

# 2014

## Annual Report of Chunghwa Post



Pursue excellence, trust forever.

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## Chairman's Remarks

Chunghwa Post (CHP), being a state owned company with 26,000 employees and more than 1,300 post offices, is mandated to conduct postal, saving and life insurance businesses. Clinging to the principle of Universal Service Obligation (USO), CHP has strived to provide affordable postal service to every address of the nation. The USO spirit also applies to banking and insurance services to as many households as possible.



## Financial Performance

Chunghwa Post is frequently identified as a quasi-financial institution. Though CHP has chosen a conservative path, its overall performance has been acceptable. If compared with the country's 16 financial holding companies, CHP appears to outperform most of them. Last year, the Company's EPS amounted to NT\$3.03, ranking the third among them. Return on Equity (ROE) also reached a comfortable level of 8.55%.

Chairman *Wenchyi Ong*

In the meantime, CHP has kept improving its capital structure by raising capital base from NT\$40 billion to NT\$65 billion with the goal of up to NT\$100 billion in the next few years. The move will enable the company to better manage risks and provide superior services.

## CSR Related matters

Chunghwa Post has a network of 1,324 branches in townships, cities and remote areas. When it comes to providing care to the most needed, CHP is automatically thought of as a role model. In 2014 alone, for example, postmen and women paid more than 70,000 visits to elderly people living by themselves, many in remote areas. Our staff chose to do so voluntarily and without remuneration.

The Company also helped small farmers sell their produce directly to consumers through our E-commerce portal of Post Mall. The marketing approach was well received because farmers would be able to sell faster with more revenue. For consumers, they could enjoy fresh produce and in the meantime, helping small farmers to avoid middle-man exploitations.





## Chairman's remarks

### Attracting Young Postal Service Users

According to our own investigation, about 65% of our clientele are older than 50. Attracting the younger generation to use the postal service has thus become critically important. A few measures have been taken so far.

In January this year, the Company set up a brand new Family Postal Museum to attract young visitors. In April, the Company launched a social media (LINE) corporate account, attracting 6.5 million fans, who regularly receive our messages through smartphones. In the same month, the Company hosted the 30th Asian International Stamp Exhibition, with special themes catering to young stamp lovers. The Company also invited school kids from around the country to enjoy the fair. In September, CHP released the "Ancient Chinese Blue and White Porcelain Stamps" and stamp folios. CHP turned the issuing ceremony into an auction, inviting a renowned songwriter to join in. The proceeds were then given to charity groups to help the less privileged young.

### Building a Happy Family

The Company is making every effort to build a pleasant working environment for the employees in the belief that employees are the most valuable asset of the Company. Measures includes a pay raise for the lower one-third of the employees, providing newly designed uniforms for 22,000 frontline workers and eliminating business lines that are not really relevant and profit making. The Company hopes that when the post offices open every day, our happy employees will make the clients feel happy too, thus making the community a better place.

### Conclusion

In a survey on "The Most Influential Brands in Taiwan" conducted by the Business Week and IPSOS in April this year, CHP was ranked the 1st in the transportation and logistics category and the 2nd as Taiwan's most influential original brand. CHP is proud to receive the awards and is committed to providing best services, like it has been doing for more than a century, to all its clients.

In the era of new technology and mounting competition, we are fully aware of the challenges ahead. As the chairman of the Company, I will work harder and smarter to take the management to stay on the course of sustainable growth.



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**I. 2014 Operation Results**

10

**II. 2015 Operation Plan Outline**



## Business Report

Retrospecting 2014, despite the frequent outbreak of the global geopolitical risk and Fed's announcement of termination of the U.S. Quantitative Easy (QE), the continuous declination of international oil price and the stimulus policies boosted by Eurozone and Japan, etc., were helpful to boost the global economy. Looking forward to the future, the global economy is expected to grow due to such advantageous factors as the faster recovery in the U.S.A. and declination of the international raw material/supplies price. The domestic economy recovered stably in 2014. It is expected that the economic growth rate in 2015 will be better than that in 2014, as benefited from the global economic recovery and lowering international oil price.

The Company has proactively operated the existing mail, savings and life insurance business patterns since the restructuring of 2003. The Company is committed to provide prevalent, quality, local and considerate services to the civilians throughout the nation to meet civilian demand for a basic life and become the entity most reliable to them all.



*President Shian-Juh Chen*

While facing such a severe external environment plus the need of taking up the tasks of policy, mail operation was quite difficult. However, under the joint efforts of postal employees and active promotion of businesses, the Company was able to achieve the operational goal of 2014. The 2014 operation results and 2015 operation plan are outlined below:

### I. 2014 Operation Results

#### (I) Major Operation Items Estimation and Execution

Operation Item	Unit	Result this year	Estimation	Result previous year	Estimation Accomplishment rate (%)	Increase over previous year %
Mail operations	1,000 pcs	2,786,839	2,712,661	2,733,116	102.73%	1.97%
Philately	Thousand NT\$	784,690	660,000	764,639	118.89%	2.62%
Postal savings (Average daily balance)	100 Million NT\$	54,278.45	50,780.00	51,649.35	106.89%	5.09%
Money orders (Amount issued)	100 Million NT\$	16,983.52	15,100.00	16,660.41	112.47%	1.94%
Simple life insurance (Premium income)	100 Million NT\$	1,487.67	1,550.00	1,570.86	95.98%	-5.30%
Agential business (Agential amount)	100 Million NT\$	235.64	162.12	225.17	145.35%	4.65%





## (II) Capital utilization

Postal capital is employed in accordance with Article 18 of the Postal Remittance and Savings Act and Article 27 of the Simple Life Insurance Act. As of the end of December 2014, the utilization of postal capital is as follows:

### 2014 Postal Capital Utilization

Unit: 100 Million NT\$

Item	As of the end of December this year (2014)	Percentage in postal capital (%)	As of the end of December last year (2013)	Increase/Decrease (%)
Deposits in current accounts (including reserves against deposits in the Central Bank of the R.O.C. and the revolving funds of its branch offices)	1,963	3.13%	2,173	-9.66%
Certificate deposits (including time deposits)	18,915	30.11%	19,122	-1.08%
Call loans of other banks and short-term bills and notes	14,043	22.35%	11,976	17.26%
Bonds (including government bonds, corporate bonds and financial bonds)	19,126	30.45%	18,685	2.36%
Overseas investments	7,088	11.28%	6,210	14.14%
Stocks and mutual funds (including money invested by investment management companies on behalf of the post office)	1,219	1.94%	1,191	2.35%
Mortgage loans on CDs, insurance policies and real estate	453	0.72%	441	2.72%
Real estate investments	13	0.02%	13	0%
Total	62,820	100%	59,811	5.03%

## (III) Financial Status and Profitability Analysis

In FY 2014, the total revenue (including operating revenue and non-operating revenue) stood at NT\$ 286,022.78 million and total expenditure (including operating costs, operating expenses and non-operating expenses) totaled NT\$272,613.46 million. Profit before tax was NT\$1,349.32 million, the income tax expenses were NT\$1,297.29 million and net profit was NT\$12,112.03 million, an increase of NT\$2,913.94 million over the estimated NT\$9,198.09 million. The figures for the ROA (return on assets) after tax, ROE (return on equity) after tax and net profit margin for the year were 0.19%, 8.33% and 4.24%, respectively.

## (IV) Research and Development

The business units of the Company conduct analysis of financial situations both at home and abroad, industrial development and trend on a regular and irregular basis, in addition to preparing project research of other businesses as operational reference. The overview of important research development of 2014 is as follows:

### 1. 347 periodical domestic and international financial situation analysis reports:

- (1) Domestic and international economic analysis reports (monthly)
- (2) Domestic fixed income market research and analysis reports (weekly)
- (3) Domestic stock market research and analysis reports (weekly)
- (4) International investment research and analysis reports (weekly, monthly)



# Business Report

## 2. 12 overseas study reports

### 3. 11 research projects that were handled by commissioned experts and academic institutes:

- (1) Customer Satisfaction Survey of 2014 postal services
- (2) Analysis on actual measured value under Chunghwa Post postmen workload evaluation standards
- (3) Chunghwa Post's development strategies about mobile industry and contracted study on applied services
- (4) Creative marketing strategies of philately business
- (5) Analysis on standard operating procedure for postmen workload evaluation and system installation commissioned research projects
- (6) Research on discussion about regulations for postage discount
- (7) A7 logistic center lead-time planning
- (8) Contracted research project for analysis on obligation and cost of Chunghwa Post service prevalence
- (9) Research on postage information transparency
- (10) Korean and Japanese insurance business types and supervision regulations research project
- (11) Research project for orientation of postal life insurance and future development

## II. 2015 Operation Plan Outline

### (I) Operation Guidelines

Develop new types of businesses, apply information technology to improve competitiveness; strengthen e-commerce logistics service, and integrate postal service logistic, money and information flow functions; strengthen asset repurposing; increase operation effectiveness; effectively increase postal capital utilization effectiveness, support major government development projects and private investment plans.

### (II) Operational policy

#### 1. Concerning government policy executor

- (1) To be in line with the cross-strait policy, enhance business exchange and cooperation, and provide the public with rapid postal service.
- (2) To be in line with the economic boosting policy and support government major development projects and private investment plans.
- (3) To be in line with the financial policy, provide the nationals with basic economic protection and help construction of social security network.
- (4) To be in line with the asset management policy, activate asset utilization and enhance development effect to increase operating revenue.



## 2. Concerning management

- (1) Enhance HR management, upgrade HR quality, and satisfy the need for business development.
- (2) Integrate postal service resources, research & development diversified products, and provide the prevalent and well-founded services for mail, savings and life insurance businesses.
- (3) Develop cross-strait postal service business, integrate cash flow, logistic and information flow strengths, and expand operating niche.
- (4) Apply information technology, enhance information security, improve operating procedure, and increase performance of service.
- (5) Enhance corporate governance and risk management mechanism, fulfill information transparency; adjust allocation layout, and upgrade capital utilization effect.
- (6) Enhance asset management, activate asset utilization, increase development effect, and take care of public welfare objectives concurrently.
- (7) Actively participate in public welfare activities, fulfill corporate social responsibilities, and build fine-quality corporate identity.

## 3. Concerning supply and demand

- (1) In order to upgrade the service quality and operating performance, the Company worked hard to build and landscape branch offices, improve service facilities, and create a bright, comfortable and friendly postal service environment.
- (2) In order to enhance operational performance, the Company installed additional information equipment and system function to satisfy customers' diversified needs.
- (3) In order to meet the needs for business development, the Company planned to build the postal service logistic park to provide industrial supporting services.

### (III) Operation goals

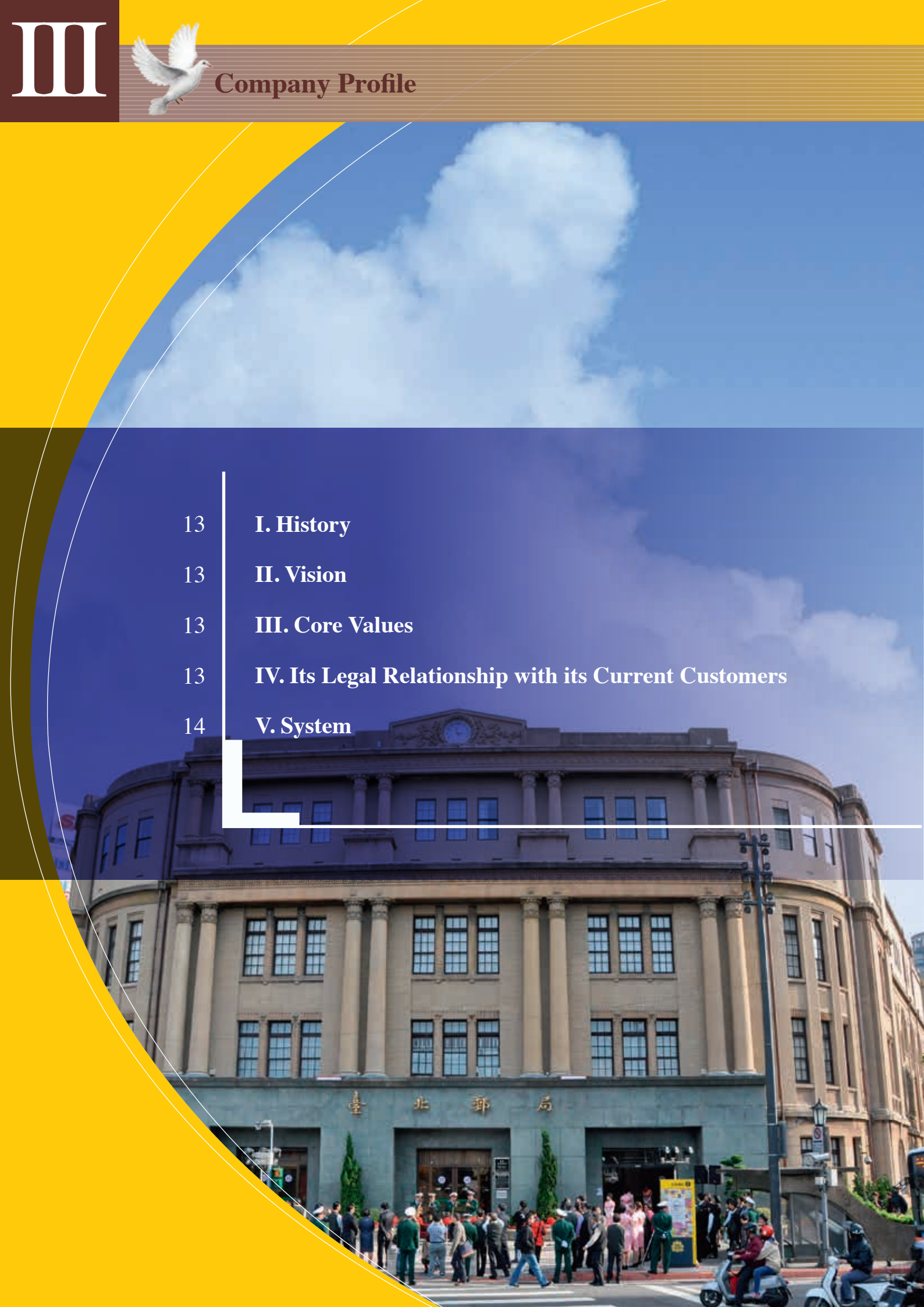
1. Mail: It is estimated that 2,678.15 million pieces of mail will be handled.
2. Philately: It is estimated that philately revenues will be NT\$671 million.
3. Deposit: It is estimated that daily balance will be NT\$5,450 billion.
4. Exchange: It is estimated that the amount of exchange will be NT\$1,600 billion.
5. Simple life insurance: It is estimated that annual premium income will be NT\$153 billion.
6. Agential business: It is estimated that annual amount of agential business will be NT\$16,516 million

### (IV) Surplus goal:

It is estimated that pretax surplus will be NT\$9,840.08 million.



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## I. History

On February 21, 1888, Taiwan Governor Liu Ming-chuan announced the Taiwan Postal Act, which contained sixteen articles and established the Taiwan Directorate General of Posts for official postal operations starting March 22 of the same year.

In 1895, after the Sino-Japanese War, the Japanese government, which had taken over ruling 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 R.O.C., was in charge of mail service, savings, money order, simple life insurance and postal annuity.

Modern postal service in China was formally established on March 20, 1896 by the Customs House. In 1911, the postal service severed its relationship with Customs House and became the Directorate General of Posts. In 1930, the Directorate General of Postal Remittances and Saving Banks was established. In 1935, when the Postal Act was proclaimed and Organic Act of Directorate General of the Postal Remittances & Savings Bank was formulated. It was renamed to Director General of the Postal Remittances & Savings Bank, which was under the command of the Directorate General of Posts, Ministry of Transportation and Communications. Simple life insurance plans were offered the same year. In 1946 Taiwan Posts and Telecommunications Administration 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 repaid social change and development of information technology and in light of economic liberalization and globalization, the Directorate General of Posts had to deal with the competition from private courier services in urban areas and also the intense competition faced in its banking and life insurance businesses. Breaking the limitations on postal service operations and conforming with government policies to remain state-run corporations and under the operation of mail, savings and life insurance businesses, the Directorate General of Posts revised the Postal Act in July 2002. Moreover, the Directorate General of Posts was corporatized to become Chunghwa Post Co., Ltd., with 100% ownership by the MOTC on January 1, 2003. The assets and liabilities as well as the businesses of the Directorate General of Posts were transferred to the new entity for continuous operation.

On February 9, 2007, in accordance with government policy, Chunghwa Post Co., Ltd. changed its name to Taiwan Post Co., Ltd. Due to the incompleteness of the required legal procedures for the amendment of four Postal Acts, the changed name and the legalized one did not match each other. Therefore, the Company restored its original name – Chunghwa Post Co., Ltd. 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 businesses of the Directorate General of Posts and its subordinate organizations have been assumed by the Company after the Company completed the registration of "Chunghwa Post Co., Ltd.". In other words, the rights and obligations derived from the businesses processed by various branch offices before the restructure were assumed by the Company generally. It is not necessary for customers to register alteration. All the receipts, saving passbooks, deposit slips, insurance policies, etc. remained valid.





## Company Profile

### V. System

#### (I) The Chairperson System is Adopted:

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) A "Dual System" is Temporarily Adopted for Personnel:

After the corporatization of Chunghwa Post Co., Ltd., regulations were formulated to provide that the existing staff is regulated by the former personnel regulations and statutes. However, as new personnel system applies to the new employees, they no longer have the status of public servants. Under the smart, flexible and incentive remuneration and reward system, the Company can recruit proper talents based on its business needs and the general job market salary level. The promotions, occupations, salary, benefits and appraisal of the employees are based on their actual job performance to bring about a change of the employees' work attitude and a new prospect to the operation of the postal service.

#### (III) Responsibility Center System:

To add more flexibility to the corporate organization, Chunghwa Post Co., Ltd. consolidated the Northern, Central and Southern Regional Head Post Offices of Taiwan and postal branch offices into different post offices (Responsibility Center Offices) and branch offices. The different post offices (Responsibility Center Offices) hold the management authority (supervision) and execute the corporate policies under the Headquarters to shorten the operation process and improve the service quality and operational performance.

### Management Team



From left to right:

G. T. Yang, Auditor General \ J. T. Chiang, Vice President \ C. Y. Yeh, Assistant President \ S.J. Chen, President \ Philip W. Ong, Chairperson \ S. M. Wang, Chief Secretary \ Y. J. Wu, Vice President \ J. C. Chou, Vice President



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**I. Organization System**

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**II. Information about Directors, Supervisors, President,  
Vice Presidents and Managers**



# Organization

## I. Organization System

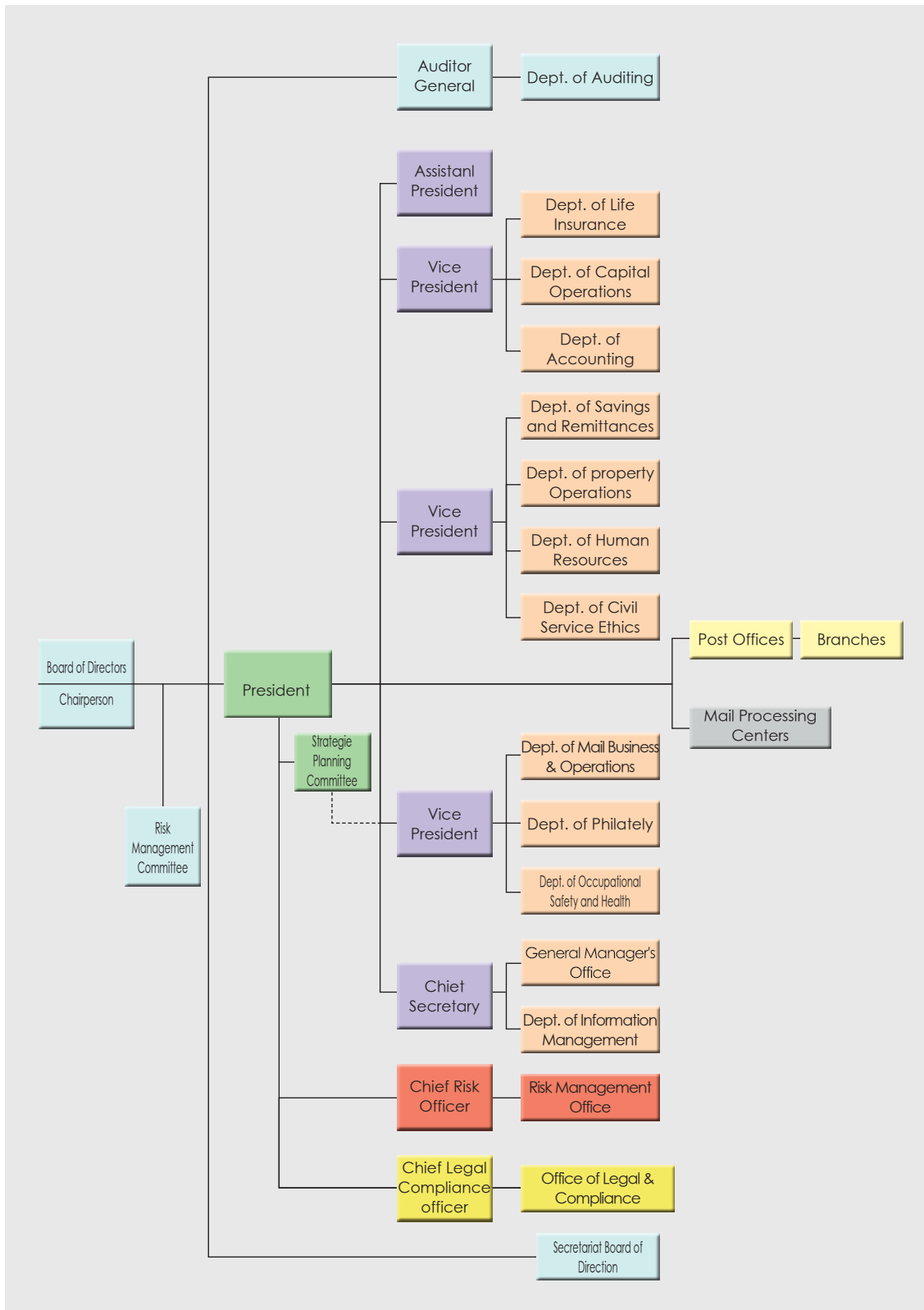
### (I) Organization structure

Chunghwa Post Co., Ltd. belongs to the Ministry of Transportation and Communication (MOTC) with an organizational structure including the following:

1. The board of directors. The board is composed of 11 to 15 directors. According to law and the Company's own Articles of Incorporation, this is the Company's decision-making body. In addition, there is a board secretariat responsible for all administrative affairs of the board.
2. Three supervisors. According to law and the Company's own Articles of Incorporation, the supervisors are charged with supervising the Company's financial and business operations.
3. A president. According to law and the Company's own Articles of Incorporation, the president is responsible for carrying out board decisions, overseeing corporate operations, as well as supervising all staff and departments of the Company. The president shall be assisted by one assistant president, four vice presidents and one chief secretary. In addition, there is a president's office and one director of the office. Multiple sections may be assigned in order to meet the business need, if any.
4. A Chief Risk Officer who is responsible for overall risk management operations and a Director for Risk Management Office who may perform duties according to business requirement.
5. A Chief Compliance Officer who is responsible for overall compliance with laws and legal affairs, and a Director for Legal Affairs and Compliance Office who may perform duties according to business requirement.
6. An auditor general (elected by the board of directors) and an auditing department directly under the board. The auditor general and the auditing department are responsible for conducting audits of the Company and making regular reports to the board and corporate supervisors.
7. A Strategic Planning Committee. The committee shall have a chairman, who can also be the Company's president and 5 deputy chairmen, with one chairman working as full-time and several other committee members.
8. The Company owns following departments: the Department of Mail Business and Operations, the Department of Philately, the Department of Savings and Remittances, the Department of Life Insurance, the Department of Property Operations, the Department of Capital Operations, the Department of Human Resources, the Department of Civil Service Ethics, the Department of Accounting, the Department of Information Management and the Department of Occupational Safety and Health.
9. There are 20 responsibility center offices designated as administrative and supervisory post offices, each administering a group of smaller branches.
10. To come to terms with the mail processing requirements, 3 mail processing centers established to integrate mail handling process, mail delivery network and mail routes, using high-performance automatic mail processing systems to process the mail.



