

## Chapter 3 Financial Information

### Capital and shares

#### Source of capital

As of February 26, 2021

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
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
May. 2020	10	6,000,000,000	60,000,000,000	3,509,376,492	35,093,764,920	Convertible bonds: 220,220	—	Authorization No. 1050043485 Nov. 7, 2016
Nov. 2020	10	6,000,000,000	60,000,000,000	3,512,421,461	35,124,214,610	Convertible bonds: 30,449,690	—	Authorization No. 1050043485 Nov. 7, 2016

As of February 26, 2021

	Authorized capital			Remarks
	Listed shares	Unissued shares	Total	
Common stock	3,512,421,461	2,487,578,539	6,000,000,000	None

Information related to shelf registration: None

#### Shareholder structure

As of July 25, 2020

	Government agencies	Financial institutions	Other institutions	Individuals	Foreign institutions & individuals	Total
No. of shareholders	7	22	365	54,942	875	56,211
Total shares owned	223,989,356	892,520,173	1,391,014,401	382,795,647	619,056,915	3,509,376,492
Holding percentage (%)	6.38%	25.43%	39.64%	10.91%	17.64%	100.00%

#### Shareholding distribution

As of July 25, 2020

##### 1. Common shares

Shareholding range	No. of shareholders	Total shares owned	Holding percentage
1 ~ 999	16,544	5,181,193	0.15%
1,000 ~ 5,000	32,089	62,655,394	1.79%
5,001 ~ 10,000	3,884	29,992,512	0.85%
10,001 ~ 15,000	1,023	12,888,100	0.37%
15,001 ~ 20,000	705	12,818,004	0.36%
20,001 ~ 30,000	554	14,033,207	0.40%
30,001 ~ 50,000	425	16,751,884	0.48%
50,001 ~ 100,000	340	24,066,325	0.69%
100,001 ~ 200,000	176	25,961,842	0.74%
200,001 ~ 400,000	148	41,830,728	1.19%
400,001 ~ 600,000	60	28,830,628	0.82%
600,001 ~ 800,000	39	27,008,270	0.77%
800,001 ~ 1,000,000	37	33,123,184	0.94%
1,000,001 and above	187	3,174,235,221	90.45%
Total	56,211	3,509,376,492	100.00%

##### 2. Preferred shares: None

## Major shareholders

As of July 25, 2020

Name	Total shares owned	Holding percentage (Note)
TFN Union Investment Co., Ltd.	410,665,284	11.70%
Shin Kong Life Insurance Co., Ltd.	326,010,000	9.29%
Cathay Life Insurance Co., Ltd.	212,444,900	6.05%
TCC Investment Co., Ltd.	200,496,761	5.71%
Ming Dong Co., Ltd.	184,736,452	5.26%
Fubon Life Insurance Co., Ltd.	150,880,400	4.30%
Dao Ying Co., Ltd.	113,609,742	3.24%
Richard M. Tsai	93,310,663	2.66%
TCCI Investment & Development Co., Ltd.	87,589,556	2.50%
Daniel M. Tsai	65,162,715	1.86%

Note: Shareholding percentage was calculated based on outstanding shares of 3,509,376,492 as of July 25, 2020.

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

		2019	2020	As of February 26, 2021	
Share price (NT\$)	High	123.00	116.50	99.70	
	Low	106.00	95.00	95.90	
	Average	112.98	103.82	97.73	
Net worth per share (NT\$)	Before earnings appropriation	24.20	23.23	—	
	After earnings appropriation	19.45	(Note 1)	—	
Earnings per share (NT\$)	Adjusted weighted average outstanding shares (‘000 shares)	2,767,709	2,811,916	—	
	Earnings per share	4.51	4.01	—	
Dividends per share (NT\$)	Cash dividends	4.75	(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)	25.05	25.89	—	
	Price to cash dividend (x)	23.79	—	—	
	Cash dividend yield (%)	4.2	—	—	

Note 1: The appropriation amount for 2020 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 2020 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 retained earnings available for distribution 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 2020 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. 2020 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 2020 employee bonuses and directors' compensation approved by the BoD on February 25, 2021 totaled NT\$390,869 thousand and NT\$39,087 thousand, respectively, in the form of cash, while the accrued amounts in the 2020 financial reports were NT\$351,782 thousand and NT\$35,178 thousand, respectively. The differences between the actual distribution and the accrued amounts of NT\$39,087 thousand and NT\$3,909 thousand, respectively, were treated as changes in accounting estimates and adjusted in 2021.

- (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

2019 employee bonuses and directors' compensation approved by the BoD and actual distribution:

Unit: NT\$'000	Employee bonuses	Directors' Compensation
Accrued amount	437,880	43,788
Actual distribution	424,988	43,788
Difference	12,892	0

Note: The differences between the actual distribution and the accrued amount were treated as changes in employee number and adjusted in 2020.

**Share buyback: None**