

Chapter 3 Financial Information

Capital and shares

Source of capital

As of February 29, 2012

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 29, 2012

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

Shareholder structure

As of October 3, 2011

	Government agencies	Financial institutions	Other institutions	Individuals	Foreign institutions & individuals	Total
No. of shareholders	6	22	273	38,659	761	39,721
Total shares owned	109,130,056	449,706,243	1,371,289,887	385,884,616	1,104,822,025	3,420,832,827
Holding percentage (%)	3.19%	13.14%	40.09%	11.28%	32.30%	100.00%

Shareholding distribution

As of October 3, 2011

Par value: NT\$10/share

Shareholding range	No. of shareholders	Total shares owned	Holding percentage
1 ~ 999	19,930	9,117,345	0.267%
1,000 ~ 5,000	13,655	32,090,949	0.938%
5,001 ~ 10,000	2,999	21,806,778	0.637%
10,001 ~ 15,000	814	9,939,768	0.291%
15,001 ~ 20,000	552	9,565,134	0.280%
20,001 ~ 30,000	434	10,694,087	0.313%
30,001 ~ 50,000	351	13,557,489	0.396%
50,001 ~ 100,000	273	19,820,678	0.579%
100,001 ~ 200,000	156	22,900,042	0.669%
200,001 ~ 400,000	151	43,910,863	1.284%
400,001 ~ 600,000	84	41,374,079	1.209%
600,001 ~ 800,000	39	27,571,263	0.806%
800,001 ~ 1,000,000	40	35,815,335	1.047%
1,000,001 and above	243	3,122,669,017	91.284%
Total	39,721	3,420,832,827	100.00%

Major shareholders

As of October 3, 2011

Name	Total shares owned	Holding percentage
TFN Union Investment Co., Ltd.	410,665,284	12.005%
TCC Investment Co., Ltd.	200,496,761	5.861%
Ming Dong Co., Ltd.	184,736,452	5.400%
Cathay Life Insurance Co., Ltd.	177,906,600	5.201%
Fubon Life Insurance Co., Ltd.	123,791,400	3.619%
TCCI Investment & Development Co., Ltd.	119,563,804	3.495%
Dao Ying Co., Ltd.	104,954,742	3.068%
Richard Tsai	90,127,938	2.635%
Daniel Tsai	86,979,990	2.543%
JPMorgan Chase Bank N.A. Taipei Branch, custodian for Saudi Arabian Monetary Agency	85,363,826	2.495%

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 Co., Ltd. (12.63%), Chung Shing Development Co., Ltd. (11.76%), Dao Ying Co., Ltd. (9.6%), Fubon Charity Foundation (3.43%), Fubon Cultural & Education Foundation (2.53%), Daniel Tsai (1.31%)
Cathay Life Insurance Co., Ltd.	Cathay Financial Holdings Co., Ltd. (100%)
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd. (100%)
TCCI Investment & Development Co., Ltd.	TCC Investment Co., Ltd. (100%)
Dao Ying Co., Ltd.	Fubon Land Development Co., Ltd. (17.67%), Fubon Construction Co., Ltd. (17.67%), Fu-Chi Investment Co., Ltd. (13.13%), Ru Chi Investment Co., Ltd. (13.13%), Dao Chi Co., Ltd. (13.13%), Ming Dong Co., Ltd. (9.60%), Chung Shing Development Co., Ltd. (8.84%), Fubon Charity Foundation (1.01%), Wan-Tsai Tsai (1.01%), Shiang-Shun Yang Tsai (1.01%)

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

Unit: NT\$, '000 shares

		2010	2011	As of Feb. 29, 2012	
Share price (NT\$)	High	70.00	98.30	95.50	
	Low	58.50	65.20	86.30	
	Average	63.22	78.18	90.67	
Net worth per share (NT\$)	Before earnings appropriation	17.02	18.20	—	
	After earnings appropriation	12.86	Note 1	—	
Earnings per share (NT\$)	Adjusted weighted average outstanding shares	2,989,008	2,863,715	2,690,107	
	Earnings per share	4.62	4.70	—	
Dividends per share (NT\$)	Cash dividends	4.1619	Note 1	—	
	Stock dividends	Retained earnings	—	Note 1	—
		Capital surplus	—	—	—
	Accumulated unpaid dividends	—	—	—	
PE and dividend yield (Note 2)	Price earnings ratio (x)	13.68	16.63	—	
	Price to cash dividend (x)	15.19	—	—	
	Cash dividend yield (%)	6.58	—	—	

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 2011 has not yet been announced.

