

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

A. Type of Stock

April 30, 2015

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, 2015

Item	Government Agencies	Financial Institutions	Other Juridical Person	Foreign Institutions & Natural Persons	Domestic Natural Persons	Total
Number of Shareholders	1	98	140	727	82,888	83,851
Shareholding (shares)	8,713,000	97,877,747	196,926,014	1,032,877,265	666,298,860	2,002,692,886
Percentage	0.44%	4.89%	9.83%	49.67%	33.27%	100.00%

4.1.3 Shareholding Distribution Status

The par value for each share is NT\$10

April 30, 2015

Class of Shareholding (Unit : Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	37,919	10,103,251	0.50%
1,000 ~ 5,000	31,113	71,229,251	3.56%
5,001 ~ 10,000	6,858	51,836,177	2.59%
10,001 ~ 15,000	2,372	29,341,012	1.46%
15,001 ~ 20,000	1,345	24,471,703	1.22%
20,001 ~ 30,000	1,395	34,682,247	1.73%
30,001 ~ 40,000	591	20,806,268	1.04%
40,001 ~ 50,000	414	18,934,701	0.95%
50,001 ~ 100,000	796	56,442,977	2.82%
100,001 ~ 200,000	358	50,515,597	2.52%
200,001 ~ 400,000	250	71,311,880	3.56%
400,001 ~ 600,000	106	51,873,715	2.59%
600,001 ~ 800,000	56	39,007,517	1.95%
800,001 ~ 1,000,000	31	27,969,133	1.40%
1,000,001 or over	247	1,444,167,457	72.11%
Total	83,851	2,002,692,886	100.00%

4.1.4 List of Major Shareholders

Shareholder's Name	Shares	Percentage
Employees Provident Fund	48,459,000	2.42%
M&G Global Emerging Markets Fund	42,172,000	2.11%
WGI Emerging Markets Smaller Companies Fund, LLC	38,241,000	1.91%
Government of Singapore	36,671,000	1.83%
Vanguard Emerging Market Index Fund	33,766,000	1.69%
Dimensional Emerging Markets Value Fund	31,716,725	1.58%
Tong Kuang Investment Co., Ltd.	30,341,364	1.52%
Yaskawa Electric Corporation	29,541,089	1.48%
Stiching Depository APG Emerging Markets Equity Pool	25,955,833	1.30%
Norges Bank	24,451,193	1.22%

Note: Including other names under the same custody

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

Unit: NT\$

Item	2013	2014	April 30, 2015
Market Price per Share (Note 3)			
Highest Market Price	35.20	41.40	33.00
Lowest Market Price	22.15	28.20	28.60
Average Market Price	29.01	33.82	30.58
Net Worth per Share			
Before Distribution	21.82	24.58	24.30
After Distribution	20.7	Note 1	Note 2
Earnings per Share			
Weighted Average Shares (thousand shares)	1,871,009	1,978,900	1,980,250
Earnings Per Share	2.01	2.06	0.37
Dividends per Share			
Cash Dividends	1.01	1.01 (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)	14.43	16.42	20.66
Price / Dividend Ratio (Note 5)	26.27	30.75	Note 2
Cash Dividend Yield Rate (Note 6)	0.04	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\$1.1 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 Bonus and Directors' and Supervisors' Remuneration

A. Information Relating to Employee Bonus and Directors' and Supervisors' Remuneration in the Articles of Incorporation

Earnings in a given year, if any, must be first drawn upon to pay taxes and make up for cumulative losses, followed by the appropriation of legal and special reserves. Out of the remaining portion:

- a. 1% to 5% as compensation for directors and supervisors.
- b. 1% to 10% as bonus for employee.

B. Estimate of Employee Bonus and Directors' and Supervisors' Remuneration

a. Foundation of estimation

- 1.Amount of net income
- 2.Requirement of legal reserve
- 3.Regulations in Article of Corporation
- 4.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 2014 Approved in Board of Directors Meeting for Employee Bonus and Directors' and Supervisors' Remuneration

a. Recommended Distribution of Employee Bonus and Directors' and Supervisors' Remuneration:

	(NT\$ thousand)
Employee Bonus – in Cash	\$ 329,421
Employee Bonus – in Stock	0
Directors' and Supervisors' Remuneration	<u>146,409</u>
Total	\$ 475,830

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 2013 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	304,550	304,550
Directors' and Supervisors' Remuneration – Cash	135,355	135,355
Total	439,905	439,905

