

# Chapter 3 Financial Information

## Capital and shares

### Source of capital

As of February 25, 2019

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
Nov. 2018	10	6,000,000,000	60,000,000,000	3,420,851,929	34,208,519,290	Convertible bond: 191,020		Authorization No. 1050043485 November 7, 2016

As of February 25, 2019

	Authorized capital			Remarks
	Listed shares	Unissued shares	Total	
Common stock	3,420,851,929	2,579,148,071	6,000,000,000	None

Information related to shelf registration: None

Note: 5,434,542 out of the total outstanding shares of 3,426,286,471 shares as of February 25, 2019 have not been altered for capital registration

### Shareholder structure

As of July 16, 2018

	Government agencies	Financial institutions	Other institutions	Individuals	Foreign institutions & individuals	Total
No. of shareholders	7	22	355	48,352	831	49,567
Total shares owned	245,830,556	774,171,459	1,378,821,073	376,047,570	645,962,169	3,420,832,827
Holding percentage (%)	7.19	22.63	40.31	10.99	18.88	100.00

### Shareholding distribution

As of July 16, 2018

#### 1. Common shares

Shareholding range	No. of shareholders	Total shares owned	Holding percentage
1 ~ 999	15,922	5,214,544	0.15%
1,000 ~ 5,000	26,355	52,496,827	1.53%
5,001 ~ 10,000	3,545	27,385,329	0.80%
10,001 ~ 15,000	1,016	12,787,222	0.37%
15,001 ~ 20,000	661	12,033,132	0.35%
20,001 ~ 30,000	586	14,854,241	0.43%
30,001 ~ 50,000	471	18,681,708	0.55%
50,001 ~ 100,000	349	25,062,054	0.73%
100,001 ~ 200,000	201	29,049,203	0.85%
200,001 ~ 400,000	124	34,176,436	1.00%
400,001 ~ 600,000	67	33,269,996	0.97%
600,001 ~ 800,000	38	26,551,346	0.78%
800,001 ~ 1,000,000	34	30,352,122	0.89%
1,000,001 and above	198	3,098,918,667	90.60%
Total	49,567	3,420,832,827	100.00%

#### 2. Preferred shares: None

## Major shareholders

As of July 16, 2018

Name	Total shares owned	Holding percentage
TFN Union Investment Co., Ltd.	410,665,284	12.00%
Shin Kong Life Insurance Co., Ltd.	338,386,000	9.89%
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%
Cathay Life Insurance Co., Ltd.	113,751,900	3.33%
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%
Chunghwa Post Co., Ltd.	71,465,556	2.09%

Note: Shareholding percentage is calculated based on outstanding shares of 3,420,832,827 shares as of July 16, 2018

## 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. (16.37%), Fubon Construction Co., Ltd. (13.90%), Fu-Chi Investment Co., Ltd. (12.64%), Ru Chi Investment Co., Ltd. (12.64%), Dao Chi Investment Co., Ltd. (12.64%), Chung Shing Development Co., Ltd. (11.78%), Dao Ying Co., Ltd. (9.60%), Fubon Charity Foundation (3.33%), Fubon Cultural and Educational Foundation (2.52%), Daniel M. Tsai (1.82%)
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd. (100%)
Cathay Life Insurance Co., Ltd.	Cathay 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%)
Chunghwa Post Co., Ltd.	Ministry of Transportation and Communications (100%)

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

		2017	2018	As of February 25, 2019	
Share price (NT\$)	High	116.50	112.00	110.00	
	Low	102.00	104.50	106.00	
	Average	109.06	108.42	108.45	
Net worth per share (NT\$)	Before earnings appropriation	21.91	22.71	—	
	After earnings appropriation	16.31	(Note 1)	—	
Earnings per share (NT\$)	Adjusted weighted average outstanding shares ('000 shares)	2,722,081	2,722,519	—	
	Earnings per share	5.21	5.01	—	
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)	20.93	21.64	—	
	Price to cash dividend (x)	19.48	—	—	
	Cash dividend yield (%)	5.13	—	—	

Note 1: The appropriation amount for 2018 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 2018 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.

### 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 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 2018 as of publication date.

## **Employees' and directors' compensation**

### **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 for 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' compensation**

The Company accrues employee bonuses and directors' compensation proportionally from the pre-tax income before deducting employee bonuses and directors' compensation. 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. 2018 employees' and directors' compensation proposals adopted by the BoD**

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

The 2018 employee bonuses and directors' compensation approved by the BoD on January 31, 2019 totaled NT\$459,368 thousand and NT\$45,937 thousand, respectively, in the form of cash, while the accrued amounts in the 2018 financial reports were NT\$432,341 thousand and NT\$43,234 thousand, respectively. The differences between the actual distribution and the accrued amounts of NT\$27,027 thousand and NT\$2,703 thousand, respectively, were treated as changes in accounting estimates and adjusted in 2019.

- (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 directors' compensation in the previous year**

Actual employee cash bonuses and directors' compensation distributed from 2017 earnings were NT\$453,359 thousand and NT\$45,336 thousand, respectively, 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.

**Share buyback: None.**