

IV. Capital and Shares

1. Capital and Shares

(1) Sources of Capital

1. Capitalization

Month / Year	Issue Price Per Share (NT\$)	Authorized Share Capital		Capital Stock		Remark		
		Shares (thousand shares)	Amount (NT\$ thousands)	Shares (thousand shares)	Amount (NT\$ thousands)	Sources of Capital	Capital Increase by Assets Other than Cash	Others
5/1997	10	200,000	2,000,000	60,000.0	600,000	Company established, with paid-in Capital of NT\$ 600 million	None	None
4/1998	12	200,000	2,000,000	120,000.0	1,200,000	Cash Injection of NT\$ 600 million	None	Note1
5/1999	11	200,000	2,000,000	200,000.0	2,000,000	Cash Injection of NT\$ 800 million	None	Note2
8/2001	10	280,000	2,800,000	221,800.0	2,218,000	Surplus and Capital Reserve Capital Increase of NT\$ 218 million	None	Note3
9/2002	10	280,000	2,800,000	235,222.9	2,352,229	Capitalization of retained earnings of NT\$ 134.229 million	None	Note4
9/2002	11.5	280,000	2,800,000	246,312.9	2,463,129	Cash Injection of NT\$ 110.9 million	None	Note5
9/2003	10	280,000	2,800,000	261,250.0	2,612,500	Capitalization of retained earnings of NT\$ 149.371 million	None	Note6
9/2004	10	440,000	4,400,000	308,000.0	3,080,000	Capitalization of retained earnings of NT\$ 467.5 million	None	Note7
9/2004	43	440,000	4,400,000	338,000.0	3,380,000	Cash Injection of NT\$ 300 million,	None	Note8
6/2005	10	580,000	5,800,000	400,500.0	4,005,000	Capitalization of retained earnings of NT\$ 625 million	None	Note9
6/2006	10	580,000	5,800,000	471,000.0	4,710,000	Capitalization of retained earnings of NT\$ 705 million	None	Note10
6/2007	10	580,000	5,800,000	556,300.0	5,563,000	Capitalization of retained earnings of NT\$ 853 million	None	Note11
6/2008	10	750,000	7,500,000	630,800.0	6,308,000	Capitalization of retained earnings of NT\$ 745 million	None	Note12
7/2009	10	750,000	7,500,000	669,385.2	6,693,852	Capitalization of retained earnings of NT\$ 385.852 million	None	Note13
5/2010	60.6	750,000	7,500,000	704,236.7	7,042,367	Conversion into common shares by convertible bonds of NT\$ 348.515 million	None	Note14
9/2010	58.4	750,000	7,500,000	715,366.8	7,153,668	Conversion into common shares by convertible bonds of NT\$ 111.301 million	None	Note15
12/2010	58.4	750,000	7,500,000	726,496.9	7,264,969	Conversion into common shares by convertible bonds of NT\$ 111.301 million	None	Note16
8/2011	10	1,000,000	10,000,000	799,146.6	7,991,466	Capitalization of retained earnings of NT\$ 726.497 million	None	Note17
8/2012	10	1,000,000	10,000,000	779,146.6	7,791,466	Note Purchased of company's treasury stocks, with a capital reduction of NT\$ 200 million	None	Note18

Note1: 2/17/1998 MOF (1) No. 18910

Note2: 3/2/1999 MOF (1) No. 22357

Note3: 6/21/2001 MOF (1) No.139798

Note4: 7/10/2002 MOF (1) No.0910137911

Note5: 7/10/2002 MOF (1) No.0910137913

Note6: 7/8/2003 MOF (1) No.0920130303

Note7: 6/25/2004 MOF (1) No.0930128233

Note8: 7/6/2004 SEC (1) No. 0930128234

Note9: 6/24/2005 FSC (1) No. 0940125391

Note10: 6/27/2006 FSC (1) No.0950126720

Note11: 6/28/2007 FSC (1) No.0960032903

Note12: 6/25/2008 FSC (1) No.0970031487

Note13: 7/2/2009 FSC (1) No.0980032960

Note14: 5/5/2010 YST No.09901091340

Note15: 9/21/2010 YST No.09901214270

Note16: 12/31/2010 YST No.09901291530

Note17: 8/31/2011 YST No.10001183300

Note18: 8/27/2012 YST No.10101177670

2. Capital and Shares

Unit: Shares

Type of Stock	Authorized Share Capital			Note
	Shares Outstanding	Unissued Shares	Total	
Common Stock	779,146,634	220,853,366	1,000,000,000	TSE Listed

3. Total reporting and filing related information: Not applicable

(2) Composition of Shareholders

Apr 2, 2019

Shareholder Composition Amount	Government Agencies	Financial Institution Investor	Other Institutional Investor	Domestic Individual Investor	Foreign Institution & Individual Investor	Total
Number of Shareholders	5	26	3362	38,113	684	39,164
Shareholding	34,756,000	90,914,000	49,277,459	130,042,047	474,157,128	779,146,634
Holding (%)	4.46%	11.67%	6.33%	16.69%	60.85%	100.00%