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	3 rd Domestic Unsecured Convertible Corporate Bond	1 st Unsecured Ordinary Corporate Bonds in 2012	1 st Unsecured Ordinary Corporate Bonds in 2015
Issue date	2012/07/12	2013/05/20	undecided
Par value	NT\$ 100,000	RMB\$100,000	NT\$ 1,000,000
Issue and Trading Place	Domestic	Domestic	Domestic
Issue Price	According to face amount	According to face amount	According to face amount
Total Amount	NT\$ 3 billion	RMB\$ 0.3 billion	NT\$ 3 billion
Interest Rate	0%	3%	undecided
Duration	3 years, Expiration date: 2015/07/12	3 years, Expiration date: 2016/05/20	5 years since issued
Assurance Institution	None	None	None
Assignee	Hua Nan Commercial Bank Ltd.	Hua Nan Commercial Bank Ltd.	Hua Nan Commercial Bank Ltd.
Underwriting Institution	Fubon Securities Co., Ltd.	None	None
Signed Lawyer	Handsome Attorneys-at-Law Ya-Wen Chiu	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 Ping-Chiun Chih Audrey Tseng	PricewaterhouseCoopers, Taiwan Audrey Tseng Dexter Chang
Repayment	According to article 5 of the company's corporate bond conversion methods, except bondholders who convert to the company's common shares according to article 10, or the company buyback from security companies for cancellation of registration, and redemption according to article 18, the company will pay in once based on the par value.	Accrual Bond	Accrual Bond
Outstanding Amount	NT\$ 0 Ended on 12/31/2013	RMB\$ 0.3 billion	Have not been issued
Redeption or Advanced Repayment	Please refer to the company's issue and conversion methods of 2012 3rd Domestic Unsecured Convertible Corporate Bond.	N/A	N/A
Restrictive Clauses	Please refer to the company's issue and conversion methods of 2012 3rd Domestic Unsecured Convertible Corporate Bond.	N/A	N/A
Credit Rating Institution, Credit Rating Date and the Outcome of the Rating	N/A	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	NT\$ 3 Billion	None
	Issue and Conversion Methods	Please refer to the company's issue and conversion methods of 2012 3rd Domestic Unsecured Convertible Corporate Bond.	None
Shares Dilution & Influence on Srockholders' Equity	As of December 31 st 2013, all were fully converted to the company's common shares, so there is no dilution influence.	None	None
Entrust Institution of Exchange Object	N/A	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		849,938 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\$)	2014	Highest	13.14
		Lowest	8.99
		Average	11.17
	Year to date as of March 31, 2015	Highest	10.26
		Lowest	9.09
		Average	9.74

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 2013

A. Required Capital: RMB\$300 Million

B. Funding Source: Issuing Unsecured Ordinary Corporate Bonds

Project Item	Completion Scheduled	Required Capital	Utilization Scheduled
			The 3 rd Quarter, 2013
Enriching Working Capital	The 3rd Quarter, 2013	RMB\$300 Million	RMB\$300 Million

C. Status of Project Changing

a. Reason for the change: Based upon the evaluation on the efficiency of capital utilization, USD\$40 million equivalent RMB (approximately RMB\$240 million) from original proceeds raised would be changed for overseas reinvestment.

b. Content of each and every successive past changed plan for raising of funds before and after change:

Unit: thousand RMB

Project Item	Required Capital before Modification	Required Capital after Modification	Difference
Enriching Working Capital	300,000	600,000	(240,000)
Overseas Reinvestment	0	240,000	240,000
Total Capital	300,000	300,000	0

c. Difference with original anticipated benefits: The increase in recognizable investment income and decrease in interest expense would be 27,332 thousand RMB. It is believed to be better than original project. There is no disadvantage to shareholders.

d. Time to propose in shareholders meeting : Was proposed in shareholders meeting for recognition on June.23.2014.

e. Time to announce on M.O.P.S: Boards of of Directors resolved and announced to change the use of proceeds of 1st unsecured corporate bond on March.24.2014.

4.6.2 Status of Execution: 1st Unsecured Ordinary Corporate Bonds in 2013

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

Project Item	Execution Status till 1st Quarter 2015			Reason of getting ahead or falling behind and Improvement Plan
Enriching Working Capital	Expended Amount	Expect	60,000	Enriching working capital was fully executed in 1Q 2015 and RMB5,320 thousand was transferred to reinvestment overseas business. Original Overseas Reinvestment was fully executed in 2Q 2014.
		Actual	54,680	
	Rate of execution	Expect	100%	
		Actual	91%	
Overseas Reinvestment	Expended Amount	Expect	240,000	
		Actual	245,320	
	Rate of execution	Expect	100%	
		Actual	102%	
Total Capital	Expended Amount	Expect	300,000	
		Actual	300,000	
	Rate of execution	Expect	100%	
		Actual	100%	

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

A. Required Capital: NT\$300 Million

B. Funding Source: Issuing Unsecured Ordinary Corporate Bonds

Project Item	Completion Scheduled	Required Capital	Utilization Scheduled
			The 2 nd Quarter, 2015
Bank Loan Payment	The 2 nd Quarter, 2015	NT\$300 Million	NT300 Million

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

Not Applicable (not issued yet)