



HTC Corporation 2016 AGM AGENDA BOOK

June 24, 2016 at 9 a.m.
Chuto Hotel in Taoyuan City, Jin Long Room

htc

HTC CORPORATION
2016 Annual General Shareholders' Meeting Agenda Book
Table of Contents

Index

Meeting Procedure	1
Meeting Agenda	2
Discussion Matters	3
Matters to Report	4
Adoption Matters	5
Election Matters	6
Discussion Matters	7
Extraordinary Motions	7

Supplements

Supplement 1: Before and After Revision of the Article of Incorporation	8
Supplement 2: Fiscal 2015 Business Report	12
Supplement 3: Supervisors Audit Report	16
Supplement 4: Share Buyback Execution Report	17
Supplement 5: Fiscal 2015 CPA Audit Report and Financial Statement	18
Supplement 6: Fiscal 2015 CPA Audit Report and Consolidated Financial Statement	25
Supplement 7: The Chart of 2015 Deficit Compensation	32
Supplement 8: Director (including Independent Director) And Supervisor Nominee List	33
Supplement 9: Summary of positions currently held by Board of Director candidates in any other competing company	37

Appendixes

Appendix 1: Rules of Procedure for Shareholders Meetings	38
Appendix 2: Bylaws for the Election of Directors and Supervisors	41
Appendix 3: Articles of Incorporation	43
Appendix 4: Shareholding Status and Minimum Shareholding Requirements of Directors and Supervisors	48

Translation

This English version is a translation based on the original Chinese version.
Where any discrepancy arises between the two versions, the Chinese version shall prevail.

HTC CORPORATION
Procedure for 2016 Annual General Shareholders' Meeting

1. Call to Order
2. Seating of the Chair
3. Opening Remarks by the Chair
4. Discussion Matters
5. Matters to Report
6. Adoption Matters
7. Election Matters
8. Discussion Matters
9. Extraordinary Motions
10. Closure of the Meeting

HTC CORPORATION
Agenda for the 2016 Annual General Shareholders' Meeting

Time and Date: June 24, 2016 (Friday) at 9:00 a.m.

Location: Chuto Hotel, Jin Long Room (No.398 Taoying Road, Taoyuan City)

1. Opening Remarks by the Chair
2. Discussion Matters:
 - Item 1: Discussion on the proposal to partially amend the Articles of Incorporation
3. Matters to Report:
 - Item 1: Fiscal 2015 Business Report
 - Item 2: Supervisors Audit Report
 - Item 3: Share Buyback Execution Report
4. Adoption Matters:
 - Item 1: Adoption of the Fiscal 2015 Business Report and Financial Statements
 - Item 2: Adoption of the Fiscal 2015 Deficit Compensation Proposal
5. Election Matters:
 - The Company's re-election of Directors and Supervisors
6. Discussion Matters:
 - Item 2: Proposal to release the newly-elected Directors from non-competition restrictions
7. Extraordinary Motions
8. Closure of the Meeting

Discussion Matters:

Item 1

Title: Discussion on the proposal to partially amend the Articles of Incorporation is submitted for discussion. (Proposed by the Board of Directors)

Introduction:

- (1) A partial amendment to the Articles of Incorporation is proposed in response to the amended Company Act.
- (2) Please refer to Supplement 1 of this handbook (page 8) for the Before and After Revision of the Articles of Incorporation
- (3) Resolution requested.

Resolution:

Matters to Report:

Item 1

Title: Fiscal 2015 Business Report, submitted for review. (Proposed by the Board of Directors)

Introduction:

- (1) Please refer to Supplement 2 of this handbook (page 12) for the Fiscal 2015 Business Report.
- (2) Please review.

Item 2

Title: Supervisors Audit Report, submitted for review. (Proposed by the Board of Directors)

Introduction:

- (1) Please refer to Supplement 3 of this handbook (page 16) for the Supervisors Audit Report.
- (2) Please review.

Item 3

Title: Share Buyback Execution Report, submitted for review. (Proposed by the Board of Directors)

Introduction:

- (1) Please refer to Supplement 4 of this handbook (page 17) for the Share Buyback Execution Report.
- (2) Please review.

Adoption Matters

Item 1

Title: Adoption of the Fiscal 2015 Business Report and Financial Statements.(Proposed by the Board of Directors)

Introduction:

- (1) The compilation of the Company's Fiscal 2015 Business Report and Financial Statements are completed and has been approved by the Board of Directors. The Financial Statements have been audited and certified by Hsu, Wen-Ya, CPA, and Casey Lai, CPA, of Deloitte & Touche. The Business Report and Financial Statements have been audited by the Supervisors, and are hereby submitted for adoption by this Annual General Shareholders' Meeting.
- (2) Please refer to Supplement 2 (page 12), Supplement 5 (page 18) and Supplement 6 (page 25) of this handbook for the Fiscal 2015 Business Report, the CPA Audit Report issued by Deloitte & Touche and the Financial Statements, respectively.
- (3) Adoption requested.

Resolution:

Item 2

Title: Adoption of the Fiscal 2015 Deficit Compensation Proposal. (Proposed by the Board of Directors)

Introduction:

- (1) The Company's net loss for Fiscal 2015 was NT\$15,533,068,982. Please refer to Supplement 7 of this handbook (page 32) for the Chart of the Deficit Compensation for Fiscal 2015. It is proposed not to distribute share dividends to the shareholders.
- (2) Adoption requested.

Resolution:

Election Matters

Title: Proposal for the Company's re-election of Directors and Supervisors. (Proposed by the Board of Directors)

Introduction:

- (1) Members of the 7th Board of Directors were elected during the AGM on June 21, 2013 for a 3 year term of office which will expire on June 20, 2016.
- (2) It is proposed that the directors and supervisors of the 7th board serve until the 2016 shareholders' meeting, at which time the directors and supervisors of the 8th Board of Directors will be elected.
- (3) According to the Article 13 of Company's Articles of Incorporation, Company shall have five to seven directors and two supervisors. The directors and supervisors shall be elected by a candidate nomination system. They shall be elected by the shareholders meeting from among the slate of director and supervisor candidates. The term of office is three years, and they may continue in office if re-elected. It is proposed to elect six directors for the 8th Board of Directors including two independent directors, and elect two supervisors, for a 3 year term of office, which term shall commence from June 24th, 2016 and continue until June 23rd, 2019.
- (4) The directors and supervisors shall be elected by adopting candidates nomination system as specified in Article 192-1 of the ROC Company Law. The directors and supervisors shall be elected from the nominated candidates, whose education and professional qualifications, experience and relevant information are attached hereto as Supplement 8 (page 33).
- (5) Re-election requested.

Election Results:

Discussion Matters

Item 2

Title: Proposal to release the newly-elected Directors from non-competition restrictions, submitted for discussion. (Proposed by the Board of Directors)

Introduction:

- (1) According to Article 209 of the Company Act, a director who acts for himself or herself or on behalf of another person on an opportunity that is within the scope of the company's business, shall first secure approval at a meeting of the shareholders.
- (2) It is proposed to request at the 2016 shareholders' meeting to release the directors of the 8th Board of Directors from the non-competition restrictions imposed by Article 209 of the Company Act.
- (3) Please refer to Supplement 9 of this handbook (page 37) for the list of the positions currently held by the newly elected directors in any other company.
- (4) Resolution requested.