## (II) Organization Chart







## Organization

### (III) Establishment and Adjustment of Units:

The current postal organization is divided into administrative and business establishments. Business establishments are in turn divided into self-management establishments and agential establishments. As of the end of 2014, there were 2,544 administrative and business establishments. Among them, 21 were administrative establishments, including the headquarters and 20 responsibility center offices. The business establishments totaled 2,523 which consisted of 1,327 self-management establishments (3 mail processing centers and 1,324 branches) and 1,196 agential establishments (630 post agencies and 566 stamp-sales agencies), a decrease by 2.49% from 65 agencies over the previous year.

### Comparative Chart of Postal Establishments

Unit: Office

Type of Postal Establishments		2013	2014	Growth %	
Administrative Establishments		Headquarters	1	1	
		Post Offices	20	20	
		Total	21	21	
Business Establishments	Self-Management Establishments	Mail Processing Centers	3	3	
		Branches	1,322	1,324	+0.15%
		Temporary Post Offices	0	0	
		Total	1,325	1,327	+0.15%
	Agential Establishments	Post Agencies	668	630	-5.69%
		Stamp-Sales Agencies	595	566	-4.87%
		Total	1,263	1,196	-5.30%
	Total		2,609	2,544	-2.49%

### (IV) Operations of Major Departments

#### Department of Auditing:

Performing audits on mail, banking and life insurance operations; and performing audits on the credit analysis of the life insurance business' real estate mortgage loans, etc

#### Strategic Planning Committee:

Reviewing the Company's major business and investment plans as well as devising the Company's reorganization policies, etc.

#### General Manager's Office:

Planning, management and appraisal of the Company's business policy and management strategy; reviewing manuscripts; agenda and control of management meeting; recheck on the base price for procurement project; maintaining parliament relations and communicating with elected representatives; compilation and issue of postal service publications.

#### Legal Affairs and Compliance Office:

Revision of the Company's Articles of Incorporation, organizational chart and organizational guidelines; planning, implementation and assessing of guidelines and rules, division of job duty and job-division system; drafting, revision and abolishment of and review of questions about postal laws and regulations and the Company's management regulations; research, settlement and prosecution of lawsuit and other legal affairs; planning, management, execution and revision of the compliance system.

#### Department of Mail Business and Operations:

Planning and promoting mail business plans and marketing strategies; setting and adjusting postal rates; establishing, closing and changing the status of postal facilities; planning and managing agential business;





planning and supervising the collection, dispatch, transport and delivery of mail; ensuring the safety of mail operations, etc.

**Department of Philately:**

Developing, planning, promoting and assessing the philately business; developing, designing, manufacturing and selling stamps and philatelic products, etc.

**Department of Savings and Remittances:**

Drafting operational policy and goals; planning, supervising, promoting and assessing for remittances business and marketing strategies; dealing with investigations of judicial and tax collection agencies, etc.

**Department of Life Insurance:**

Drafting and overseeing the development plans and operational goals of the Company's simple life insurance business; as well as planning, supervising and evaluating its real estate mortgage loan business, etc.

**Department of Property Operations:**

Reviewing, assessing and planning for investment in development project, joint construction project and postal properties utilization; planning & design and supervision of postal properties and management & maintenance of the title thereof; assessment, planning and designing as well as making arrangements for specifications of machinery; planning and implementation of postal business automation system.

**Department of Capital Operations:**

Managing postal capital; managing foreign exchange and overseas investments; trading and managing derivatives, domestic stocks, beneficiary certificates, and so forth.

**Department of Human Resources:**

Planning, executing and evaluating human resources; drafting and revising regulations governing personnel; managing affairs regarding staff, including examinations, selection, assignment, appointment, discharge, promotion, relocation, upgrading of rank, retirement, pension and severance, etc.

**Department of Civil Service Ethics:**

Uncover and fight staff corruption, and handle tips given by whistleblowers. Oversee procurement, protect official confidential information. Prevent sabotage and vandalism, etc.

**Department of Accounting:**

Analyzing, preparing and auditing the budget and the final account; analyzing, preparing and reporting capital utilization; managing asset accounts and calculating depreciation, amortization and reevaluation; preparing and filing corporate tax and enterprise income tax; development and review of accounting system and accounting process; internal audit; collection, compilation and analysis of statistical data; and announcing financial information.

**Department of Information Management:**

Researching, analyzing and selecting new IT systems, network, software and hardware equipment; research and implementation of office automated operation; drafting, maintenance and management of information security strategies, and so forth.

**Department of Occupational Safety and Health:**

Conducting investigations into accidents and occupational injuries; managing staff health issues; handling related paperwork; managing bookkeeping and safekeeping of securities; providing office building security; procuring materials, providing warehousing, receiving orders and suppliers; procuring labor services, etc.

**Risk Management Office:**

Drafting and implementing policies for risk management; planning, executing and supervising mechanism of risk management; collecting, arranging, analyzing and controlling information of risk management.



# Organization

## II. Information about Directors, Supervisors, President, Vice Presidents and Managers

### (I) Information About Directors and Supervisors

June 30, 2015

Title	Name	Education	Prime Experience(s)	Date Elected
Director	Philip W. Ong	Master in Investment and Financial Risk Management, City University of London	Delegation, Taipei Economic and Cultural Center in India FSC New York Office Director	May 11, 2015
Director	S. J. Chen	Department of Chinese Literature, National Chung Hsing University	Vice President and Chief Secretary of CHUNGHWA POST CO., LTD.	May 11, 2015
Director	C. Y. Yeh	Department of Law, National Chung Hsing University	Vice President and Chief Secretary of CHUNGHWA POST CO., LTD.	May 11, 2015
Director	W. H. Chen	Ph.D in Management Science, State University of New York at Buffalo, USA	Dean, College of Management, NTNU	May 11, 2015
Director	X. J. Lai	Ph.D. in Management Information Systems, Purdue University	Academic Deputy Dean, College of Management, National Sun Yat-sen University	May 11, 2015
Director	Y. S. Liu	Ph.D. in Business Administration, National Sun Yat-sen University	Chair of Department of Business Administration, Tonghai University	May 11, 2015
Director	F. G. Chan	Institute of Economics, NCCU	Special Commissioner, Deputy Director-General and Director-General of Council for Economic Planning And Development	May 11, 2015
Director	J. C. Chung	Institute of Labor Studies, National Chung Cheng University	Director of Employment Services Center and Vocational Training Center Chief of Workforce Development Agency, Ministry of Labor	May 11, 2015
Director	Y. X. Cheng	Department of Statistics, NCCU	Director General, Dept. of Economic Research, Central Bank of the Republic of China (Taiwan)	May 11, 2015
Director	C. C. Rau	Master, Institute of Statistics, National Central University	Special Commissioner, Directorate-General of Budget, Accounting and Statistics, Executive Yuan	May 11, 2015
Director	T. Y. Chuang	Department of Land Economics, NCCU	Chief Secretary and Deputy Director, National Property Administration, Counselor, Ministry of Finance	May 11, 2015
Director	S. C. Su	Master, Graduate Institute of the American Studies, Tamkang University	Special Commissioner of Department of Customs Administration, Ministry of Finance, and Senior Auditor of Customs Administration, Ministry of Finance	May 11, 2015
Director	C. C. Lin	Dept. of International Trade, Open Business College Affiliated with National Taipei College of Business	Chairman of Chinese Postal Workers' Union (CPWU), Taipei Branch of the 1st and 2nd term Supervisor, Corporate Body of Taiwan Postal Association of the 3rd term	May 11, 2015
Director	W. F. Wu	Department of Business Administration, Tatung College of Business	Director and Vice Chairman of CPWU Chairman, Headquarters Branch, CPWU	May 11, 2015
Director	C. S. Chen	Private Tung Hai Vocational Senior High School	Chairman, Sanchung Branch, CPWU Vice Chairman of CPWU	May 11, 2015
Supervisor	C. C. Wu	Department of Land Economics, NCCU	Counselor, Executive Yuan	May 11, 2015
Supervisor	H. L. Chen	Department of Cooperative Economics, Feng Chia University	Director of Office of Accounting, Tourism Bureau, and Director of Office of Accounting, Directorate General of Highways, MOTC	May 11, 2015
Supervisor	J. S. Huang	Master in Statistics, NCCU	Statistician General, Veterans Affairs Council, Ministry of Education, and Department of Statistics, Ministry of Economic Affairs	May 11, 2015

Note: Said officers are all nationals of the R.O.C..



## (II) Principle Corporate Shareholders

Name of Corporate Shareholder	Principle Corporate Shareholders
Ministry of Transportation and Communication	This provision does not apply since Chunghwa Post Co., Ltd. is a 100% state-owned enterprise.

## (III) Information about President, Vice Presidents, Directors and Managers

July 15, 2015

Job Title	Name	Education	Prime Experience(s)	Date Elected
President	S. J. Chen	National Chung Hsing University Department of Chinese Literature,	Vice President, Chunghwa Post Co., Ltd.	May 11, 2015
Assistant President	C. Y. Yeh	Department of Law, National Chung Hsing University	Vice President, Chunghwa Post Co., Ltd.	July 16, 2014
Vice President	Y. J. Wu	Tatung Institute of Technology Master in Business Administration	Director, Capital Operations Dept., CHP	June 27, 2012
Vice President	J. T. Chiang	Department of Law, National Taiwan University	Chief Secretary, CHP	July 16, 2014
Vice President	J. C. Chou	Department of Journalism, Chinese Culture University	Manager, Panchiao Post Office	July 16, 2014
Auditor General	G. T. Yang	Department of Political Science, Tunghai University	Chief Secretary, CHP	January 16, 2015
Chief Secretary	S. M. Wang	Master of Computer Science, Asian Institute of Technology, Thailand	Director, Department of Information Management, CHP	January 16, 2015
Director, Department of Mail Business and Operations	G. X. Li	Tamkang University Chemical Engineering Department	CHP Special Commissioner and concurrently served as Deputy Director, Department of Mail Business & Operations	August 31, 2012
Director, Department of Philately	L. L. Jian	Tamkang University Master of International Business	Manager, Keelung Post Office	July 16, 2014
Director, Department of Savings and Remittances, CHP	H. C. Huang	Department of Public Finance, National Chung Hsing University	Assistant Manager, Panchiao Post Office	January 16, 2015
Director, Department of Life Insurance	C. Y. Guo	Soochow University Master in Law	Member of Strategic Planning Committee, CHP	July 18, 2014
Director, Department of Property Operations	W. Q. Tsai	National Taiwan University Master in Mechanical Engineering	Supervising Engineer, Department of Property Operations, CHP	January 16, 2014
Director, Department of Capital Operations	Y. K. Pan	National Taiwan University Master in Finance	Deputy Director, Department of Capital Operation, CHP	August 8, 2012



## Organization

Job Title	Name	Education	Prime Experience(s)	Date Elected
Director, Department of Human Resources	J. H. Qiu	NCCU Department of Law	Deputy Director, Department of Human Resources, CHP	July 16, 2014
Director, Department of Civil Service Ethics	L. S. Yang	Taipei Medical University Department of Pharmacy	Deputy Director, Department of Civil Service Ethics, CHP	January 16, 2015
Director, Department of Accounting	J. R. Wang	Providence University Department of Business	Deputy Director, Department of Accounting, CHP	July 16, 2014
Director, Department of Information Management	S. D. Chen	Fujen Catholic University Department of Library	Deputy Director, Department of Information Management	January 16, 2013
Director, Department of Occupational Safety and Health	D. Y. You	National Chung Hsing University Department of Law	Lead Auditor of Chiayi Audit Section, Department of Audit, CHP	January 16, 2015
Chief Risk Officer	P. H. Huang	Department of Accounting, National Chung Hsing University	Lead Auditor, Department of Audit, CHP	July 6, 2015
Chief Compliance Officer	Q. Y. Chiang	The National Open University Department of Sociology	Director, Department of Occupational Safety and Health, CHP	January 16, 2015
Manager, Taipei Post Office	C. Y. Yeh (part-time)	Department of Law, National Chung Hsing University	Assistant President, Chunghwa Post Co., Ltd.	July 16, 2014
Manager, Panchiao Post Office	Susan Lan	Department of Political Science, National Taiwan University	Director, Department of Philately	July 16, 2014
Manager, Taoyuan Post Office	C. H. Ku	Dept. of International Trade, Open Business College Affiliated with National Taipei College of Business	Manager, Chungli Post Office	March 1, 2013
Manager, Taichung Post Office	C. J. He	The National Open University Department of Public Administration	Assistant Manager, Taichung Post Office	January 16, 2014
Manager, Kaohsiung Post Office	(Not yet authorized but assumed by Assistant Manager T. C. Kuo of the Post preliminarily)			July 15, 2015
Manager, Keelung Post Office	Z. H. Xu	National Chung Hsing University Master of Public Administration	Manager, Miaoli Post Office	July 16, 2014
Manager, Sanchung Post Office	Z. A. Liao	Master in Accounting, NCCU	Manager, Hsinchu Post Office	July 15, 2015
Manager, Hsinchu Post Office	Q. X. Jiang	Department of Law, Soochow University	Lead Auditor, Department of Audit, CHP	July 15, 2015
Manager, Changhua Post Office	Y. H. Wang	Department of Business Administration, Tunghai University	Manager, Chiayi Post Office	January 9, 2015



Job Title	Name	Education	Prime Experience(s)	Date Elected
Manager, Chiayi Post Office	Q. H. Su	National Sun Yat-sen University Master in Business Administration	Assistant Manager, Kaohsiung Post Office	January 9, 2015
Manager, Tainan Post Office	J. Y. Tseng	Department of Economics, Fujen Catholic University	Assistant Manager, Kaohsiung Post Office	January 16, 2013
Manager, Yilan Post Office	S. F. Yang	Ming Chuan University Master in Management Science	Deputy Auditor of Panchiao Audit Section, Department of Audit, CHP (1)	January 16, 2014
Manager, Miaoli Post Office	L. H. Peng	Soochow University Department of International Trade	Section Chief, Department of Occupational Safety and Health, CHP	July 16, 2014
Manager, Nantou Post Office	X. C. Chen	Department of Law, Fujen Catholic University	Section Chief, Labor Safety (General Affairs) Section, Taichung Post Office	January 9, 2014
Manager, Yunlin Post Office	T. B. Shi	National Chung Cheng University Master in Accounting Information	Assistant Manager, Changhua Post Office	January 16, 2013
Manager, Xinying Post Office Station	L. J. Huang	National Cheng Kung University Department of Business Administration	Taichung Post Office Section Chief, Business Management Section	July 11, 2013
Manager, Pingtung Post Office	H. L. Wu	Dayeh University Master in Business Management	Penghu Post Office Manager	January 16, 2014
Manager, Hualien Post Office	J. D. Jiang	Department of Business, The National Open University	Section Chief, Business Development Section, Department of Mail Business and Operations, CHP	January 16, 2014
Manager, Taitung Post Office	R. H. Li	Province Kaohsiung Institute of Technology Department of Mechanical Engineering	Section Chief, Postal Affairs Section, Kaohsiung Post Office	July 16, 2014
Manager, Penghu Post Office	K. Y. Tsai	Fujen Catholic University Department of Business Administration	Section Chief, Labor Safety (General Affairs) Section, Kaohsiung Post Office	January 16, 2014
Director, Taipei Mail Processing Center	R. Q. Yang	National Chiao Tung University Master in Management Science	Deputy Director of Taipei Mail Processing Center	January 16, 2013
Director, Taichung Mail Processing Center	J. S. Wu	The National Open University Department of Social Science	Manager, Miaoli Post Office	November 7, 2012
Director, Kaohsiung Mail Processing Center	L. S. Du	Open Junior College of Commerce, National Cheng Kung University	Manager, Xinyin Post Office	July 11, 2013

Note: Said officers are all nationals of the R.O.C..





25	<b>I. Boost Corporate Governance</b>
26	<b>II. Maintain Social Public Welfare</b>
27	<b>III. Develop Sustainable Environment</b>
28	<b>IV. Protect Customers' Interest and Right</b>
30	<b>V. Implement Care for Employees</b>
32	<b>VI. Enhance Information Disclosure and Others</b>

微型有溫暖、高齡有保障、全民樂開跑公益路跑園遊會





## I. Boost Corporate Governance

- (I) The Company's management adheres to the management philosophy for "customer as the first priority, dedication to reliable, kind, efficient and innovative enterprising culture, and pursuing to be in line with the society", and sets the Company's annual business plan according to the government policy. Meanwhile, the Company will review the Company's business policies and performance of execution thereof periodically by taking the environmental transformation into consideration, so as to adjust the business strategies and mode of management in a timely manner.
- (II) The Company set up the President's Office to act as the unit dedicated to boosting corporate governance and corporate social responsibility.
- (III) The Company will call the management meeting periodically. The high-ranking management meeting will be chaired by the Chairperson on a weekly basis. The business meeting and department (office) meeting will be held on a monthly basis. The business review meeting will be called on a quarterly basis to enhance the interaction between the management and executive officers, and also to make decision and implement resolution.
- (IV) The Company provides the postal capital in the amount of NT\$1,609,400 million to support the government's major development projects and extend special loan per private investment plans.
- (V) A total of 42 directors and supervisors have attended the corporate governance courses offered by the Securities and Futures Institute, Taiwan Securities Association, Training Institute, Ministry of Finance, MOTC, Chinese National Association of Industry and Commerce, College of Management of National Taiwan Normal University, and Taipei Foundation of Finance in 2014.
- (VI) In order to facilitate the Company's well-founded management, the Company establishes the Company's internal control system to be followed by the board of directors, management and all staff, in order to ensure achievement of the following objectives:
  - 1. Promote the Company's operating efficiency and maintain the Company's asset safety.
  - 2. Ensure creditability and completeness of financial and management information.
  - 3. Compliance with related laws and regulations.
- (VII) The Company commissioned the "Taiwan Corporate Governance Association" to complete the "Life Insurance Corporate Governance System Evaluation" in June 2014.



Chunghwa Post was awarded with the "Special Contribution Award" in "2014 Golden Security Awards and Golden Quality Awards" sponsored by Joint Credit Information Center.



# Fulfillment of Corporate Social Responsibility

- (VIII) Produce the digital courses for business ethics, management ethics and service ethics, and install them on the "Postal Service e-University" learning website to help all staff learn online.
- (IX) An employee who has gained the physical achievement for fulfillment of corporate ethics may be recommended by the unit head to attend the Company's outstanding postal service employee competition or the model public servant competition held by MOTC.
- (X) In the "Golden Safety Award and Golden Quality Award 2014" organized by Joint Credit Information Center for credit rating, the Company was awarded the Special Contribution Award for helping collection and inspection of personal credit report on a commission basis and thereby greatly upgrading the convenience for the public to apply for credit report.
- (XI) In "The Most Influential Brands in Taiwan" investigated by Business Weekly and Ipsos, the Company's name ranked 2nd place of Taiwan original brand influence and 10th place of the overall ranking, and ranked 1st place for transportation and logistics business, which contributed to its excellent performance.

## II. Maintain Social Public Welfare

- (I) The Company has provided the Ministry of Interior donation accounts with the exemption from service charges permanently, and also established and implemented the "Guidelines for Promoting Social Welfare Postage Discount" to benefit disadvantaged groups. The discounted postage totaled NT\$9,240,000 in 2014.
- (II) In order to maintain the financial order and trading safety, a total of 502 scam cases were prevented, valuing NT\$121 million in 2014.
- (III) In order to help handicapped people to use the ATM, the Company installed barrier-free ATMs at appropriate locations. By the end of December 2014, a total of 831 sets of ATMs have been installed at 680 locations. Meanwhile, in order to help the blind access the ATMs, the Company continues to install 9 sets of ATMs equipped with voice mail function. In the future, the Company will continue to install additional ATMs at appropriate locations.
- (IV) The Company continued to boost the "Post Office Care for Solitary Elderly Event" to encourage postmen to care for solitary elderly life when delivering mail. A total of 69,391 elderly have been served in 2014.



Public service activities: Road running





"Care for Taiwanese farmers, care for local produces." - supporting small farmers with positive steps

- (V) The Company organized the care for community event "Postal Service Heartwarming Community". Each of the post offices organized the various public welfare activities including mountain cleansing, beach cleaning, charity bazaar, musical concert, volunteer medical consultation, mountaineering and care for middle-and-low-income households.
- (VI) From February 9 to March 28, 2014, the Company organized the national blood donation activity for "Winter Heartwarming Blood Donation and Postal Life Insurance Blood Donation Month". As a result, a total of 31,815 bags of blood were raised (250CC per bag).
- (VII) The Company offered the "Postal Life Insurance Clients' Children Fellowship" in 2014. The fellowship totaling NT\$4,806,000 was awarded to 2,883 winners.
- (VIII) The Company organized the "2014 Postal Life Insurance National Child Creative Life Drawing Competition". A total of 7,268 entries were contributed. The extraordinary entries were compiled into a book for appreciation and collecting.
- (IX) In June 2014, the Company organized the "2014 Postal Life Insurance Cup National Physically and Mentally Disordered Table Tennis Competition". A total of 18 teams consisting of 247 players and crew participated in the event.
- (X) The Company concerned about the marketing of agricultural products very much, and integrated the virtual and physical marketing channels and home-delivery system services, in order to help the farmers of Dashu District market Yu He Pao litchi. The farmers also donated NT\$10 per box sold for public welfare in return. The proceeds gained therefor, NT\$187,570, were donated to the "Genesis Social Welfare Foundation, Kaohsiung Branch".

### III. Develop Sustainable Environment

- (I) The Company provides employees with safe and health workplaces. The offices are equipped with central air conditioning system, sufficient light, adequate and comfortable work spaces, and emergency evacuation and exit. Elevators are maintained periodically. Fire protection equipment is installed and fire protection drill will be held periodically. Access control is applied.