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 policy shall take into account the Company's major capital expenditure plans for the future and stock dividends shall not exceed 80% of 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 the annual shareholders' meeting

The BOD has not yet approved the proposal for dividend allocation of 2011 earnings as of the publication date. The BOD expects to approve the dividend distribution 40 days prior to the AGM, and any resolution resolved will be announced on the Company's website and MOPS.

Impact of stock dividend distribution on business performance and EPS

The BOD has not yet approved the proposal for dividend allocation of 2011 earnings as of the publication date.

Employee bonus and compensation to directors

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

According to the Company's Articles of Incorporation, annual net income after deducting losses from previous years, appropriating 10% thereof for legal reserves, and setting aside special reserves, shall be distributed in the following order:

- 1) Dividends and bonuses to preferred stockholders;
- 2) Maximum of 0.3% as compensation to directors;
- 3) 1% to 3% as bonuses to employees;
- 4) Remainder thereafter to be set aside for stock/cash dividends to shareholders as determined in the annual shareholders' meeting.

The board of directors is empowered to decide the allocation of stock bonuses to employees. Recipients are to include qualified employees of subsidiaries.

2. Accounting treatment for the deviation between estimated and actual distribution amount of employee bonuses and compensation to directors

Should there be a significant adjustment on the distribution amount approved by the BOD from the previous accrual after year-end, the accrued amount should be revised accordingly. However, should there be another change in the amount approved at the annual shareholders' meeting, the adjustment should be treated as a "change in accounting estimation," and the difference from the BOD resolution should be booked in the year the AGM is held.

3. 2011 proposal on employee bonuses and compensation to directors adopted by the board of directors

The BOD has not yet approved the proposal for dividend allocation of 2011 earnings as of the publication date. The BOD expects to approve the dividend distribution 40 days prior to the AGM, and any resolution resolved will be announced on the Company's website and MOPS.

4. Earnings distributed as employee bonus and compensation to directors in the previous year

An employee cash bonus of NT\$373,059,447 and compensation to directors of NT\$37,305,945, as approved in the 2011 board of directors' and shareholders' meetings, were duly paid in 2011.

Share buyback

None

Corporate bond issuance

Corporate bonds

As of February 29, 2012

Issuance		Second unsecured corporate bonds
Issue date		November 14, 2008
Denomination		NT\$10,000,000
Issuance and listing		Not applicable
Issue price		100%
Total amount		NT\$8,000,000,000
Coupon		2.88% p.a.
Term		5 years, maturing on Nov. 14, 2013
Guarantor		None
Trustee		Hua Nan Bank, Trust Division
Underwriter		None
Legal counsel		Jim Chen, Attorney
Auditor		Vita Kuo, CPA Deloitte & Touche
Repayment		Repayment of 50% of the principal in the 4 th year and the remaining 50% in the 5 th year
Outstanding balance		NT\$8,000,000,000
Early repayment clause		None
Covenants		None
Credit rating agency, rating date, company credit rating		Taiwan Ratings Corp., 2008.09.15, twAA Taiwan Ratings Corp., 2009.06.10, twAA Taiwan Ratings Corp., 2010.05.31, twAA Taiwan Ratings Corp., 2011.05.31, twAA
Ancillary rights	Amount converted/ exchanged into common shares, ADRs or other securities	Not applicable
	Rules governing issuance or conversion (exchanged or subscription)	Not applicable
Dilution and other effects on shareholders' equity		Not applicable
Custodian		Not applicable

Convertible bond information: None

Exchangeable bond: None

Shelf registration issuance: None

Bond with warrant: None

Preferred shares: None

Depository receipt issuance: None

Employee stock options: None

Shares issued for merger and acquisition: None

Use of proceeds from rights issue: None