879,670	9.96
	Joyful-families Increasing Endowment	68,236	3.30	15,102,074	2.27	3,293,189	3.32
	Hsing-fu 88 Endowment	68,089	3.30	23,888,638	3.60	2,856,173	2.88
	Others	414,243	20.06	142,203,009	21.41	13,551,465	13.66
Insurance Against Death	An-he Whole Life Insurance	81,473	3.94	54,906,891	8.27	70,187	0.07
	An-hsin Whole Life Insurance	77,345	3.74	30,432,034	4.58	2,242,045	2.26
	An-ping Double-indemnity Whole Life Insurance	16,466	0.80	8,580,746	1.29	19,531	0.02
	1-year Term Insurance	15,319	0.74	2,783,290	0.42	7,590	0.01
	Fu-an Whole Life Insurance	12,413	0.60	7,623,391	1.15	308,507	0.31
	Others	72,258	3.50	47,703,401	7.18	495,462	0.50
Accident Insurance	Chi-an Accident Insurance Rider	11,175	—	4,977,027	0.75	4,543	0.01
	Accident Microinsurance Rider	9,918	—	3,605,371	0.54	1,993	0.00
	Chin-ping-an Accident Insurance Rider	3,985	—	1,820,986	0.28	2,188	0.00
Health Insurance	Daily Hospitalization Expense Insurance Rider	3,788	—	4,619	0.00	14,589	0.02

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

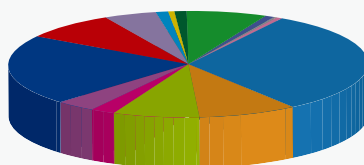


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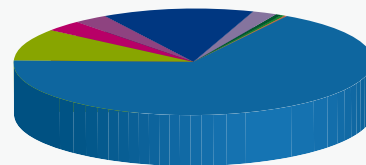
## Percentage Distribution of In-Force Policies by Type



Number of Policies



Sum Insured



Premium Income

### 5. Benefit payment

#### (1) Payment on maturity

In 2021, a total of 248,083 payments were made on maturity, and the sum insured was NT\$97.56370 billion.

#### (2) Payment to claims

The year of 2021 saw 7,136 payments to claims, and the sum insured was NT\$2.65126 billion.

#### (3) Surrender value

The year of 2021 saw 28,873 cases of surrender, and the sum insured was NT\$7.35368 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 policy value reserve 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 2021 saw 79,547 cases of policy loans, and the loan balance was NT\$11.70911 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 201 branches collecting required documents.

In 2021, the number of secured mortgage loans issued by Chunghwa Post totaled 12,625, and the loan balance was NT\$27.87724 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\$ 616.72 million in 2021. 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 2021, including 3 sets of commemorative stamps and 15 sets of special stamps. Among them, the set of Taiwan Scenery Postage Stamps – Kaohsiung City was issued on February 4, 2021, along with personal greeting stamps without marginal inscriptions featuring the set launched for the first time, which allows more choices for the public. The Centennial Anniversary of James L. Maxwell's Death Commemorative Issue, printed in intaglio and offset for exquisite quality, was issued on May 5, 2021. The set of the Ancient Chinese Paintings Postage Stamps "Syzygy of the Sun, Moon, and the Five Planets" by Xu Yang, Qing Dynasty (II) was issued on May 19, 2021, along with a stamp collection of the first and second set of these stamps printed 72-cm-long se-tenant strip of 12 to fully present the classic work kept in the National Palace Museum. The Thanksgiving Souvenir Sheet: Homage to All Health Workers, was issued on August 11, 2021, along with a folio; the internationally renowned picture book writer, Jimmy Liao, was invited to paint the Sheet of great significance to convey gratitude to the heroes fighting against the Covid-19 pandemic. On August 27, 2021, the set of Core Industries of Taiwan Postage Stamps was issued, along with a folio; printed in a se-tenant block, the set contains stamps themed on Taiwan's 6 core industries to show the outstanding development of our country. The set of Hakka Festivals Postage Stamps was released on November 24, 2021, featuring stamps themed on unique Hakka folk celebrations in Taiwan to further demonstrate the Hakka cultural characteristics. Additional issues include 1 stamp yearbook (one in hardback and the other in loose leaf), 1 postage stamp catalogue, 7 stamp folios, 6 maximum cards, 1 commemorative envelope, 1 commemorative postal card, and 1 press sheet of New Year's Greeting Postage Stamps (Issue of 2021). Furthermore, in line with business demands, Chunghwa Post also released envelopes for domestic registered mail (1 vertical type and 1 horizontal type), 1 postal card for domestic mail (vertical type), 2 Auspicious Tiger New Year Postal Cards, 1 set of postage labels, and 1 set of 2 New Year's Greeting postal cards.