## Fulfillment of Corporate Social Responsibility



Caring for living-alone elders while posting mail items

- (II) In order to upgrade the safety of the Company's working environment, the Company will advise contractors of the "Advice on Contracted Project Environment and Hazardous Factors" when any construction is required, so as to mitigate occupational disasters. Meanwhile, the Company will organize the "General Labor Safety and Health Education Training" periodically to boost employees' awareness toward safety and health.
- (III) Cleaning, disinfection and disease prevention are carried out at the office premises periodically. Waste, plants and pot cultures, and office environment will be disposed of, updated and beautified frequently. Dedicated personnel are sent to patrol the environment to enhance management.
- (IV) The Company has delegated personnel dedicated to cleaning, disinfection and disease prevention at the office premises. In 2014, all of the employees also attended the environment education training for 4 hours.
- (V) To deal with the Government Green Procurement Policy, the Company's achievement rate for green procurement was 96.6% in 2013, beyond the annual goal (90%).
- (VI) The Company implemented the E-operation, established the "Public Key Infrastructure", promoted online approving, and fulfilled the paperless policy.
- (VII) To deal with the "National Movement Plan for Cleaning Homeland" boosted by Environment Protection Administration, Executive Yuan, the Company will visit the status of implementation at various post offices (centers) periodically, and also demand that each post office should participate in community environmental protection and work with neighbors to maintain the environmental cleanness together.
- (VIII) The Company replaces T8 lights into LED lights step by step, and updates the air conditioning unit of the central air conditioning system and cooling air conditioner in the control room to upgrade the utilization efficiency of the equipment and save electricity expenses.
- (IX) The Company establishes the energy-saving and carbon-reduction strategy and implemented the same strictly. The electricity and water reading consumed by the Company in 2014 decreased by 24,505,709 degrees and 140,228 degrees, i.e. 16.49% and 17.39%, compared with the base period (2009). The procured paper decreased by 5,715,905 pieces, i.e. 16.34%, compared with 2013.
- (X) The Company boosted the policy for care free day on Mondays and adopted e-bills to save resources with the wide customers.

### IV. Protect Customers' Interest and Right

- (I) In consideration of people's livelihood, social stability and national policy, the Company provides the public with services related to mail, banking and life insurance. Therefore, the information security





control measures adopted by Chunghwa Post Information System aim to protect the confidentiality, accuracy and availability of important personal and trading information. Meanwhile, it also enhances information security management, ensure safety of information, system, equipment and network, creates reliable trading information environment, dispatches innovate information security protection technology, fulfills promotion of information security management operation, and provides fine-quality services.

- (II) The Company respects customers' personal privacy, and collects, processes, uses and protects users' personal information in accordance with the R.O.C. "Personal Information Protection Law" and the Company's personal information protection policy.
- (III) Establishment of postal service establishments: As of the end of 2014, there were totally 1,327 self-management establishments, 630 post agencies and 566 stamp-sales agencies), i.e. a total of 2,523 establishments.
- (IV) To make "non-economic mail user area" service prevalent, the Company provides real-time, reliable and effective services and sufficient mailing facilities and reasonable postage in cities/townships, outlying islands and rural areas. There are about 350 post offices in the non-economic mail user areas throughout the nation.
- (V) In order to protect mail users' interests and rights, the Company provides various SMS reference services, including:
  - 1. Collection of delivery mail & credit to account SMS feedback service:

The collection of delivery mail will be accessed on Internet and sent to the sender by SMS immediately after the payment of goods is credited into account.
  - 2. International express import taxation mail SMS service:

Before dispatching the international express import taxation mail, the system will notify the recipient of the amount of tax by SMS automatically to help the recipient prepare the payment of tax and accelerate the mailing operation.
  - 3. Defective express mailing SMS service:

If any express mail is not dispatched, or is dispatched to any person other than the recipient (e.g. mail room of a building), the recipient will be notified via SMS.
  - 4. Postal VISA ATM card renewal SMS service:

As of June 1, 2014, customers will be reminded of change of cards when engaging in transactions via ATM, or be notified via email, SMS or tangible written notice, within 3 months prior to expiration of the ATM card.



## Fulfillment of Corporate Social Responsibility



Chairperson Philip W. Ong donated to the Kaohsiung Branch of the Genesis Social Welfare Foundation. The donation was received by Ms. Lee, Deputy Secretary General, on its behalf.



Chairperson Philip W. Ong and Director Yui Tan Chang of National Museum of History jointly donated to Taiwan Foundation For Rare Disorders with the income of charity bazaar from the stamp folio depicting Ancient Chinese Art Treasures Postage Stamps – Blue and White Porcelain

- (VI) Since March 20, 2014, idle passbook saving accounts have restored interest accrual again. Application for termination or transfer of joint passbook saving accounts may be filed with any branches. Meanwhile, report for loss of passbook or specimen seal and settlement after change of the same may be processed by any branches (unless in the case of accounts other than joint accounts).
- (VII) The Company set up the "consumer information section" at the Company's website to provide information about consumers' interest and right and introduction to business lines, including interest rate, foreign exchange rate and various rates, etc.
- (VIII) Work with National Police Agency 165 anti-fraud hotline to provide the latest anti-fraud information and disclose the same on the foreign exchange rate board LED.
- (IX) The customer service center provides the national with 24-hour service. Customers may state their complaints and suggestions about postal service online immediately, and also fax the same in writing to the relevant responsible unit, so that the unit may feed the status back to customers.
- (X) The Company defines various standard contracts required by the competent authority. The Company already set specific standards about the years of incorporation, capital and turnover for the Company's commissioned sale business. The review on products sold on a consignment basis shall meet the Commodity Labeling Law, Law Governing Food Sanitation and other related government laws and regulations, and be certified or inspected as required. After the products hit the market, the Company will conduct random checks from time to time each year to protect consumers' interest and right.
- (XI) Since March 1, 2014, the Company has conducted telephone interviews with the proposers or insured who were enrolled into simple life insurance riders in the process of concluding the insurance contract, recovered the effect of contract and contract for change of the proposer (exclusive of inheritance), and the insured of contract for change of beneficiary. Since September 15, 2014, the Company has added random telephone interviews with borrowers who applied for a loan secured by the insurance policy at the counter.

## V. Implement Care for Employees

- (I) Status about the Company's compliance with related labor laws and regulations, protection of employees' interest and right, and establishment of adequate management method and procedure:
  1. The employees' interests and rights are expressly defined pursuant to laws. The Company establishes the work rules and various HR regulations according to the Labor Standard Law, and



maintains the public servant and teacher insurance, labor insurance, national health insurance and contribution of pension fund pursuant to laws.

2. In order to promote employees' physical and mental health, the Company organizes the health examination for employees periodically and provides them with mental health consultation service to protect employees' life and enable them to exert their talent without disturbance when working.
- (II) In order to enhance employees' expertise to upgrade their competitiveness, the Company offered various educational training programs per the annual training plan, and provided diversified online learning courses in Postal e-University, and also organized prestige forums and keynote speech.
- (III) The Company has well-founded remuneration system and fair promotion channel, as well as the concrete measures to train talents step by step (basic, middle-rank and high-rank management educational training programs and periodic post transfer), in order to recruit and retain excellent talents to work hard for the Company.
- (IV) The Company will call a labor-management meeting periodically, so that the management and labors may communicate with each other about improvement on labor conditions, employees' interest and right or benefits, so as to maintain the fair management-labor relations.
- (V) The Company established the Guidelines on Sexual Harassment Prevention, Complaint and Investigation and also formed the Sexual Harassment Complaint Investigation Commission pursuant to the Sexual Harassment Prevention Act and Act of Gender Equality in Employment, and would take appropriate preventive, corrective and disciplining measures to protect employees' interest, right and privacy.
- (VI) Implement newcomers' partnership:  
In order to take care of newcomers' life and provide them with service information to help them adapted into the working environment and integrated into the units they are subordinated to as early as possible, and also to train their enthusiasm toward service to create fair interactive organizational culture, the Company implements the "newcomers' partnership" to enable them to succeed to the Company's cultural assets and practical experience, and also to increase the retention rate of employees and enhance the substantial effect produced by the Company's competitiveness.
- (VII) In order to provide employees with safe and healthy working environment, the Company provides necessary health and first-aid equipment and is dedicated to reducing the factors hazardous to employees' safety and health and preventing occupational disaster. The Company has established the "Labor Safety & Health Work Rules". With respect to the work safety and health standards,



Children from kindergarten visiting post office to learn how to write letters to their family



Upper: Blood donation Under: Mountain clean-up





## Fulfillment of Corporate Social Responsibility

maintenance and inspection of various equipments, the Company will designate dedicated personnel to conduct labor safety and health inspection periodically to ensure that all equipments may operate normally, so as to reduce incidents and protect personal safety. Meanwhile, the Company will perform health examination for employees to ensure employees' physical health.

- (VIII) In order to maintain employees' safety and health, the Company's Department of Labor Safety has set up the labor safety section responsible for promoting safe and health business. The organization consists of one Type-A occupational safety and health supervisor, one occupational safety management specialist and one occupational safety and health management worker, which has been registered with Taipei City Labor Inspection Office. Two physicians by contract (providing service once per month) and full-time nurses are retained to provide services at Jinshan and Aikuo Buildings of Headquarters. Health service room and breast-feeding room are also set in the buildings.

### VI. Enhance Information Disclosure and Others

- (I) Update the Company's Internet website; adjust the structure and classification of contents depending on various user groups; lead the public to view and search the various services provided by the Company by icons and sliding blocks, and increase the customers' convenience when viewing and searching the corporate websites, in order to deal with the mobile business era.
- (II) Expand the mobile services related to mail, savings and life insurance, and add the services including "mail order", "mailbox inquiry", "reserved enrollment into simple life insurance via mail" and "information about philately", etc.
- (III) Provide the mail and 3+2 postal code homepage interfacing inquiry and transcoding service; open for mail users to apply for the interfacing service and call the homepage program for said services to feed back the update mailing status of domestic mail and address and postal code after normalization.
- (IV) Add the "LED message" on the ATM screen to help announce suspension of services via ATM machines and reduce customers' complaints resulting from the lack of information.
- (V) According to the Regulations Governing Public Disclosure of Information by Life Insurance Enterprises, the "life insurance information prospectus" as prepared shall be posted at the "MOPS for insurance industry" of the Insurance Bureau and the Company's global official website, and the prospectus in writing shall be made available to the public at various branches.
- (VI) Certification standards about the Company's products or information services passing related certification entity:
  - 1. Complete the installation of the "Personal Data Protection Management System" by phase. The first stage covered the certification of savings, life insurance and Ppost Mall. The Company acquired the BS10012:2009 personal information management system certificate conferred by BSI. The second stage extended to the various business lines throughout the Company and included printing envelope businesses into the scope of certification. In October 2013, the Company passed BS10012 international standards certification, and also the re-examination on a semi-annual basis to maintain the valid certification.
  - 2. The email printing envelope business continues to pass ISO27001 information security certification re-examination on a semi-annual basis.
  - 3. The customer service center passed ISO9001:2008 quality control system certification, and the certificate was conferred.
  - 4. The "Savings Operating System" acquired the BS7799 Information Security Certification in February 2005, and was updated to ISO27001 new version in January 2007. On November 27, 2009, the scope of certification was extended to the Taichung Backup Center, and the system passed the re-examination successfully to keep the certification valid.



34	<b>I. Capital and shares</b>
35	<b>II. Financial debentures</b>
35	<b>III. Issuance of preferred shares</b>
35	<b>IV. Issuance of overseas depository receipts</b>
35	<b>V. Certificate of stock options for employees</b>
35	<b>VI. Merger or acquisition of other financial institutions</b>
35	<b>VII. Plan for capital investment and utilization</b>





# Fundraising Overview

## I. Capital and shares

### (I) Sources of Capital

Currency: NT Dollars

Month & Year	Issuance Price	Authorized Share Capital		Call up Capital	
		No. of shares	Amount	No. of shares	Amount
December 2014	NT\$10	10 billion shares	NT\$100 billion	4 billion shares	NT\$40 billion

### (II) Share capital structure, distribution of share ownership and a list of the major shareholders:

The call up capital of the Company totals NT\$40 billion, with 4 billion shares at NT\$10 per share. The Company is 100% owned by the MOTC. The shares of the Company have not been offered to the public.

### (III) Market price, net worth, earnings and dividends per share and related information for the most recent two years:

Unit: NT\$

Item			2013	2014
Net Worth per Share	Before Distribution		35.79	38.57
	After Distribution		34.11	Note 2
Earnings per Share	Average Weighted No. of Share		4 billion shares	4 billion shares
	Earnings per Share		3.02	3.03
Dividends per Share (Note 2)	Cash Dividends		1.68	-
	Free-Gratis Dividends	Retained Share Distribution	-	-
		Capital Reserve Shares Distribution	-	-
	Retained Dividends		-	-

Note: 1. As a state-run company 100% owned by the MOTC, the Company is neither a public-listed nor an OTC company. Therefore, the Company has no market price information.

2. The 2014 earnings have not yet been distributed.

### (IV) Dividend policies and implementation:

1. According to Article 18 of Chunghwa Post Co., Ltd. Articles of Incorporation, after payment of all taxes and before distribution of surplus, the Company shall allocate 25% of the surplus as the legal reserve. The Company may allocate an additional special reserve.
2. According to Guidelines for Dividends or Bonus or Profits to be Paid to the National Treasury of the State-owned Enterprises, after payment of all taxes, any surplus revenue for the year shall first be used as loss replenishment for past years and as allocation for the legal reserve. What remains shall be paid to the National Treasury. The said surplus shall be turned over to the National Treasury within a month at the end of the fiscal year. In the event that there is a difference between the amount determined by the Directorate General of Budget, Accounting and Statistics of the Executive Yuan or Ministry of Audit, the Company shall make up the difference or ask for a refund within two weeks of receiving notice.



3. The Company earnings distributed as cash for the past five years are shown in the following chart:

Unit: NT\$1,000

Item	2010	2011	2012	2013	2014 (Note)
Stock Dividends and Bonuses	5,727,788	6,071,640	7,580,690	6,703,709	-
Legal Reserve	1,909,263	2,159,563	2,399,447	3,015,165	-
Special Reserve	-	407,050	17,652	2,341,786	-
Surplus not Allocated	-	-	-	-	-

Note: The 2014 earnings have not yet been distributed.

- (V) Effects of the stock dividends proposed at the last shareholders' meeting on company performance and earnings per share: none
- (VI) Employees bonuses and remunerations to directors and supervisors: none
- (VII) Buy back of company shares: none

**II. Financial debentures: None**

**III. Issuance of preferred shares: None**

**IV. Issuance of overseas depository receipts: None**

**V. Certificate of stock options for employees: None**

**VI. Merger or acquisition of other financial institutions: None**

**VII. Plan for capital investment and utilization: None**



37	<b>I. Scope of Business</b>
39	(I) Mail Operations
42	(II) Savings Operation
45	(III) Remittance Operations
46	(IV) Postal Simple Life Insurance Operations
52	(V) Philately
54	(VI) Agential Services
56	(VII) Assets Operations
56	(VIII) Utilization of Postal Capital
58	<b>II. Employee Information</b>
59	<b>III. Labor/Management Relations</b>
60	<b>IV. IT Equipment</b>



## I. Scope of Business

In accordance with Article 5 of the Postal Act, the Company may engage in the following businesses:

1. Delivery of mail
2. Postal savings
3. Remittances
4. Simple life insurance
5. Philately and related merchandise
6. Management of postal assets
7. Subject to approval by the MOTC, the Company may also operate as an agent for other businesses, make investments, or operate related businesses as described under subparagraphs 1 to 6 of the Postal Act.

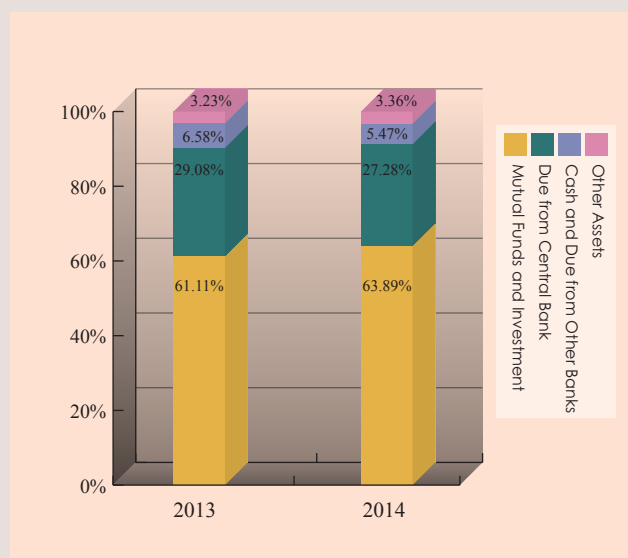
### Ratio of Major Assets & Liabilities Items to Total Assets and their Changes

Unit: NT\$1,000; %

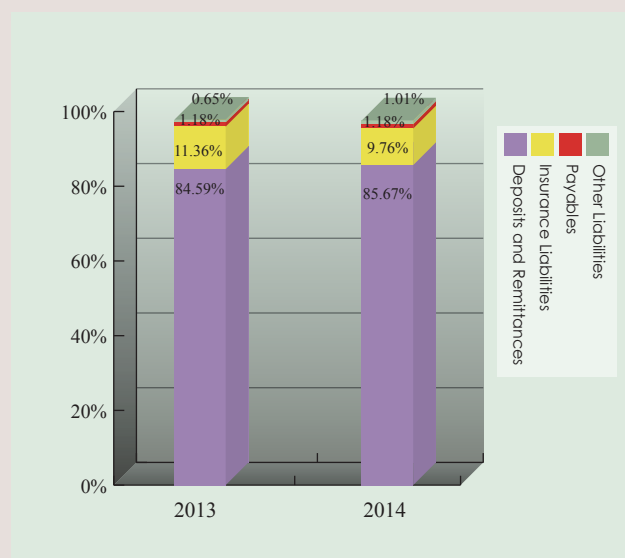
Major Items	2013		2014	
	Amount	Asset Ratio %	Amount	Asset Ratio %
Total Assets	6,151,178,111	100.00	6,470,124,116	100.00
Mutual Funds and Long-term Investment	3,759,184,103	61.11	4,134,026,287	63.89
Due from Central Bank	1,788,840,169	29.08	1,764,864,633	27.28
Cash and Due from Other Banks	404,684,466	6.58	354,231,823	5.47
Other Assets	198,469,373	3.23	217,001,373	3.36
Total Liabilities	6,014,733,758	97.78	6,315,852,523	97.62
Deposits and Remittances	5,203,531,534	84.59	5,542,897,815	85.67
Insurance Liabilities	698,778,180	11.36	631,670,477	9.76
Payables	72,787,562	1.18	76,329,915	1.18
Other Liabilities	39,636,482	0.65	64,954,316	1.01

Note: The 2013 Financial Statement was prepared in accordance with the settlement of explanation base in addition to compliance with IFRS with adjustment of accounting changes. The 2014 Financial Statement was prepared in accordance with the number of accountant attestation in IFRS.

Comparative chart of asset allocation for 2013 and 2014



Comparative chart of liabilities for 2013 and 2014





## Status of Operations

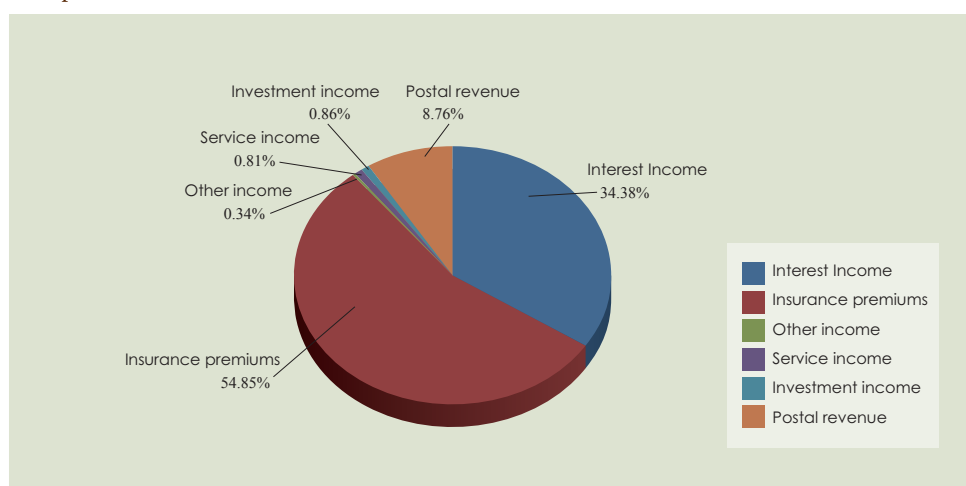
### Percentages of all the business revenues and the changes

Unit: NT\$1,000; %

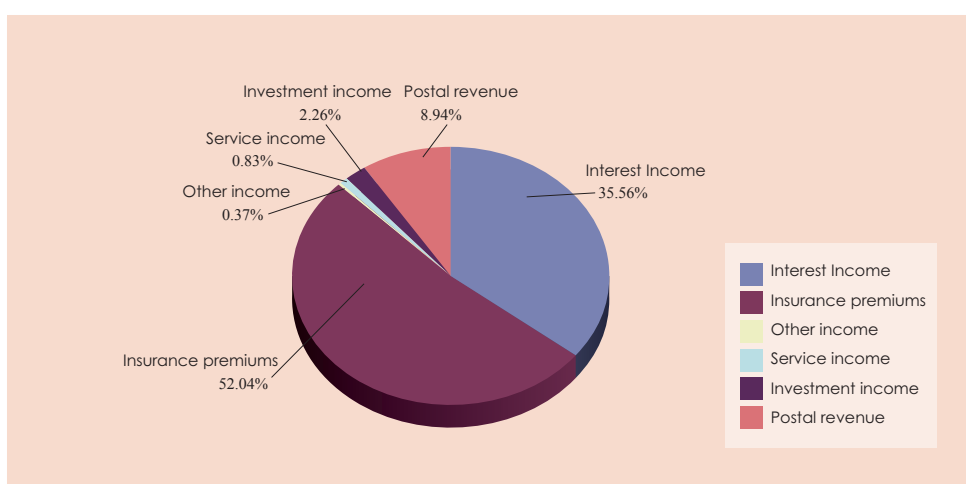
Item	2013		2014	
	Amount	Ratio	Amount	Ratio
Insurance premiums	157,086,037	54.85	148,766,870	52.04
Interest income	98,452,480	34.38	101,650,653	35.56
Postal revenue	25,076,834	8.76	25,553,185	8.94
Investment income	2,475,980	0.86	6,457,329	2.26
Service income	2,328,169	0.81	2,386,554	0.83
Other income	951,463	0.34	1,045,304	0.37
Total operating revenue	286,370,963	100.00	285,859,895	100.00

Note: The 2013 Financial Statement was prepared in accordance with the settlement of explanation base in addition to compliance with IFRS with adjustment of accounting changes. The 2014 Financial Statement was prepared in accordance with the number of accountant attestation in IFRS.