Resolution:

Extraordinary Motions

Closure of the Meeting

Supplement 1

HTC Corporation Article of Incorporation Before and After Revision

Article no.	Original article	Amended article	Notes
Article 16	<p>When the Company's directors and supervisors perform Company duties, the Company may pay remuneration regardless of whether the Company operates at a profit or loss. The board of directors is authorized with powers to resolve the rates of such remuneration based on the extent of their participation in the Company's business operations or value of their contribution, at a level consistent with general practices in the industry. If the Company operates at a profit, they also may allocate remuneration in accordance with <u>Article 20</u>.</p> <p>The company may acquire liability insurance for all directors and supervisors, within the scope of the indemnity liability they bear under law in connection with their business responsibilities, throughout their term to minimize and disperse the risk of material loss or damage to the company and shareholders as a consequence of any illegal act.</p>	<p>When the Company's directors and supervisors perform Company duties, the Company may pay remuneration regardless of whether the Company operates at a profit or loss. The board of directors is authorized with powers to resolve the rates of such remuneration based on the extent of their participation in the Company's business operations or value of their contribution, at a level consistent with general practices in the industry. If the Company operates at a profit, they also may allocate remuneration in accordance with <u>Article 19</u>.</p> <p>The company may acquire liability insurance for all directors and supervisors, within the scope of the indemnity liability they bear under law in connection with their business responsibilities, throughout their term to minimize and disperse the risk of material loss or damage to the company and shareholders as a consequence of any illegal act.</p>	Amended in accordance with a revised order of the Article.
Article 19	Deleted	<p><u>If the Company makes profit for the current year, Company shall have minimum of 4% of such profit distributable as employees' compensation at in the form of stock or in cash as resolved by the board of directors. Employees of subsidiaries of the Company meeting certain specific requirements shall also be entitled to receive such stock or cash. Board of directors may resolve to distribute up to maximum of 0.25% of the profit of current year mentioned in preceding paragraph as remuneration to directors and supervisors. Proposed distribution of profit as employees' compensation and remuneration to directors and supervisors shall be presented at shareholders' meeting.</u></p> <p><u>If the company has accumulated loss, the profit shall first be used to offset the loss. The remainder of the profit may then be distributed as employees' compensation and remuneration to directors and supervisors based on preceding proposed ratios.</u></p>	Amended in accordance with newly-added Article 235-1, revised Article 235 and Article 240 of the Company Act

HTC Corporation
Article of Incorporation
Before and After Revision

Article no.	Original article	Amended article	Notes
Article 20	<p>If the Company has earnings after the annual final accounting, it shall be allocated in the following order:</p> <ol style="list-style-type: none"> 1. To pay taxes. 2. To cover accumulated losses, if any. 3. To appropriate 10% legal reserve unless the total legal reserve accumulated has already reached the amount of the Company's authorized capital. 4. To recognize or reverse special reserve return earnings. 5. To pay remuneration to directors and supervisors at 0.3% maximum of the balance after withholding the amounts under subparagraphs 1 to 4. 6. To pay bonus to employees at 5% minimum of the balance after withholding the amounts under subparagraphs 1 to 4, or such balance plus the unappropriated retained earnings of previous years. However, the bonus may not exceed the limits on employee bonus distributions as set out in the Regulations Governing the Offering and Issuance of Securities by Issuers. Where bonus to employees is allocated by means of new share issuance, the employees to receive bonus may include employees serving with affiliates who meet specific requirements. Such specific requirements shall be prescribed by the board of directors. 7. For any remainder, the board of directors shall propose allocation ratios based on the dividend policy set forth in paragraph 2 of this Article and propose them at the shareholders' meeting. <p>Because the Company is a technology and capital-intensive enterprise in its growing phase, the Company sets a policy to allocate dividends with consideration to factors such as the Company's current and future investment climate, demand for working capital, competitive environment at home and globally, capital budget, as well as the interests of the shareholders, balanced dividends, and long-term financial planning of the Company. Every year, the board of</p>	<p>If the Company makes a profit after the annual final accounting, it shall be allocated in the following order:</p> <ol style="list-style-type: none"> 1. To pay taxes. 2. To cover accumulated losses, if any. 3. To appropriate 10% as legal reserve unless the total legal reserve accumulated has already reached the amount of the Company's authorized capital. 4. To recognize or reverse special reserve return earnings. 5. The board of directors shall propose allocation ratios for any remainder profit after withholding the amounts under subparagraphs 1 to 4 above plus any unappropriated retained earnings of previous years based on the dividend policy set forth in paragraph 2 of this Article and propose such allocation ratio at the shareholders' meeting. <p>Because the Company is a technology and capital-intensive enterprise in its growing phase, the Company sets a policy to allocate dividends with consideration to factors such as the Company's current and future investment climate, demand for working capital, competitive environment at home and globally, capital budget, as well as the interests of the shareholders, balanced dividends, and long-term financial planning of the Company. Every year, the board of directors shall propose the allocation ratio and propose it at the shareholders' meeting. The profit may be allocated in cash dividends or stock dividends, provided that the ratio of cash dividends may not be less than 50% of the total dividends.</p>	Amended in accordance with newly-added Article 235-1, revised Article 235 and Article 240 of the Company Act

HTC Corporation
Article of Incorporation
Before and After Revision

Article no.	Original article	Amended article	Notes
	directors shall propose the allocation ratio and propose it at the shareholders' meeting. The earnings may be allocated in cash dividends or stock dividends, provided that the ratio of cash dividends may not be less than 50% of the total dividends.		
Article 22	<p>These Articles of Incorporation were adopted on 10 May 1997.</p> <p>The first amendment was made on 1 July 1997.</p> <p>The second amendment was made on 26 February 1998.</p> <p>The third amendment was made on 8 May 1998.</p> <p>The fourth amendment was made on 22 October 1998.</p> <p>The fifth amendment was made on 24 April 2000.</p> <p>The sixth amendment was made on 23 April 2001.</p> <p>The seventh amendment was made on 13 July 2001.</p> <p>The eighth amendment was made on 14 March 2002.</p> <p>The ninth amendment was made on 26 June 2003.</p> <p>The 10th amendment was made on 16 June 2004.</p> <p>The 11th amendment was made on 13 June 2005.</p> <p>The 12th amendment was made on 2 May 2006.</p> <p>The 13th amendment was made on 20 June 2007.</p> <p>The 14th amendment was made on 13 June 2008.</p> <p>The 15th amendment was made on 19 June 2009.</p> <p>The 16th amendment was made on 18 June 2010.</p> <p>The 17th amendment was made on 15 June 2011.</p> <p>The 18th amendment was made on 21 June 2013.</p> <p>The 19th amendment was made on 19 June 2014.</p>	<p>These Articles of Incorporation were adopted on 10 May 1997.</p> <p>The first amendment was made on 1 July 1997.</p> <p>The second amendment was made on 26 February 1998.</p> <p>The third amendment was made on 8 May 1998.</p> <p>The fourth amendment was made on 22 October 1998.</p> <p>The fifth amendment was made on 24 April 2000.</p> <p>The sixth amendment was made on 23 April 2001.</p> <p>The seventh amendment was made on 13 July 2001.</p> <p>The eighth amendment was made on 14 March 2002.</p> <p>The ninth amendment was made on 26 June 2003.</p> <p>The 10th amendment was made on 16 June 2004.</p> <p>The 11th amendment was made on 13 June 2005.</p> <p>The 12th amendment was made on 2 May 2006.</p> <p>The 13th amendment was made on 20 June 2007.</p> <p>The 14th amendment was made on 13 June 2008.</p> <p>The 15th amendment was made on 19 June 2009.</p> <p>The 16th amendment was made on 18 June 2010.</p> <p>The 17th amendment was made on 15 June 2011.</p> <p>The 18th amendment was made on 21 June 2013.</p> <p>The 19th amendment was made on 19 June 2014.</p>	The date of amendment is added.

HTC Corporation
Article of Incorporation
Before and After Revision

Article no.	Original article	Amended article	Notes
	The 20 th amendment was made on 2 June 2015.	The 20 th amendment was made on 2 June 2015. <u>The 21st amendment was made on 24 June 2016.</u>	

Supplement 2

HTC CORPORATION Fiscal 2015 Business Report

2015 was a deeply challenging year for HTC, as well as a year of radical transformation. Against a backdrop of fierce competition in our core smartphone market and extended consumer product replacement cycles, the past year has been dedicated to a comprehensive restructuring of HTC, with enormous effort invested into tackling considerable legacy issues and stabilising and improving processes across the business, in order to establish a firm foundation for the Company going forward. The resulting financial performance over the year has been disappointing, but we firmly believe that this huge undertaking was vital to enable the Company to meet current and future business challenges. We appreciate the continued belief of our shareholders in HTC over this period, and want to reassure them that the Company is now in much better shape to allow our DNA of innovation to shine through.