### (2) Issuing philatelic accessories

In our quest for diversified product development and growth in philately business, we, Chunghwa Post manufactured and launched.

the HELLO KITTY throw pillow, the HELLO KITTY coasters, Ceramic Mug – Hello Kitty, Stamp Folio – Hello Kitty, Soft Toy – Hello Kitty Delivering Mails & Writing Letters, Postal Vehicle Set – Hello Kitty, the Matsu Procession Pure Gold Ingot & Collector's Edition, the Spouses Joined by Heaven Collectable Set of Pure Gold Ingot and Fine Silver Ingot, Graceful Butterflies Silk Fan, Blooming Flowers Silk Scarf, the Lucky Tiger Fine Silver Ingot (Type A & B), the Lucky Tiger Fine Silver Ingot Premium Edition, the Lucky Tiger Pure Gold Ingot, the Lucky Tiger High Relief Copper Medal, the Lucky Tiger Collectable Set of Pure Gold Ingot, Fine Silver Ingots and High Relief Copper Medal, 2022 Calendar and 2022 Diary. Additionally, Chunghwa Post authorized its branches nationwide to design and sell a total of 97 types of philatelic products.





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

### (1) Stamp Yearbook Issue of 2020 Sales Promotion

The sales promotion was held from January 5 to May 31, 2021. During the event period, for every purchase of a Stamp Yearbook Issue of 2020 (hardcover or loose-leaf), the purchaser would get 1 scratch off. A total of 23,421 prizes were available, including an LG C9 55 inch Class 4K Smart OLED TV w/ AI ThinQ, Pxmart gift voucher, Auspicious Ox Collectable Set of Pure Gold Ingot, Fine Silver Ingots and High Relief Copper Medal, Apple Watch Series 6, Cook Pot Electric Air Fryer with Led Digital Touchscreen, and a variety of exquisite philatelic accessories.

### (2) 2021 Stamp Beauty Pageant

The 2021 Stamp Beauty Pageant was held from March 8 to April 8, 2021. In the event, people can vote for the most beautiful stamps in their minds through postcards, or on the website or Facebook fan page, or via LINE. The top three winners were Hehuan Mountain Dark-sky Park, Taiwan Scenery Postage Stamps – Nantou County, Taiwan City Sunsets Postage Stamp (Gongyi Rd, Taichung City), and Taiwan City Sunsets Postage Stamp (Qingnian 1st Rd and 2nd Rd, Kaohsiung City).

## 3. Philately promotion events:

### (1) Holding the issuing ceremony of Taiwan Scenery Postage Stamps – Kaohsiung City

To help promote Taiwan tourism, following the issuance of the "Taiwan Scenery Postage Stamps" series since 2016, we issued another set of 4 Taiwan Scenery Postage Stamps on February 4, 2021, the images on which include Kaohsiung City's famous scenic spots such as National Kaohsiung Center for the Arts (Weiwuying), MRT-Dome of Light, Heart of Love River and Kaohsiung Port. Also, on the same day, we held a issuing ceremony of Taiwan Scenery Postage Stamps — Kaohsiung City at Weiwuying, with the stamps unveiled by several distinguished guests, including Hongmo Wu, the chairperson of Chunghwa Post, Lingwen Zhou, the Director of Tourism Bureau of Kaohsiung City Government and Wenpin Jian, the art director of Weiwuying.

### (2) Holding the issuing ceremony of Hakka Festivals Postage Stamps

To introduce the Hakka folk celebrations in Taiwan and invite the public to experience Hakka customs, we issued a set of 4 Hakka Festivals Postage Stamps on November 24, 2021, the images on which include the scenes of Miaoli Dragon Bombing Festival, Liudui Defending the City Walls Festival, Taichung Dongshi Xin Ding Ban Festival, and Guoxing Chenggong Festival. Also, on the same day, we held an issuing ceremony of this set at Liudui Hakka Cultural Park, Hakka Culture Development Center, Hakka Affairs Council.

