

Chapter 3 Financial Information

Capital and shares

Source of capital

As of March 30, 2016

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 30, 2016

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

Information related to shelf registration: None

Shareholder structure

As of July 4, 2015

	Government agencies	Financial institutions	Other institutions	Individuals	Foreign institutions & individuals	Total
No. of shareholders	7	16	302	38,273	902	39,500
Total shares owned	157,231,046	367,713,873	1,350,317,515	357,320,483	1,188,249,910	3,420,832,827
Holding percentage (%)	4.60	10.75	39.47	10.44	34.74	100.00%

Shareholding distribution

As of July 4, 2015

1. Common shares

Shareholding range	No. of shareholders	Total shares owned	Holding percentage
1 ~ 999	15,880	5,566,339	0.16%
1,000 ~ 5,000	18,011	36,723,176	1.07%
5,001 ~ 10,000	2,676	20,063,749	0.59%
10,001 ~ 15,000	781	9,664,977	0.28%
15,001 ~ 20,000	450	8,066,644	0.24%
20,001 ~ 30,000	409	10,205,524	0.30%
30,001 ~ 50,000	305	11,945,728	0.35%
50,001 ~ 100,000	261	18,762,816	0.55%
100,001 ~ 200,000	175	24,955,446	0.73%
200,001 ~ 400,000	147	43,578,369	1.27%
400,001 ~ 600,000	70	34,262,519	1.00%
600,001 ~ 800,000	54	37,359,310	1.09%
800,001 ~ 1,000,000	26	23,665,190	0.69%
1,000,001 and above	255	3,136,013,040	91.68%
Total	39,500	3,420,832,827	100.00%

2. Preferred shares: None

Major shareholders

As of July 4, 2015

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.	124,997,400	3.65%
Dao Ying Co., Ltd.	113,609,742	3.32%
Shin Kong Life Insurance Co., Ltd.	94,847,000	2.77%
Nan Shan Life Insurance Co., Ltd.	92,829,500	2.71%
Daniel M. Tsai	92,109,990	2.69%
Richard M. Tsai	90,257,938	2.64%
TCCI Investment & Development Co., Ltd.	87,589,556	2.56%

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 Investment Co., Ltd. (12.63%), Chung Shing Development Co., Ltd. (11.76%), Dao Ying Co., Ltd. (9.60%), Fubon Charity Foundation (3.43%), Fubon Cultural and Educational Foundation (2.53%), Daniel M. Tsai (1.31%)
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd. (100%)
Dao Ying Co., Ltd.	Fubon Land Development Co., Ltd. (17.68%), Fubon Construction Co., Ltd. (17.68%), Fu-Chi Investment Co., Ltd. (13.13%), Ru Chi Investment Co., Ltd. (13.13%), Dao Chi Investment 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%)
Shin Kong Life Insurance Co., Ltd.	Shin Kong Financial Holding Co., Ltd. (100%)
Nan Shan Life Insurance Co., Ltd.	Dedicated investment account managed by First Bank on behalf of Ruen Chen Investment Holding Co., Ltd. (76.46%), Ruen Chen Investment Holding Co., Ltd. (14.16%), Ying Tsung Tu (3.25%), Ruen Hua Dyeing & Weaving Co., Ltd. (0.28%), Ruentex Leasing Co., Ltd. (0.15%), Chi Pin Investment Co., Ltd. (0.11%), Wen Te Kuo (0.11%), Dedicated stock trust property account managed by Taishin International Bank on behalf of Nan Shan Life Insurance (0.06%), Pao Chih Investment Co., Ltd. (0.05%), Pao Yi Investment Co., Ltd. (0.05%), Pao Hui Investment Co., Ltd. (0.05%), Pao Huang Investment Co., Ltd. (0.05%)
TCCI Investment & Development Co., Ltd.	TCC Investment Co., Ltd. (100%)

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

Unit: NT\$, '000 shares

		2014	2015	As of March 30, 2016	
Share price (NT\$)	High	104.50	113.00	105.50	
	Low	85.00	95.00	96.40	
	Average	94.78	103.88	101.05	
Net worth per share (NT\$)	Before earnings appropriation	22.13 (Note 1)	21.88	—	
	After earnings appropriation	16.53 (Note 1)	(Note 1)	—	
Earnings per share (NT\$)	Adjusted weighted average outstanding shares	2,697,728	2,722,081	2,722,081	
	Earnings per share	5.56	5.76	—	
Dividends per share (NT\$)	Cash dividends	5.6	(Note 1)	—	
	Stock dividends	Retained earnings	—	(Note 1)	—
		Capital surplus	—	(Note 1)	—
	Accumulated unpaid dividends	—	—	—	
PE and dividend yield (Note 2)	Price earnings ratio (x)	17.05	18.03	—	
	Price to cash dividend (x)	16.93	—	—	
	Cash dividend yield (%)	5.91	—	—	

Note 1: The appropriation amount indicated above is based on resolutions approved at the annual shareholders' meetings in the subsequent year. The 2014 numbers were retroactively adjusted based on IFRS (International Financial Reporting Standards). The appropriation amount for 2015 has yet to be approved at the 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 from retained earnings in the form of cash after deducting forecast 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 annual shareholders' meeting

The BOD has not yet approved the proposal for dividend allocation of the 2015 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 the 2015 earnings as of publication date.

Employee bonuses and compensation to directors

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

In accordance with the Company's Articles of Incorporation (which will be amended in the 2016 general shareholders' meeting), employee profit sharing and directors' compensation shall come from a pool of 1% to 3% and 0.3%, respectively, of the Company's annual net income after deducting losses from previous years. Recipients are to include qualified employees of the subsidiaries.

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

Should there be a significant deviation between the actual distribution amount approved by the BOD and the accrued amount in annual financial reports before its publication date, said accrued amount should be revised accordingly. However, should the deviation occur after the financial reports' publication date, the difference should be treated as changes in accounting estimates and adjusted in the following year.

3. The 2015 proposal on employee bonuses and compensation to directors adopted by the board of directors

- (1) Employee bonuses and compensation to directors paid in the form of cash or shares and differences/reasons/treatments of accrued numbers if any:

The 2015 employee bonuses and compensation to directors approved by the Board of Directors on January 29, 2016 totaled NT\$454,756,761 and NT\$45,475,676, respectively, while the accrued amount in the financial reports were NT\$466,322 thousand and NT\$46,632 thousand, respectively. The differences between the actual distribution and the accrued amounts shall be treated as changes in accounting estimates and adjusted in 2016.

- (2) Employee bonuses paid in the form of shares and as a percentage of total net income on a stand-alone basis and of total employee bonuses: None.

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

An employee cash bonus of NT\$396,056,971 and compensation to directors of NT\$33,845,697 from the 2014 earnings, which were approved at the 2015 board of directors' and shareholders' meetings, were duly paid in 2015.

Share buyback: None.