This year saw HTC reinvent itself, driving new businesses and realigning resources to refocus the Company for its next chapter of growth. Our business strategy has breathed fresh impetus into our brand awareness, and we have regained our reputation in the industry as an innovation leader. A brief overview of the year emphasizes the key achievements that position HTC well for growth:

- We implemented a bold diversification strategy, entering the fields of virtual reality and connected lifestyle devices as innovation leader and teaming up with the strongest brand partners in each sector;
- We reimagined the HTC brand, restating our brand promise as the Pursuit of Brilliance. This inherently defines our company culture and character, as well as conveying our mission to make products that enable our customers to pursue their own brilliance;
- We undertook a strategic realignment of the business to facilitate our diversification strategy, resulting in the creation of specialised business units clearly focused on innovation in their product category;
- We implemented a comprehensive, company-wide streamlining to put us on a firm competitive basis to execute our product plans, and fostered a leaner, nimbler and more dynamic organisation capable of responding more quickly to market trends;
- Our strategy to diversify our product portfolio into virtual reality and connect lifestyle devices has been well received by customers, partners, investors, and the media. Key stakeholders have expressed confidence in our innovation, technology leadership and ability to execute;
- We ended 2015 on a high note, with the annual peak of smartphone activations, along with the widely acclaimed, inaugural HTC Vive Unbound virtual reality developer conference in Beijing. Moreover, we had an excellent start to 2016, with resounding media and consumer acclaim at both the Consumer Electronics Show (CES) and Mobile World Congress (MWC), garnering over 50 awards across all of our product lines.

Ten years ago, HTC successfully transitioned from ODM to smartphone brand company; now with this diversification we have become a true personal technology innovator. With a clear vision and focused resources, we are confident that the Company can thrive in this next growth phase.

Product Strategy

As a pioneer in the smartphone market, HTC is credited with many industry firsts and technology breakthroughs over the past 19 years – a history defined by innovation, design and

engineering excellence, and the building of strategic partnerships to facilitate the development of an industry ecosystem. This heritage in creating high-calibre consumer electronics experiences has positioned the Company well to seize new opportunities and extend into new markets.

Smartphones

HTC remains firmly committed to its smartphone business. The smartphone is the most personal of all consumer devices, and has become our digital hub, our link to a world of smart connected devices. Since smartphones and connected devices are so closely linked, they were brought together into one business unit within HTC, so that the design and engineering resources can benefit from cross-product synergies.

The HTC One range of high-end smartphones saw two key launches in 2015. The flagship HTC One M9 was launched at MWC 2015, complete with a dual-tone jewellery-grade finish and integrating a host of new editing effects to enhance photographic creativity and cinema-style surround sound. While the HTC One M9 did not perform as well as anticipated in the market, reducing the halo effect on the rest of the portfolio, it packed several new technologies and experiences that have since become staple features across both the HTC One and HTC Desire smartphone families.

The HTC Desire range of smartphones performed well throughout the year despite formidable competition in the mid-range segment, and a number of stand-out, region-specific product launches over the year enhanced HTC's brand presence and local market momentum. We were especially encouraged by their performance in some of the key emerging markets, such as the Middle East and India, where HTC experienced significant growth of sales and brand preference.

New York in October 2015 saw the webcast launch of the HTC One A9 at Brooklyn Stadium. A slimline smartphone powered by Android 6.0 Marshmallow and HTC Sense, the HTC One A9 combined HTC's iconic all-metal design with a high-end camera with OIS, high resolution audio and the best of Google's platform for a truly customizable experience. The HTC One A9 was well received among customers and the media, and the Q4 launch provided sales impetus into the holiday season.

Over 2015, HTC's smartphone business undertook a transition from a country-tailored approach to a global-centric strategy to ensure quality consistency, product stability and time-to-market schedules. Working in tandem with the connected devices group, the smartphone business unit has a clear, targeted roadmap for 2016 that looks set to once again raise the bar for smartphone standards. The highly acclaimed launch in April of the flagship for 2016, the HTC 10, raised the bar for design and technology excellence and reestablished the Company as a leader in the premium smartphone market.

Connected Devices

Fitness and healthcare is one of the two key branches of our diversification strategy. Partnering with the strongest brand in the industry, Under Armour, HTC brings an innovative approach to fitness technology application that helps athletes gain insight into their health status, reach their goals and enhance their performance. The launch of the UA HealthBox at CES in January 2016 represents the first commercial implementation of this strategy.

Designed to capture and clearly present key data through an intuitive user interface, the UA HealthBox provides the tools athletes need to manage a complete picture of their health and fitness, including sleep, activity and nutrition, all powered by Under Armour's UA Record platform. UA HealthBox comprises a sleek UA Band for performance monitoring, the UA Scale, a Bluetooth and Wi-Fi enabled scale that measures BMI and body fat percentage as well as

weight, and the UA Heart Rate monitor with innovative micro snap technology for wear comfort. Combining Under Armour's extensive insight into the fitness industry and HTC's design and system engineering capabilities, this partnership looks set to redefine the sector.

Virtual reality

Virtual reality is a disruptive technology with the potential to impact almost every aspect of our lives, just as the smartphone did, and the internet before it. Virtual reality will change how we are entertained, and how we communicate, learn, train and believe.

At MWC in March 2015, HTC unveiled the HTC Vive virtual reality system and its partnership with Valve, the strongest brand in computer gaming, to great acclaim from customers and media alike. Overnight, HTC went from an unknown entity to innovation leader in the nascent consumer virtual reality space, with a commanding technological lead over its competitors and a clear vision to bring people and their imaginations closer together than ever before.

Boasting 360-degree room-scale tracking, high refresh rates and superior industrial design, augmented by an in-built camera and HTC phone services, the Vive's virtual reality experience has ignited the VR world. Now, the experience matches expectation, allowing users to fully immerse themselves in new environments and feel completely boundless.

Vive became commercially available in April 2016, having been fully productized within only one year of unveiling the developer kit – a rate of design and technological innovation and refinement unmatched in the industry. Already, there are many enterprise-focused training, retail, design, marketing and manufacturing applications across a wide spectrum of industry sectors, including healthcare, automotive and property as well as entertainment and gaming, and Vive looks set to define the consumer virtual reality segment in the year ahead.

Financial Performance

HTC saw a significant increase in complexity of the business in 2015 due to the diversification into virtual reality and connected devices. The extensive review of company structure, processes and operations over 2015 helped to realign resources and provide greater focus for innovation. In August, we announced a strategic realignment, the creation of new business units and a comprehensive program of operating expenditure rationalization and reduction of up to 35% in order to prepare the business for current and planned operations. This sizeable restructuring is expected to complete by the end of 3Q16. As a result, HTC posted full-year consolidated revenues of NT\$ 121.7 billion, with consolidated gross profit of NT\$ 22.0 billion. Consolidated gross margins were 18.0%, while operating margins decreased to -11.7%. Net profit after tax stood at -NT\$ 15.5 billion, which equates to a full-year loss per share (LPS) of NT\$18.79.

We are looking forward to reaping the benefits of the realignment exercise going forward, while at the same time anticipating material contributions from the new product areas of virtual reality and connected devices.

Brand

In 2015, we redefined our brand promise as the Pursuit of Brilliance, not only as our corporate ethos to pursue brilliance in everything we do, but in the creation of beautiful, intuitive and highly functional products that enable our customers to share their ambitions and pursue their own brilliance. HTC strives every day to bring the very best design and technology to people, to

enable them to live their lives better and to bring value to society.

Our vision remains to foster human connectiveness, to bring people closer together, and to enable people around the world access to the digital universe of information, education, entertainment and experiences. Our brand represents the resonance, meaning and promise to our customers, partners and employees, and the pursuit of brilliance is the key driver behind all of our innovation. If we unite behind this vision, our belief will be rewarded in the years ahead as HTC rises again to pioneer new markets and new experiences.

Social Responsibility

HTC has long held that as a company our responsibility goes beyond creating the most innovative products. In every aspect of our operations, we strive to improve ourselves through a comprehensive program of initiatives to minimize our environmental impact and add value to society.

