

Chapter 3 Financial Information

Capital and shares

Source of capital

As of February 23, 2018

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 February 23, 2018

	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 17, 2017

	Government agencies	Financial institutions	Other institutions	Individuals	Foreign institutions & individuals	Total
No. of shareholders	7	21	327	40,653	957	41,965
Total shares owned	230,596,656	630,136,459	1,326,586,363	335,387,758	898,125,591	3,420,832,827
Holding percentage (%)	6.74	18.42	38.78	9.80	26.26	100.00

Shareholding distribution

As of July 17, 2017

1. Common shares

Shareholding range	No. of shareholders	Total shares owned	Holding percentage
1 ~ 999	15,711	5,285,460	0.15%
1,000 ~ 5,000	20,186	40,305,519	1.18%
5,001 ~ 10,000	2,815	21,267,402	0.62%
10,001 ~ 15,000	838	10,390,367	0.30%
15,001 ~ 20,000	510	9,192,089	0.27%
20,001 ~ 30,000	474	11,963,067	0.35%
30,001 ~ 50,000	364	14,358,679	0.42%
50,001 ~ 100,000	299	21,761,001	0.64%
100,001 ~ 200,000	207	29,720,181	0.87%
200,001 ~ 400,000	171	48,441,674	1.42%
400,001 ~ 600,000	81	39,635,190	1.16%
600,001 ~ 800,000	55	38,432,882	1.12%
800,001 ~ 1,000,000	25	22,477,428	0.66%
1,000,001 and above	229	3,107,601,888	90.84%
Total	41,965	3,420,832,827	100.00%

2. Preferred shares: None

Major shareholders

As of July 17, 2017

Name	Total shares owned	Holding percentage
TFN Union Investment Co., Ltd.	410,665,284	12.00%
Shin Kong Life Insurance Co., Ltd.	286,061,000	8.36%
TCC Investment Co., Ltd.	200,496,761	5.86%
Ming Dong Co., Ltd.	184,736,452	5.40%
Fubon Life Insurance Co., Ltd.	150,880,400	4.41%
Dao Ying Co., Ltd.	113,609,742	3.32%
Richard M. Tsai	93,310,663	2.73%
TCCI Investment & Development Co., Ltd.	87,589,556	2.56%
Cathay Life Insurance Co., Ltd.	66,015,900	1.93%
Daniel M. Tsai (Note 1)	65,162,715	1.90%

Note 1: 30,000,000 shares held in a discretionary trust were not included.

Major shareholders of TWM's institutional investors

Institutional investors	Major shareholders
TFN Union Investment Co., Ltd.	Taiwan Fixed Network Co., Ltd. (100%)
Shin Kong Life Insurance Co., Ltd.	Shin Kong Financial Holding 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. (11.77%), Dao Ying Co., Ltd. (9.60%), Fubon Charity Foundation (3.43%), Fubon Cultural and Educational Foundation (2.52%), Daniel M. Tsai (1.82%)
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%), Daniel M. Tsai (1.52%), Richard M. Tsai (1.51%), Fubon Charity Foundation (1.01%)
TCCI Investment & Development Co., Ltd.	TCC Investment Co., Ltd. (100%)
Cathay Life Insurance Co., Ltd.	Cathay Financial Holding Co., Ltd. (100%)

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

		2016	2017	As of February 23, 2018	
Share price (NT\$)	High	116.50	116.50	112.00	
	Low	96.40	102.00	105.00	
	Average	107.91	109.06	109.41	
Net worth per share (NT\$)	Before earnings appropriation	22.20	21.91	—	
	After earnings appropriation	16.60	(Note 1)	—	
Earnings per share (NT\$)	Adjusted weighted average outstanding shares (‘000 shares)	2,722,081	2,722,081	2,722,081	
	Earnings per share	5.63	5.21	—	
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)	19.17	20.93	—	
	Price to cash dividend (x)	19.27	—	—	
	Cash dividend yield (%)	5.19	—	—	

Note 1: The appropriation amount for 2017 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 proposed dividend allocation for 2017 as of 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.

- 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 posted on TWM's official website.

Impact of stock dividend distribution on business performance and EPS

The BOD has not yet approved the dividend allocation proposal for 2017 as of publication date.

Employees' and directors' compensations

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

If the Company posts an annual profit, it shall set aside 1% to 3% of the profit as employee bonuses and not more than 0.3% of the profit as compensation to directors. However, if the Company posts a loss, it shall first reserve a certain amount to offset the losses, then allocate the remainder for employee bonuses and directors' compensation.

Recipients are to include qualified employees of TWM subsidiaries.

2. Accounting treatment for the deviation between the estimated and actual distribution amount of employees' and directors' compensations

The Company accrues employee bonuses and compensation to directors proportionally from the pre-tax income before deducting employee bonuses and compensation to directors. Should there be a deviation between the actual distribution amount and the accrued amount in the annual financial reports after their publication date, the difference should be treated as changes in accounting estimates and adjusted in the following year.

3. 2017 employees' and directors' compensations proposal adopted by the BOD

- (1) Employees' and directors' compensations paid in the form of cash or shares and differences/reasons/treatments of accrued numbers if any:

The 2017 employee bonuses and compensation to directors approved by the BOD on February 1, 2018 totaled NT\$453,359 thousand and NT\$45,336 thousand, respectively, in the form of cash, while the accrued amounts in the 2017 financial reports were NT\$438,728 thousand and NT\$43,873 thousand, respectively. The differences between the actual distribution and the accrued amounts of NT\$14,631 thousand and NT\$1,463 thousand, respectively, were treated as changes in accounting estimates and adjusted in 2018.

- (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

Actual employee cash bonuses and compensation to directors distributed from 2016 earnings were NT\$468,063 thousand and NT\$46,806 thousand, respectively, while the accrued amounts in the 2016 financial reports were NT\$494,483 thousand and NT\$49,448 thousand, respectively. The differences between the actual distribution and the accrued amounts of NT\$26,420 thousand and NT\$2,642 thousand, respectively, were treated as changes in accounting estimates and adjusted in 2017.

Share buyback: None.