

## Chapter 3 Financial Information

### Capital and shares

#### Source of capital

As of March 25, 2015

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 March 25, 2015

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 5, 2014

	Government agencies	Financial institutions	Other institutions	Individuals	Foreign institutions & individuals	Total
No. of shareholders	7	19	281	43,817	772	44,896
Total shares owned	136,774,656	425,927,913	1,397,229,694	383,828,193	1,077,072,371	3,420,832,827
Holding percentage (%)	4.00	12.45	40.84	11.22	31.49	100.00

#### Shareholding distribution

As of July 5, 2014

##### 1. Common shares

Shareholding range	No. of shareholders	Total shares owned	Holding percentage
1 ~ 999	16,078	5,792,349	0.17%
1,000 ~ 5,000	22,313	45,213,058	1.32%
5,001 ~ 10,000	3,245	24,513,177	0.72%
10,001 ~ 15,000	938	11,709,559	0.34%
15,001 ~ 20,000	569	10,264,039	0.30%
20,001 ~ 30,000	444	11,129,738	0.33%
30,001 ~ 50,000	365	14,242,776	0.42%
50,001 ~ 100,000	285	20,321,623	0.59%
100,001 ~ 200,000	176	25,457,202	0.74%
200,001 ~ 400,000	116	32,780,665	0.96%
400,001 ~ 600,000	58	28,644,872	0.84%
600,001 ~ 800,000	38	26,495,219	0.77%
800,001 ~ 1,000,000	35	31,271,329	0.91%
1,000,001 and above	236	3,132,997,221	91.59%
Total	44,896	3,420,832,827	100.00%

##### 2. Preferred shares: None

## Major shareholders

As of July 5, 2014

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%
Shin Kong Life Insurance Co., Ltd.	124,653,000	3.64%
TCCI Investment & Development Co., Ltd. (Note)	119,563,804	3.50%
Dao Ying Co., Ltd.	113,609,742	3.32%
Daniel Tsai	92,109,990	2.69%
Richard Tsai	90,257,938	2.64%
Nan Shan Life Insurance Co., Ltd.	83,289,500	2.43%

Note: TCCI Investment & Development Co., Ltd. disposed of 31,974,248 TWM's shares on October 6, 2014.

## 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. (11.76%), Dao Ying Co., Ltd. (9.60%), Fubon Charity Foundation (3.43%), Fubon Cultural and Education Foundation (2.53%), Daniel Tsai (1.31%)
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd. (100%)
Shin Kong Life Insurance Co., Ltd.	Shin Kong 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 Investment 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%)
Nan Shan Life Insurance Co., Ltd.	Dedicated investment account managed by First Bank on behalf of Ruen Chen Investment Holding Co., Ltd. (83.11%), Ruen Chen Investment Holding Co., Ltd. (7.52%), Ying Tsung Tu (3.25%), Dedicated stock trust property account managed by Taishin International Bank on behalf of Nan Shan Life Insurance (0.88%), 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 Huang Investment Co., Ltd. (0.05%), Pao Hui Investment Co., Ltd. (0.05%), Pao Yi Investment Co., Ltd. (0.05%), Pao Chih Investment Co., Ltd. (0.05%)

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

Unit: NT\$, '000 shares

		2013	2014	As of March 25, 2015	
Share price (NT\$)	High	121.50	104.50	113.00	
	Low	87.20	85.00	100.00	
	Average	104.50	94.78	107.61	
Net worth per share (NT\$)	Before earnings appropriation	21.35	22.34	—	
	After earnings appropriation	15.75	Note 1	—	
Earnings per share (NT\$)	Adjusted weighted average outstanding shares	2,690,107	2,697,728	2,722,081	
	Earnings per share	5.79	5.56	—	
Dividends per share (NT\$)	Cash dividends	5.6	Note 1	—	
	Stock dividends	Retained earnings	—	Note 1	—
		Capital surplus	—	—	—
	Accumulated unpaid dividends	—	—	—	
PE and dividend yield (Note 2)	Price earnings ratio (x)	18.05	17.05	—	
	Price to cash dividend (x)	18.66	—	—	
	Cash dividend yield (%)	5.36	—	—	

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 2014 has yet to be approved at an 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 forecasted 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 the annual shareholders' meeting

The BOD has not yet approved the proposal for dividend allocation of the 2014 earnings 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 proposal for dividend allocation of the 2014 earnings as of the publication date.

## **Employee bonuses 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) Maximum of 0.3% as compensation to directors;
- 2) 1% to 3% as bonuses to employees;
- 3) 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 the subsidiaries.

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

Should there be a significant adjustment to 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. 2014 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 the 2014 earnings as of the publication date. The BOD expects to approve the proposal 40 days prior to the AGM, and any resolution will be announced on the Company's website and MOPS.

### **4. Earnings distributed as employee bonuses and compensation to directors in the previous year**

An employee cash bonus of NT\$420,753,082 and compensation to directors of NT\$42,075,308 from the 2013 earnings, as approved at the 2014 board of directors' and shareholders' meetings, were duly paid in 2014.

**Share buyback: None.**

## Corporate bond issuance

### Corporate bonds

Issuance	Third unsecured corporate bonds	Fourth unsecured corporate bonds
Issue date	December 20, 2012	April 25, 2013
Denomination	NT\$10,000,000	NT\$10,000,000
Issuance and listing	Not applicable	Not applicable
Issue price	100%	100%
Total amount	NT\$9,000,000,000	NT\$5,800,000,000
Coupon	1.34% p.a.	1.29% p.a.
Term	7 years, maturing on Dec. 20, 2019	5 years, maturing on Apr. 25, 2018
Guarantor	None	None
Trustee	Hua Nan Bank, Trust Division	Hua Nan Bank, Trust Division
Underwriter	None	None
Legal counsel	Bang Shang Lin, Attorney	Bang Shang Lin , Attorney
Auditor	Simon Chen, CPA KPMG	Simon Chen, CPA KPMG
Repayment	Repayment of 50% of the principal in the 6th year and the remaining 50% in the 7th year	Repayment of 50% of the principal in the 4th year and the remaining 50% in the 5th year
Outstanding balance	NT\$9,000,000,000	NT\$5,800,000,000
Early repayment clause	None	None
Covenants	None	None
Credit rating agency, rating date, company credit rating	TRC, 2012.11.12, twAA TRC, 2013.06.04, twAA TRC, 2014.05.13, twAA	TRC, 2013.01.30, twAA TRC, 2013.06.04, twAA TRC, 2014.05.13, 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	Not applicable
Custodian	Not applicable	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 and new restricted employee shares:** None

**Shares issued for mergers and acquisitions:** None

**Use of proceeds from rights issue:** None