

Chapter 3 Financial Information

Capital and shares

Source of capital

As of February 24, 2020

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
Mar. 2019	10	6,000,000,000	60,000,000,000	3,423,833,757	34,238,337,570	Convertible bonds: 29,818,280	—	Authorization No. 1050043485 Nov. 7, 2016
May 2019	10	6,000,000,000	60,000,000,000	3,433,524,274	34,335,242,740	Convertible bonds: 96,905,170	—	Authorization No. 1050043485 Nov. 7, 2016
Aug. 2019	10	6,000,000,000	60,000,000,000	3,467,953,094	34,679,530,940	Convertible bonds: 344,288,200	—	Authorization No. 1050043485 Nov. 7, 2016
Dec. 2019	10	6,000,000,000	60,000,000,000	3,495,944,073	34,959,440,730	Convertible bonds: 279,909,790	—	Authorization No. 1050043485 Nov. 7, 2016
Feb. 2020	10	6,000,000,000	60,000,000,000	3,509,354,470	35,093,544,700	Convertible bonds: 134,103,970	—	Authorization No. 1050043485 Nov. 7, 2016

As of February 24, 2020

	Authorized capital			Remarks
	Listed shares	Unissued shares	Total	
Common stock	3,509,354,470	2,490,645,530	6,000,000,000	None

Note: As of Feb. 24, 2020, capital registration for 22,022 of the total outstanding shares of 3,509,376,492 had not been changed.
Information related to shelf registration: None

Shareholder structure

As of July 15, 2019

	Government agencies	Financial institutions	Other institutions	Individuals	Foreign institutions & individuals	Total
No. of shareholders	7	19	353	44,081	897	45,357
Total shares owned	245,753,356	803,830,491	1,373,871,726	345,807,195	698,690,326	3,467,953,094
Holding percentage (%)	7.09	23.18%	39.61%	9.97%	20.15%	100.00%

Shareholding distribution

As of July 15, 2019

1. Common shares

Shareholding range	No. of shareholders	Total shares owned	Holding percentage
1 ~ 999	15,887	5,138,136	0.15%
1,000 ~ 5,000	23,229	45,941,408	1.32%
5,001 ~ 10,000	3,011	22,904,423	0.66%
10,001 ~ 15,000	857	10,733,951	0.31%
15,001 ~ 20,000	552	9,989,139	0.29%
20,001 ~ 30,000	483	12,169,134	0.35%
30,001 ~ 50,000	372	14,608,600	0.42%
50,001 ~ 100,000	293	20,999,826	0.60%
100,001 ~ 200,000	184	26,678,407	0.77%

Shareholding range	No. of shareholders	Total shares owned	Holding percentage
200,001 ~ 400,000	128	34,523,316	1.00%
400,001 ~ 600,000	74	36,445,209	1.05%
600,001 ~ 800,000	47	33,150,052	0.96%
800,001 ~ 1,000,000	38	34,607,865	1.00%
1,000,001 and above	202	3,160,063,628	91.12%
Total	45,357	3,467,953,094	100.00%

2. Preferred shares: None

Major shareholders

As of July 15, 2019

Name	Total shares owned	Holding percentage (Note)
TFN Union Investment Co., Ltd.	410,665,284	11.84%
Shin Kong Life Insurance Co., Ltd.	325,399,000	9.38%
TCC Investment Co., Ltd.	200,496,761	5.78%
Ming Dong Co., Ltd.	184,736,452	5.33%
Fubon Life Insurance Co., Ltd.	150,880,400	4.35%
Cathay Life Insurance Co., Ltd.	132,874,900	3.83%
Dao Ying Co., Ltd.	113,609,742	3.28%
Richard M. Tsai	93,310,663	2.69%
TCCI Investment & Development Co., Ltd.	87,589,556	2.53%
Daniel M. Tsai (Note 1)	65,162,715	1.88%

Note: Shareholding percentage was calculated based on outstanding shares of 3,467,953,094 as of July 15, 2019.

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. (13.9%), 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. (9.61%), Fubon Charity Foundation (3.33%), Fubon Cultural and Educational Foundation (2.5%), 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%)

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

		2018	2019	As of February 24, 2020	
Share price (NT\$)	High	112.00	123.00	113.00	
	Low	104.50	106.00	106.50	
	Average	108.42	112.98	108.65	
Net worth per share (NT\$)	Before earnings appropriation	22.71	24.20	—	
	After earnings appropriation	17.07	(Note 1)	—	
Earnings per share (NT\$)	Adjusted weighted average outstanding shares ('000 shares)	2,722,519	2,767,709	—	
	Earnings per share	5.01	4.51	—	
Dividends per share (NT\$)	Cash dividends	5.54897	(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)	21.64	25.05	—	
	Price to cash dividend (x)	19.54	—	—	
	Cash dividend yield (%)	5.12	—	—	

Note 1: The appropriation amount for 2019 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 2019 as of publication date. The board expects to approve the proposal 40 days prior to the AGM, and the related 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 2019 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. 2019 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 2019 employee bonuses and directors' compensation approved by the BoD on February 21, 2020 totaled NT\$437,880 thousand and NT\$43,788 thousand, respectively, in the form of cash, while the accrued amounts in the 2019 financial reports were NT\$394,092 thousand and NT\$39,409 thousand, respectively. The differences between the actual distribution and the accrued amounts of NT\$43,788 thousand and NT\$4,379 thousand, respectively, were treated as changes in accounting estimates and adjusted in 2020.

- (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

2018 employee bonuses and directors' compensation approved by the BoD and actual distribution:

Unit: NT\$'000	Employee bonuses	Directors' Compensation
Accrued amount	459,368	45,937
Actual distribution	445,194	45,937
Difference	14,174	0

Note: The differences between the actual distribution and the accrued amount were treated as changes in employee number and adjusted in 2019.

Share buyback: None