### (3) Hosting ROCUPEX 2021 Kaohsiung, 2021 National Stamp Exhibition of R.O.C.

To encourage and promote philately, we held the exhibition at Kaohsiung Post Office from December 1 to 5, 2021 and issued a variety of philatelic products for philatelists, including a commemorative



Issuing Ceremony for Taiwan Scenery Postage Stamps – Kaohsiung City



Issuing Ceremony for Hakka Festivals Postage Stamps

stamp pictorial, envelopes for registered mail, postal cards, and postage label folios. On the first day of the exhibition, we hosted the ceremony for the opening of the exhibition and the issuing of New Year's Greeting Postage Stamps (Issue of 2021) at the Kaohsiung Post Office. A total of 264 stamp collections in the non-competition category and competition category and the 2020 Philatelic Classroom award-winning works were exhibited; also an abundance of wonderful philately lectures, exhibition tours and other activities were carefully organized at the exhibition. There were about 4,000 visitors during the exhibition.

(4) Production of the TV promotional clip for the STAMP YEARBOOK/ALBUM 2021

To strengthen the promotion of the the STAMP YEARBOOK/ALBUM 2021 we launched, we planned to produce a promotional clip, which would be broadcasted on TV, the Internet and at post offices, expecting that the STAMP YEARBOOK/ALBUM and the characteristics of the stamps would be presented in a vivid, creative and diversified way through the clip.

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

Supporting philatelic societies and other groups nationwide to organize philatelic exhibitions and stamp-collection promotions, totaling 45 times.

(6) Organizing various youth-oriented philatelic events:

- i. Establishing a total of 170 Philatelic Classrooms in schools nationwide in 2021, recruiting 4,078 members.
- ii. On December 8, 2021, the "Best Philatelic Works Competition" was held to encourage students in the Philatelic Classroom to make 4-page Little Philatelic Artworks and 16-pages One Frame Stamp Collections. The entries included 34 sets of Little Philatelic Artworks and 19 sets 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 16 were established in academic year 2021-2022.

(7) 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. To serve the people in the southern region, the Kaohsiung Branch was established and opened to the



ROCUPEX 2021 Kaohsiung - 2021 National Stamp Exhibition of R.O.C.





## VII Operations Summary

public on December 2, 2021. In the year of 2021, despite the Covid-19 pandemic, 6 stamp exhibitions and special exhibitions and 12 philatelic lectures were held at the Postal Museum, attracting a total of 62,659 visitors. Stamp sales and site renting generated a revenue of NT\$3,827,165. In addition, in order to strengthen good neighborliness and show a high-quality corporate image, we actively took part in 2 community activities and held the Brother Pigeon's Story Time sessions at the Postal Museum on a regular basis.

### i. Establishment of Postal Museum Kaohsiung Branch

Based on the concept of resource sharing, Chunghwa Post established the Postal Museum Kaohsiung Branch on the second floor of the building of the Kaohsiung Post Office. Permanent exhibitions such as "Chronology of Chunghwa Post Events", "Classic Treasures", "Beautiful World of Stamps", "Exotic Postal Culture" and "Postal Cultural Artifacts" were set up at the Branch to enhance the public's understanding of postal history and culture; at the special exhibition area, various themed exhibitions or activities would be held from time to time; also at the interactive areas, window view animations, a round-view theater, projection sculptures and a mail delivery simulation zone were set up to make the place a venue for entertainment and recreation.

### ii. Holding stamp exhibitions and special exhibitions to promote philately and artistic aesthetics

- 2 at Postal Museum: Discover Formosa Stamp Exhibition and Stamp Selection with Treasures of Precious Procelain.
- 3 at Taipei Branch: Beautiful Colors – Flower and Butterfly Stamp Exhibition, Strength and Beauty - Special Exhibition of Sports Stamps, and Memorial Imprint: Covid-19 Prevention Exhibition.
- 1 at Kaohsiung Branch: Colorful Ocean Stamps Exhibition.

### iii. 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. In February, May, June and July, for Covid-19 prevention and to avoid the risk of mass infection, the lectures were canceled; instead, the contents to be shared in the lectures were provided in Postal Service Today issues.

