

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

A. Type of Stock

April 30, 2018

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, 2018

Item	Government Agencies	Financial Institutions	Other Juridical Person	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	4	61	154	84,810	731	85,760
Shareholding (shares)	29,223,528	79,208,183	219,537,488	608,900,432	1,065,823,255	2,002,692,886
Percentage	1.46%	3.96%	10.96%	30.40%	53.22%	100.00%

4.1.3 Shareholding Distribution Status

The par value for each share is NT\$10

April 30, 2018

Class of Shareholding (Unit : Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	39,953	9,190,110	0.46%
1,000 ~ 5,000	31,081	71,139,103	3.55%
5,001 ~ 10,000	6,917	52,951,164	2.64%
10,001 ~ 15,000	2,272	28,106,146	1.40%
15,001 ~ 20,000	1,366	25,012,825	1.25%
20,001 ~ 30,000	1,342	33,582,947	1.68%
30,001 ~ 40,000	603	21,253,015	1.06%
40,001 ~ 50,000	424	19,365,023	0.97%
50,001 ~ 100,000	814	57,937,928	2.89%
100,001 ~ 200,000	364	51,396,197	2.57%
200,001 ~ 400,000	236	66,889,847	3.34%
400,001 ~ 600,000	85	41,429,622	2.07%
600,001 ~ 800,000	50	34,933,431	1.74%
800,001 ~ 1,000,000	30	26,674,191	1.33%
1,000,001 or over	223	1,462,831,337	73.04%
Total	85,760	2,002,692,886	100.00%

4.1.4 List of Major Shareholders

Shareholder's Name	Shares	Percentage
Silchester International Investors International Value Equity Trust	86,669,000	4.33%
WGI Emerging Markets Smaller Companies Fund, LLC	47,029,000	2.35%
Vanguard Emerging Market Index Fund	40,189,617	2.01%
M&G Global Emerging Markets Fund	35,584,000	1.78%
Silchester International Investors Tobacco Free International Value Equity Trust	34,961,000	1.75%
Tong Kuang Investment Co., Ltd	31,694,000	1.58%
Yaskawa Electric Corporation	31,045,000	1.55%
Government of Singapore	30,341,364	1.52%
Vanguard Emerging Market Index Fund	30,303,000	1.51%
JPMorgan Chase Bank N.A. Taipei Branch in custody for Norges Bank	29,541,089	1.48%

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

Unit: NT\$

Item	2016	2017	April 30, 2018
Market Price per Share (Note 3)			
Highest Market Price	29.00	31.85	29.15
Lowest Market Price	23.50	27.10	23.85
Average Market Price	26.74	28.69	25.08
Net Worth per Share			
Before Distribution	25.11	26.17	26.54
After Distribution	24.23	Note1	Note2
Earnings per Share			
Weighted Average Shares (thousand shares)	1,980,250	1,980,250	1,980,250
Earnings Per Share	1.76	1.56	0.33
Dividends per Share			
Cash Dividends	0.88	0.86 (Note1)	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)	15.19	18.39	25.58
Price / Dividend Ratio (Note 5)	30.39	33.36	Note 2
Cash Dividend Yield Rate (Note 6)	3.29%	3.00%	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\$0.86 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. The company should allocate 1%-10% of profit for employee remuneration based upon its profit in a given year; less than 5% for the directors.

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 2017 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	\$ 250,553
Employee Bonus – in Stock	0
Directors' Remuneration	<u>111,357</u>
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 2016 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	283,999	283,999
Directors' Remuneration – Cash	125,333	125,333
Total	409,332	409,332

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 2015	1 st Unsecured Ordinary Corporate Bonds in 2017
Issue date	2015/06/18	2015/09/15
Par value	NT\$ 1,000,000	NT\$ 1,000,000
Issue and Trading Place	Domestic	Domestic
Issue Price	According to face amount	According to face amount
Total Amount	NT\$ 3 billion	NT\$ 10 billion
Interest Rate	1.45%	1.02%
Duration	5 years, Expiration Date: 2019/06/18	5 years, Expiration Date: 2021/09/15
Assurance Institution	None	None
Assignee	Hua Nan Commercial Bank Ltd.	Taishin International Bank Ltd.
Underwriting Institution	None	Yuanta Securities
Signed Lawyer	Handsome Attorneys-at-Law Ya-Wen Chiu	Handsome Attorneys-at-Law Ya-Wen Chiu
Signer Accountants	PricewaterhouseCoopers, Taiwan Audrey Tseng Dexter Chang	PricewaterhouseCoopers, Taiwan Wu, Yu-Lung Chou, Chien-Hung
Repayment	Accrual Bond	Accrual Bond
Outstanding Amount	NTD\$ 3 billion	NTD\$ 10 billion
Redemption 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:2014/2/12 Issuer Ratng: twA IssueRating: N/A	Taiwan Ratings Rating Date:2017/3/30 Issuer Ratng: twA IssueRating: N/A
Others	None	None
	None	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

4.2.3 Information of Shelf Registration Corporate Bond

None

4.2.4 Equity warrant bonds

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			0 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\$)	2016	Highest	10.51
		Lowest	8.62
		Average	9.42
	Year to date as of March 31, 2017	Highest	0
		Lowest	0
		Average	0

Note: The resolution of the board on March 24, 2017 terminated Global Depository Shares and its contrast, and it was delisted on October 23, 2017.

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

4.6.1 The status of 1st unsecured corporate bond

A.Total Amount: NTD 1,000,000 thousands

B.Source: Issuance of unsecured corporate bond

C.Project and rate of progress

Project	Target Day to Finish	Total Amount	Time Table
			2017 3 rd Quarter
Repay the bank loan	2017 3 rd Quarter	NTD 1,000,000	NTD 1,000,000

4.6.2 The status of 1st unsecured corporate bond

Unit : NT\$ thousand

Project	Status as of 3 rd Quarter 2017			Attainment
Repay the bank loan	Amount used	Target	1,000,000	Raising fund from the corporate bond was used to repay the bank loan to diversify and make sure the mid to long term capital.
		Actual	1,000,000	
	Rate of progress	Target	100%	
		Actual	100%	