

Chapter 3 Financial Information

Capital and shares

Source of capital

As of March 15, 2013

Unit: shares / NT\$

Date	Par value (NT\$)	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Source of capital (NT\$)	In a form other than cash	Cert. No. & effective date
Oct. 2011	10	6,000,000,000	60,000,000,000	3,420,832,827	34,208,328,270	Cash capital reduction: NT\$ 3,800,925,360	--	Authorization No. 1000031760 July 15, 2011

As of March 15, 2013

Unit: shares

	Authorized capital			Remarks
	Listed shares	Unissued shares	Total	
Common stock	3,420,832,827	2,579,167,173	6,000,000,000	None

Shareholder structure

As of July 15, 2012

	Government agencies	Financial institutions	Other institutions	Individuals	Foreign institutions & individuals	Total
No. of shareholders	7	19	283	35,758	840	36,907
Total shares owned	100,764,456	329,077,229	1,340,322,352	353,872,339	1,296,796,451	3,420,832,827
Holding percentage (%)	2.94	9.62	39.18	10.35	37.91	100.00

Shareholding distribution

As of July 15, 2012

Common shares

Shareholding range	No. of shareholders	Total shares owned	Holding percentage
1 ~ 999	18,005	7,105,694	0.21%
1,000 ~ 5,000	13,742	29,590,278	0.87%
5,001 ~ 10,000	2,395	17,346,096	0.51%
10,001 ~ 15,000	714	8,698,212	0.25%
15,001 ~ 20,000	419	7,294,314	0.21%
20,001 ~ 30,000	342	8,482,977	0.25%
30,001 ~ 50,000	308	11,975,628	0.35%
50,001 ~ 100,000	254	18,220,070	0.53%
100,001 ~ 200,000	160	22,660,725	0.66%
200,001 ~ 400,000	166	47,625,351	1.39%
400,001 ~ 600,000	85	41,871,353	1.22%
600,001 ~ 800,000	40	28,008,236	0.82%
800,001 ~ 1,000,000	35	31,668,311	0.93%
1,000,001 and above	242	3,140,285,582	91.80%
Total	36,907	3,420,832,827	100.000%

Major shareholders

As of July 15, 2012

Name	Total shares owned	Holding percentage
TFN Union Investment Co., Ltd.	410,665,284	12.00%
TCC Investment Co., Ltd.	200,496,761	5.86%
Ming Dong Co., Ltd.	184,736,452	5.40%
Fubon Life Insurance Co., Ltd.	123,791,400	3.62%
TCCI Investment & Development Co., Ltd.	119,563,804	3.50%
Dao Ying Co., Ltd.	104,954,742	3.07%
Cathay Life Insurance Co., Ltd.	102,933,900	3.01%
Daniel Tsai	91,979,990	2.69%
Richard Tsai	90,127,938	2.64%
JPMorgan Chase Bank N.A. Taipei Branch, Custodian for Saudi Arabian Monetary Agency	83,373,826	2.44%

Major shareholders of TWM's institutional investors

Institutional investors	Major shareholders
TFN Union Investment Co., Ltd.	Taiwan Fixed Network Co., Ltd. (100%)
TCC Investment Co., Ltd.	Taiwan Cellular Co., Ltd. (100%)
Ming Dong Co., Ltd.	Fubon Land Development Co., Ltd. (16.36%), Fubon Construction Co., Ltd. (13.89%), Fu-Chi Investment Co., Ltd. (12.63%), Ru Chi Investment Co., Ltd. (12.63%), Dao Chi Co., Ltd. (12.63%), Chung Shing Development Co., Ltd. (11.77%), Dao Ying Co., Ltd. (9.60%), Fubon Charity Foundation (3.43%), Fubon Cultural and Education Foundation (2.52%), Daniel Tsai (1.31%)
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd. (100%)
TCCI Investment & Development Co., Ltd.	TCC Investment Co., Ltd. (100%)
Dao Ying Co., Ltd.	Fubon Land Development Co., Ltd. (17.69%), Fubon Construction Co., Ltd. (17.69%), Fu-Chi Investment Co., Ltd. (13.13%), Ru Chi Investment Co., Ltd. (13.13%), Dao Chi Co., Ltd. (13.13%), Ming Dong Co., Ltd. (9.60%), Chung Shing Development Co., Ltd. (8.84%), Fubon Charity Foundation (1.01%), Wan-Tsai Tsai (1.01%), Shiang-Shun Yang Tsai (1.01%)
Cathay Life Insurance Co., Ltd.	Cathay Financial Holdings Co., Ltd. (100%)

Share price, net worth, earnings, dividends and related information

Unit: NT\$, '000 shares

		2011	2012	As of March 15, 2013	
Share price (NT\$)	High	98.30	115.50	108.50	
	Low	65.20	86.30	102.50	
	Average	78.18	98.26	105.11	
Net worth per share (NT\$)	Before earnings appropriation	18.20	18.48	—	
	After earnings appropriation	13.04	Note 1	—	
Earnings per share (NT\$)	Adjusted weighted average outstanding shares	2,863,715	2,690,107	2,690,107	
	Earnings per share	4.70	5.46	—	
Dividends per share (NT\$)	Cash dividends	5.16	Note 1	—	
	Stock dividends	Retained earnings	—	Note 1	—
		Capital surplus	—	—	—
	Accumulated unpaid dividends	—	—	—	
PE and dividend yield (Note 2)	Price earnings ratio (x)	16.63	18.00	—	
	Price to cash dividend (x)	15.15	—	—	
	Cash dividend yield (%)	6.60	—	—	

Note 1: The appropriation amount indicated above is based on resolutions approved at the annual shareholders' meetings in the subsequent year. The appropriation amount for 2012 has not yet been approved by AGM.

