

Chapter 3 Financial Information

Capital and shares

Source of capital

As of February 27, 2017

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 February 27, 2017

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 6, 2016

	Government agencies	Financial institutions	Other institutions	Individuals	Foreign institutions & individuals	Total
No. of shareholders	7	20	300	38,144	1,006	39,477
Total shares owned	216,855,656	378,136,330	1,350,160,133	354,818,613	1,114,862,095	3,420,832,827
Holding percentage (%)	6.34	11.05	39.65	10.37	32.59	100.00

Shareholding distribution

As of July 6, 2016

1. Common shares

Shareholding range	No. of shareholders	Total shares owned	Holding percentage
1 ~ 999	15,722	5,430,448	0.16%
1,000 ~ 5,000	18,043	36,320,141	1.06%
5,001 ~ 10,000	2,673	20,113,292	0.59%
10,001 ~ 15,000	766	9,464,546	0.28%
15,001 ~ 20,000	460	8,236,959	0.24%
20,001 ~ 30,000	411	10,270,041	0.30%
30,001 ~ 50,000	347	13,567,910	0.40%
50,001 ~ 100,000	263	18,937,674	0.55%
100,001 ~ 200,000	197	28,020,605	0.82%
200,001 ~ 400,000	171	49,647,374	1.45%
400,001 ~ 600,000	78	37,690,578	1.10%
600,001 ~ 800,000	57	39,319,733	1.15%
800,001 ~ 1,000,000	33	29,932,883	0.88%
1,000,001 and above	256	3,113,880,643	91.02%
Total	39,477	3,420,832,827	100.00%

2. Preferred shares: None

Major shareholders

As of July 6, 2016

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.	112,438,000	3.29%
Nan Shan Life Insurance Co., Ltd.	99,481,500	2.91%
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. (11.77%), 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%)
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%), 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

		2015	2016	As of February 27, 2017
Share price (NT\$)	High	113.00	116.50	108.50
	Low	95.00	96.40	102.00
	Average	103.88	107.91	105.96
Net worth per share (NT\$)	Before earnings appropriation	21.88	22.20	—
	After earnings appropriation	16.28	(Note 1)	—
Earnings per share (NT\$)	Adjusted weighted average outstanding shares	2,722,081	2,722,081	2,722,081
	Earnings per share	5.76	5.63	—
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)	18.03	19.17	—
	Price to cash dividend (x)	18.55	—	—
	Cash dividend yield (%)	5.39	—	—

Note 1: The appropriation amount indicated above is based on resolutions approved at the annual shareholders' meetings in the subsequent year. The appropriation amount for 2016 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 2016 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 dividend allocation proposal for 2016 as of publication date.

Employee bonuses and compensation to directors

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

If the Company has profits in a fiscal year, it shall set aside 1% to 3% of the profits as employee bonuses and not more than 0.3% of the profits as director compensation. However, if the Company has accumulated losses, it shall first reserve a certain amount for offsetting losses, then allocate for the employee bonuses and director compensation proportionally from the remaining amount.

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

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. 2016 employee bonus and and directors' compensation proposal adopted by the BOD

- (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 2016 employee bonuses and compensation to directors approved by the BOD on January 25, 2017 totaled NT\$468,063 thousand and NT\$46,806 thousand, respectively, in the form of cash, while the accrued amount in the 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.

- (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 2015 earnings were NT\$454,747 thousand and NT\$45,476 thousand, respectively, while the accrued amount in the 2015 financial reports were NT\$466,322 thousand and NT\$46,632 thousand, respectively. The differences of NT\$11,565 thousand and NT\$1,156 thousand, respectively, between the actual distribution and accrued amounts were treated as changes in accounting estimates and adjusted in 2016.

Share buyback: None.