

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

A. Type of Stock

April 30, 2016

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Share	2,002,692,886	1,027,857,114	3,030,550,000	-

4.1.2 Status of Shareholders

April 30, 2016

Item	Government Agencies	Financial Institutions	Other Juridical Person	Foreign Institutions & Natural Persons	Domestic Natural Persons	Total
Number of Shareholders	2	78	140	763	83,204	84,187
Shareholding (shares)	509,594	94,017,789	210,663,759	1,054,109,209	643,392,535	2,002,692,886
Percentage	0.03%	4.69%	10.52%	52.63%	32.13%	100.00%

4.1.3 Shareholding Distribution Status

The par value for each share is NT\$10

April 30, 2016

Class of Shareholding (Unit : Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	39,343	9,885,884	0.49%
1,000 ~ 5,000	30,314	69,637,225	3.48%
5,001 ~ 10,000	6,757	50,996,584	2.55%
10,001 ~ 15,000	2,337	28,860,757	1.44%
15,001 ~ 20,000	1,283	23,306,948	1.16%
20,001 ~ 30,000	1,343	33,348,004	1.66%
30,001 ~ 40,000	599	21,063,220	1.05%
40,001 ~ 50,000	391	17,826,152	0.89%
50,001 ~ 100,000	772	54,442,546	2.72%
100,001 ~ 200,000	354	49,385,866	2.47%
200,001 ~ 400,000	248	70,185,800	3.50%
400,001 ~ 600,000	96	47,857,738	2.39%
600,001 ~ 800,000	69	47,840,064	2.39%
800,001 ~ 1,000,000	32	29,166,592	1.46%
1,000,001 or over	249	1,448,889,506	72.35%
Total	84,187	2,002,692,886	100.00%

4.1.4 List of Major Shareholders

Shareholder's Name	Shares	Percentage
Employees Provident Fund	50,693,000	2.53%
WGI Emerging Markets Smaller Companies Fund, LLC	38,241,000	1.91%
Government of Singapore	36,671,000	1.79%
M&G Global Emerging Markets Fund	35,325,000	1.76%
Tong Kuang InvestmentCo., Ltd.	30,341,364	1.52%
Vanguard Emerging Market Index Fund	29,963,000	1.50%
Yaskawa Electric Corporation	29,541,089	1.48%
Dimensional Emerging Markets Value Fund	29,425,725	1.47%
Mondrian Emerging Markets Equity Fund, L.P.	28,747,000	1.44%
Silchester International Investors International Value Equity Trust	25,817,000	1.29%

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$

Item	2014	2015	April 30, 2016
Market Price per Share (Note 3)			
Highest Market Price	41.40	33.00	28.45
Lowest Market Price	28.20	21.70	23.50
Average Market Price	33.82	27.56	26.04
Net Worth per Share			
Before Distribution	24.90	23.97	25.08
After Distribution	23.78	Note 1	Note 2
Earnings per Share			
Weighted Average Shares (thousand shares)	1,978,900	1,980,250	1,980,250
Earnings Per Share	2.06	1.60	0.41
Dividends per Share			
Cash Dividends	1.1	0.8 (Note 1)	Note 2
Stock Dividends			
• Dividends from Retained Earnings	0	0	0
• Dividends from Capital Surplus	0	0	0
Accumulated Undistributed Dividends	0	0	0
Return on Investment			
Price / Earnings Ratio (Note 4)	16.42	17.23	21.17
Price / Dividend Ratio (Note 5)	30.75	34.45	Note 2
Cash Dividend Yield Rate (Note 6)	0.03	0.03	Note 2

Note 1: Pending for approval of Shareholders' meeting

Note 2: Pending for approval of Shareholders' meeting and Board of Directors' meeting

Note 3: List the highest and lowest market price in each year and calculate average market price by total trading volume/total trading shares

Note 4: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 5: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 6: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

4.1.6 Dividend Policy and Implementation Status

A. Dividend Policy

TECO deals in a line of business characterized by steady growth, but many of its investees have yet to take off. Therefore, its distribution of earnings must take into account the need for further expansion and more reinvestments going forward. After legal and special reserves are set aside, 1% to 5% of the remaining earnings in a given year will be appropriated for remunerations to Directors and Supervisors, and 1% to 10% for employee bonuses. In principle, 80% of the remainder and retained earnings from the previous year will be drawn upon as dividend payments to shareholders. Of all dividend payments, cash generally accounts for 50% but must not run below 5%

B. Proposed Distribution of Dividend

Cash dividend of NT\$0.8 per share.

4.1.7 Impact on Company's business performance, EPS and ROI from the stock grant proposed by Shareholders Meeting:

Not applicable.

4.1.8 Employee and Directors' Remuneration

A. Information Relating to Employee and Directors' Remuneration in the Articles of Incorporation (Note: According to Act 235-1 of the revised Company Act, the board proposed the revision Articles of Incorporation. However, it has not been approved by AGM.)

Based upon earnings in a given year,

- a. less than 5% as remuneration for directors
- b. 1% to 10% as remuneration for employee.

