

# III. Company Profile

## I. History

On February 21, 1888 (the 14th year of Emperor Guang-syu, Cing Dynasty), Taiwan Governor Liu Ming-chuan announced the Taiwan Postal Act, which contained sixteen articles and established the Taiwan Directorate General of Posts on March 22 of the same year.

In 1895, after the Sino-Japanese War, the Japanese government, which had taken over rule of Taiwan, enforced the Postal Regulations and Postal Act. The postal services were slowly transferred from the field post offices to the Department of Transportation. The Mail Delivery Division of the Department of Transportation, similar to the regional head offices of ROC, was in charge of postal service, savings, money order, simple life insurance and postal annuity.

Modern postal service in China was formally established on March 20, 1896 (the 22nd Year of Emperor Guang-syu, Cing Dynasty) by the Customs House. In 1911 (the 3rd Year of Emperor Syuan-tong, Cing Dynasty), the postal service severed its relationship with the Customs House and became the Directorate General of Posts. In 1930, the Directorate General of Postal Remittances and Savings Banks was established. In 1935, when the Postal Act was proclaimed, banks came under the jurisdiction of the Directorate General of Posts. Simple life insurance plans were offered the same year. In 1946 Taiwan Posts and Telecommunications Administrations was established. In 1949 the Directorate moved from the Mainland to Taiwan, and the Taiwan Postal Administration (TPA) was established. In 1980, responding to the needs of its business development, the TPA was split into the northern, central and southern regional head offices.

With rapid social change and development of information technology and in light of the trends toward economic liberalization and globalization, the loss of urban market share to private delivery service operators, and the fierce competition faced in its banking and life insurance businesses, the Directorate General of Posts—so as to overcome its operational limitations, and to conform with government policies that it remain state-run corporations and that its postal, banking and life insurance operations remain together—revised the Postal Act in July 2002. On January 1, 2003, the Directorate General of Posts was corporatized to become Chunghwa Post, which was 100% owned by the MOTC. The assets and liabilities as well as the businesses of the Directorate General of Posts were transferred to the new entity.

On February 9, 2007, in accordance with government policy, Chunghwa Post changed its name to Taiwan Post Co., Ltd. Due to the fact that the required legal procedures for the amendment of four Postal Acts had not completed, the changed name and the legalized one did not match. Therefore, the Company restored its original name - Chunghwa Post Company in accordance with the law on August 1, 2008. All prior rights, obligations and business operations were not affected by this name change.

## II. Vision

A postal service company with excellent service and trusted by all the people.

## III. Core values

Customers first and providing honest and efficient services.

## IV. Its Legal Relationship with its Current Customers

To protect customers' rights, all business and obligations of the Directorate General of Posts and its subordinate organizations will be assumed by the new company after it completes its company registration. In other words, the coporatization will not affect current customers, and all the receipts, saving passbooks, deposit slips, insurance policies, etc. will continue to be valid.

## V. System

### (I) Board Chairperson Responsibility System:

The chairperson of the board shall take full responsibility for company operations. The president of the company shall be nominated by the chairperson and then appointed by the board. The president shall serve as one of the directors.

### (II) Dual Personnel System:

The act establishing the company stipulates that, after corporatization, the directorate's personnel regulations still apply to its incumbent employees, but new employees shall be covered by the new personnel system and will not enjoy civil servant status. With a flexible salary and bonus system to reward good performance, the company will be able to hire personnel according to its business needs. Employees' promotions, positions, salaries, benefits, and performance evaluations shall all be based on their actual working performance. In this way, employees' attitude toward their work should improve and the postal service will be transformed.

### (III) Responsibility Center System:

A number of larger branches have been designated as administrative and supervisory post offices. The staff of these branches are independent and complete management teams, responsible for executing the company's policies. Chunghwa Post shall review and revise its performance evaluation measures in order to accurately reflect the performance of each branch office by employing a diverse array of evaluation methods and reasonable standards. The company is also considering giving more weight to responsibility performance in allotting performance bonuses, thereby linking its responsibility center system with its performance bonuses and thus maximizing incentives.