### iv. Sales of stamp items and provision of venue rentals to increase revenue

In order to promote philately and social education and cultural activities, in addition to selling



Opening Ceremony for Memorial Imprint: COVID-19 Prevention Stamp Exhibition



Press Conference by Agriculture and Food Agency and Chunghwa Post

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 2021, the operating income of venue rental and visitor tickets was affected by the COVID-19 pandemic. The rental income was NT\$1,458,000, stamp and product sales income was NT\$2,369,165, and total revenue was NT\$3,827,165.

v. Brother Pigeon's Story Time (4 sessions)

From November 18, 2021, the story-telling session "Brother Pigeon's Story Time" was held at the Forest Classroom of Children's Post Garden on the 4th floor of the Postal Museum on the 2nd and 4th Saturdays every month. In the sessions, the exhibition themes or elements in the stamps are employed to lead children into the beautiful world of stamps to appreciate the vastness of postal history, increase parent-child companionship and interaction, and create beautiful memories of learning and growing together.

vi. Participating in community activities to enhance corporate image

- From April 2nd to 3rd, 2021, Chunghwa Post took part in the Spring Book Fair at 2021 South Taipei Fun Carnival organized by the Chinese Culture Association and coorganized a number of fun activities. In addition to setting up a stand to display and sell stamps (as well as philatelic products), we also organized activities such as Reading Under Eaves Book Fair and Colorful World of Stamps–Stamp Painting; nearly 1,000 people enthusiastically participated in and visit the Postal Museum during these 2 days.
- From December 24th to 25th, 2021, for "2021 Guling Street Books & Creative Bazaar", we, Chunghwa Post, held activities such as Passing Thoughts through Fingertips – Time Letters, Let Books Meet More Friends - Book Reading Fun, Christmas Tree DIY and other activities 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 2021, the cumulative number of franchise stores totaled 2,297, and the cumulative number of products on the shelves exceeded 150,000. In order to establish the characteristics of the postal e-commerce platform, the "Caring Agricultural Products Marketing Zone", "AFA Recommendation 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 871 branch offices to sell 129 domestic funds by the end of 2021.
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.



