



Announcement of the Board of Directors resolution on the issuance of New Restricted Employee Shares

April 15, 2015

1. Resolution date of the board of directors: 2015/04/15
2. Expected issue price: The issue price is NT\$ 0.
3. Expected total amounts (shares) of issuance: A total of 7,500,000 common shares, each share having a par value of NT\$ 10, for a total amount of NT\$ 75,000,000.

4. Determination of the terms and conditions:

(1). Issue price: The current issue is gratuitous. The issue price is NT\$ 0.

(2). Vesting conditions:

Category A: executive level managers of HTC who achieve below-mentioned years of continuous employment and meet company's financial performance evaluation index, shall be entitled to vesting of shares in ratio described below. Board of Directors shall be authorized to determine the applicable the index of Company's financial performance.

- (I) An employee who remains employed at HTC after 1 year has elapsed from the time of the award of the new restricted employee shares will be eligible for vesting of an installment of 25% of the shares.
- (II) An employee who remains employed at HTC after 2 years have elapsed from the time of the award of the new shall be entitled to vesting of shares in ratio described below restricted employee shares will be eligible for vesting of an installment of 25% of the shares.
- (III) An employee who remains employed at HTC after 3 year has elapsed from the time of the award of the new restricted employee shares will be eligible for vesting of an installment of 25% of the shares.
- (IV) An employee who remains employed at HTC after 4 year has elapsed from the time of the award of the new restricted employee shares will be eligible for vesting of an installment of 25% of the shares.

Category B: full-time regular employees of HTC who achieve below-mentioned years of continuous employment and required individual performance rating shall be entitled to vesting of shares in ratio described below.

- (I) An employee who remains employed at HTC after 1 year has elapsed from the time of the award of the new restricted employee shares, and who in the then-current fiscal year has a performance rating equal to or higher than "Satisfactory", will be eligible for vesting of an installment of 30% of the shares.
 - (II) An employee who remains employed at HTC after 2 years have elapsed from the time of the award of the new restricted employee shares, and who in the then-current fiscal year has a performance rating equal to or higher than "Satisfactory", will be eligible for vesting of an installment of 30% of the shares.
 - (III) An employee who remains employed at HTC after 3 year has elapsed from the time of the award of the new restricted employee shares, and who in the then-current fiscal year has a performance rating equal to or higher than "Satisfactory", will be eligible for vesting of an installment of 40% of the shares.
- (3). Handling of an employee's failure to meet the vesting conditions: HTC will withdraw issuance without compensation and cancel the full number of the shares.

5. Qualification requirements for employees:

- (1). Restricted to full-time regular employees of HTC who are already employed on the date that the new restricted employee shares are awarded.
- (2). The employees who will be awarded new restricted employee shares and the numbers of such shares awarded will be decided by the chairperson and then approved by the board of directors, with consideration given to factors such as seniority, job rank, work performance, overall contribution, special merit, or other administrative conditions requiring consideration. However, for employees who are officers or hold management positions, the award

of such shares is subject to approval by the Compensation Committee.

(3). The sum of the cumulative number of shares subscribable under any new restricted employee shares issued by HTC to a single employee shall be in accordance with the relevant restrictions in the Offering Regulations.

6.The reason why it is necessary to issue restricted stocks for employees: To attract and retain professional talents needed by HTC, and to provide incentive to employees and enhance employee commitment, so as to jointly create benefit to the company and its shareholders.

7.Calculated expense amount: The estimated total possible expenses for the issuance of the restricted employee shares is approximately NT\$ 1,001,250,000 calculated based on the closing share price on April 10, 2015 (one trading day prior to the date of notice for Board meeting) being NT\$ 133.5 per share.

8.Dilution of EPS and other factors affecting shareholder's equity:

The number of current outstanding shares is 827,988,925 shares, and the estimated restricted employee shares to be issued constitute 0.91% of the current outstanding shares. Factoring the vesting period and the current outstanding shares, it is estimated that the expenses generated (after tax) can dilute the earnings per share by approximately NT\$ 0.97 per share. Therefore, these expenses should not have a critical impact on shareholder's equity.

9.Restricted rights before employees meet the vesting conditions:

- (I) During the vesting period, an employee may not sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, new restricted employee shares.
- (II) During the vesting period, the new restricted employee shares can still participate in stock and cash dividends and subscription to cash rights issues and such cash dividends and subscription is not required to be deposited in trust and will not be subject to restrictions.

10.Other important stipulations: After issuance, the new restricted employee shares must immediately be deposited in trust.

11.Any other matters that need to be specified:

Unless otherwise provided in the applicable governmental regulations, the Board of Directors is authorized to amend or execute any matter which is not specifically prescribed in this proposal after it is approved.