HTC's standard smartphone retail box primarily comprises fast-renewable material, while its light weight reduces its transshipment carbon footprint; in 2015 we added a certification on the box to alert consumers to environmental awareness. On the manufacturing side, HTC continues to promote energy management, with savings in electricity use up to 25% and a total reduction in carbon emissions of 11.6 million kg of CO₂e, equating to a reduction in greenhouse gas emissions up to 26%. We continue to seek ways to improve our production processes, from raw material sourcing right through to retail delivery, to contribute to improving the environment. The HTC Foundation also had a busy year, supporting schools and teachers in Taiwan through courses to help children and youngsters develop good character and motivation.

Throughout all of our operations and partnerships, HTC seeks to ensure the highest standards of environmental concern as well as quality, consistency and performance, in line with our brand promise to pursue brilliance in all aspects of our business.

HTC CORPORATION

Chairwoman and CEO: Cher Wang

Chief Accountant: Hsiu Lai

Supplement 3

HTC CORPORATION Supervisors Audit Report

The Board of Directors has prepared the Company's 2015 Business Report, Financial Statements and Deficit Compensation Proposal. HTC Corporation's Financial Statements have been audited and certified by Hsu, Wen-Ya, CPA, and Casey Lai, CPA, of Deloitte & Touche and an audit report relating to the Financial Statements has been issued. The Business Report, Financial Statements and Deficit Compensation Proposal have been reviewed and considered to be complied with relevant rules by the undersigned, the supervisor of HTC Corporation. According to Article 219 of the Company Law, I hereby submit this report.

HTC CORPORATION

Supervisor:

Huang-Chieh Chu

Way-Chih Investment Co., Ltd.

Representative: Shao-Lun Lee

April 11, 2016

Supplement 4

Share Buyback Execution Report

Topic	Explanation
Twelfth Estimation of Share Buy-back Status	
Board of Director resolution	8/24/2015
Purpose of the share buy-back	To maintain credit of the company and interest of shareholders. According to the Regulations Governing Share Repurchase by Listed and OTC Companies, Article 2 requires off-setting of buy-back Treasury stocks.
Type of share buy-back	Common stock
Total amount allocated for share buy-back	NTD 3,000,000,000
Estimated Buy-back period	Aug. 25 to Oct. 24, 2015
Estimated number of buy-back shares (as percentage of total issued shares) (Note 1)	50,000,000 shares (6.04%)
Estimated buy-back price interval	Buy-back stock price is between NTD 35 to NTD 60. It is further resolved by the Board of Directors to continue buy-back of shares if the stock price falls under NTD 35.
Method of Buy-back	Buy-back shares from stock exchange
Actual Share Buy-back Status	
Buy-back period	Aug. 28 to Sep. 9, 2015
Number of buy-back shares (as a percentage of total issued shares) (Note 2)	4,110,000 shares (0.50%)
Total amount for buy-back shares	NTD 200,955,290
Average price per buy-back share	NTD 48.89
Reason for not completing the share buy-back	To maintain interest of shareholders and the market mechanism, the company repurchases its shares in batches, depending on the share price and volume.
Cancellation of buy-back shares	4,110,000 shares

Note 1: The percentage is calculated based on the total outstanding shares when the Company reported share repurchase.

Note 2: The percentage is calculated based on the total outstanding shares when the Company reported expiration of repurchase period or completion of the repurchase.

Supplement 5

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
HTC Corporation

We have audited the accompanying balance sheets of HTC Corporation (the "Company") as of December 31, 2015 and 2014, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2015 and 2014, and its financial performance and its cash flows for the years ended December 31, 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

February 29, 2016

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail. Also, as stated in Note 4 to the accompanying financial statements, the additional footnote disclosures that are not required under accounting principles and practices generally applied in the Republic of China were not translated into English.

HTC CORPORATION

BALANCE SHEETS DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

ASSETS	2015		2014	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 20,688,988	16	\$ 36,605,790	22
Financial assets at fair value through profit or loss - current (Notes 7 and 28)	95,493	-	262,544	-
Trade receivables, net (Note 10)	6,011,023	5	12,405,044	8
Trade receivables - related parties, net (Notes 10 and 29)	7,955,352	6	16,250,234	10
Other receivables (Note 10)	257,500	-	324,427	-
Current tax assets (Note 24)	43,707	-	45,994	-
Inventories (Note 11)	15,834,166	13	14,430,309	9
Prepayments (Notes 12 and 29)	3,377,222	3	4,630,779	3
Non-current assets held for sale (Note 13)	3,768,277	3	-	-
Other current assets	54,491	-	95,146	-
Total current assets	58,086,219	46	85,050,267	52
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Note 28)	75	-	93	-
Financial assets measured at cost - non-current (Notes 9 and 28)	515,861	-	515,861	-
Investments accounted for using equity method (Note 14)	41,480,856	33	42,495,754	26
Property, plant and equipment (Notes 15 and 29)	13,152,866	10	18,660,108	12
Intangible assets (Note 16)	622,138	-	1,222,721	1
Deferred tax assets (Note 24)	7,630,919	6	6,483,671	4
Refundable deposits (Note 28)	1,387,578	1	68,984	-
Net defined benefit asset - non-current (Note 20)	79,978	-	109,292	-
Other non-current assets (Note 12)	4,518,531	4	8,405,463	5
Total non-current assets	69,388,802	54	77,961,947	48
TOTAL	\$ 127,475,021	100	\$ 163,012,214	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current (Notes 7 and 28)	\$ 36,544	-	\$ 22,424	-
Note and trade payables (Note 17)	29,654,545	23	40,815,810	25
Trade payable - related parties (Notes 17 and 29)	384,914	-	6,508,521	4
Other payables (Notes 18 and 29)	24,106,616	19	29,246,053	18
Current tax liabilities (Note 24)	12,495	-	11,982	-
Provisions - current (Note 19)	5,451,807	4	5,442,380	4
Other current liabilities (Note 18)	3,017,699	3	509,131	-
Total current liabilities	62,664,620	49	82,556,301	51
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 24)	16,672	-	121,380	-
Guarantee deposits received (Note 28)	1,634	-	1,160	-
Total non-current liabilities	18,306	-	122,540	-
Total liabilities	62,682,926	49	82,678,841	51
EQUITY (Note 21)				
Share capital - ordinary shares	8,318,695	7	8,349,521	5
Capital surplus	15,505,853	12	15,140,687	9
Retained earnings				
Legal reserve	18,297,655	14	18,149,350	11
Unappropriated earnings	21,782,432	17	41,381,753	25
Other equity	1,088,415	1	1,062,118	1
Treasury shares	(200,955)	-	(3,750,056)	(2)
Total equity	64,792,095	51	80,333,373	49
TOTAL	\$ 127,475,021	100	\$ 163,012,214	100

The accompanying notes are an integral part of the financial statements.

HTC CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 8, 22 and 29)	\$ 117,083,037	100	\$ 174,793,564	100
OPERATING COSTS (Notes 11, 20, 23 and 29)	<u>100,832,782</u>	<u>86</u>	<u>143,529,263</u>	<u>82</u>
GROSS PROFIT	16,250,255	14	31,264,301	18
UNREALIZED GAINS	(1,178,011)	(1)	(955,021)	(1)
REALIZED GAINS	<u>955,021</u>	<u>1</u>	<u>1,611,132</u>	<u>1</u>
REALIZED GROSS PROFIT	<u>16,027,265</u>	<u>14</u>	<u>31,920,412</u>	<u>18</u>
OPERATING EXPENSES (Notes 20, 23 and 29)				
Selling and marketing	13,471,147	11	15,587,029	9
General and administrative	3,467,788	3	4,143,950	2
Research and development	<u>12,714,139</u>	<u>11</u>	<u>11,707,948</u>	<u>7</u>
Total operating expenses	<u>29,653,074</u>	<u>25</u>	<u>31,438,927</u>	<u>18</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(13,625,809)</u>	<u>(11)</u>	<u>481,485</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 23)	287,500	-	392,761	-
Other gains and losses (Notes 8 and 23)	(2,066,354)	(2)	85,809	-
Finance costs	(7,819)	-	(16,485)	-
Share of the profit or loss of subsidiaries and joint ventures	<u>(1,369,062)</u>	<u>(1)</u>	<u>587,645</u>	<u>1</u>
Total non-operating income and expenses	<u>(3,155,735)</u>	<u>(3)</u>	<u>1,049,730</u>	<u>1</u>
(LOSS) PROFIT BEFORE INCOME TAX	(16,781,544)	(14)	1,531,215	1
INCOME TAX (BENEFIT) EXPENSE (Note 24)	<u>(1,248,476)</u>	<u>(1)</u>	<u>48,169</u>	<u>-</u>
(LOSS) PROFIT FOR THE YEAR	<u>(15,533,068)</u>	<u>(13)</u>	<u>1,483,046</u>	<u>1</u>