(3) Distribution Profile of Share Ownership

Apr 2, 2019; Unit: Shares

Shareholder Ownership (Unit: Share)	Number of Shareholders	Shares Owned	Ownership (%)
1 ~ 999	17,725	1,269,662	0.16%
1,000 ~ 5,000	16,236	33,211,745	4.26%
5,001 ~ 10,000	2,419	18,860,597	2.42%
10,001 ~ 15,000	764	9,722,328	1.25%
15,001 ~ 20,000	442	8,113,719	1.04%
20,001 ~ 30,000	413	10,521,793	1.35%
30,001 ~ 40,000	223	7,936,570	1.02%
40,001 ~ 50,000	134	6,141,406	0.79%
50,001 ~ 100,000	294	21,398,208	2.75%
100,001 ~ 200,000	192	27,209,894	3.49%
200,001 ~ 400,000	101	28,451,242	3.65%
400,001 ~ 600,000	50	24,614,741	3.16%
600,001 ~ 800,000	28	19,637,111	2.52%
800,001 ~ 1,000,000	18	16,206,168	2.08%
1,000,001 or more	125	545,851,450	70.06%
Total	39,164	779,146,634	100%

(4) Major Shareholders

Apr 10, 2018

Name of Major Shareholders	Shareholding	Total Shares Owned	Ownership (%)
Investment Account of Kingston Technology Corporation		29,875,000	3.83%
Hermes Investment Funds Public Limited Company		27,312,990	3.51%
KTC-TU Corp.		19,977,554	2.56%
Cathay Life Insurance Co. Ltd.		16,634,000	2.10%
KTC-SUN Corp.		15,665,362	2.01%
Fubon Life Insurance Co. Ltd.		15,000,000	1.93%
China Life Insurance Co. Ltd.		14,627,000	1.88%
New Labor Pension Fund		13,923,700	1.79%
Government of Singapore--GOS-EFM		13,331,000	1.71%
Taiwan Life Insurance Co. Ltd.		13,250,000	1.70%

(5) Net Worth, Earnings, Dividends, Market Price per Common Share, and Related Information Over the Last Two Years:

Unit: Thousand Shares/NT\$

Year		2017	2018	As Of Mar 31, 2019 (Note 8)
Item				
Market Price Per Share	Highest Market Price	105.50	97.30	73.50
	Lowest Market Price	82.90	63.80	64.00
	Average Market Price	91.31	84.15	70.08
Net Worth Per Share (Note2)	Before Distribution	48.85	52.63	-
	After Distribution	44.35	-	-
Earnings Per Share	Weighted Average Shares	779,147	779,147	-
	Earnings Per Share (Note3)	7.51	8.02	-
Dividends Per Share	Cash Dividends	4.5	4.8 (Note1)	-
	Stock grants	-	-	-
		-	-	-
Accumulated Undistributed Dividend (Note4)		-	-	-
Return on Investment	Price/Earnings Ratio (Note5)	12.16	10.49	-
	Price/Dividend Ratio (Note6)	20.29	17.53 (Note1)	-
	Cash Dividend Yield (Note7)	4.93%	5.70% (Note1)	-

Note 1: Pending on shareholders' approval.

Note 2: Based on shares issued at yearend and completed after resolution by shareholders' meeting the following year.

Note 3: If there are stock grants that must be adjusted retroactively, should list the EPS before and after adjustment.

Note 4: if the terms of issuance of securities have accumulated dividends that are not paid until there are earnings, must disclose separately the accumulated dividends that are unpaid for current year.

Note 5: Price/Earnings Ratio = Average Market Price/ Earnings per Share

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

Note 7: Cash Dividend Yield = Cash Dividends per Share/Average Market Price

Note 8: The net worth per share and earnings per share should be provided based on the last quarter audited by CPA as of printing of annual report; information for other items should be provided based on information from current year up till the printing of annual report.

(6) Company's Dividend Policy and Implementation Status

1. Stock Dividend Policy:

Powertech Technology Inc. belongs to a capital intense industry. Thus, the stock dividend payout policy must consider the factors such as company's current and future investment environment, capital needs, market competition, and capital expenditures, etc. Under the consideration of balancing shareholders' & committee members' benefits, dividends paid, and the long term financial planning of the company, the payment of

dividends will be in the form of cash and/or stock with cash dividends greater than 20% of total amount of dividends being distributed.

2. The dividend distribution status:

(1) The payout ratios were about 50% (about 80% in cash and 20% in stocks) during year of 2003 to 2010.

(2) The payout ratios were increased to about 66% after year 2011 and going forward. In year 2013, NT\$2 cash dividends were paid from capital reserved with net loss from legislative settlements.

(3) Powertech Technology Inc. proposed to pay \$4.80 cash in per share which was about 60.0% of 2018 profit earning.

3. 2018 dividend distribution status:

PTI proposed to pay NT\$3,739,903,843 (NT\$4.80 per share) in cash from 2018 earnings Actual distribution subject to shareholders' approval.