### Comparative chart of liabilities for 2013 and 2014



### Sources of Business Income in 2014







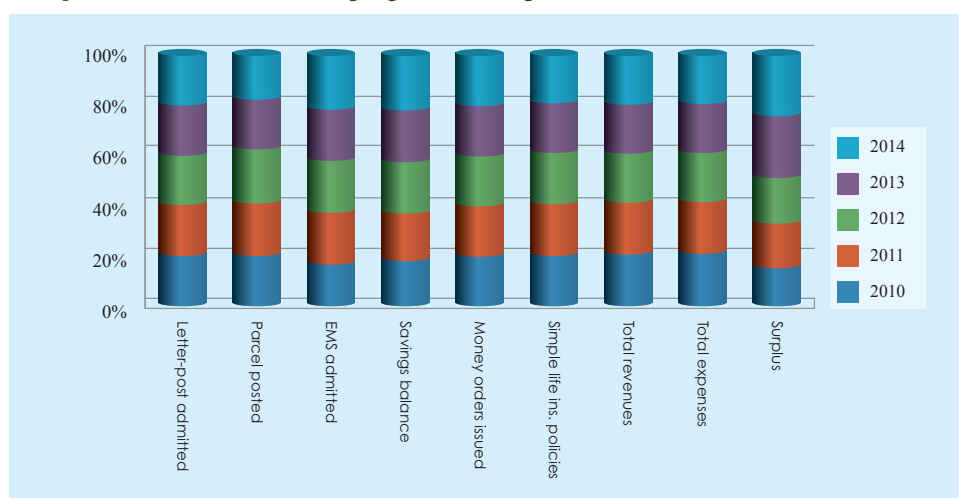
## Business Highlights of Chunghwa Post Co., Ltd. over the Past 5 Years

Item	Unit	2010	2011	2012	2013	2014
1. Letter-post admitted	Million pcs	2,728	2,781	2,706	2,700	2,755
2. Parcel posted	Thousand pcs	26,352	27,214	27,946	25,600	23,562
3. EMS admitted	Thousand pcs	6,239	7,671	7,653	7,538	8,194
4. Savings balance	Million NT dollars	4,625,088	4,716,689	4,995,976	5,210,943	5,547,399
5. Money orders issued	Thousand pcs	16,131	16,159	15,877	16,027	16,577
6. Simple life ins. policies	Thousand pcs	2,819	2,793	2,768	2,754	2,645
7. Total revenues	Million NT dollars	302,858	298,191	280,438	286,871	286,023
8. Total expenses	Million NT dollars	295,221	289,553	271,391	274,810	273,911
9. Surplus	Million NT dollars	7,637	8,638	9,047	12,061	12,112

Note: 1. The 2010-2012 Financial Statement was prepared in accordance with the Statement of Financial Accounting Standards of Taiwan and the settlement of explanation base. The 2012 Financial Statement was prepared in accordance with the settlement of explanation base in addition to compliance with IFRS with adjustment of accounting changes. The 2013 Financial Statement was prepared in accordance with the settlement of explanation base in addition to compliance with IFRS. The 2014 Financial Statement was prepared in accordance with the number of accountant attestation in IFRS.

2. To comply with the "Regulations Governing the Preparation of Financial Reports by Insurance Industry", the premium and pending claims reserve shall be listed under the operation cost starting 2011 and 2010 total revenues and expenditures have been reclassified accordingly.

Comparative chart of business highlights of Chunghwa Post Co., Ltd. over the Past 5 Years.



### (I) Mail operations - No boundaries

#### 1. Letter-posted Items

With the rapid development of Information Technology, as well as the widespread use of the Internet and e-mail boxes, it is easier and faster for customers to get information, causing traditional mail to be increasing less important. As for letter-post items, in addition to law rate competition caused by non-widespread service offered by private corporations, bills of telecommunication and banking industries have integrated. Some of them have even been sent by email. Furthermore, some industries are moving outside. Because of these reasons, the volume and value of this item are growing uneasily. Notwithstanding, benefited from the nine-in-one local elections in which candidates sent massive mail for promotion, in 2014, domestic volume of letter-post items reached 2,734.28 million pieces, increasing by 2.28% when compared with the 2,673.41 million pieces in 2013. The Per Capita Correspondence Rate is 116.7 pieces.

In 2014, international volume of letter-post items reached 20.8 million pieces, decreasing by 21.71% when compared with the 26.57 million pieces in 2013.



## Status of Operations

### 2. Parcel

In order to address the trend for e-shopping and home-delivery businesses and to meet users' demand for different packaging materials, the Company released the "Convenient Package" service as of March 2013 to deliver light goods. Since then, some users who originally used the "Convenient Box" service turned to use the "Convenient Package" service. The domestic parcel volume was 22.878 million pieces in 2014, decreasing by 8.2% compared with 2013. Nevertheless, the total parcel volume of "Convenient Box" and "Convenient Package" was 16.536 million pieces in 2014, increasing by 10.53% compared with 14.961 million pieces in 2013. Apparently, the entire parcel volume grew. To improve postal parcel competition, the Company continues to organize Internet platform and the mail reception and mail of online bidding companies as well as delivering information exchange integration services.

The international parcel volume was 683,712 pieces in 2014, increasing by 0.88% compared with 677,755 pieces 2013.

### 3. Express Mail Service

Given that the booming e-commerce online shopping market development results in the increase in demand for B2C home-delivery and delivery of cross-border online shopping cargo, the entire home-delivery volume tends to increase and thereby results in the increase of domestic express mail volume of the Company. The volume of domestic EMS reached 6.3 million pieces in 2014, up 11.83% from 2013.

The volume of international EMS reached 1,893,424 pieces in 2014, decreasing by 0.59% when compared to the 1,904,754 pieces in 2013.

### 4. Electronic Mail

To promote its electronic mail service and safeguard the security of customer data, the Company continued to pass the second review of ISO27001 for information systems on a semi-annual basis, through which it has continued to earn the trust of the customers and raise its competitiveness. In 2014, the mail handled totaled 307.28 million items, 4.78% growth over the same period from 2013.

### 5. Mainland Mail Items

The direct mail delivery service across the Taiwan Strait has been in practice for 6 years since its launch on Dec. 15, 2008. The service is comprehensive with the letters, parcels and express mail included. In addition, with the increase of sea and air freights and smooth postal operation across the strait, stable mail delivery quality is ensured. The experience and facts mentioned above show that the launch of Mainland mail service has not only met the needs of the general public but also facilitated the economic and trade development across the strait. The 2014 Mainland mail service accomplishments are as follows:

#### (1) 2014 cross-strait mail service volume count

Mail items delivered to Mainland China totaled 5.04 million pieces, up 9.49% over the previous year while mail items delivered from Mainland China reached 4.23 million pieces, a 8.02% decrease over the previous year.

#### (2) To promote cooperation and communication of cross-strait postal services

In April 2014, the Company visited China to exchange information and discuss on the cross-strait postal services. In July, the Company was invited by the "Mainland China Cross-Strait Postal Communication Association" to visit Beijing, Zhejiang, Jiangsu and Shanghai. Meanwhile, the Association organized the "Cross-Strait Postal Service Development Workshop" to exchange and discuss about the "Cross-Strait Postal Service Agreement Result Feedback", "Status and Vision of Cross-Strait e-Commerce and Parcel Delivery Market Development", "Cross-Strait Postal Service Financial Cooperation", and "Cross-Strait Postal Service Cooperation Development". The Company also co-organized the "Cross-Strait Valuable Stamp Exhibition" with China Post. In May and December, the Company also invited the Cross-Strait Postal Communication Association to visit the Company in Taiwan to exchange about various business lines, operations and management. In December, the Chairman of Association led the delegates of the Association to attend the "Cross-Strait Courier (EMS) Opening Ceremony and Business Travel Package", which rendered a positive effect on the cross-strait postal service cooperation.



(3) Start "Cross-Strait Postal Courier (EMS) - Business Travel Package" business

Following the launch of "Cross-Strait Postal Courier (EMS)" air and ocean postal dispatching business in 2012 and 2013, in order to meet the Mainland China tourists' need for mailing goods shopped by them in Taiwan to their hometowns in Mainland China and to provide Taiwanese businessmen in Mainland China and their family members and relatives in Taiwan with the service for mailing livelihood supplies and specialties, the Company worked with China Post to offer the "Cross-Strait Courier (EMS) - Business Travel Package" service in December 2014.

6. New business line in 2014

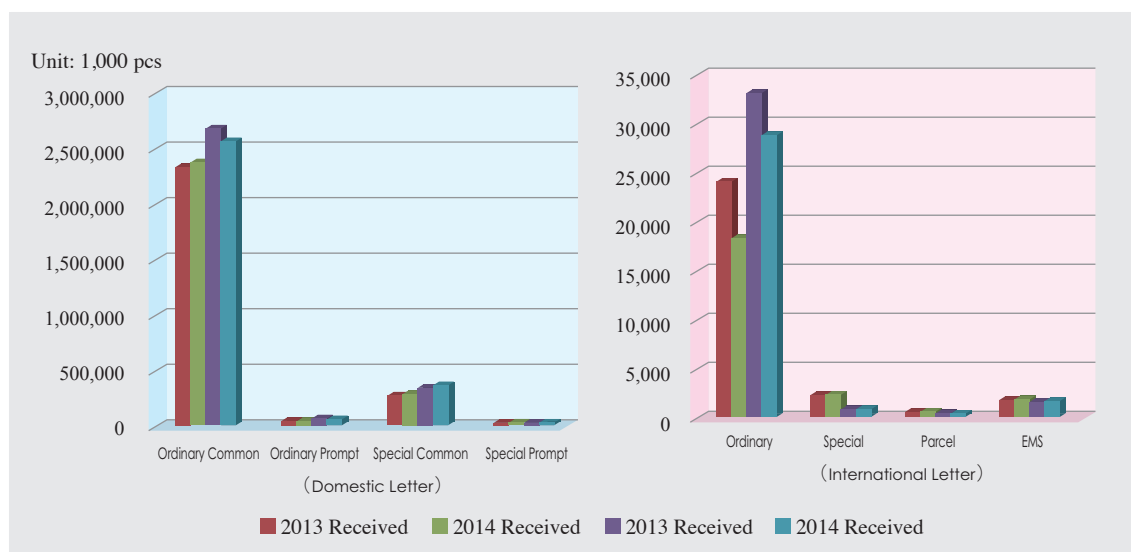
Since December 1, 2014, the Company has offered the international EMS service in Taiwan on a trial basis.

## Number of Mail Items Received and Delivered in 2013 and 2014

Unit: 1,000 pcs

Postal Items			Received		Delivered	
			2013	2014	2013	2014
Domestic Letter	Ordinary	Common	2,334,288	2,384,004	2,678,601	2,570,507
		Prompt	44,250	43,690	66,894	57,921
	Special	Common	270,684	282,657	344,287	366,328
		Prompt	24,190	23,934	29,149	28,855
	Sub-total		2,673,412	2,734,285	3,118,931	3,023,611
International Letter	Ordinary		24,197	18,396	33,277	28,954
	Special		2,368	2,402	889	959
	Sub-total		26,565	20,798	34,166	29,913
Parcel	Domestic		24,922	22,878	27,669	25,377
	International		678	684	490	531
	Sub-total		25,600	23,562	28,159	25,908
EMS	Domestic		5,634	6,300	7,403	8,065
	International		1,905	1,894	1,681	1,766
	Sub-total		7,539	8,194	9,084	9,831
Total			2,733,116	2,786,839	3,190,340	3,089,263

## Number of Mail Items Received and Delivered in 2013 and 2014





## Status of Operations

### 7. Mail Routes

#### (1) Domestic mail routes

To attain the goal of speedy, safe, accessible, accurate and affordable mail service, domestic mail operations uses various public and private transportation services as well as the Company's own vehicles and equipment. Deliveries via road, railway, water and air form a combined delivery network of 124,600.9 kilometers (as of the end of 2014), covering Taiwan, Penghu, Kinmen and Matzu.

#### (2) International Mail Routes

Taiwan is an island. Correspondence between Taiwan and the rest of the world is mainly transported via airmail and maritime mail routes. These mail routes start at Taiwan, extending to all over the world, and finally reach the terminals, that is, foreign exchange offices operating direct exchanging services of international mail dispatches. As of the end of 2014, the mileages for air routes (including EMS routes) and maritime mail routes were 1,201,551 kilometers and 593,400 kilometers respectively.

### Comparative Chart of Mileage of Mail Route

Unit: KM

Type	2013	2014	Growth (%)
I. Land	119,599	119,491	-0.09%
1. High-speed Railway	345	345	
2. Railway	426	426	
3. Highway	28,110	27,998	-0.40%
4. Others	90,718	90,722	+0.005%
II. Sea	594,913	594,913	
1. Domestic	1,513	1,513	
2. International	593,400	593,400	
III. Air	1,205,582	1,205,582	
1. Domestic	4,031	4,031	
2. International	1,201,551	1,201,551	

### (II) Savings Operation - the Public Treasurer

Postal saving services, including passbook savings, fixed savings and Giro savings are intended to benefit citizens by virtue of the popularity of the branch offices which are spread across the country. It can also serve to encourage thrift and savings and divert hot money to the major national development projects and for stabilizing the financial market. Through years of sound operation, the number of accounts and the balance amount of the postal savings still top the financial institutions in Taiwan in spite of the impacts of financial storms, economic recession, industrial and capital outflow. The Company will continue to promote the services of salary deposits, online ATM and VISA debit cards to increase the share in the passbook savings market. The Company will also seek to launch new services to upgrade competitiveness and expand the E-commerce channels to provide multiple banking solutions.

Postal Giro is a unique operation in Taiwan's financial industry. It allows account holders to make deposits and withdrawals, to designate payments and to make remittances. Moreover, its special deposit account service provides data stored in an electronic medium to customers so as to uplift its time effectiveness. An account holder can make collections or payments through direct account transfers and be able to apply for checks, like demand deposit account. Chunghwa Post Co., Ltd. will continue to provide on-line, ATM and media transfer acceptance to make things more convenient for its customers.

As of the end of 2014, the cumulative balance for Postal Savings accounts stood at NT\$5,547,300 million, representing an increase of 6.46%; the total number of savings accounts stood at 34,650,000, an increase of 1.94% over the previous year. The average account balance stood at NT\$160,000.



### 1. 2014 new business:

Launched the RMB remittance business on February 19, 2014 to provide the public with more convenient remittance service and satisfy the public demand for remittance.

### 2. Improved operating procedure:

(1) Starting from April 2014, the "new saving account opening automated operation and specimen seal identification system" has gone live throughout the nation. The customers' related ID certificates and application forms will be scanned and recorded by phase to upgrade the new account opening operating efficiency and reduce operating defects, simplify the operating procedure for alteration and shorten the hours spent in accessing information.

(2) As of August 18, 2014, the Company adjusted the operations for processing the applications for passbook savings alteration at the counter by integrating the services for report of loss and re-issue of passbooks, replacement of specimen seals or password and alteration of ID No. Meanwhile, the related receipts may be printed out, and the account depositors do not need to complete any forms.

### 3. More convenient services

(1) As of March 12, 2014, the Company has added the foreign exchange currencies including RMB, USD, HKD and Euro.

(2) As of May 31, 2014, the Company has offered the service for collection of payment of overdue ETC toll without "debit note" to meet the public demand for payment.

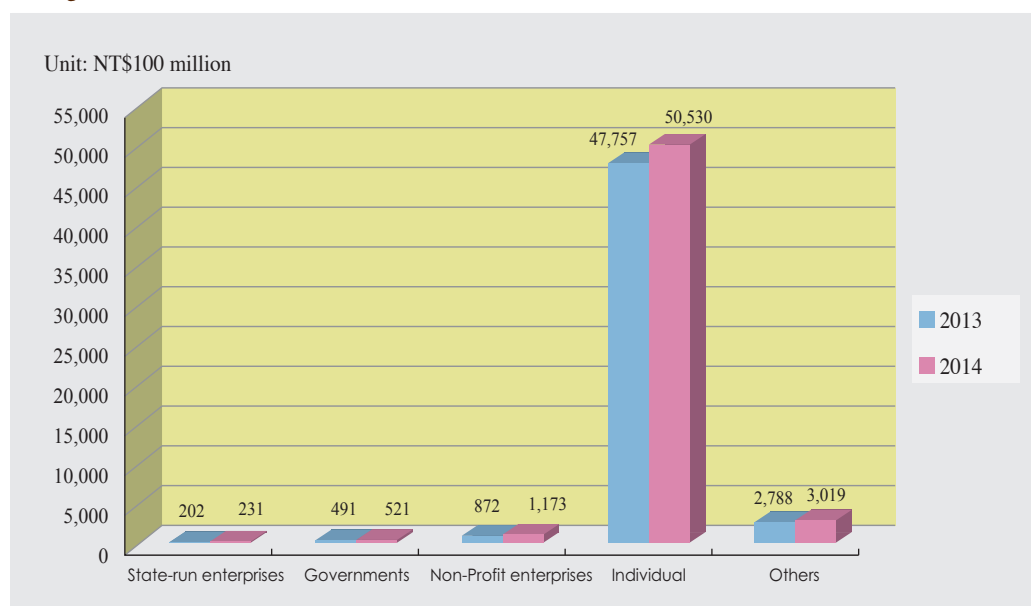
(3) To help the public remit funds, the Company will continue to increase interbank remittance agencies. Until at the end of 2014, there have been 1,228 branches.

## Volume of Postal Savings Service

Unit: NT\$ Million

Type of savings	Number of Deposits		Number of Withdrawals		Number of Accounts		Total Balance	
	2013	2014	2013	2014	2013	2014	2013	2014
Passbook	212,777,953	226,172,895	352,966,772	358,469,986	26,941,283	27,226,251	1,823,604	1,931,019
Fixed	6,536,834	6,908,477	34,342,934	40,548,632	5,447,190	5,821,913	3,343,728	3,576,128
Giro	62,497,363	60,826,242	12,152,240	12,399,245	1,605,536	1,602,205	43,611	40,252
Total	281,812,150	293,907,614	399,461,946	411,417,863	33,994,009	34,650,369	5,210,943	5,547,399

### Savings Account Holders Chart for 2013 and 2014

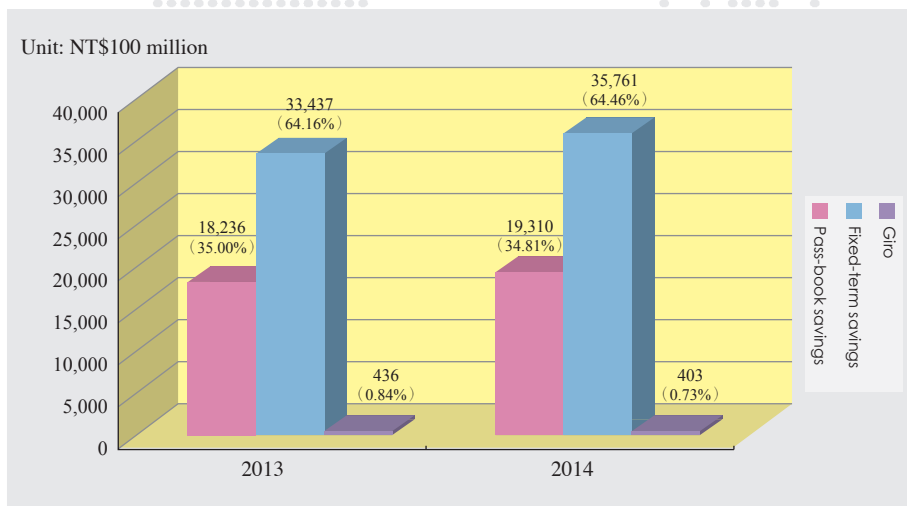




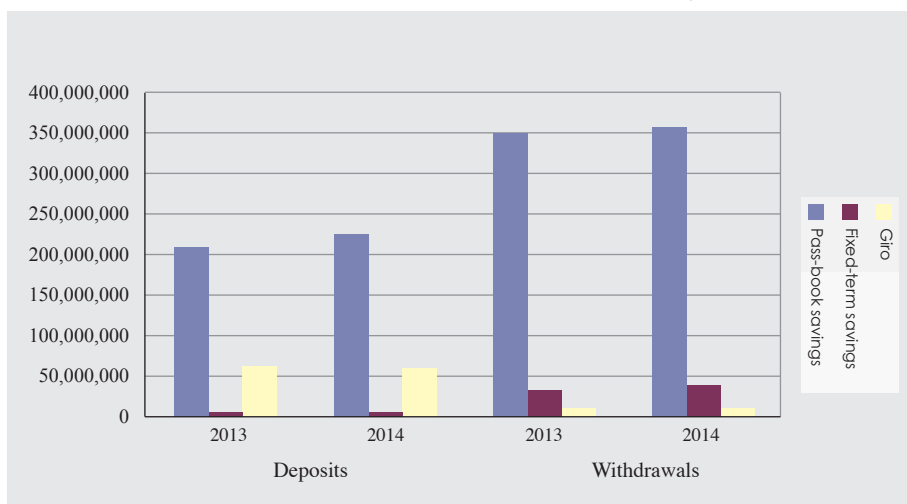


## Status of Operations

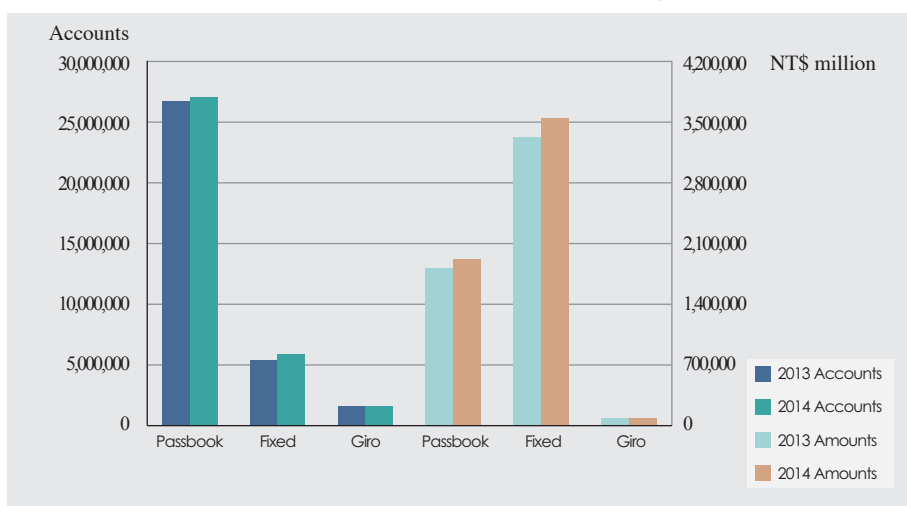
Savings Business Chart for 2013 and 2014



Volume of Deposits/Withdrawals of Various Types of Postal Savings in 2013 and 2014



Volume of Accounts/Amounts of Various Types of Postal Savings in 2013 and 2014





### (III) Remittance operations - Worldwide Remittance Service

Postal remittances serve to stimulate the flow of capital and enliven the financial activities with a countrywide network to provide fast and easy remittance functions. Currently, domestic money order services include postal money orders, remittances to accounts, cash-delivering faxed money orders, postal gift coupons and inter-bank remittances. International money order services include international postal money orders, international outward (inward) remittances, exchange of foreign currencies/Renminbi in cash and US-dollar traveler's checks. As of the end of 2014, there were a total of 181 post offices providing foreign exchange services including the buying and selling of foreign currencies and 40 tourist spots including the Taoyuan International Airport or regional post offices providing the services for buying and selling foreign currencies and US-dollar travelers' checks.