(Continued)

HTC CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	\$ (47,667)	-	\$ (33,166)	-
Share of the profit or loss of subsidiaries - items that will not be reclassified to profit or loss	(456)	-	(150)	-
Income tax relating to the components of other comprehensive income - items that will not be reclassified to profit or loss (Note 24)	<u>5,720</u>	<u>-</u>	<u>3,980</u>	<u>-</u>
	<u>(42,403)</u>	<u>-</u>	<u>(29,336)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	10,562	-	903,136	-
Unrealized losses on available-for-sale financial assets	(18)	-	(146)	-
Share of the profit or loss of subsidiaries - items that may be reclassified to profit or loss	<u>(11,448)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(904)</u>	<u>-</u>	<u>902,990</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(43,307)</u>	<u>-</u>	<u>873,654</u>	<u>-</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	<u>\$ (15,576,375)</u>	<u>(13)</u>	<u>\$ 2,356,700</u>	<u>1</u>
(LOSS) EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ (18.79)</u>		<u>\$ 1.80</u>	
Diluted	<u>\$ (18.79)</u>		<u>\$ 1.80</u>	

The accompanying notes are an integral part of the financial statements.

(Concluded)

HTC CORPORATION

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Share Capital Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Other Equity			Treasury Shares	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Losses on Available-for- sale Financial Assets	Unearned Employee Benefit			
BALANCE, JANUARY 1, 2014	\$ 8,423,505	\$ 15,360,307	\$ 18,149,350	\$ 854,138	\$ 47,282,820	\$ 559,719	\$ (2,021)	\$ -	\$ (12,920,158)	\$ 77,707,660	
The loss off-setting for 2013 Special reserve reversed	-	-	-	(854,138)	854,138	-	-	-	-	-	
Profit for the year ended December 31, 2014	-	-	-	-	1,483,046	-	-	-	-	1,483,046	
Other comprehensive income and loss for the year ended December 31, 2014	-	-	-	-	(29,336)	903,136	(146)	-	-	873,654	
Retirement of treasury shares	(119,984)	(841,203)	-	-	(8,208,915)	-	-	-	9,170,102	-	
Share-based payments	46,000	621,583	-	-	-	-	-	(398,570)	-	269,013	
BALANCE, DECEMBER 31, 2014	8,349,521	15,140,687	18,149,350	-	41,381,753	1,462,855	(2,167)	(398,570)	(3,750,056)	80,333,373	
Appropriation of 2014 earnings	-	-	148,305	-	(148,305)	-	-	-	-	-	
Legal reserve	-	-	-	-	(314,636)	-	-	-	-	(314,636)	
Cash dividends	-	-	-	-	(15,533,068)	-	-	-	-	(15,533,068)	
Net loss for the year ended December 31, 2015	-	-	-	-	(42,403)	10,562	(11,466)	-	-	(43,307)	
Other comprehensive income and loss for the year ended December 31, 2015	-	-	-	-	(3,560,909)	-	-	-	(200,955)	(200,955)	
Buy-back of treasury shares	(69,140)	(120,007)	-	-	-	-	-	-	3,750,056	-	
Retirement of treasury shares	-	-	-	-	-	-	-	-	-	-	
Share-based payments	38,314	485,173	-	-	-	-	-	27,201	-	550,688	
BALANCE, DECEMBER 31, 2015	\$ 8,318,695	\$ 15,505,853	\$ 18,297,655	\$ -	\$ 21,782,432	\$ 1,473,417	\$ (13,633)	\$ (371,369)	\$ (200,955)	\$ 64,792,095	

The accompanying notes are an integral part of the financial statements.

HTC CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) profit before income tax	\$ (16,781,544)	\$ 1,531,215
Adjustments for:		
Depreciation expense	1,579,960	1,774,782
Amortization expense	682,553	649,887
Finance costs	7,819	16,485
Interest income	(179,328)	(214,092)
Compensation costs of employee share-based payments	513,002	244,346
Share of the profit or loss of subsidiaries and joint ventures	1,369,062	(587,645)
Loss on disposal of property, plant and equipment	33	-
Transfer of property, plant and equipment to expenses	8,339	-
Gain on sale of investments	(327)	-
Impairment losses on non-financial assets	3,943,192	731,833
Unrealized gains on sales	1,178,011	955,021
Realized gains on sales	(955,021)	(1,611,132)
Changes in operating assets and liabilities		
Decrease (increase) in financial instruments held for trading	181,171	(77,823)
Decrease in trade receivables	6,394,021	1,561,578
Decrease (increase) in trade receivables - related parties	8,294,882	(3,046,657)
Decrease in other receivables	59,348	1,533,217
(Increase) decrease in inventories	(3,554,159)	3,475,767
Decrease (increase) in prepayments	1,253,557	(1,033,973)
Decrease in other current assets	40,655	29,873
Decrease in other non-current assets	2,551,946	1,572,293
Decrease in note and trade payables	(11,161,265)	(1,972,913)
(Decrease) increase in trade payable - related parties	(6,123,607)	886,502
Decrease in other payables	(5,079,584)	(4,163,252)
Increase (decrease) in provisions	9,427	(1,782,257)
Increase (decrease) in other current liabilities	2,508,568	(23,674)
Cash (used in) generated from operations	(13,259,289)	449,381
Interest received	186,907	212,844
Interest paid	(7,819)	(16,485)
Income tax refund (paid)	5,040	(54,701)
Net cash (used in) generated from operating activities	(13,075,161)	591,039
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets measured at cost	327	-
Proceeds from capital reduction of investments accounted for using equity method	-	2,007,655
Payments for property, plant and equipment	(385,477)	(794,925)
Increase in refundable deposits	(1,318,594)	-
Decrease in refundable deposits	-	6,097
Payments for intangible assets	(81,970)	(221,717)

(Continued)

HTC CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	2015	2014
Decrease in other current financial assets	\$ -	\$ 2,359,041
Dividend received	<u>38,362</u>	<u>7,687</u>
Net cash (used in) generated from investing activities	<u>(1,747,352)</u>	<u>3,363,838</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for treasury shares	(200,955)	-
Increase in guarantee deposits received	474	-
Net cash outflow on acquisition of subsidiaries	(579,172)	(383,591)
Dividends paid to owners of the Company	<u>(314,636)</u>	<u>-</u>
Net cash used in financing activities	<u>(1,094,289)</u>	<u>(383,591)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(15,916,802)	3,571,286
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>36,605,790</u>	<u>33,034,504</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 20,688,988</u>	<u>\$ 36,605,790</u>

The accompanying notes are an integral part of the financial statements.

(Concluded)

Supplement 6

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
HTC Corporation

We have audited the accompanying consolidated balance sheets of HTC Corporation and its subsidiaries (collectively referred to as the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2015 and 2014, and their consolidated financial performance and their consolidated cash flows for the years ended 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of HTC Corporation as of and for the years ended December 31, 2015 and 2014 on which we have issued an unqualified report.

February 29, 2016

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail. Also, as stated in Note 4 to the consolidated financial statements, the additional footnote disclosures that are not required under accounting principles and practices generally applied in the Republic of China were not translated into English.