# VII

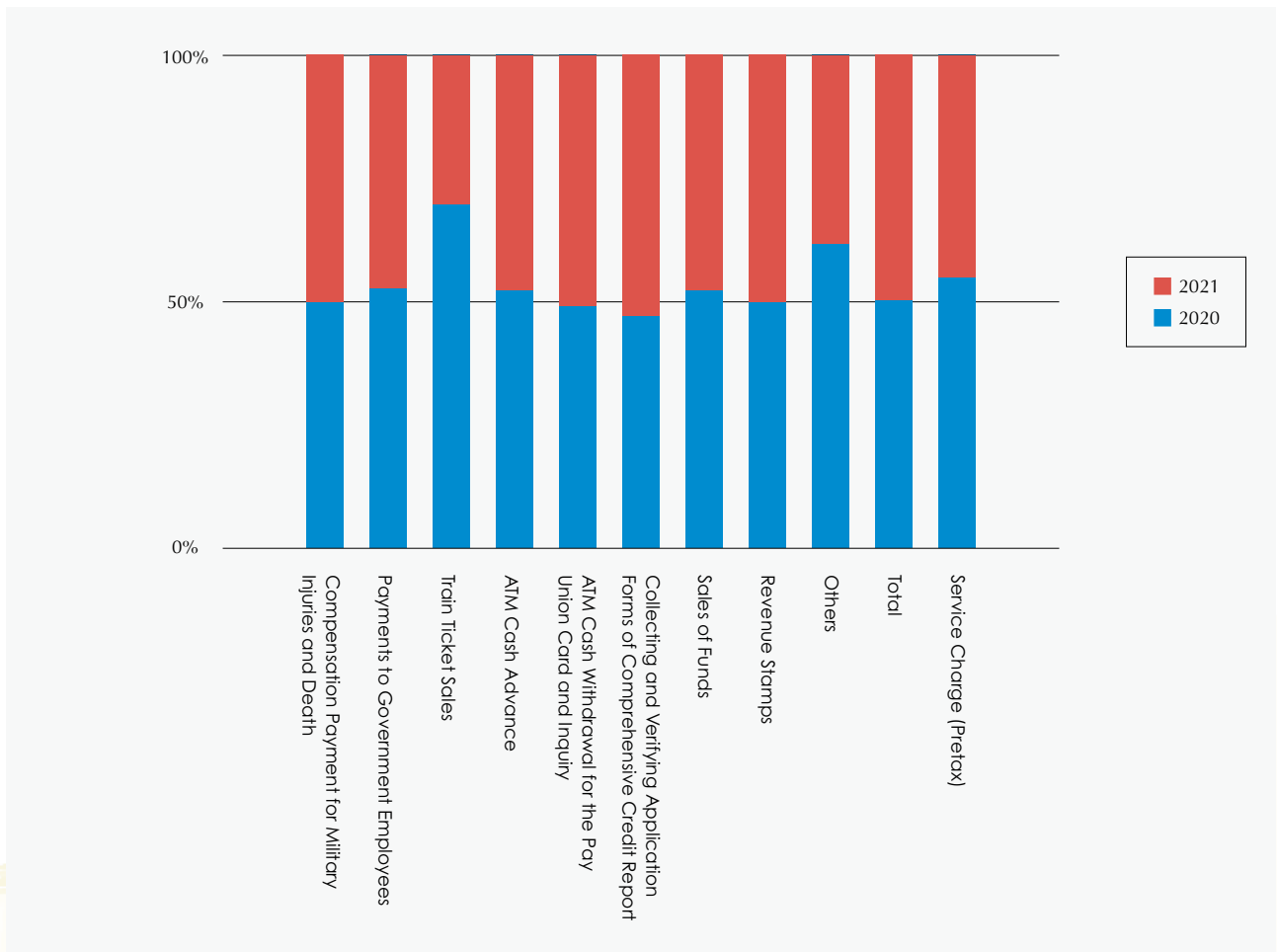
## Operations Summary

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

Unit: NT\$10,000

Item	2020	2021	Growth %
Compensation Payment for Military Injuries and Death	104,320	104,527	0.20%
Payments to Government Employees	2,017	1,904	-5.60%
Train Ticket Sales	620	375	-39.52%
ATM Cash Advance	30,208	28,751	-4.82%
ATM Cash Withdrawal for the Pay Union Card and Inquiry	246,422	250,489	1.65%
Collecting and Verifying Application Forms of Comprehensive Credit Report	135	143	5.93%
Sales of Funds	35,087	33,549	-4.38%
Revenue Stamps	107,506	107,695	0.18%
Others	13,170	10,058	-23.63%
Total	539,485	537,491	-0.37%
Service Charge (Pretax)	5,757	5,182	-9.99%

### Comparison Chart of Agential Business, 2020 and 2021



## (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 2021. 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\$298.11 million in the year of 2021, up NT\$ 13.93 million or 4.90% compared with NT\$284.18 million generated in 2020.

### 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 2021, 30 exemplary post offices have been set up.



## VII Operations Summary

- (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. In 2021, 2 systems were installed, reaching a capacity of 111 KW, with 47 for a capacity of 1,052 KW currently under installation.
- (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) 6 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 in 2021 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.