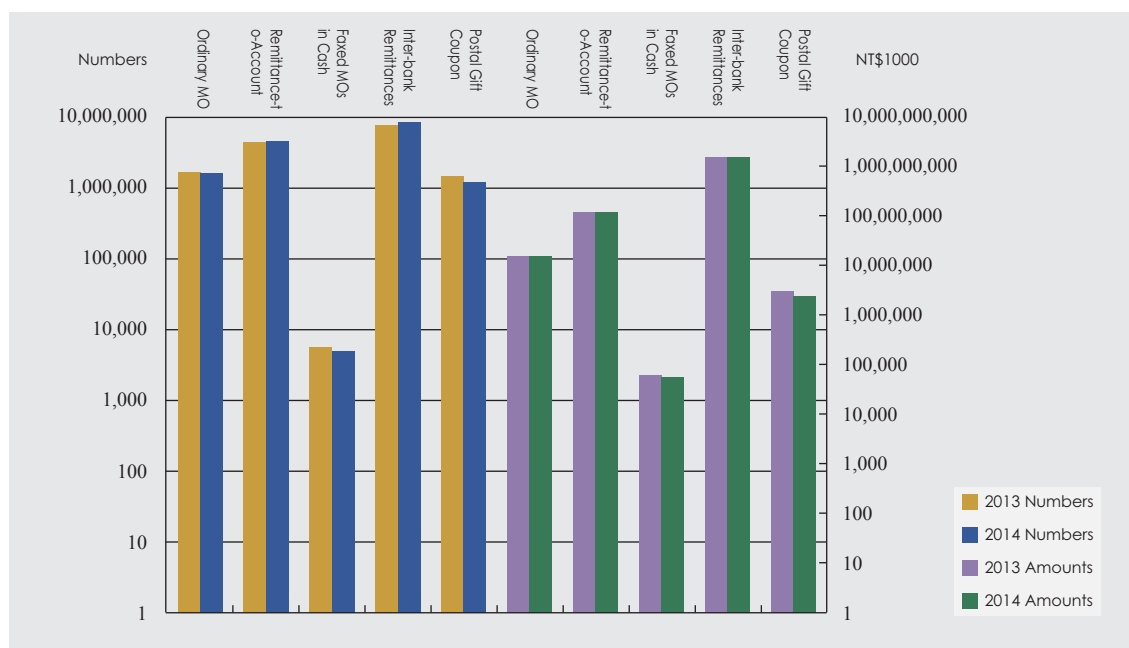
In 2014, money remitted by the Company totaled NT\$1,698,300 million, up 1.94% when compared to the previous year; a total of 16,580,000 money orders were issued, up 3.43% when compared to the previous year.

#### Volume of Remittance Service

Unit: NT\$1,000

Type	Numbers		Amounts	
	2013	2014	2013	2014
Ordinary Money Order (MO)	1,660,548	1,581,458	16,074,178	16,051,503
Remittance-to-Account	4,377,514	4,451,355	118,896,969	119,205,671
Faxed MOs in Cash	5,516	4,846	61,300	54,784
Inter-bank Remittances	7,716,796	8,248,155	1,525,005,283	1,557,049,704
Postal Gift Coupon	1,444,376	1,225,374	2,983,244	2,476,407
Int'l Postal MOs	847	943	38,325	45,375
Int'l Outgoing Remittance	4,829	4,935	1,003,874	1,364,479
USD Travelers' Checks	5,497	5,025	36,294	26,219
Mainland Remittances	14,275	17,049	1,300,512	1,254,164
Selling of Foreign Currencies and RMB	797,251	1,038,324	640,763	823,605
Total	16,027,449	16,577,464	1,666,040,702	1,698,351,911

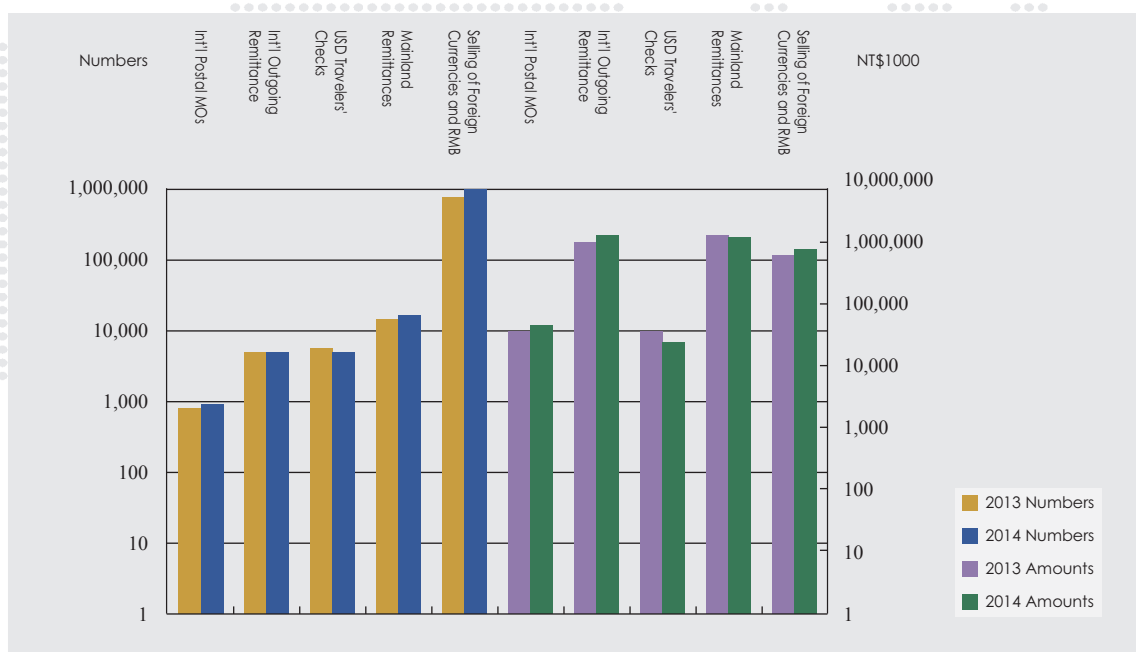
#### Volume of Domestic Remittance Service for 2013 and 2014





## Status of Operations

Volume of Int'l Remittance Service for 2013 and 2014



### (IV) Postal Simple Life Insurance Operations - The Best Protection

The Postal Simple Life Insurance plans are established with an aim to provide citizens with basic financial security. Easily available through the branch offices throughout the country, these plans serve as a vehicle of financial security and management. The Postal Simple Life Insurance plans are easy to apply and require no physical examination and therefore have been a preferred and trusted choice of the general consumers.

As Postal Simple Life Insurance was introduced in 1935, Generalissimo Chiang Kai-shek, dedicated the phrase, "Benefit people's livelihood," to the service. He expected that the service should be actively promoted based on the concept that "The government is responsible for managing, not for making profit; the postal service is simple and secure; people have no worries about making financial and retirement plans." It means Postal Simple Life Insurance carries a specific significance on benefiting people's livelihood and a policy mission of social welfare. In view of this, Chunghwa Post has been promoting Simple Life Insurance based on the same spirit so as to play out its efficiency of social stability and jointly assist in the construction of a sound social safety net.

Since the Directorate General of Posts was corporatized to become Chunghwa Post in 2003, its Department of Life Insurance has been striving to create a favorable business environment—making full use of information technology, diversifying its product offerings, and providing multifaceted services to meet customers' needs. Keeping its business core value of "Customers first and providing honest and efficient services" in mind, the department will continue to recruit and train professionals to bolster its ability to deliver excellent service and keep all the people's trust.

### Volume of Simple Life Insurance

Unit: NT\$ million

Year	Number of Policies			Sum Insured			Premium Income	Life Insurance Reserve
	New	In Force	Payment	New	In Force	Payment		
2013	360,088	2,754,487	362,183	138,069	995,893	85,642	157,086	699,805
2014	388,297	2,645,105	482,386	137,427	1,011,057	109,670	148,767	631,380



## 1. 2014 New insurance products:

- (1) Launched "Postal Kang-shun Term Insurance" on March 31, 2014.
  - Term insurance serves as a back-up for the policyholder's life.
  - Provide the six-year, ten-year and twenty-year insurance and payment terms. The policyholder may choose the policy subject to his personal need.
- (2) Launched "Postal Nian-nian-jin-shun Endowment" on August 1, 2014.
  - Provide the six-year, ten-year and twenty-year payment terms. The policyholder may choose the policy subject to his personal need.
  - Refund principal every year to satisfy the policyholders need for utilization of capital.
  - If the insured still survives at the anniversary date of the policy on which he attains the insured age of 70 years old and the policy still remains valid, the Company will pay the policyholder survival benefits according to the base insured amount at the time.
- (3) Launched "Postal 1-year Term Insurance" on December 23, 2014.
  - Satisfy customers' basic need for insurance.
  - Low insurance premium and protection of life.
- (4) Launched "Postal Accident Micro-insurance Rider" on December 23, 2014.
  - Take care of disadvantaged group and provide basic protection against accident to the ones who are qualified for enrollment into the insurance plan.
  - Low insurance premium and low burden.

## 2. New Policies

The total number of new policies issued for Chungwa Post Life Insurance in 2014 was 388,297, up 7.83% compared to 2013. The total amount insured was NT\$137,427.16 million, down 0.46% compared to 2013. The premium income was NT\$27,310.14 million, up 13.98% compared to 2013.

### New Policies by Types

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

Types		No. of Policies	%	Sum Insured	%	Premium revenue	%
Total		388,297	100.00	137,427,158	100.00	27,310,138	100.00
Endowment	Ji-li 6-year-term Endowment	264,302	68.07	102,288,933	74.43	16,010,398	58.62
	Chang-chun Increasing Endowment	82,228	21.18	18,759,601	13.65	8,371,074	30.65
	Happy-baby Endowment	15,338	3.95	3,790,590	2.76	740,398	2.71
	Joy Endowment	7,444	1.92	4,320,426	3.14	513,434	1.88
	Nian-nian-jin-shun Endowment	5,615	1.45	2,015,810	1.47	691,121	2.53
	Joyful-families Increasing Endowment	4,729	1.22	1,103,640	0.80	249,868	0.91
	Xi-le-nian-nian Endowment	4,262	1.10	829,300	0.60	482,094	1.77
	Kim-ji-li Endowment	1,881	0.48	689,210	0.50	178,552	0.65
	Kang-tai-103 Endowment	207	0.05	135,620	0.10	5,442	0.02
	Jin-cai-123 Increasing Endowment	103	0.03	30,280	0.02	8,646	0.03
	Da-ji-da-li Increasing Endowment	87	0.02	14,920	0.01	4,670	0.02
	Kang-fu Endowment	68	0.02	28,230	0.02	4,070	0.01
	Siang-Fu Endowment	18	0.00	6,450	0.01	1,605	0.01
	Mei-li-ren-sheng Interest-sensitive Insurance	0	0.00	0	0.00	37	0.00



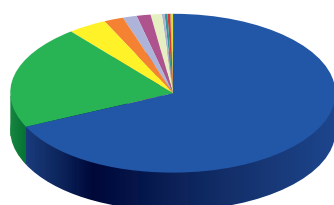
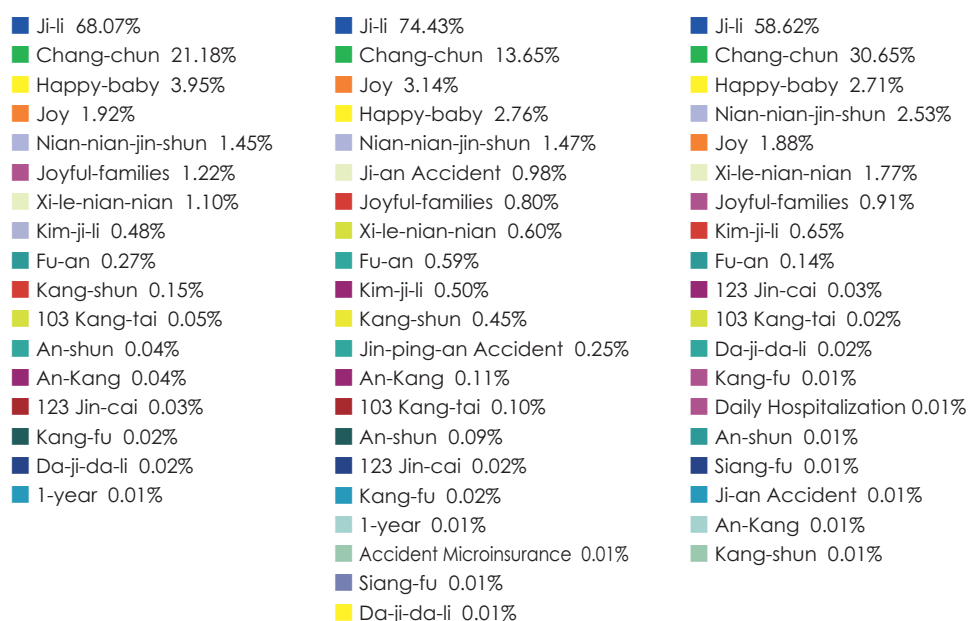


## Status of Operations

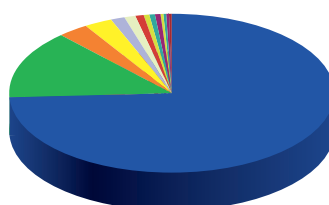
Types		No. of Policies	%	Sum Insured	%	Premium revenue	%
Total		388,297	100.00	137,427,158	100.00	27,310,138	100.00
Insurance Against Death	Fu-an Whole Life Insurance	1,040	0.27	810,330	0.59	38,279	0.14
	Kang-shun Term Insurance	599	0.15	612,110	0.45	1,423	0.01
	An-kang Term Insurance	166	0.04	153,720	0.11	1,539	0.01
	An-shun 6-year Term Insurance	156	0.04	124,230	0.09	2,108	0.01
	1-year Term Insurance	54	0.01	17,170	0.01	65	0.00
Accident Insurance	Ji-an Accident Insurance Rider	2,892		1,338,720	0.98	1,563	0.01
	Jin-ping-an Accident Insurance Rider	758		344,240	0.25	576	0.00
	Accident Micro-insurance Rider	32		12,210	0.01	7	0.00
Health Insurance	Daily Hospitalization Expense Insurance Rider	1,059		1,418	0.00	3,169	0.01

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

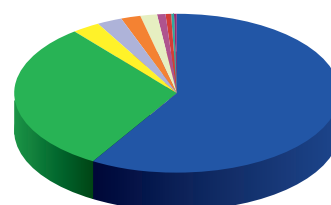
### Percentage Distribution of New Policies by Type



Number of Policies



Sum Insured



First-year Premium Income

### 3. Policies in Force

The total number of new policies issued for Chungwa Post Life Insurance in 2014 was 2,645,105, up 3.97% compared to 2013. The total amount insured was NT\$11,056.95 million, up 1.52% compared to 2013. The premium income was NT\$148,766.87 million, down 5.30% compared to 2013.



## Policies in Force by Type

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

	Types	No. of Policies	%	Sum Insured	%	Premium revenue	%
	Total	2,645,105	100.00	1,011,056,950	100.00	148,766,870	100.00
Endowment	Ji-li 6-year-term Endowment	1,477,088	55.84	547,781,004	54.18	87,354,731	58.72
	An-jia Refundable Whole Life Insurance	173,150	6.55	63,189,575	6.25	1,068,676	0.72
	Chang-chun Increasing Endowment	162,645	6.15	36,642,543	3.62	18,160,728	12.21
	Postal Kim Baby Child Insurance	112,163	4.24	32,224,499	3.19	5,001,013	3.36
	E-lu-fa Endowment	96,217	3.64	16,394,865	1.62	15,438,320	10.38
	Mei-li-ren-sheng Interest-sensitive Insurance	93,353	3.53	52,024,677	5.15	5,762,302	3.87
	An-fu Increasing with Survival Benefit	64,642	2.44	25,646,107	2.54	758,199	0.51
	Happy-baby Endowment	35,291	1.33	8,672,819	0.86	1,752,080	1.18
	Little-sun Child Insurance (91)	31,680	1.20	8,974,255	0.89	813,483	0.55
	Little-sun Child Insurance	30,946	1.17	8,941,595	0.88	981,842	0.66
	Postal Nian-nian-ru-yi Endowment	27,814	1.05	7,569,675	0.75	1,650,558	1.11
	Joy Endowment	26,535	1.00	13,996,393	1.38	1,762,793	1.19
	Kwai-ler Increasing Child Whole Life Insurance with Survival Benefit	24,527	0.93	8,196,498	0.81	155,441	0.10
	Ji-ching Child Insurance	19,730	0.75	5,909,080	0.58	436,798	0.29
	Ji-hsiang Endowment	15,139	0.57	8,757,297	0.87	411,535	0.28
	Xi-le-nian-nian Endowment	14,542	0.55	2,692,025	0.27	1,673,512	1.13
	Hong-yun-gao-zhao Endowment	9,446	0.36	3,997,991	0.40	745,936	0.50
	Joyful-families Increasing Endowment	5,932	0.22	1,369,599	0.14	322,609	0.22
	Kim-ji-li Increasing Endowment	5,446	0.21	1,894,492	0.19	526,819	0.35
	Nian-nian-jin-shun Endowment	5,170	0.19	1,856,048	0.18	691,121	0.47
	Kang- tai-103 Endowment	2,772	0.10	1,527,749	0.15	64,458	0.04
	Postal Fu-er-le Endowment	2,585	0.10	829,509	0.08	73,028	0.05
	Jin-cai-123 Increasing Endowment	691	0.03	169,152	0.02	51,044	0.03
	Liu-liu-jin-shun Endowment	452	0.02	49,831	0.00	880,099	0.59
	Kang-fu Endowment	297	0.01	112,055	0.01	20,035	0.01
	Da-ji-da-li Increasing Endowment	134	0.01	22,590	0.00	7,063	0.01
	Bu-bu-gao-sheng Endowment	112	0.00	12,820	0.00	32,590	0.02
	Siang-fu Increasing Endowment	76	0.00	17,057	0.00	3,706	0.00
	Others	38	0.00	11,595	0.00	919	0.00
	Subtotal	2,438,613	92.19	859,483,395	85.01	146,601,438	98.55



## Status of Operations

	Types	No. of Policies	%	Sum Insured	%	Premium revenue	%
Insurance Against Death	An-ho Whole Life Insurance	89,747	3.39	59,743,085	5.91	768,510	0.52
	An-pin Double-indemnity Whole Life Insurance	18,007	0.68	9,315,519	0.92	148,482	0.10
	Sung-bo-chang-ching Term Insurance	14,254	0.54	10,967,093	1.08	63,313	0.04
	Fu-an Whole Life Insurance	12,931	0.49	8,073,139	0.80	448,770	0.30
	An-kang Term Insurance	6,170	0.23	5,761,338	0.57	23,796	0.02
	Fu-xing-gao-zhao Whole Life Insurance	3,786	0.15	2,614,551	0.26	115,999	0.08
	An-shun 6-year Term Insurance	3,695	0.14	3,395,094	0.34	8,542	0.01
	An-pin Double-indemnity Whole Life Insurance (91)	1,767	0.07	523,031	0.05	21,706	0.01
	Kang-shun Term Insurance	558	0.02	570,810	0.06	1,423	0.00
	1-year Term Insurance	53	0.00	16,670	0.00	65	0.00
	Others	55,524	2.10	33,411,074	3.30	526,823	0.35
	Subtotal	206,492	7.81	134,391,404	13.29	2,127,429	1.43
Accident Insurance	Ji-an Accident Insurance Rider	33,474		14,461,332	1.43	13,308	0.01
	Jin-ping-an Accident Insurance Rider	5,979		2,702,823	0.27	4,355	0.00
	Accident Microinsurance Rider	27		9,710	0.00	7	0.00
	Subtotal	39,480		17,173,865	1.70	17,670	0.01
Health Insurance	Daily Hospitalization Expense Insurance Rider	6,291		8,286	0.00	20,333	0.01

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

#### 4. Policy Loans

When premiums have been fully paid for more than one year and the contract is still in force, a policyholder may apply for a loan no greater than the amount of the policy value reserve in order to meet his/her financing requirement. Taking out a policy loan involves minimal procedures. Proposers may apply for a loan online or at any counters or postal ATM for a more convenient and faster service. In 2014, the policy loan balance was 131,431 cases, down 7.69% compared to same time in 2013. The loan balance was NT\$15,130.50 million, down 10.07% compared to same time in 2013.

#### 5. Real Estate Mortgage Loans

The Postal Life Insurance Real Estate Mortgage Loans service started to offer real estate loans in 1997. This service is not limited to Chunghwa Post policyholders; anyone who qualifies for mortgage prerequisites may apply. This service is available everywhere in Taiwan with the exception of the islands of Matsu. Currently, 20 regional branch offices oversee these loans and 202 branch offices are authorized to accept applications for such service.

The total number of real estate mortgage loans balance for 2014 was 12,803, up 4.36% compared to same time in 2013. The loan balance was NT\$29,335.83 million, up 11.18% compared to last year.

#### 6. Benefit Payments to Policyholders

##### (1) Maturity

In 2014, the total number of insurance policy maturity benefits was 436,410, up 38.20% compared to 2013. The total amount insured was NT\$9,199.5 million, up 31.95% compared to 2013.



## (2) Surrender

In 2014, the total number of surrendered insurance policy was 40,981 cases, down 1.38% compared to 2013. The total amount insured was NT\$15,717.69 million, up 11.41% compared to 2013.

## (3) Payment to Claims

In 2014, the total claim payments were 4,995, down 3.12% compared to 2013. The total amount insured was NT\$2,042.46 million, up 8.73% compared to 2013.

## 7. Business Characteristics

## (1) Types of Insurance Products

Postal Simple Life Insurance service includes endowment insurance and mortality insurance. Health insurance and accident insurance are offered as riders. All ROC citizens are eligible to be insured with Simple Life Insurance.

## (2) No physical checkup required

Postal Simple Life Insurance does not require a physical checkup; however both the insured and the policyholder are obligated to answer health questionnaires truthfully in written form or the insurer withholds the right to deny an application at its discretion.

## (3) Insured Amount

The maximum total insured amount per insured individual is NT\$4 million.

## (4) Premium Payment

Unless otherwise specified, the payment plans include options in annual, semiannual, quarterly, and monthly premiums. With the exception for the first premium in the amount under NT\$50,000 that can be paid for in cash, all premiums can be made through postal savings accounts or postal Giro accounts and are entitled to 1% discount from such transfers.