B. Estimate of Employee Remuneration and Directors' Remuneration

a. Foundation of estimation

1. Amount of net income
2. Regulations in Article of Corporation
3. Historical record of distribution

b. Foundation of share calculation for stock dividend: Not Applicable

c. No difference between total amount paid and number of estimation

C. Profit Distribution of Year 2015 Approved in Board of Directors Meeting for Employee and Directors' Remuneration

a. Recommended Distribution of Employee and Directors' Remuneration:

	(NT\$ thousand)
Employee Bonus – in Cash	\$ 257,361
Employee Bonus – in Stock	0
Directors' Remuneration	<u>114,382</u>
Total	\$ 371,743
No difference from the number of estimation	

b. Ratio of Recommended Employee Stock Bonus to Capitalization of Earnings:

Not applicable

c. Recounted EPS after Recommended Distribution of Employee Bonus and Directors' and Supervisors' Remuneration: (NT\$ thousands)

Not applicable

D. Information of 2014 Earnings Set Aside to Employee Bonus and Directors' and Supervisors' Remuneration:

Unit : NT\$ thousand

	Amount recommended by the Board of Directors	Amount resolved by the Shareholders' Meeting
Employee Bonus - Cash	329,421	329,421
Directors' Remuneration – Cash	146,409	146,409
Total	475,830	475,830

The actual distribution of employee bonus and directors' and supervisors' remuneration above is parallel with the recommended resolution of the Board of Directors.

4.1.9 Buyback of Treasury Stock

None

4.2 Corporate Bonds

4.2.1 Issuance of Corporate Bonds

Type of Corporate Bond	1 st Unsecured Ordinary Corporate Bonds in 2013	1 st Unsecured Ordinary Corporate Bonds in 2015
Issue date	2013/05/20	2015/06/18
Par value	RMB\$100,000	NT\$ 1,000,000
Issue and Trading Place	Domestic	Domestic
Issue Price	According to face amount	According to face amount
Total Amount	RMB\$ 0.3 billion	NT\$ 3 billion
Interest Rate	3%	1.45%
Duration	3 years, Expiration date: 2016/05/20	5 years, Expiration Date: 2019/06/18
Assurance Institution	None	None
Assignee	Hua Nan Commercial Bank Ltd.	Hua Nan Commercial Bank Ltd.
Underwriting Institution	None	None
Signed Lawyer	Handsome Attorneys-at-Law Ya-Wen Chiu	Handsome Attorneys-at-Law Ya-Wen Chiu
Signer Accountants	PricewaterhouseCoopers, Taiwan Ping-Chiun Chih Audrey Tseng	PricewaterhouseCoopers, Taiwan Audrey Tseng Dexter Chang
Repayment	Accrual Bond	Accrual Bond
Outstanding Amount	RMB\$ 0.3 billion	Have not been issued
Redeption or Advanced Repayment	N/A	N/A
Restrictive Clauses	N/A	N/A
Credit Rating Institution, Credit Rating Date and the Outcome of the Rating	Taiwan Ratings Rating Date:2013/4/22 Rating Result:TwA	Taiwan Ratings Rating Date:2014/2/12 Issuer Ratng: twA IssueRating: N/A
Others	Amount Already Be Converted	None
	Issue and Conversion Methods	None
Shares Dilution & Influence on Srockholders' Equity	None	None
Entrust Institution of Exchange Object	None	None

4.2.2 Information of the Convertible Bond

None

4.3 Global Depository Shares

Item		Issuance Date	March 28, 1997
Listing & Exchange		London	
Issue Amount		US\$107,643,862	
Offer Price		US\$20.08	
Unit Issued		5,539,880	
Underlying Security		Newly issued common shares from rights offer	
Total Shares of Underlying Security		55,398,800 common shares	
Rights & Obligations of GDS Holders		Same as Holders of Common Shares	
Trustee		None	
Depository Bank		Bank of New York Mellon	
Custodian Bank		Mega International Commercial Bank	
Outstanding Balance		759,328 GDSs	
Apportionment of expenses for the issuance and maintenance		Mainly by the issuer	
Important terms and conditions of depository and custodian contracts		Depository bank acts on behalf of GDS holders; custodian bank holds on to the underlying common shares	
Market Price (US\$)	2015	Highest	10.26
		Lowest	6.87
		Average	8.67
	Year to date as of March 31, 2016	Highest	8.64
		Lowest	6.97
		Average	7.87

4.4 Employee Stock Options

4.4.1 Issuance of Employee Stock Options

None

4.4.2 List of Executives Receiving Employee Stock Options and the Top 10 Employees with Options Valued in Excess of NT\$30 Million

None

4.4.3 Status on Restricted Share Award

None

4.4.4 List of Executives and Top 10 Employees Receiving Restrctied Share Award

None

4.5 Status of New Shares Issuance in Connection with Mergers and Acquisitions

None

4.6 Financing Plans and Implementation

Previous issuances of new shares, via public offering or private placement, which had yet to be completed at the end of the previous quarter before the date of the publication of the yearbook, and contents and status of execution of the plans in the recent three years which had been completed but had yet to produce conspicuous benefits up the same date.

4.6.1 Project content: 1st Unsecured Ordinary Corporate Bonds in 2015

A. Required Capital: NT\$3,000,000 Thousand

B. Funding Source: Issuing Unsecured Ordinary Corporate Bonds

Project Item	Completion Scheduled	Required Capital	Utilization Scheduled
			The 2 nd Quarter, 2015
Paying back bank loan	The 2nd Quarter, 2015	NT\$3,000,000 Thousand	NT\$3,000,000 Thousand

4.6.2 Status of Execution: 1st Unsecured Ordinary Corporate Bonds in 2015

Funds collected through this project has be declared quartely according to law. Recent status of execution will be announced on M.O.P.S according to law.

Unit : NT\$ thousand

Project Item	Execution Status till 2nd Quarter 2015			Actual Conversion Situation
	Expended Amount	Expect	Actual	
Paying back bank loan		Expect	3,000,000	Have paid back bank loan in line with the project, and achieved the errand of diverting and ensuring medium and long term capital
		Actual	3,000,000	
	Rate of execution	Expect	100%	
		Actual	100%	