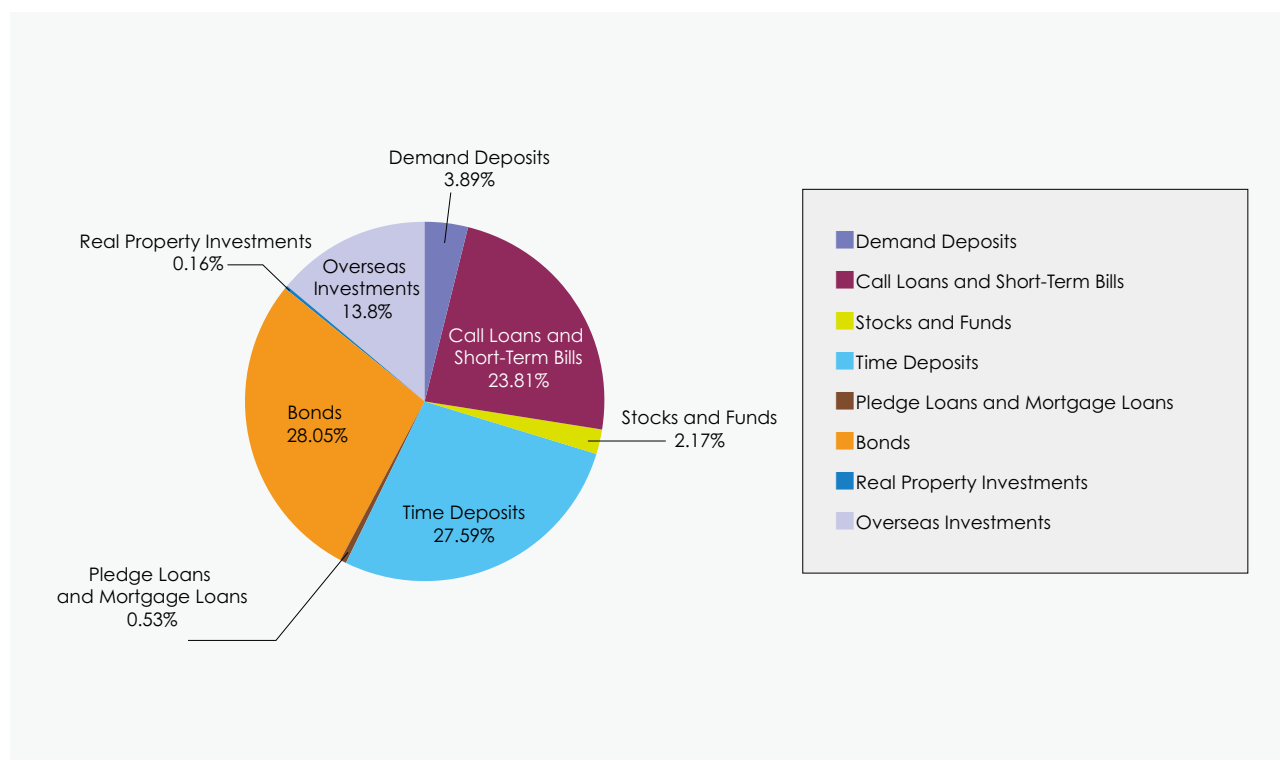
## (VIII) Capital Utilization – Supporting state construction programs

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 2021, postal capital (savings, remittances and life insurance capital inclusive) put into use has totaled NT\$7,445.2 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\$289.5 billion, accounting for 3.89% of the total.
2. Time deposits (time savings deposits inclusive): NT\$2,053.9 billion, or 27.59% of the total.
3. Interbank call loans and short-term bills: NT\$1,772.6 billion, or 23.81% of the total.
4. Bonds (government bonds, corporate bonds and financial bonds inclusive): NT\$2,088.2 billion, or 28.05% of the total.
5. Overseas investments: NT\$ 1,027.6 billion, or 13.80% of the total.
6. Stocks and funds (outsourced investments inclusive): NT\$161.3 billion, or 2.17% of the total.
7. Time deposits and life insurance policy pledge loans and mortgage loans: NT\$39.9 billion, or 0.53% of the total.
8. Real property investments: NT\$12.2 billion, or 0.16% of the total.

## Utilization of Postal Capital



By the end of 2021, 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





# VII Operations Summary

## II. Employee Composition

Year		2020	2021	As of January 20, 2022
Number of Employees	Staff	14,250	14,078	14,090
	Laborers	9,838	9,612	9,577
	Contract Workers	1,782	1,738	1,734
	Total	25,870	25,428	25,401
	Average Age	45.8	45.8	45.6
Average Seniority		17.0	16.9	16.7
Educational Background (Half-day Workers Counted as Whole)	Doctorates	9	9	9
	Masters	1,335	1,404	1,419
	Bachelors	17,197	17,139	17,171
	Senior High School	7,186	6,762	6,697
	Junior High School and Below	598	554	544
Employee Holding Professional Certificates		4,236	1,589	361
2021 Employee Training	1. Training Courses: Launched 1,131 classes on technical skills, computer and lectures on specific topics for new recruits, executives and professionals, with 46,181 recorded attendances. 2. Online Learning: Launched for all employees, having total hours amounting to 631,890 hours.			
2021 Volunteering	In 2021, a total of 3,297 volunteers worked for 1,326,938.5 hours in branches and mail processing centers at all levels.			

### (I) Budget quota

In accordance with the quota set in budget 2021, 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, mail service counters, registered mail claiming and postal agencies.