## 8. Business Operations in Recent Years

## General Performance of the Business in Recent Years (I)

Unit: Pieces; NT\$ million

Fiscal Year	2010	2011	2012	2013	2014
New Business (Policies)	408,652	390,809	425,899	360,088	388,297
Growth Rate (%)	19.14	-4.37	8.98	-15.45	7.83
New Business (Amount)	131,276	158,930	171,332	138,069	137,427
Growth Rate (%)	-3.45	21.07	7.80	-19.41	-0.46
Reinstatement (Policies)	9,465	10,259	8,783	9,209	9,170
Growth Rate (%)	-36.98	8.39	-14.38	4.85	-0.42
Reinstatement (Amount)	2,756	3,019	2,777	3,078	3,462
Growth Rate (%)	-40.37	9.54	-8.02	10.84	12.48
Business in Force (Policies)	2,818,621	2,793,411	2,767,870	2,754,487	2,645,105
Growth Rate (%)	1.88	-0.89	-0.92	-0.48	-3.97
Business in Force (Amount)	879,562	896,074	953,278	995,893	1,011,057
Growth Rate (%)	1.31	1.88	6.38	4.47	1.52
Premium Income	165,970	162,504	157,982	157,086	148,767
Growth Rate (%)	12.06	-2.09	-2.78	-0.57	-5.30
Reserve for Life Insurance	644,803	688,340	676,411	698,569	631,280
Growth Rate (%)	12.18	6.75	-1.73	3.28	-9.63

Note: Growth rate is based on the figure of the preceding year.





## Status of Operations

### General Account of the Business in Recent Years (II)

Unit: Pieces; NT\$ million

Year	2010	2011	2012	2013	2014
Benefit Payment to Beneficiaries (Number of Policies)	344,760	407,163	438,213	362,183	482,386
Growth Rate (%)	418.81	18.10	7.63	-17.35	33.19
Matured Endowment	298,598	361,295	390,034	315,785	436,410
Growth Rate (%)	2,538.49	21.00	7.95	-19.04	38.20
Death & Disability	4,927	5,223	5,006	4,844	4,995
Growth Rate (%)	9.98	6.01	-4.15	-3.24	3.12
Surrender	41,235	40,645	43,173	41,554	40,981
Growth Rate (%)	-18.60	-1.43	6.22	-3.75	-1.38
Benefit Payment to Beneficiaries (Amount)	111,119	134,144	103,347	85,642	109,670
Growth Rate (%)	460.70	20.72	-22.96	-17.13	28.06
Matured Endowment	97,094	119,682	87,127	69,656	91,910
Growth Rate (%)	2,600.81	23.26	-27.20	-20.05	31.95
Death & Disability	1,710	1,850	1,783	1,878	2,042
Growth Rate (%)	7.61	8.19	-3.62	5.33	8.73
Surrender	12,315	12,612	14,437	14,108	15,718
Growth Rate (%)	-15.85	2.41	14.47	-2.28	11.41

Note: Growth rate is based on the figure of the preceding year.

### (V) Philately - General Knowledge and Peace of Mind

Philately is one of the main operating businesses. To strengthen service to the stamp-collecting customers, promote philately and fulfill corporate social responsibility, the Company has exerted considerable efforts in the following areas and encouraged each branch office to promote the philately business. In 2014, philatelic sales reached NT\$784.69 million.

#### 1. New Stamp Issues:

In 2014, 22 sets of postage stamps were issued, including 3 sets of commemorative issues, 18 sets of special issues and 1 set of definitive issue. In addition, one model each of Annual Stamp Album hardback and loose-leaf, a stamp catalog, 7 models of stamp folio, 3 models of stamp pictorial, 3 models of postal cards, 2 styles of envelopes, one model of stamp booklet, and one type of "New Year's Greeting Postage Stamps (Issue of 2014) Press Sheet" were issued.

Among which, the "Swan Goose Carries a Message Postage Stamp" was the first one of its kind issued by Chunghwa Post and China Post separately by adopting the same theme and the same mode of printing (graphic communication engraving edition stamps). The "Ancient Chinese Art Treasures Postage Stamps – Blue and White Porcelain" was printed under the 600-line printing, and partially embossed to make the design and streamline look more delicate and dimensional. Meanwhile, the stamps were issued in the form of pair souvenir sheet for the first time, in order to exhibit the exquisite and rich characteristics of stamps.

Also issued were one model each of vertical and horizontal postal cards, one model each of vertical and horizontal registered stamped envelopes and 2 sets of postage labels to support business needs, as well as 1 set consisting of 5 models of "New Year's Greeting Postal Cards with Lotto (Issue of 2014)".

Please refer to the Attachment Nos. 1, 2 and 3 for details of newly issued postage stamps.

#### 2. Development of philately-related products:

Produce and sell 14 models including the placement and coaster set bearing the image of "Alpine Flowers Postage Stamp", coaster and cup lid bearing the image of a "Congratulation Postage Stamps", postal doll coin bank, and masking tape bearing the image of "Herb Plants Postage Stamps";



meanwhile, authorize each branch office to produce and sell a total of 128 models of philatelic (stamp) products.

3. Organized the "Scratch and Win" Promotion for the "Stamp Yearbook/Album 2014":  
The activity was organized from December 2, 2013 until March 11, 2014, and a total of 180,000 sets of postal cards were sold through the activity.
4. Organized "2014 Stamp Beauty Pageant"  
From March 17 to April 11, 2014, the public voted for top three most beautiful stamps issued in 2013, including the "Qing Dynasty Embroidery Postage Stamps" souvenir sheet, "Valentine's Day Postage Stamps (2013)" and "Personal Greeting Stamps – Travel in Taiwan (Continued) - Alishan".
5. Organized the "Ancient Chinese Art Treasures Postage Stamps – Blue and White Porcelain" bazaar:  
In line with the "Ancient Chinese Art Treasures Postage Stamps – Blue and White Porcelain" released on September 19, 2014, the Company provided 50 folios bearing the image of the stamp affixed with the lyrics of the song Qing Hua Ci written by the renowned song writer, Fan Wen-Shan, and also his autograph for charity bazaar. The proceeds NT\$1,241,600 were donated to Taiwan Foundation for Rare Disorders and Yu-Cheng Social Welfare Foundation.
6. Organized "Cross-Strait Rare Stamp Exhibition":  
The event was co-sponsored by the Company together with the Postal Museum of China Post in Beijing between July 7 and July 11, 2014, where the Company provided 6 sets of rare stamps and 4 items of rare envelopes. The event not only promoted the cross-strait philately cultural exchange but also provided cross-strait stamp collectors with the chance to appreciate valuable and rare stamps.
7. Participated in the "PHILAKOREA 2014 World Stamp Exhibition":  
This event was held at COEX, Korea from August 7 to August 12, 2014. The Company assigned staff to participate and sell stamps via a booth, allowing the Company to exchange and interact with postal administrations from all over the world, and to promote the "TAIPEI 2015 - 30th Asian International Stamp Exhibition".
8. Organized the "ROCUPEX'14 TAICHUNG & R.O.C. — THAILAND STAMP EXHIBITION":  
Taichung Post Office, Taichung Philatelic Society and Chinese Philatelic Society co-organized the event at the stadium of Chiaochung Elementary School in Tanzi District, Taichung City from October 3 to October 7, 2014. 223 domestic frames and 126 Thai frames were exhibited, i.e. a total of 349 frames.
9. Organized the "TAIPEI 2015 - 30th Asian International Stamp Exhibition Investment Solicitation":  
Taiwan organized TAIPEI 2015 - 30th Asian International Stamp Exhibition at Exhibition Hall 3 of Taipei World Trade Center from April 24 to April 28, 2015, and particularly organized "Taipei Night" at the official hotel for world stamp exhibition in Korea, the Hotel Riviera Seoul, Hall of Mirrors, on August 9, 2014, in order to promote the exhibition in Taipei and investment solicitation.
10. Organized Stamp Issuing Ceremony:  
The ceremony was held for a total of 4 rounds, including the "National Taiwan Library 100th Anniversary Commemorative Issue" on August 9, 2014; "The Beauty of Museums of Taiwan Souvenir Sheet" on September 10, 2014; "TAIPEI 2015 - 30th Asian International Stamp Exhibition Souvenir Sheet: Four Seasons of Beautiful Taiwanese Vistas" on October 3, 2014 and "Ancient Chinese Artifacts Postage Stamps—The Ruins of Yin" on December 10.
11. Organized "2014 Philately Marketing Outsourcing Project":  
The Company organized the fancy stamp exhibition at the Red House for two days, attracting more than 30,000 visitors. Meanwhile, 450 students from various local elementary schools attended the writing competition and 1,300 students attended the painting competition.
12. Sponsoring philatelic societies to participate in philatelic activities both home and abroad:  
(1) Sponsored the Chinese Taipei Philatelic Federation for payment of the annuity for admission to FIP and FIAP in 2014.



## Status of Operations

- (2) Reimbursed delegates of the Chinese Taipei Philatelic Federation to attend the board meeting and general assembly of the FIP and FIAP, "PHILAKOREA 2014 World Stamp Exhibition and "Malaysia 2014 World Youth Stamp Exhibition and 29th Asian International Stamp Exhibition".
  - (3) Supported various local philatelic societies and other philatelic societies to organize stamp exhibitions and philatelic campaigns totaling 57 rounds.
13. Recognizing and rewarding outstanding philatelists:  
According to the Company's regulations on "Recognizing and Rewarding Outstanding Philatelists Handling Process", a total of 19 philatelists and societies who were awarded a large vermeil medal for all categories or a large silver medal for literature category or above by an international stamp exhibition in 2013 and achieved remarkable results in the promotion of philately during the assembly of 2014 Postal Day.
14. Organized the "2014 Parent-Children Philately Seminar" event with 1,469 people participated.
15. Established 202 classes of "Philately Classroom" in different schools in 2014.
16. Organized stamp exhibitions and special events at the Postal Museum:  
In order to promote philately and provide the public with the chance to appreciate aesthetics, the Company took the opportunity to issue new stamps, important national ceremonies, community activities or folk festival days and invited Chinese Global Art Culture and Creative Association, Maritime and Port Bureau, MOTC, National Museum of Natural Science, Shelley's Garden, China Stamp Research Society and the General Association of Chinese Culture (GACC) to co-sponsor 12 rounds of special stamp exhibitions at the Museum in 2014, and attracted more than 100,000 visitors.
17. Organized "Stamp Seminar":  
Co-organized the "Stamp Seminar" with China Stamp Research Society and Chinese Culture, Fine Art & Stamp Association on Saturday of 4th week of each month, in order to upgrade the philately trend and enhance philately fans' knowledge about stamps.
18. Organized stamp exhibition and event outside Postal Museum:  
(1) Organized the "2014 Postal Museum Tour Exhibition" with 29 sessions opened and more than 23,000 people visited.
- (2) Cooperated with National Museum of History between April 19 and December 27 to organize a "Mobile Museum" which implemented the concept of "delivering reading to rural areas".
- (3) In order to celebrate the 90th anniversary of the R.O.C. Military Academy, the Company co-organized the "Huangpu and National Stamp Exhibition" with the R.O.C. Military Academy from May 30 to June 16, 2014.
- (4) Co-organized the "You "Stamp" at the Banqueting Hall at 3F of Zhongshan Building with National Taiwan Library.
- (5) Co-organized the "Lighthouse Presence and Lighthouse Stamp Special Exhibition" with Maritime and Port Bureau, MOTC:  
The Exhibition persisted from October 28, 2014 to January 31, 2015. Demonstrate the lighthouse stamps issued by the Company in the past years, the artwork, and Taiwan lighthouse models and related photos provided by the Maritime and Port Bureau, MOTC. The Exhibition provided plentiful contents to demonstrate the new picture about interactive support among the entities subordinated to the MOTC.

### (VI) Agential business - Inclusive of Everything

1. The Company launched consignments in accordance with Subparagraph 7 of Article 5 of the Postal Law. There are 21 consignment products including revenue stamp, anti-tuberculosis stamp, enrollment guidelines, online login name and telephone cards, prepaid cards, tickets and accommodation tickets, DVD, clothes and ornaments, commemorative coins and gold bars, cosmetics, health foods, health drinks (edible oil), liquors, rice, 3C appliances, art gifts, coupons, seasonal gift items, daily supplies, organic foods and books.
2. Constantly promoting "Postal Mall" with business recruitment expansion to expand the postal logistics and distribution business. A total of 18 business recruitment seminars were opened in 2014 with the cumulative number of franchise stores to be 2,084 and a total of 266,104 items on the shelf.



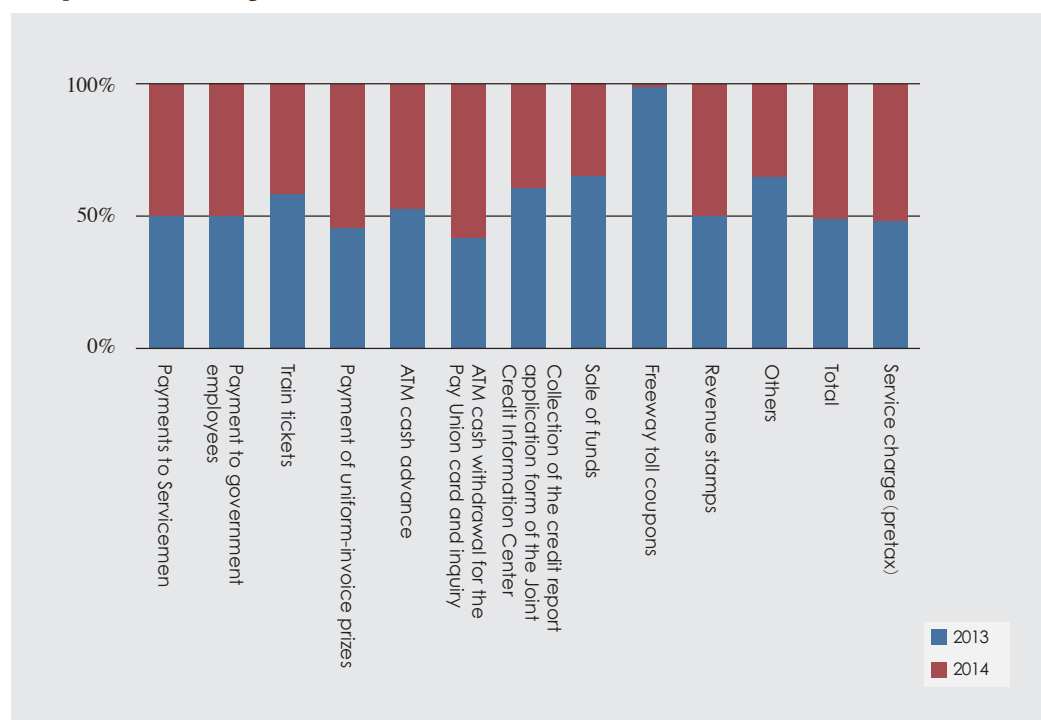
3. To cash the winning uniform invoices and with the exception of the grand winning price that is handled by designated branches, all branch offices will handle payments of 2nd, 3rd, 4th, 5th and 6th prizes. In 2014, charges for processing payment of prize money reached NT\$416.82 million.
4. In order to meet the investment needs of the deposit account clients, the Company has added new sales locations and new funds. As of the end of 2014, there were 1,167 branches selling 167 domestic mutual funds.
5. Chunghwa Post opens for application for “Personal Credit Report” and “Financial Institution Creditor” with the Joint Credit Information Center.

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

Unit: NT\$ 10 thousand

Item	2013	2014	Increase/Decrease %
Compensation payments to military injuries and death	111,892	110,689	-1.08
Payment to government employees	241,646	237,760	-1.61
Train tickets	9,082	6,534	-28.06
Payment of uniform-invoice prizes	649,164	769,146	18.48
ATM cash advance	51,160	45,687	-10.70
ATM cash withdrawal for the Pay Union card and inquiry	582,220	811,500	39.38
Collection of the credit report application form of the Joint Credit Information Center	177	114	-35.59
Sale of funds	340,417	181,092	-46.80
Freeway toll coupons	39,396	324	-99.18
Revenue stamps	160,667	157,799	-1.79
Others	65,855	35,760	-45.70
Total	2,251,676	2,356,405	4.65
Service charge (pretax)	51,616	54,967	6.49

Comparative chart of agential services in 2013 and 2014





## Status of Operations

### (VII) Assets Operations - Asset Activation

The real estate under the management of Chunghwa Post is for use in postal service, savings and remittances and life insurance business. According to Subparagraph 6, Article 5 of the Postal Act, the Company may engage in the “operation of postal assets” and according to “The Plans for Strengthening National Property Management and Utilization” formulated by the Ministry of Financial Affairs, the operation of real estate is permissible as long as it is not against the business purpose or the original usage or the profit businesses. Therefore, post offices at all levels and mail processing centers have reviewed the actual use of the properties in their possession, seeking to use the spare space in a proper manner or provide it for use by others on a profit earning basis to increase the revenues as this allows adequate use of the postal resources for improvement of asset return rate.

In 2014, to further the use of the Company’s property assets, the spare space was vitalized to improve the efficiency of use of the asset and is described as follows:

#### 1. Asset lease

(1) The types of lease of the Company's property asset are as follows:

- A. The spare space is for rent after review and adjustment of the work place configuration.
- B. The place of operation is for rent for product selling or display.
- C. The roof is for rent by the mobile phone operators to set up the base station.
- D. The interior, outer walls (or space) can be rented for posting ads.
- E. Others: Meeting rooms, auditoriums, parking lots and classrooms can also be rented.

(2) A thorough check was conducted by each post office (center) on the use status of the self-owned property. A short-, mid- or long-term use improvement plan was in place for the implementation of asset revitalization.

(3) The post-tax revenue from rent in 2014 was NT\$220.61 million, increased by NT\$10.59 million and up 5.05% when compared to the NT\$210.01 million in 2013.

#### 2. Asset Development

Participation in urban renewal project

- (1) Participated in 1 urban renewal projects launched by the private sector.
- (2) Launched 1 urban renewal projects by the Company.

3. The application for land change in postal and government agency lands under the management of Chunghwa Post have been classified according to the use of intensity. The Urban and Rural Development Branch of the Construction and Planning Agency, Ministry of Interior was commissioned for urban planning changes, with 102 parcels of land changed.

#### 4. Other promotions of asset repurposing

- (1) Chunghwa Post has established the “Real Estate Operation Supervision Team” and developed the “Operation Guidelines for Real Estate Operation Incentives by all level of Post Offices (Processing Center)” for planning and facilitation with asset repurposing. The supervision team held 3 meetings in 2014 to facilitate asset repurposing by all level of post offices (centers) at all levels and assist with the resolution of the issues.
- (2) The meeting minutes, briefings, training materials, regulations and reports regarding asset repurposing were uploaded online for viewing by all level of post offices (centers).
- (3) Organizing real estate asset use training, real estate investment speech and units with excellent asset repurposing performance shall send staff for lectures and sharing of success cases and experience with asset repurposing.

### (VIII) Utilization of Postal Capital - Supporting State Infrastructure

Postal capital income from idle capital has been steadily growing. Postal capital is employed in accordance with Article 18 of the Postal Remittances and Savings Act and Article 27 of Simple Life Insurance. Part of this capital is deposited with the Central Bank of the Republic of China, whereas the rest is either deposited in other banks; invested in bonds, bills, stocks, and time deposit





certificate; or used to fund Chunghwa Post's policy loan and real estate mortgage business. The Post also supports government policies by financing mid- and long-term major public infrastructure projects in order to promote the nation's economic development.

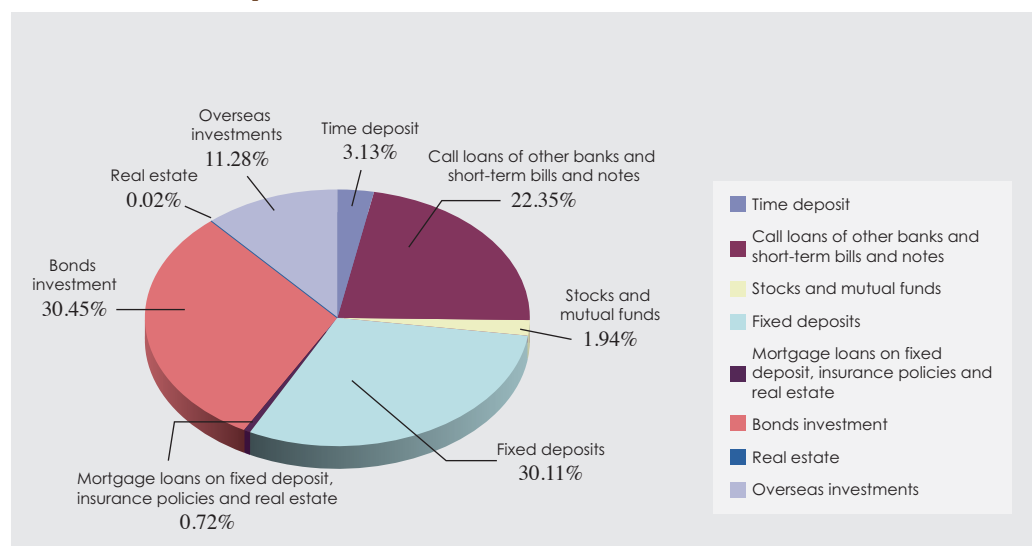
As of December 31, 2014, the total postal capital (including savings, remittances and life insurance capital) stood at NT\$6,282,000 million. This was divided among the following sectors:

1. Deposits in current accounts (including reserves against deposits in the Central Bank of the R.O.C. and the revolving funds of its branch offices): NT\$196,300 million, or 3.13% of the total.
2. Fixed deposits (including fixed savings deposit): NT\$1,891,500 million, or 30.11% of the total.
3. Call loans of other banks and short-term bills and notes: NT\$1,404,300 million, or 22.35% of the total.
4. Bonds (including government bonds, corporate bonds and financial bonds): NT\$1,912,600 million, or 30.45% of the total.
5. Overseas investments: NT\$708,800 million, or 11.28% of the total
6. Stocks and mutual funds ((including money invested by investment management companies on behalf of the post office): NT\$121,900 million, or 1.94% of the total
7. Mortgage loans on CDs, insurance policies and real estate: NT\$45,300 million, or 0.72% of the total
8. Real estate: NT\$1,300 million, or 0.02% of the total

As of the end of 2014, the Company provided NT\$1,609,400 million to finance major public infrastructure and private investment projects of which the details are listed below:

Project Names	Amount NT\$100 Million	Remarks
Major Infrastructure and Private Investment Projects	9,721	In coordination with the "Committee for Planning and Promoting the Utilization of Long-Term Funding" of Council for Economic Planning & Development
SME Root Establishment Project Loans	1,334	In coordination with the Small & Medium Enterprise Administration of the Ministry of Economic Affairs
First Time Homebuyers Loans	1,057	In coordination with the Construction & Planning Administration of the Ministry of the Interior
Manufacturing Industry & Small- and Midsized Business Project Loans	727	In coordination with the Central Bank of the ROC
First Time Homebuyers Loan for Those Who Do Not Own Any Property	2,715	Same as above
Home Reconstruction Loans for 921 Quake Victims	514	Same as above
Reconstruction/Repair Loans for Schools, Medical Facilities, Temples and Churches Damaged in the 921 Quake	26	Same as above

### Utilization of Postal Capital





# Status of Operations

## II. Employee Information

Year		2013	2014	As of January 20, 2015
Number of employees	Staff	11,676	11,639	11,614
	Laborers	12,835	12,542	12,439
	Contract Workers	1,440	1,431	1,436
	Total	25,951	25,612	25,489
	Average Age	46.6	47	47.0
Average Seniority		19.4	19.7	19.7
Educational Background (Workers of the half-day system were not split half.)	Doctorates	4	3	3
	Master	790	819	820
	Bachelor Degree	14,606	14,631	14,567
	Senior High School	9,811	9,473	9,431
	Junior High School and Below	1,195	1,112	1,093
Number of Employees with Professional Certificates		1,594	2,332	25
Employee Training		I. Physical training: launched 1,035 training classes for newcomers, executives, professionalism, business skill, computer and keynote speech with 82,179 employees being trained. II. Digital learning: the employees spent a total of 574,401 hours on on-line learning.		
Volunteering		In 2014, 2,336 volunteers worked for a total of 1,121,900 hours in various branches and mail processing centers.		