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

ASSETS	2015		2014	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 35,346,799	27	\$ 55,743,558	34
Financial assets at fair value through profit or loss - current (Notes 7 and 31)	95,493	-	262,544	-
Available-for-sale financial assets - current (Note 31)	303,289	-	-	-
Debt investments with no active market - current (Note 31)	8,266	-	7,918	-
Trade receivables, net (Notes 11 and 32)	18,518,948	14	29,140,284	18
Other receivables (Note 11)	466,791	1	584,936	-
Current tax assets (Note 27)	212,033	-	274,321	-
Inventories (Note 12)	19,123,637	15	17,213,060	11
Prepayments (Note 13)	4,400,968	4	6,626,106	4
Non-current assets held for sale (Note 14)	3,768,277	3	-	-
Other current financial assets (Notes 10 and 33)	4,100,290	3	334,954	-
Other current assets	94,611	-	99,269	-
Total current assets	86,439,402	67	110,286,950	67
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Note 31)	75	-	93	-
Financial assets measured at cost - non-current (Notes 9 and 31)	3,396,151	3	2,586,478	2
Investments accounted for using equity method (Note 16)	240,237	-	234,661	-
Property, plant and equipment (Notes 17 and 32)	15,432,130	12	23,435,556	14
Investment properties, net (Note 18)	1,708,489	1	-	-
Intangible assets (Note 19)	5,561,444	4	7,209,291	5
Deferred tax assets (Note 27)	8,699,322	7	8,452,707	5
Refundable deposits (Note 31)	1,580,342	1	262,740	-
Long-term receivables (Note 11)	1,488,775	1	1,342,813	1
Net defined benefit asset - non-current (Note 23)	79,470	-	109,138	-
Other non-current assets (Note 13)	4,767,246	4	9,917,847	6
Total non-current assets	42,953,681	33	53,551,324	33
TOTAL	<u>\$ 129,393,083</u>	<u>100</u>	<u>\$ 163,838,274</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current (Notes 7 and 31)	\$ 36,544	-	\$ 22,424	-
Note and trade payables (Note 20)	29,598,385	23	43,803,343	27
Other payables (Notes 21 and 32)	24,993,276	19	32,237,945	20
Current tax liabilities (Note 27)	163,252	-	210,714	-
Provisions - current (Note 22)	5,992,258	5	5,841,179	3
Other current liabilities (Note 21)	3,689,763	3	1,143,134	1
Total current liabilities	64,473,478	50	83,258,739	51
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 27)	97,351	-	202,932	-
Guarantee deposits received (Note 31)	30,159	-	43,230	-
Total non-current liabilities	127,510	-	246,162	-
Total liabilities	64,600,988	50	83,504,901	51
EQUITY (Note 24)				
Share capital - ordinary shares	8,318,695	6	8,349,521	5
Capital surplus	15,505,853	12	15,140,687	9
Retained earnings				
Legal reserve	18,297,655	14	18,149,350	11
Unappropriated earnings	21,782,432	17	41,381,753	25
Other equity	1,088,415	1	1,062,118	1
Treasury shares	(200,955)	-	(3,750,056)	(2)
Total equity	64,792,095	50	80,333,373	49
TOTAL	<u>\$ 129,393,083</u>	<u>100</u>	<u>\$ 163,838,274</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 8, 25 and 32)	\$ 121,684,231	100	\$ 187,911,200	100
OPERATING COSTS (Notes 12, 23, 26 and 32)	<u>99,731,124</u>	<u>82</u>	<u>147,156,105</u>	<u>78</u>
GROSS PROFIT	<u>21,953,107</u>	<u>18</u>	<u>40,755,095</u>	<u>22</u>
OPERATING EXPENSES (Notes 23, 26 and 32)				
Selling and marketing	17,452,673	15	21,834,286	12
General and administrative	4,975,964	4	5,204,788	3
Research and development	<u>13,727,616</u>	<u>11</u>	<u>13,047,251</u>	<u>7</u>
Total operating expenses	<u>36,156,253</u>	<u>30</u>	<u>40,086,325</u>	<u>22</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(14,203,146)</u>	<u>(12)</u>	<u>668,770</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 26)	928,036	1	834,124	1
Other gains and losses (Notes 8, 9 and 26)	(2,286,659)	(2)	506,194	-
Finance costs	(8,123)	-	(16,983)	-
Share of the profit or loss of associates and joint ventures (Note 16)	<u>(11,648)</u>	<u>-</u>	<u>(8,679)</u>	<u>-</u>
Total non-operating income and expenses	<u>(1,378,394)</u>	<u>(1)</u>	<u>1,314,656</u>	<u>1</u>
(LOSS) PROFIT BEFORE INCOME TAX	(15,581,540)	(13)	1,983,426	1
INCOME TAX (BENEFIT) EXPENSE (Note 27)	<u>(48,472)</u>	<u>-</u>	<u>500,380</u>	<u>-</u>
(LOSS) PROFIT FOR THE YEAR	<u>(15,533,068)</u>	<u>(13)</u>	<u>1,483,046</u>	<u>1</u>
OTHER COMPREHENSIVE (LOSS) INCOME, NET OF INCOME TAX				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans (Note 23)	(48,216)	-	(33,346)	-
Income tax relating to items that will not be reclassified to profit or loss (Note 27)	<u>5,813</u>	<u>-</u>	<u>4,010</u>	<u>-</u>
	<u>(42,403)</u>	<u>-</u>	<u>(29,336)</u>	<u>-</u>

(Continued)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	\$ 10,562	-	\$ 903,136	-
Unrealized losses on available-for-sale financial assets	<u>(11,466)</u>	<u>-</u>	<u>(146)</u>	<u>-</u>
	<u>(904)</u>	<u>-</u>	<u>902,990</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(43,307)</u>	<u>-</u>	<u>873,654</u>	<u>-</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	<u>\$ (15,576,375)</u>	<u>(13)</u>	<u>\$ 2,356,700</u>	<u>1</u>
NET (LOSS) PROFIT FOR THE YEAR ATTRIBUTABLE TO				
Owners of the parent	<u>\$ (15,533,068)</u>	<u>(13)</u>	<u>\$ 1,483,046</u>	<u>1</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR ATTRIBUTABLE TO				
Owners of the parent	<u>\$ (15,576,375)</u>	<u>(13)</u>	<u>\$ 2,356,700</u>	<u>1</u>
(LOSS) EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ (18.79)</u>		<u>\$ 1.80</u>	
Diluted	<u>\$ (18.79)</u>		<u>\$ 1.80</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	Share Capital Ordinary Shares	Capital Surplus	Retained Earnings			Unappropriated Earnings	Other Equity				Treasury Shares	Total Equity
			Legal Reserve	Special Reserve			Exchange Differences on Translating Foreign Operations	Unrealized Losses on Available-for- sale Financial Assets	Unearned Employee Benefit			
BALANCE, JANUARY 1, 2014	\$ 8,423,505	\$ 15,360,307	\$ 18,149,350	\$ 854,138	\$ 47,282,820	\$ 559,719	\$ (2,021)	\$ -	\$ (12,920,158)	\$ 77,707,660		
The loss off-setting for 2013 Special reserve reversed	-	-	-	(854,138)	854,138	-	-	-	-	-		
Profit for the year ended December 31, 2014	-	-	-	-	1,483,046	-	-	-	-	-		
Other comprehensive income and loss for the year ended December 31, 2014	-	-	-	-	(29,336)	903,136	(146)	-	-	-		
Retirement of treasury shares	(119,984)	(841,203)	-	-	(8,208,915)	-	-	-	9,170,102	-		
Share-based payments	46,000	621,583	-	-	-	-	-	(398,570)	-	269,013		
BALANCE, DECEMBER 31, 2014	8,349,521	15,140,687	18,149,350	-	41,381,753	1,462,855	(2,167)	(398,570)	(3,750,056)	80,333,373		
Appropriation of 2014 earnings	-	-	148,305	-	(148,305)	-	-	-	-	-		
Legal reserve	-	-	-	-	(314,636)	-	-	-	-	(314,636)		
Cash dividends	-	-	-	-	(15,533,068)	-	-	-	-	(15,533,068)		
Net loss for the year ended December 31, 2015	-	-	-	-	(42,403)	10,562	(11,466)	-	-	(43,307)		
Other comprehensive income and loss for the year ended December 31, 2015	-	-	-	-	(3,560,909)	-	-	-	(200,955)	(200,955)		
Buy-back of treasury shares	-	-	-	-	-	-	-	-	3,750,056	-		
Retirement of treasury shares	(69,140)	(120,007)	-	-	-	-	-	-	-	-		
Share-based payments	38,314	485,173	-	-	-	-	-	27,201	-	550,688		
BALANCE, DECEMBER 31, 2015	\$ 8,318,695	\$ 15,505,853	\$ 18,297,655	\$ -	\$ 21,782,432	\$ 1,473,417	\$ (13,633)	\$ (371,369)	\$ (200,955)	\$ 64,792,095		

The accompanying notes are an integral part of the consolidated financial statements.