### (III) Workforce structure

As of December 31, 2021, Chunghwa Post has employed a chairperson, a president, 9,002 transferred employees, 14,686 staff members and 1,738 contract workers, totaling 25,428 employees. Among them, 23,454 employees (92.23% of the entire workforce) were basic-level clerks, 1,888 employees (7.43%) worked at management level, 20 (0.08%) were training staff, and 66 (0.26%) 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 mail.

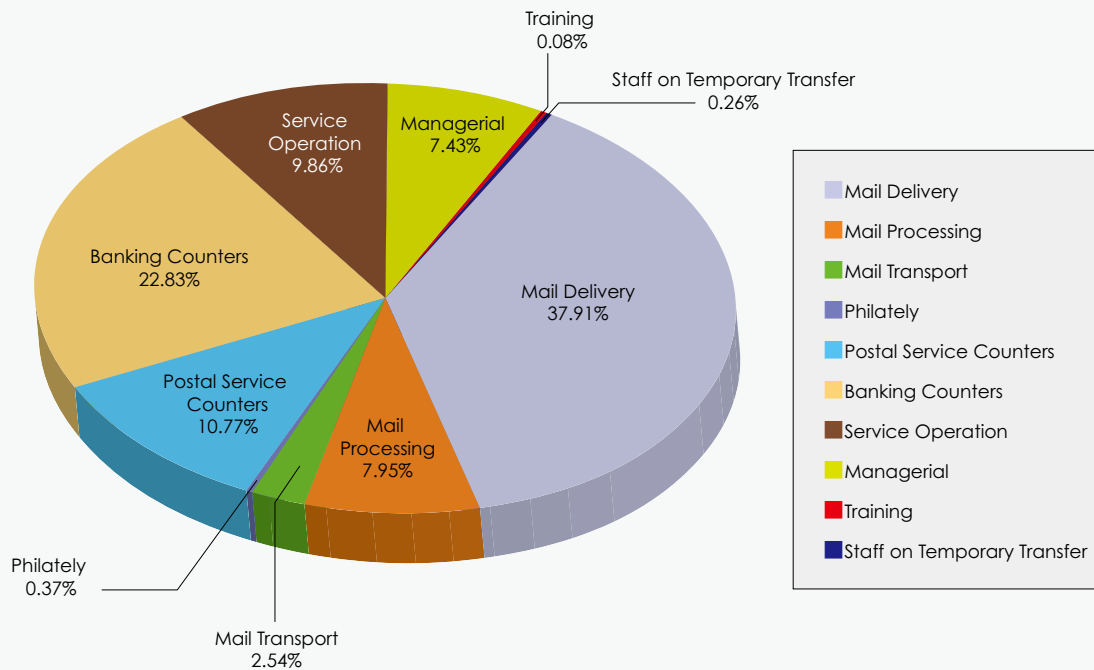


## Employees by Function

December 31, 2021 Unit: Person

	Total	%	Head Office	Branches at All Levels	Mail Processing Center
Total	25,428	100%	1,729	22,959	740
Total Business Staff	23,454	92.23%	904	21,860	690
Mail Delivery	9,641	37.91%	0	9,641	0
Mail Processing	2,022	7.95%	0	1,586	436
Mail Transport	646	2.54%	12	380	254
Philately	95	0.37%	62	33	0
Postal Service Counters	2,738	10.77%	0	2,738	0
Banking Counters	5,804	22.83%	0	5,804	0
Service Operation	2,508	9.86%	830	1,678	0
Managerial	1,888	7.43%	770	1,069	49
Training	20	0.08%	16	4	0
Staff on Temporary Transfer	66	0.26%	39	26	1

## Employees by Function





# VII

## Operations Summary

### 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 equipped with 2 IBM8562-V04 mainframe computers, each with four central processing units (CPUs) and a z/OS V2.3 operating system, and an 8562-A00 external processor connected to the computers to allow mutual backup capabilities for a dual-mainframe Parallel Sysplex environment. 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 2 CPUs and a z/OS V2.3 operating system, and an internal processor to support a Parallel Sysplex environment. Based on the needs of the Company's operation and system operation, the system is divided into logical partitions corresponding to the mainframe 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. 94 % 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.



## VII Operations Summary

### (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.**



Groundbreaking Ceremony for Mail Processing Center and Postal Training Center