### Labor Structure

By December 31, 2014 the postal service employed 25,612 employees, including one chairperson, one president, 16,113 transferred employees, 8,066 staff members and 1,431 contract workers. Among them, 23,621 were basic level clerks (92.23% of the entire workforce); 1,896 worked in management (7.40% of the workforce); 19 were training staff (0.07% of the workforce) and 76 were staff on temporary transfer (0.30% of the workforce). It is plain to see that the majority of postal employees are basic level employees involved in sales, services, operation and distribution. The Company has a very lean management structure.

### Breakdown of Employees by Function

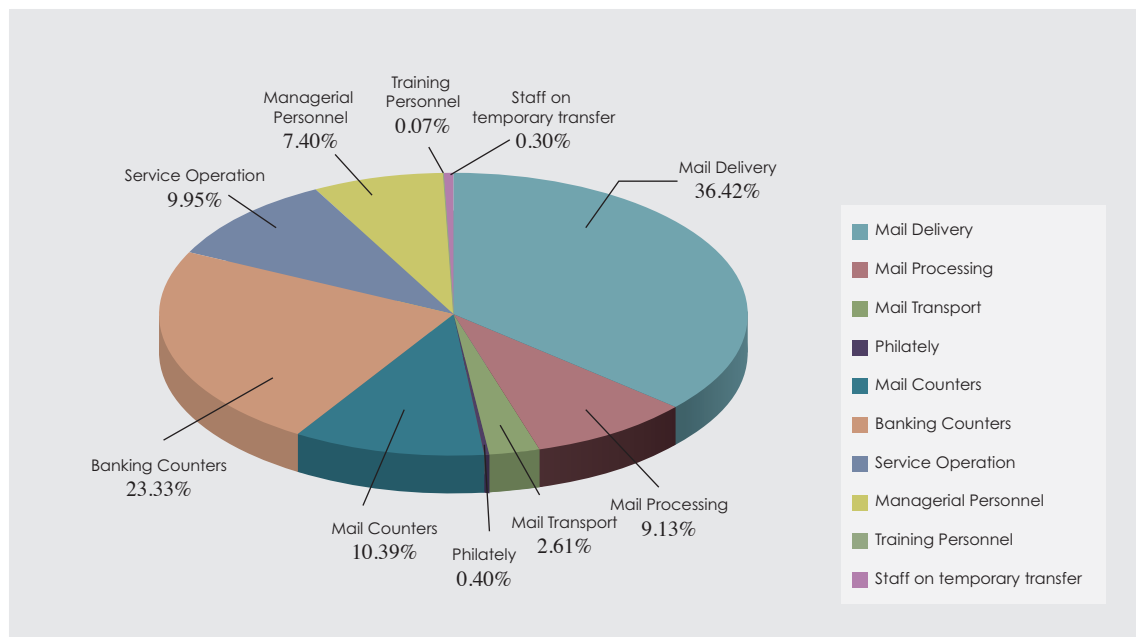
December 31, 2014

Unit: Person

	Total	Percentage %	Headquarters	Post Offices	Mail Processing Centers
Total	25,612	100.00	1,635	22,873	1,104
Total Clerks	23,621	92.23	865	21,731	1,025
Mail Delivery	9,329	36.42		9,329	
Mail Processing	2,338	9.13		1,685	653
Mail Transport	668	2.61	20	276	372
Philately	103	0.40	61	42	
Mail Counters	2,660	10.39		2,660	
Banking Counters	5,975	23.33		5,975	
Service Operation	2,548	9.95	784	1,764	
Managerial Personnel	1,896	7.40	726	1,096	74
Training Personnel	19	0.07	19		
Staff on temporary transfer	76	0.30	25	46	5



### Breakdown of Employees by Function



## III. Labor/Management Relations

### (I) Employee benefits

1. Organized and paid for by the Company: sports and entertainment events, birthday parties, vacation subsidies, and continuing education courses.
2. Organized and paid for by the Company's Employee Benefits Committee: gifts and gift certificates for the three major Chinese holidays and Labor Day, scholarship for children of employees, as well as supplements for wedding, childbirth and funeral of employees.

### (II) Retirement System

Depending on the employment dates and employee status (civil servant concurrently with labor status, or only labor status), different regulations apply regarding their retirement, severance and indemnity. These regulations include Regulations Governing the Retirement of Employees of Postal and Communication Enterprises under the MOTC, Regulations Governing the Retirement of Non-Ranking Current Employees of Chunghwa Post Co., Ltd., Labor Standards Act, Labor Pension Act, Regulations Governing the Severance of Transferred Employees of Chunghwa Post Co., Ltd., Regulations Governing the Retirement and Severance of Employees of Chunghwa Post Co., Ltd..

### (III) Labor-management negotiations

To promote harmonious labor-management relations, labor-management meetings are held at least once every three months in accordance with Article 83 of the Labor Standards Law and Convocation Rules of the Labor-Management Conference. Labor and management representatives for these meetings are elected or appointed in accordance with the law. Issues discussed in these negotiations include salary, benefits, retirement, severance, pensions, and so forth.

### (IV) Employee Rights Protection

To clearly set out the rights and duties of workers and management, the Company has established a set of work regulations under Article 70 of the Labor Standards Act, and it has signed a group contract with Chunghwa Postal Workers' Union. In addition, to facilitate harmonious labor-management relations, the Company holds a meeting with the union once a year (and additional ad hoc meetings when necessary) to deal with issues regarding the rights of its employees. The Company makes a point of relying to and handling suggestions made during the meetings with the union or by employees belonging to the union in a timely manner.



## Status of Operations

### IV. IT Equipment

#### (I) IT System hardware and software deployment

##### 1. Mainframe computer in the Taipei main computer center:

This main computer center has an IBM2817-603 mainframe computer with three central processor units, running at 2130 MIPS. It has a 64 GB memory and uses z/OS V1.12 operating system. According to the needs of the Company, the system is divided into 10 logical partitions: APSP (partition 1) is the account processing system, which handles online processing and batch jobs for the banking and life insurance business of the 1,324 branch offices; IPSP (partition 4) holds the information processing system for the Company's accounting and mail business; IFLP (partition 6) is for operation connection with financial institutions; the remaining 7 partitions provide various services and system testing.

##### 2. The Mainframe system of the Taichung disaster recovery center:

The disaster recovery center has an IBM2084-303 mainframe computer with three central processor units, running at 1,215 MIPS. It has a 16 GB memory and uses a z/OS V1.12 operating system. According to the needs of the Company, the system had been divided as Taipei mainframe system in order to open backup system once hit by disasters and maintain sustained operational capability for the Company's important systems.

##### 3. Open System:

In 2005, the Company installed a three-tiered open system calculation environment. The front end is equipped with a blade server in charge of network services; the rear end is a storage area network (SAN), storing the databases of various systems; the middle is equipped with a high-end server, integrating the various systems to access the data at the rear end. In 2006, a load balance was installed; in 2008, information random storing mechanism was installed; in 2009, a virtual environment was installed to use the resources sufficiently and backup mechanisms for important systems such as the internet service in a different place was also completed. The Company also brought in new technology and virtualization management tools year after year in order to improve system performance and operational efficiency.

##### 4. Maintenance

In 2005, the Company installed a three-tiered open system calculation environment. The front end is equipped with a blade server in charging of network services; the rear end is a storage area network (SAN), storing the databases of various systems; the middle is equipped with a high-end server, integrating the various systems to access the data at the rear end. In 2006, a load balance was installed; in 2008, information random storing mechanism was installed; in 2009, a virtual environment was installed to use the resources sufficiently and backup mechanisms for important systems such as the internet service in a different place was also completed. The Company also brought in new technology and virtualization management tools in order to improve system performance and operational efficiency.

#### (II) Emergency backup and safety measures

1. Starting from 2003, the Company has held two disaster recover drills each year. The procedures include:

- (1) Switching the operating system from the Taipei main computer center over to the Taichung disaster recovery center twice a year, ensuring that operations can be resumed promptly when problems occur in the Taipei main computer center and continue to provide normal operations for various businesses.
- (2) The Taipei main computer center holds two local backup recovery drills a year. The purpose of these drills is to familiarize staff with the local backup recover procedures and make sure the backup data are valid, so that the Taipei center will be able to quickly resume operations in case of a minor mishap.



- (3) Area control centers (stations) drills – held irregularly:
- A. These drills simulate an emergency situation in one of its area control centers (stations) where normal online operations are disrupted. The control center backup system of the Taichung disaster recovery center would then be activated and the staff of the center would take over operations in order to provide branch offices of the area with normal online operations.
  - B. There are 1,259 branch offices of the Company equipped with ISDN backup mechanism and 39 branch offices equipped with MPLS VPN backup recovery, so when any of these branch offices has a line problem, the ISDN backup or MPLS VPN activates automatically to ensure uninterrupted service.
2. Apart from the backup measures mentioned above, the Company has established a security operation center for its WANs to monitor the network operation in the whole area and unidentified potential intrusions from within and outside.
3. The Company received the BS7799 Information Security Certification in February 2005 and was upgraded to the new version of ISO 27001:2005 in January 2007. The Company expanded the scope of certification to the Taichung disaster recovery center in 2009. The center passed the second review in December 2013. The Company is preparing for updating the system according to the new ISO27001:2013. Apparently, the Company values and implements the information security.
4. In response to the implementation of “Personal Information Protection Act” that went into effect on October 1, 2012, the Company has assigned a counseling company to assist in building personal information protection management system, in order to strengthen the personal information protection on savings, life insurance, postal business and related operations, since December 2011. The Company was also certified by BSI (British Standards Institution) for BS10012:2009 personal information management system in August 2012. The Company expanded the scope of certification in 2013 and introduced personal information disclosure prevention tool to continue strengthening information system environmental control in 2014. Meanwhile, the Company passed the second review by the third party, BSI, on September 11 and 12 to maintain the validity of BS10012 certification. Further, following the Plan-Do-Check-Act (PDCA) management model, the Company assured the normal operation after personal information protection management mechanism and highlighting the Company’s determination and intention of goodwill management over personal information protection.





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- A large, stylized graphic of a coin with the word 'TRUST' embossed on it, set against a background of other coins. The coin is dark and has a textured surface. The word 'TRUST' is clearly visible in the center. The background shows other coins in various colors (gold, silver, copper) and denominations, creating a sense of wealth and finance.
- 63 **I. Financial Highlights**
  - 65 **II. Condensed Balance Sheets and Income Statements  
for the Past 5 Years**
  - 67 **III. Financial Analysis for the Past 5 Years**



## I. Financial Highlights

Unit: NT\$ million

Item	2010	2011	2012	2013	2014
Assets	5,481,179	5,615,015	5,888,612	6,151,178	6,470,124
Discounts and Loans	41,300	41,297	41,453	44,802	45,924
Mutual Funds and Long-term Investment	3,038,248	3,205,257	3,515,701	3,759,184	4,134,026
Liabilities	5,369,649	5,506,812	5,768,597	6,014,734	6,315,853
Deposits and Remittances	4,582,455	4,710,329	4,986,008	5,203,532	5,542,898
Owner's Equity	111,530	108,202	120,014	136,444	154,272
Total revenues	302,858	298,191	280,438	286,871	286,023
Interest revenue	81,653	90,926	96,442	98,452	101,651
Total expenses	295,221	289,553	271,391	274,810	273,911
Interest expenses	35,319	42,764	47,385	49,659	52,429
Net income	7,637	8,638	9,047	12,061	12,112
Return on Assets	0.14%	0.16%	0.16%	0.20%	0.19%
Return on Equity	7.21%	7.86%	8.14%	9.41%	8.33%

Remarks: 1. Return on Assets=Net Income/Average Assets

2. Return on Equity=Net Income/Average Equity

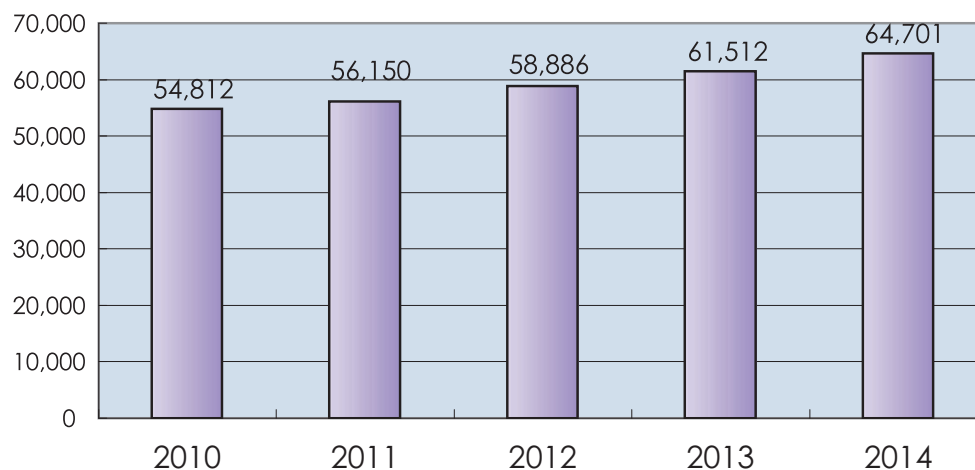
3. Total expenses include income tax.

4. To comply with the "Regulations Governing the Preparation of Financial Reports by Insurance Industry", the premium and pending claims reserve shall be listed under the operation cost starting 2011 and 2010 total revenues and expenditures have been reclassified accordingly.

5. The 2010-2012 Financial Statement was prepared in accordance with the Statement of Financial Accounting Standards of Taiwan and the settlement of explanation base. The 2012 Financial Statement was prepared in accordance with the settlement of explanation base in addition to compliance with IFRS with adjustment of accounting changes. The 2013 Financial Statement was prepared in accordance with the settlement of explanation base in addition to compliance with IFRS. The 2014 Financial Statement was prepared in accordance with the number of accountant attestations in IFRS.

### Tendency of Assets for the Past 5 Years

Unit: NT\$ 100 million

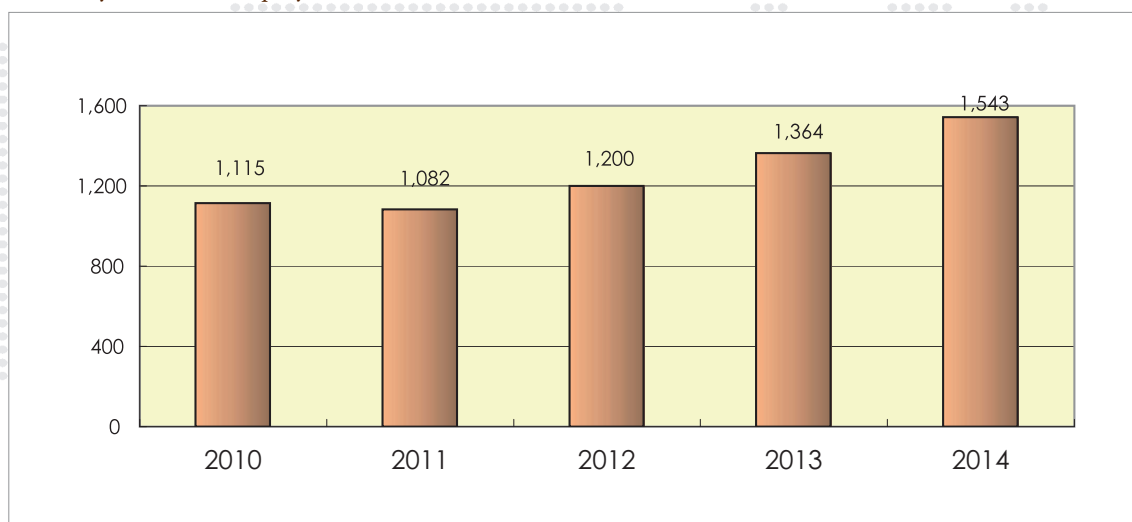




## Financial Overview

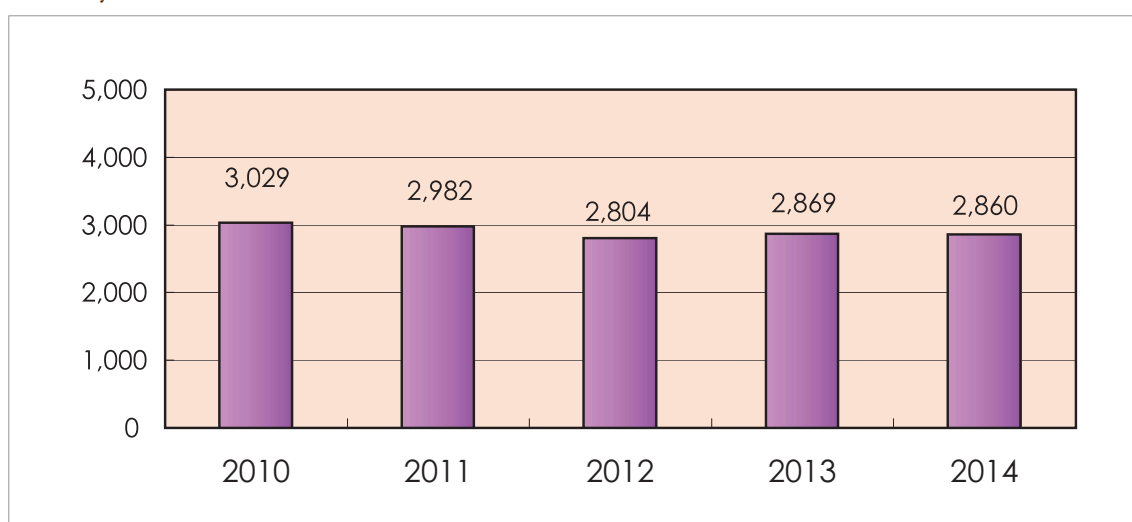
Tendency of Owner's Equity for the Past 5 Years

Unit: NT\$ 100 million



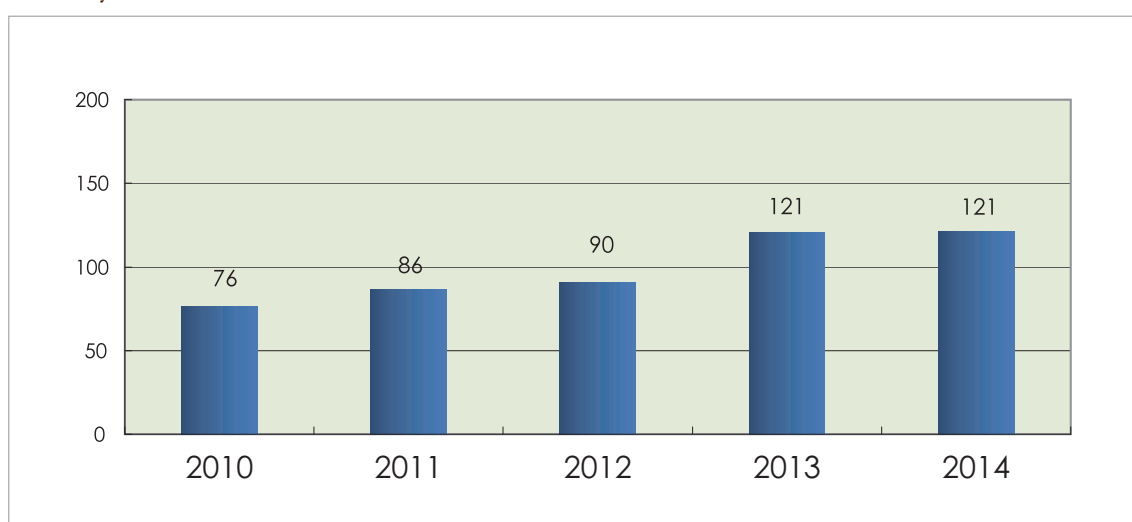
Tendency of Total Income for the Past 5 Years

Unit: NT\$ 100 million



Tendency of Net Profit of Current Term for the Past 5 Years

Unit: NT\$ 100 million





## II. Condensed Balance Sheets and Income Statements for the Past 5 Years

### Condensed Balance Sheets

Unit: NT\$1,000

Title		2014	2013	2012	2011	2010
Cash and Due from Other Banks		354,231,823	404,684,466	411,992,788	467,364,855	507,757,484
Due from the Central Bank		1,764,864,633	1,788,840,169	1,768,825,973	1,753,654,182	1,755,756,167
Financial Assets at Fair Value through Income Statement		6,348,105	2,120,108	3,425,838	-	-
Financial Assets at Fair Value through Profit or Loss		-	-	-	1,404,470	12,101,491
Investment under REPO		2,442,947	1,732,741	1,155,909	4,927,739	3,580,315
Receivable accounts - net		48,232,208	45,727,126	45,139,359	54,542,330	43,880,454
Income tax assets		12,536,726	12,928,803	9,607,097	-	-
Loan - net		45,923,932	44,802,128	41,452,762	41,297,280	41,300,091
Financial assets in available-for-sale, net		303,778,585	376,416,235	395,034,115	396,331,666	412,780,787
Held-to-Maturity Financial Assets, net		3,403,310,764	3,004,267,976	2,819,744,981	2,668,345,805	2,454,796,371
Investment under the Equity Method, net		67,673	62,657	58,510	55,075	52,127
Investment in bonds without active market		423,413,366	374,757,769	295,764,283	135,410,081	166,013,076
Other financial assets, net		3,455,899	3,679,466	5,099,080	5,114,080	4,605,863
Real estate investments, net		-	-	-	1,041,273	1,052,943
Investment based real estate, net		2,682,329	2,697,624	2,420,214	-	-
Fixed assets, net		-	-	-	83,835,582	76,155,451
Real estate and equipment, net		86,415,744	86,453,554	86,654,074	-	-
Intangible assets, net		360,011	379,728	305,731	-	-
Deferred income tax assets, net		4,363,255	795,133	270,022	-	-
Other assets, net		7,696,116	832,428	1,661,026	1,690,282	1,346,763
Total Assets		6,470,124,116	6,151,178,111	5,888,611,762	5,615,014,700	5,481,179,383
Due from other banks		11,515,000	15,015,000	12,215,000	10,715,000	39,755,000
Financial Assets at Fair Value through Income Statement		24,969,663	3,494,253	422,233	-	-
Financial Assets at Fair Value through Profit or Loss		-	-	-	4,629,370	139,838
Liabilities under REPO		-	-	-	7,811,374	27,920,950
Payables		76,329,915	72,787,562	76,218,404	76,932,505	70,045,783
Deposits and Remittances		5,542,897,815	5,203,531,534	4,986,008,243	4,710,328,907	4,582,454,865
Insurance Liabilities		631,670,477	698,778,180	677,017,503	-	-
Operation reserve		-	-	-	689,327,100	646,555,490
Accrued pension liabilities		-	-	-	3,300,000	720,813
Provisions for Employee Benefits		15,202,255	13,619,417	10,158,770	-	-
Deferred income tax liabilities		7,242,387	2,732,038	2,703,476	-	-
Other liabilities		6,025,011	4,775,774	3,853,801	3,767,952	2,056,336
Total liabilities	Before Distribution	6,315,852,523	6,008,030,049	5,761,016,740	5,500,740,568	5,363,921,287
	After Distribution	-	6,014,733,758	5,768,597,430	5,506,812,208	5,369,649,075
Capital stock	Before Distribution	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000
	After Distribution	-	40,000,000	40,000,000	40,000,000	40,000,000
Capital surplus		27,107,576	27,107,576	27,107,576	27,107,576	27,107,576



## Financial Overview

	Title	2014	2013	2012	2011	2010
Retained Earnings	Before Distribution	53,519,294	48,110,978	43,631,008	36,946,628	33,718,496
	After Distribution	-	41,407,269	36,050,318	30,874,988	27,990,708
Other Owners' Equities		33,644,723	27,929,508	16,856,438	10,219,928	16,432,024
Owners' Equities	Before Distribution	154,271,593	143,148,062	127,595,022	114,274,132	117,258,096
	After Distribution	-	136,444,353	120,014,332	108,202,492	111,530,308

Remarks: 1. The 2010-2011 Financial Statement was prepared in accordance with the Statement of Financial Accounting Standards of Taiwan and the settlement of explanation base. The 2012 Financial Statement was prepared in accordance with the settlement of explanation base in addition to compliance with IFRS with adjustment of accounting changes. The 2013 Financial Statement was prepared in accordance with the settlement of explanation base in addition to compliance with IFRS. The 2014 Financial Statement was prepared in accordance with the number of accountant attestation in IFRS.