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) profit before income tax	\$ (15,581,540)	\$ 1,983,426
Adjustments for:		
Depreciation expense	2,539,046	2,952,892
Amortization expense	1,956,533	1,868,817
Impairment losses recognized on trade receivables	-	3,875
Finance costs	8,123	16,983
Interest income	(419,969)	(403,155)
Dividend income	(352,074)	(26,381)
Compensation costs of employee share - based payments	550,688	269,013
Share of the loss of associates and joint ventures	11,648	8,679
(Gain) loss on disposal of property, plant and equipment	(8,385)	153,493
Transfer of property, plant and equipment to expenses	8,339	-
Gains on sale of investments	(327)	(157,995)
Impairment loss recognized on financial assets measured at cost	-	373,257
Impairment losses on non-financial assets	4,859,336	695,945
Changes in operating assets and liabilities		
Decrease (increase) in financial instruments held for trading	181,171	(77,823)
Decrease (increase) in trade receivables	10,621,336	(5,772,987)
Decrease in other receivables	112,713	1,552,870
(Increase) decrease in inventories	(3,850,023)	5,864,806
Decrease (increase) in prepayments	2,225,138	(822,362)
Decrease in other current assets	4,658	25,539
Decrease in other non-current assets	2,666,129	1,779,567
Decrease in note and trade payables	(14,204,958)	(2,472,508)
Decrease in other payables	(7,108,608)	(5,279,307)
Increase (decrease) in provisions	151,079	(2,367,706)
Increase in other current liabilities	2,546,629	187,007
Cash (used in) generated from operations	(13,083,318)	355,945
Interest received	334,309	311,262
Interest paid	(8,123)	(16,983)
Income tax paid	(295,351)	(990,083)
Net cash used in operating activities	(13,052,483)	(339,859)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of debt investments with no active market	-	(7,918)
Payments to acquire financial assets measured at cost	(700,245)	(432,463)
Proceeds from disposal of financial assets measured at cost	327	2,358,135
Payments to acquire investments accounted for using equity method	(16,531)	(15,836)
Payments for property, plant and equipment	(987,329)	(1,372,934)
Proceeds from disposal of property, plant and equipment	345,464	16,017
Increase in refundable deposits	(1,317,602)	-
Decrease in refundable deposits	-	90,154
Payments for intangible assets	(93,683)	(244,588)

(Continued)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	2015	2014
Increase in other current financial assets	\$ (3,765,336)	\$ -
Decrease in other current financial assets	-	2,436,069
Dividend received	<u>38,166</u>	<u>26,381</u>
Net cash (used in) generated from investing activities	<u>(6,496,769)</u>	<u>2,853,017</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Refund of guarantee deposits received	(13,071)	(213,185)
Dividends paid to owners of the company	(314,636)	-
Buy-back of treasury shares	<u>(200,955)</u>	<u>-</u>
Net cash used in financing activities	<u>(528,662)</u>	<u>(213,185)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(318,845)</u>	<u>144,644</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(20,396,759)	2,444,617
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>55,743,558</u>	<u>53,298,941</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 35,346,799</u>	<u>\$ 55,743,558</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

Supplement 7

HTC CORPORATION The Chart of 2015 Deficit Compensation

UNIT: NT\$

Item	Amount	
	Total	
Accumulated earnings at beginning of 2015		37,357,904,212
Plus: Net loss of 2015	(15,533,068,982)	
Less: The amounts of actuarial losses recognized in other comprehensive income and loss	(41,946,641)	
Less: The company's investment loss for its subsidiary's amounts of actuarial losses recognized in other comprehensive income and loss based on equity method	(456,077)	
Appropriation of earnings as of Dec 31, 2015		21,782,432,512
Less: Because the book value of retired treasury shares is higher than the sum of par value plus original issue premium, the difference is charged to capital reserve generated by treasury shares of the same class. If this capital reserve is insufficient		(88,846,103)
Accumulated earnings at end of 2015		21,693,586,409

HTC CORPORATION

Chairwoman and CEO: Cher Wang

Chief Accountant: Hsiu Lai

Supplement 8

Director and Supervisor Nominee List

Name	Director / Cher Wang	Director / HT Cho
Education background	<ul style="list-style-type: none"> • Bachelor in Economics, University of California, Berkeley. 	<ul style="list-style-type: none"> • Electronic Engineering, National Taipei Institute of Technology. • EMBA, National Chiao Tung University
Principal work experience	<ul style="list-style-type: none"> • General Manager of the PC Division, First International Computer, Inc. (FIC) 	<ul style="list-style-type: none"> • President & CEO, HTC Corporation. • Consulting Engineer, Digital Equipment Corporation.
Positions held concurrently in the company and/or and other company	<ul style="list-style-type: none"> • Chairwoman and CEO, HTC Corporation • Chairwoman (Representative), H.T.C. (B.V.I) Corp. • Chairwoman (Representative), HTC Investment One (BVI) Corporation • Chairwoman, HTC I Investment Corporation • Chairwoman, HTC Investment Corporation • Director, High Tech Computer Asia Pacific Pte. Ltd. • Chairwoman (Representative), HTC VIVE Holding (BVI) Corp. • Chairwoman (Representative), HTC VIVE TECH (BVI) CORP. • Chairwoman, HTC VIVE TECH Corp. • Director, VIA Technologies, Inc. • Director, Formosa Plastics Corporation • Director, Way-Chih Investment Co., Ltd. • Director, Hsin-Tong Investment Co., Ltd. • Director, Kun-Chang Investment Co, Ltd. 	<ul style="list-style-type: none"> • Director, HTC Corporation • Director, HTC VIVE TECH Corp. • Chairman, HTC Social Welfare Foundation. • Chairman, HTC Education Foundation. • Director, Chunghwa Telecom Foundation. • General Manager, Atrust Corporation • Director, China University of Technology • Director, Asia Pacific Fuel Cell Technologies, Ltd. • Chairman, Taiwan Chief Executive Officer Club for Social Benefit
Shareholding	32,272,427 shares	96,530 shares

Name	Director / Wen-Chi Chen	Director / David Bruce Yoffie
Education background	<ul style="list-style-type: none"> • MSCS, California Institute of Technology. 	<ul style="list-style-type: none"> • B.A. Brandeis University • M.A., Ph.D. Stanford University for academic qualification
Principal work experience	<ul style="list-style-type: none"> • President, Symphony Laboratories. 	<ul style="list-style-type: none"> • Director, Charles Schwab • Director, Spotfire • Director, E Ink
Positions held concurrently in the company and/or and other company	<ul style="list-style-type: none"> • Director, HTC Corporation • Director, HTC VIVE TECH Corp. • President & Chairman VIA Technologies, Inc. • Chairman (Representative), Xander International Corp. • Chairwoman (Representative), Chander Electronics Corp. • Non-executive Director, Television Broadcasts Limited • Director, Liann Yee Production Co., Ltd. • Director, Way-Chih Investment Co., Ltd. • Director, Hsin-Tong Investment Co., Ltd. • Director, Kun-Chang Investment Co, Ltd. 	<ul style="list-style-type: none"> • Director, HTC Corporation • Max and Doris Starr Professor at Harvard Business School • Director, Intel Corporation • Director, The National Bureau of Economic Research • Director, Financial Engines, Inc. • Director, TiVo Inc.
Shareholding	22,391,389 shares	0 shares