(7) The impact of the proposed stock grants at this shareholders' meeting on the Company's operating performance and earnings per share:

There is no stock grant proposals for the earnings distribution for 2018.

(8) Employee Profit Sharing and Directors' & committee members' compensation

1. The Company's Article of Incorporation states information regarding the amount and scope of employee profit sharing and Directors' & committee members' compensation. The principal of distribution from the Company's annual net income are:

(1) Make up for losses from previous years at top of priority.

(2) 5%-7.5% employee compensation and less than 1.5% for Board compensation should be reserved from operating income before tax.

(3) Employee compensation could be in cash or stock and employees included all subsidiaries defined by Board. Board compensation can only be in cash. Independent directors were paid monthly and were excluded from the annual board compensation plan.

2. This period's basis of estimating the employee profit sharing and Directors' & committee members' compensation distribution of stock grants' share calculation basis and the accounting handling of the actual distributed amount being different from estimated amount.

The basis for estimating the employee profit sharing and Directors' & committee members' compensation is based on the annual net income. If the actual resolution for distribution by the shareholders' meeting is different from the estimated amount, then it will be viewed as changes in estimation and accounted into annual profit or losses of the distribution year.

3. The board meeting on Mar 14, 2019 approved the 2018 distribution of employee profit sharing and directors' compensation proposal and details in below:

(1) 5.37% of operating income before tax for employees profit sharing (NT\$420,813,659) and 1.07% of operating income before tax for directors' compensation

(NT\$84,162,732) distributed in cash and no discrepancy with estimation made in 2018.

(2)The ratio of employees profit sharing distributed in stock: Not Applicable.

(4)Actual distribution of previous year employees profit sharing and directors compensation:

	<u>Amount (NT\$)</u>
Employee profit sharing — in cash	394,825,197
Directors' compensation — in cash	<u>78,965,039</u>
Total	<u>\$ 473,790,236</u>

No discrepancy with board approval.

(9) Buyback of Common Stock: None.

2. Issuance of Corporate Bonds: None.

3. Issuance of Preferred Shares: None.

4. Issuance of Global Depository Receipts

Mar 31, 2019

Date Issued		Jan 23, 2006	Feb 10, 2006
Item			
Issuance & Listing		Bourse de Luxembourg	
Total Amount (US\$)		103,650,000	12,092,500
Offering Price Per DR (US\$)		6.91	
Units Issued		15,000,000 at first issuance	1,750,000 units at follow-up issuance
Underlying Securities		No more than 33,500,000 PTI common shares held by selling shareholders to serve as underlying securities of the overseas depository receipts.	
Common Shares Represented		30,000,000 shares	3,500,000 shares
Rights & Obligations of DR Holders		The rights and obligations of the overseas depository receipt holders, such as voting rights, dividends, shares preferential subscription rights and other rights and interests, are based on the applicable laws of the Republic of China and the relevant provisions of the Depository Agreement.	
Trustee		None	
Depository Bank		JP Morgan Chase Bank	
Custodian Bank		JP Morgan Chase Bank, Taipei Branch	
DR Outstanding		83,562 DR units	
Apportionment of Expenses for Issuance & Maintenance		<p>Issuance: including but not limited to, underwriting fees, legal fees, listing fees, accountant fees, financial advisory fees and any other related costs. Unless otherwise specified by law, and other regulations by the issuer, the underwriter, the selling shareholder and the depository institution, the obligation to include the annual listing fees, information disclosure and other expenses rests with the selling shareholder(s).</p> <p>Maintenance: Unless otherwise specified by law, and other regulations by the issuer, the underwriter, the selling shareholder and the depository institution, the obligation to include the annual listing fees, information disclosure and other expenses rests with the Company.</p>	
Terms and Conditions in the Deposit Agreement & Custody Agreement		<p>Depository Agreement: 1. Sale / delivery 2. Information available 3. Depository Receipts original issue, redeem and re-issue 4. Dividends, other distributions and stock options 5. Registration reference date 6. Voting rights 7. Transfer 8. Original changes securities 9 Taxes 10. Amendments and Termination</p> <p>Custodian Agreement: 1. Deliver securities to the original issuance of DR 2. Notify depository institution issuing depository receipts 3. DR against the securities back to the time of the original delivery 4. Monthly billing to confirm the number of shares 5. the Number of shares registered confirmed on base date.</p>	
Market Price	2018	Highest Market Price	US \$ 6.926
		Lowest Market Price	US \$ 5.250

Date Issued		Jan 23, 2006	Feb 10, 2006
Item			
Per Share		Average Market Price	US \$ 6.018
	As Of Mar 31,201 9	Highest Market Price	US \$ 6.650
		Lowest Market Price	US \$ 5.750
		Average Market Price	US \$ 6.236

5. Status of Employee Stock Option Plans and Employee Restricted Stocks: None.

6. Status of New Share Issuance in Connection with Merger and Acquisitions: None.

7. Financing Plans and Implementation

As of Mar 31, 2019, there are no situation of incomplete previous issuances and private placement of securities or complete plans whose benefits are not realized.