2. The 2014 retained earnings were referred to as the retained earnings before distribution.

## Condensed Comprehensive Income Statement

Unit: NT\$1,000

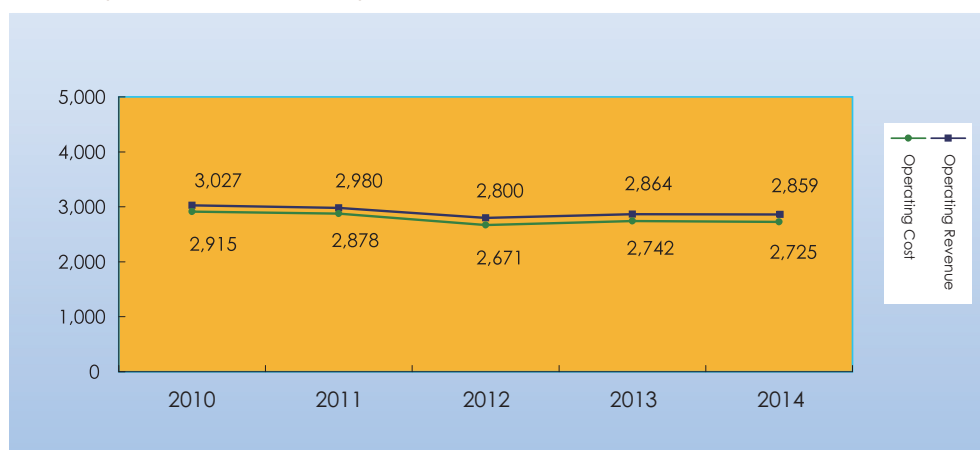
Title	2014	2013	2012	2011	2010
Operating Revenues	285,859,895	286,370,963	279,957,630	298,024,032	302,684,132
Operating Cost	272,509,290	274,187,229	267,122,713	287,760,305	291,502,423
Operating Profit	13,350,605	12,183,734	12,834,917	10,263,727	11,181,709
Non-operating Profit (Loss)	58,716	424,503	367,010	43,949	(21,630)
Income before Taxes	13,409,321	12,608,237	13,201,927	10,307,676	11,160,079
Income Tax Expenses	1,297,296	547,577	4,154,535	1,669,423	3,523,028
Net income	12,112,025	12,060,660	9,047,392	8,638,253	7,637,051
Other comprehensive losses/gains	5,715,215	11,073,070	16,289,838	-	-
Total comprehensive income	17,827,240	23,133,730	25,337,230	-	-
Earnings per Share (NT\$)	3.03	3.02	2.26	2.16	1.91

Remarks: 1. The 2010-2012 Financial Statement was prepared in accordance with the Statement of Financial Accounting Standards of Taiwan and the settlement of explanation base. The 2012 Financial Statement was prepared in accordance with the settlement of explanation base in addition to compliance with IFRS with adjustment of accounting changes. The 2013 Financial Statement was prepared in accordance with the settlement of explanation base in addition to compliance with IFRS. The 2014 Financial Statement was prepared in accordance with the number of accountant attestation in IFRS.

2. To comply with the "Regulations Governing the Preparation of Financial Reports by Insurance Industry", the premium and pending claims reserve shall be listed under the operation cost starting 2011 and 2010 revenues and expenditures have been reclassified accordingly.

## Operating Revenue and Operating Cost

Unit: NTS 100 Million







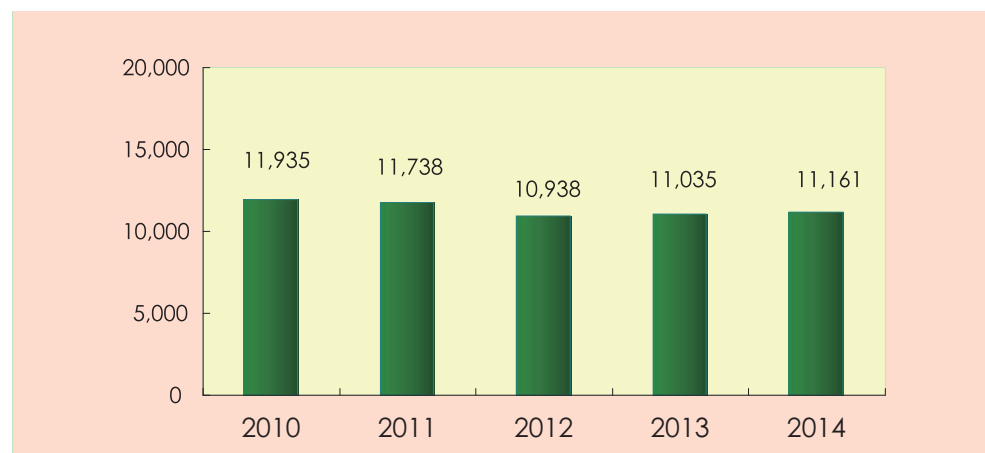
### III. Financial Analysis for the Past 5 Years

Items		2010	2011	2012	2013	2014
Operating Capability	Turnover of Total Assets (time)	0.06	0.05	0.05	0.05	0.04
	Average Operating Revenue per Employee (NT\$1,000)	11,935	11,738	10,938	11,035	11,161
	Average Earnings per Employee (NT\$1,000)	301	340	353	465	473
Profitability	Return on Assets (%)	0.14	0.16	0.16	0.20	0.19
	Return on Stockholders' Equity (%)	7.21	7.86	8.14	9.41	8.33
	Net Income Ratio (%)	2.52	2.90	3.23	4.21	4.24
	Earnings per Share (NT\$)	1.91	2.16	2.26	3.02	3.03
Growth rate (%)	Asset Growth Rate	3.05	2.44	4.79	4.46	5.19
	Profit Growth Rate	(19.59)	(7.64)	28.08	(4.50)	6.35

Note: The 2010-2012 Financial Statement was prepared in accordance with the Statement of Financial Accounting Standards of Taiwan and the settlement of explanation base. The 2012 Financial Statement was prepared in accordance with the settlement of explanation base in addition to compliance with IFRS with adjustment of accounting changes. The 2013 Financial Statement was prepared in accordance with the settlement of explanation base in addition to compliance with IFRS. The 2014 Financial Statement was prepared in accordance with the number of accountant attestation in IFRS.

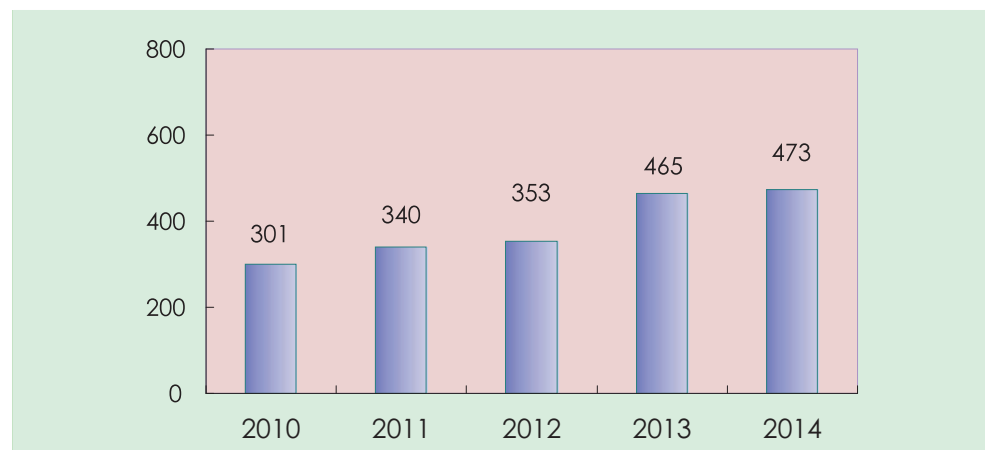
Average Operating Revenue per Employee

Unit: NTS 1000



Average Earning per Employee

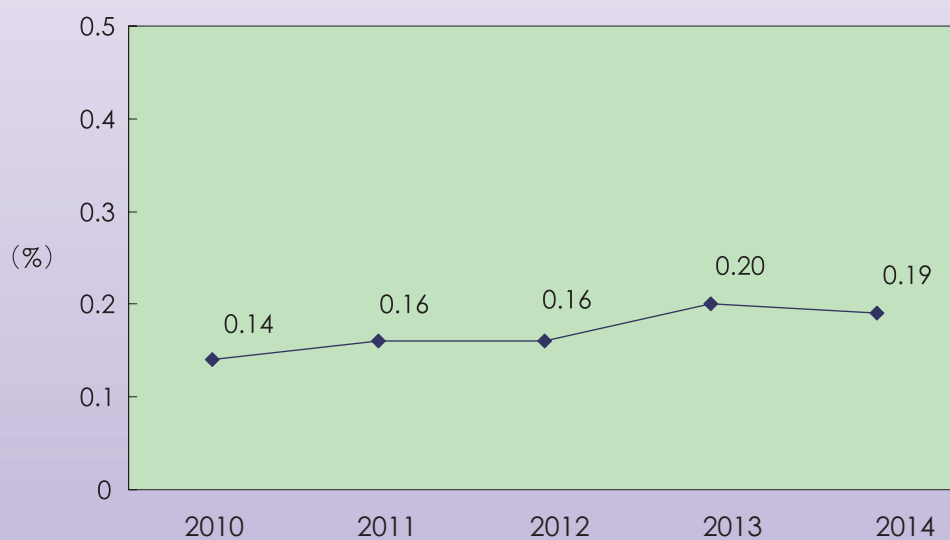
Unit: NTS 1000





## Financial Overview

Return on Assets

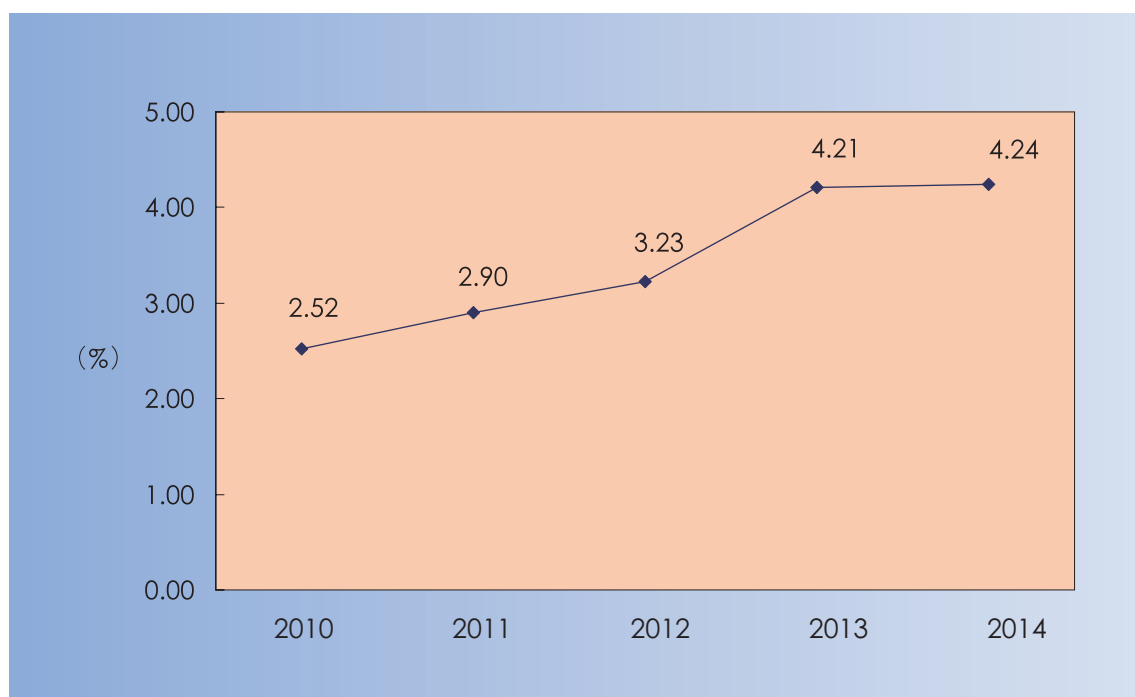


Return on Stockholders' Equity



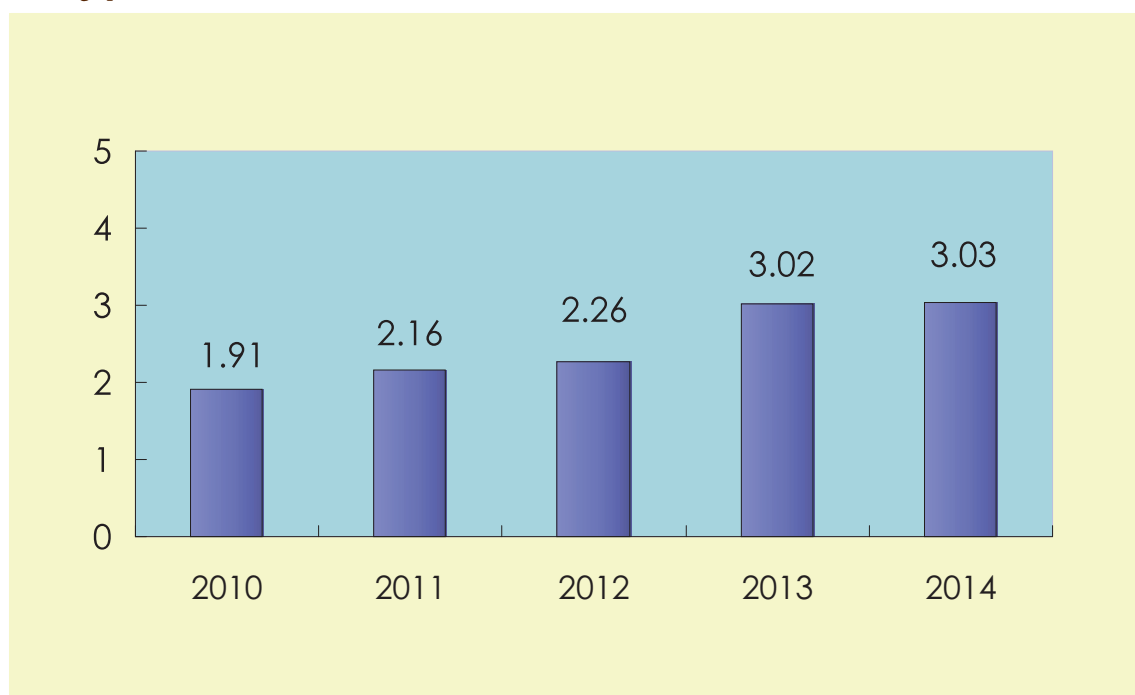


Net Income Ratio



Earnings per share

Unit: NTD





71	<b>I. Stamps Issued in 2014</b>
72	<b>II. List of Envelopes, Postal Cards, Postage Stamps and Other Stamps Issued in 2014</b>
72	<b>III. Stamp Catalogue 2014</b>



## I. Postage Stamps Issued in 2014

Name	Category	Number of Stamps	Denominations	Date of release
Corals of Taiwan Postage Stamps	Sp.	4	3.5, 5, 10, 15	January 8
Signature Taiwan Delicacies Postage Stamps – Gift Desserts from the Heart	Sp.	4	5×4	January 22
Conservation of Birds Postage Stamps – Swinhoe's Pheasant	Sp.	4 1 S/S	5×2, 10, 12 25	February 20
Lighthouses Postage Stamps (Issue of 2014)	Sp.	4	5×2, 10, 25	March 6
Berries Postage Stamps (Continued III)	Def.	4	5×2, 15, 34	March 27
Children at Play Postage Stamps (Issue of 2014)	Sp.	5 1 Booklet	5×5 5×10	April 2
Ancient Chinese Paintings from the National Palace Museum - Children at Play	Sp.	5	5×2, 10×2, 12	April 30
The Swan Goose Carries a Message Postage Stamp	Sp.	1	9	May 9
Herb Plants Postage Stamps (Issue of 2014)	Sp.	4	3.5, 5, 12, 25	June 11
Communications Construction Souvenir Sheet – Hua-tung Railway Electrification	Sp.	1 S/S	42	June 28
Alpine Lakes of Taiwan Postage Stamps (I)	Sp.	4	5×2, 10, 12	July 17
National Taiwan Library 100th Commemorative Issue	Com.	1	12	August 9
The Formation of Kinmen County 100th Anniversary Commemorative Issue	Com.	2	5, 12	August 28
The Beauty of Museums of Taiwan Souvenir Sheet	Sp.	1 S/S	32	September 10
Ancient Chinese Art Treasures Postage Stamps – Blue and White Porcelain	Sp.	4 1 S/S 1 pair S/S	5, 10, 12, 20 25 50	September 19
TAIPEI 2015 - 30th Asian International Stamp Exhibition Souvenir Sheet: Four Seasons of Beautiful Taiwanese Vistas	Sp.	1 S/S	45	October 3
100th Anniversary of the Taipei Zoo Commemorative Issue	Com.	6	5×2, 10×2 12×2	October 16
Chinese Classic Novel "Red Chamber Dream" Postage Stamps (Issue of 2014)	Sp.	4	5×2, 10, 25	October 27
Taiwan Koji Pottery Postage Stamps – Peace during All Four Seasons	Sp.	4	5×2, 10, 25	November 14
Felicitations Postage Stamps	Sp.	4	3.5×2, 5×2	November 21
New Year's Greeting Postage Stamps (Issue of 2014)	Sp.	2 1 S/S	3.5, 13 12	December 1
Ancient Chinese Artifacts Postage Stamps – The Ruins of Yin	Sp.	8 1 S/S	5×4, 12×4 68	December 10





# Appendices

## II. Postal Stationeries Issued in 2014

Name	Date of Issue
Maximum Cards of Ancient Chinese Paintings from the National Palace Museum – Children at Play	April 30
Domestic Ordinary Stamped Envelope – Vertical Type (Issue of 2014)	July 25
Domestic Ordinary Stamped Envelope – Horizontal Type (Issue of 2014)	July 25
Domestic Registered Stamped Envelope – Vertical Type (Issue of 2014)	July 25
Domestic Registered Stamped Envelope – Horizontal Type (Issue of 2014)	July 25
Envelope in Commemoration of the Republic of China's (Taiwan's) Participation in PHILAKOREA 2014 World Stamp Exhibition	August 7
Gallant Horse Postage Label	August 22
Maximum Cards of Ancient Chinese Art Treasures Postage Stamps – Blue and White Porcelain	September 19
"ROCUPEX'14 TAICHUNG & R.O.C. – THAILAND STAMP EXHIBITION" Postage Label	October 3
Domestic Stamped Postal Card – Vertical Type (Issue of 2014)	October 8
Domestic Stamped Postal Card – Horizontal Type (Issue of 2014)	October 8
Envelope in Commemoration of the Republic of China's (Taiwan's) Participation in Malaysia 2014 World Youth Stamp Exhibition and 29th Asian International Stamp Exhibition	December 1
New Year's Greeting Postal Cards with Lotto (Issue of 2014)	December 1
Maximum Cards of Ancient Chinese Artifacts Postage Stamps – The Ruins of Yin	December 10

## III. Postage Stamp Catalogue 2014 (see the DVD for details)

### Corals of Taiwan Postage Stamps



### Signature Taiwan Delicacies Postage Stamps – Gift Desserts from the Heart





### Conservation of Birds Postage Stamps – Swinhoe's Pheasant





## Appendices

### Lighthouses Postage Stamps (Issue of 2014)



### Berries Postage Stamps (Continued III)







### Children at Play Postage Stamps (Issue of 2014)





## Appendices

### Ancient Chinese Paintings from the National Palace Museum – Children at Play



### The Swan Goose Carries a Message Postage Stamp



### Herb Plants Postage Stamps (Issue of 2014)







## Communications Construction Souvenir Sheet – Hua-tung Railway Electrification



## Alpine Lakes of Taiwan Postage Stamps (I)





## Appendices

### National Taiwan Library 100th Commemorative Issue



### The Formation of Kinmen County 100th Anniversary Commemorative Issue



### The Beauty of Museums of Taiwan Souvenir Sheet





### Ancient Chinese Art Treasures Postage Stamps – Blue and White Porcelain







## Appendices

### TAIPEI 2015 - 30th Asian International Stamp Exhibition Souvenir Sheet: Four Seasons of Beautiful Taiwanese Vistas



### 100th Anniversary of the Taipei Zoo Commemorative Issue





### Chinese Classic Novel “Red Chamber Dream” Postage Stamps (Issue of 2014)



### Taiwan Koji Pottery Postage Stamps – Peace during All Four Seasons



### Felicitations Postage Stamps







## Appendices

### New Year's Greeting Postage Stamps (Issue of 2014)





## Ancient Chinese Artifacts Postage Stamps – The Ruins of Yin



# 2014

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