Note 2: Price earnings ratio = Average closing price / earnings per share
Price to cash dividend = Average closing price / cash dividend per share
Cash dividend yield = Cash dividend per share / average closing price

Dividend policy

1. Dividend policy under Articles of Incorporation

The dividend policy in general is to distribute earnings in the form of cash from retained earnings after deducting forecasted capital expenditure. Should there be a stock dividend distribution, it should not exceed 80% of the total dividends distributed in a single year. The dividend payout proposed by the board of directors (BOD) has to be approved at the annual shareholders' meeting.

2. Proposed dividend allocation for approval at the annual shareholders' meeting

The BOD has not yet approved the proposal for dividend allocation of 2012 earnings as of the publication date. The board expects to approve the proposal 40 days prior to the AGM, and any resolution will be announced on the Company's website and MOPS.

3. The Company maintains a dividend policy with a high payout ratio. Historically, dividends distributed to shareholders were no less than 80% of net income for that year and composed of over 80% cash. A historical listing of dividends distributed is listed on TWM's official website.

Impact of stock dividend distribution on business performance and EPS

The BOD has not yet approved the proposal for dividend allocation of 2012 earnings as of the publication date.

Employee bonus and compensation to directors

1. Earnings distribution plan according to the Company's Articles of Incorporation

According to the Company's Articles of Incorporation, annual net income after deducting losses from previous years, appropriating 10% thereof for legal reserves and setting aside special reserves, shall be distributed in the following order:

- 1) Maximum of 0.3% as compensation to directors;
- 2) 1% to 3% as bonuses to employees;
- 3) Remainder thereafter to be set aside for stock/cash dividends to shareholders as determined in the annual shareholders' meeting.

The board of directors is empowered to decide the allocation of stock bonuses to employees. Recipients are to include qualified employees of subsidiaries.

2. Accounting treatment for the deviation between estimated and actual distribution amounts of employee bonuses and compensation to directors

Should there be a significant adjustment on the distribution amount approved by the BOD from the previous accrual after year-end, the accrued amount should be revised accordingly. However, should there be another change in the amount approved at the annual shareholders' meeting, the adjustment should be treated as a "change in accounting estimation," and the difference from the BOD resolution should be booked in the year the AGM is held.

3. 2012 proposal on employee bonuses and compensation to directors adopted by the board of directors

The BOD has not yet approved the proposal for dividend allocation of 2012 earnings as of the publication date. The BOD expects to approve the dividend distribution 40 days prior to the AGM, and any resolution will be announced on the Company's website and MOPS.

4. Earnings distributed as employee bonus and compensation to directors in the previous year

An employee cash bonus of NT\$362,844,193 and compensation to directors of NT\$36,284,419 out of 2011 earnings, as approved in the 2012 board of directors' and shareholders' meetings, were duly paid in 2012.

Share buyback: None.

Corporate bond issuance

Corporate bonds

Issuance	Second unsecured corporate bonds	Third unsecured corporate bonds	Fourth unsecured corporate bonds
Issue date	November 14, 2008	December 20, 2012	Registration is effective as of Feb. 27, 2013 through letter no. 1020005698 issued by Financial Supervisory Commission, R.O.C until the bond is officially issued.
Denomination	NT\$10,000,000	NT\$10,000,000	NT\$10,000,000
Issuance and listing	Not applicable	Not applicable	Not applicable
Issue price	100%	100%	100%
Total amount	NT\$8,000,000,000	NT\$9,000,000,000	Not to exceed NT\$5,800,000,000
Coupon	2.88% p.a.	1.34% p.a.	Not to exceed 1.40% p.a.
Term	5 years, maturing on Nov. 14, 2013	7 years, maturing on Dec. 20, 2019	5 years
Guarantor	None	None	None
Trustee	Hua Nan Bank, Trust Division	Hua Nan Bank, Trust Division	Hua Nan Bank, Trust Division
Underwriter	None	None	None
Legal counsel	Jim Chen, Attorney	Bang Shang Lin, Attorney	Bang Shang Lin, Attorney
Auditor	Vita Kuo, CPA Deloitte & Touche	Simon Chen, CPA KPMG	Simon Chen, CPA KPMG
Repayment	Repayment of 50% of the principal in the 4th year and the remaining 50% in the 5th year	Repayment of 50% of the principal in the 6th year and the remaining 50% in the 7th year	Repayment of 50% of the principal in the 4th year and the remaining 50% in the 5th year
Outstanding balance	NT\$4,000,000,000	NT\$9,000,000,000	Not to exceed NT\$5,800,000,000
Early repayment clause	None	None	None
Covenants	None	None	None
Credit rating agency, rating date, company credit rating	Taiwan Ratings Corp., 2008.09.15, twAA Taiwan Ratings Corp., 2009.06.10, twAA Taiwan Ratings Corp., 2010.05.31, twAA Taiwan Ratings Corp., 2011.05.31, twAA Taiwan Ratings Corp., 2012.05.23, twAA	Taiwan Ratings Corp., 2012.11.12, twAA	Taiwan Ratings Corp., 2013.01.30, twAA
Ancillary rights	Amount converted/exchanged into common shares, ADRs or other securities	Not applicable	Not applicable
	Rules governing issuance or conversion (exchanged or subscription)	Not applicable	Not applicable