Name	Independent Director / Chen-Kuo Lin	Independent Director / Josef Felder
Education background	<ul style="list-style-type: none"> • Bachelor in Economics, National Taiwan University. • Advanced study at the Department of Economics, Oklahoma State University. • Advanced study at the Department of Economics, Harvard University. 	<ul style="list-style-type: none"> • Graduate of Advanced Management Program (AMP), Harvard Business School, Boston
Principal work experience	<ul style="list-style-type: none"> • Chairman, Board of Tunghai University. • Minister, Ministry of Finance, Executive Yuan. • Chairman, Taiwan External Trade Development Council.(TAITRA) • Chairman, Taiwan Asset Management Corporation. • Professor, Department of Economics in National Taiwan University. • Chairman, Taiwan-Hong Kong Economic and Cultural Cooperation Council 	<ul style="list-style-type: none"> • Deputy Director, Crossair • Chief Executive Officer, FIG (Flughafen Immobilien Gesellschaft) • Chief Executive Officer, Unique (Flughafen Zurich AG)
Positions held concurrently in the company and/or and other company	<ul style="list-style-type: none"> • Independent director and Compensation Committee member, HTC Corporation. • Independent director and Compensation Committee member, Taiwan High Speed Rail Corporation. • Chairman, Angel Hearts Family Social Welfare Foundation. • Chairman, New Mainstream Cultural Foundation. 	<ul style="list-style-type: none"> • Independent director, HTC Corporation • Independent director, Careal Holding AG, Zurich • Independent director, AMAG, Zürich • Independent director, Edelweiss Air AG, Zurich • Chairman, Gutsbetrieb Oetlishausen AG, Hohentannen • Chairman, Pro Juventute, Zurich • Independent director, Luzerner Kantonalbank AG, Lucerne • Chairman, Flaschenpost AG, Zürich • Chairman, The Nuance Group • Chairman and Independent Director, Zino Davidoff SA, Fribourg • Chairman, Stöckli Swiss Sports AG, Wolhusen
Shareholding	0 shares	229,985 shares

Name	Supervisor / Huang-Chieh Chu	Supervisor / Way-Chih Investment Co., Ltd.
Education background	<ul style="list-style-type: none"> • MBA, University of Toronto, Canada • LL.B., Department of Law, National Taiwan University 	N/A
Principal work experience	<ul style="list-style-type: none"> • Director and President, Taiwan Teleservices & Technologies Co., Ltd. • Supervisor, Taiwan Fixed Network Co., Ltd. • Vice President, Consumer Business Group of Taiwan Mobile Co., Ltd. • Vice President, Citibank, N.A., Taipei Branch • Director, KG Telecommunications Co., Ltd. 	N/A
Positions held concurrently in the company and/or other company	<ul style="list-style-type: none"> • Supervisor, HTC Corporation • Chief Administrative Officer, Via Faith, Hope and Love Foundation. 	<ul style="list-style-type: none"> • Supervisor, HTC Corporation
Shareholding	0 shares	43,819,290 shares

Supplement 9

Summary of positions currently held by Board of Director candidates in any other competing company:

HTC Directors	Positions currently held in any other company	
Cher Wang	• VIA Technologies Inc.	Director
	• Formosa Plastics Corporation	Director
HT Cho	• Atrust Computer Corp.	President
	• Asia Pacific Fuel Cell Technologies, Ltd.	Director
Wen-Chi Chen	• VIA Technologies Inc.	President & Director
	• Xander International Corp.	Chairperson
David Bruce Yoffie	• Chander Electronics Corp.	Chairperson
	• Intel Corporation	Director
	• TiVo Inc.	Director

Appendix 1

HTC Corporation Rules of Procedure for Shareholders Meetings

Article 1

The proceedings of shareholders meetings of the Corporation shall be conducted in accordance with these Rules of Procedure. Matters on which these Rules of Procedure are silent shall be handled in accordance with applicable laws and regulations.

Article 2

Shareholders who attend a shareholders meeting shall hand in an attendance card at the meeting in lieu of signing in. The number of shares in attendance shall be calculated based on the number of attendance cards that are handed in.

Article 3

The venue for the shareholders meeting shall be the location of the Corporation, or a place convenient for shareholders to attend and suited to convening a shareholders meeting. The time at which the meeting begins may not be earlier than 9 a.m. or later than 3 p.m.

Article 4

The chair shall call the meeting to order at the appointed meeting time. However, when the shareholders in attendance do not represent a majority of the total number of issued shares, the chair may announce the postponement of the meeting time; no more than two such postponements, for a combined total of not more than one hour, may be made. If the quorum is not met after two postponements and the shareholders in attendance represent one third or more of the total number of issued shares, a tentative resolution may be approved pursuant to the Company Act. The execution of a tentative resolution referred to in this paragraph shall be handled in accordance with the applicable provisions of the Company Act.

When the number of shares represented by the shareholders in attendance reaches the statutory number before the end of the meeting, the chair may resubmit the tentative resolution for a vote by the meeting in accordance with the provisions of the Company Act.

Article 5

If a shareholders meeting is convened by the board of directors, the chairman of the board shall chair the meeting. If the chairman of the board is unable to exercise powers for some reason, the chairman may designate one director to do so on the chairman's behalf. If the chairman does not designate a representative, the directors shall mutually select a chair from among themselves. If a shareholders meeting is convened by a party with convening power other than the board of directors, the convening party shall chair that meeting. When two or more parties meet this description, they shall mutually select a chair from among themselves.

Article 6

The Corporation may appoint retained attorneys or certified public accountants, or relevant personnel, to attend a shareholders meeting in a non-voting capacity. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

Article 7

If a shareholders meeting is convened by the board of directors, the board of directors shall adopt the shareholders meeting agenda, compile and print a meeting agenda book, and distribute it to the attending shareholders or proxies. The meeting proceedings shall follow the order set in the agenda, which may not be changed without a shareholders meeting resolution.

If a shareholders meeting is convened by a party with convening power other than the board of directors, the provisions of the preceding paragraph shall apply mutatis mutandis.

Unless by resolution of the meeting, the chair may not declare the meeting closed before all of the items (including extraordinary motions) on the meeting agenda have been concluded. After the meeting is closed, shareholders may not separately elect a chair and resume the meeting at the original or another venue.

Article 8

Shareholders in attendance have the duty to comply with the meeting rules of procedure, abide by resolutions, and maintain order in the meeting place.

Article 9

Before speaking, shareholders in attendance must record the main points of their speech, their attendance number (or shareholder account number) and account name on a speaker's slip. The order in which they speak will be set by the chair. A shareholder in attendance who submits a speaker's slip but does not speak shall be deemed to have not spoken. Where the content of the speech and that recorded on the speaker's slip do not correspond, the spoken content shall prevail. When a shareholder in attendance is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the permission of the chair and the shareholder that has the floor; the chair shall stop any violation. A shareholder may not speak more than twice on the same proposal, and a single speech may not exceed five minutes, provided that with the chair's permission, these restrictions shall not apply.

If a shareholder's speech violates the provisions of the preceding paragraph or exceeds the scope of the agenda item, the chair may terminate the speech.

Article 10

When a proposal is under discussion, the chair may at an appropriate time declare the discussion closed, and when necessary, may also suspend discussion and speeches.

Article 11

The chair shall appoint scrutineers and ballot counters for votes on proposals; however, the scrutineers shall be shareholders. The results of the vote shall be made known immediately and recorded in writing.

Article 12

During a shareholders meeting, if the chair declares the meeting closed in violation of the meeting rules of procedure, one person may be elected as chair with the agreement of a majority of the shareholder voting rights in attendance, and the meeting may continue.

Article 13

The corporation shall document the proceedings of a shareholders meeting in their entirety via audio or video, and preserve such documentation for at least one year.

Article 14

Except for special resolutions as specified in the Company Act and the Articles of Incorporation that shall comply with the provisions therein, passage of a vote on a proposal shall require the consent of a majority of the voting rights of shareholders in attendance. If before a vote a non-ballot voting method is adopted and upon inquiry by the chair there is no objection, it is deemed passed, and its effectiveness shall be the same as a vote by ballot.

Article 15

While a meeting is in progress, the chair may consider the time schedule and announce a break. If a force majeure event occurs, the chair may rule for a temporary suspension of the meeting, and announce the time when the meeting will be reconvened depending on the circumstances, or the shareholders meeting may make a resolution to reconvene the meeting within five days without notification or public announcement.

Article 16

The chair may direct the sergeant-at-arms (or security personnel) to help maintain order at the meeting place. When the sergeant-at-arms (or security personnel) help maintain order at the meeting place, they shall wear an arm band bearing the words "sergeant-at-arms".

Article 17

Matters on which these Rules of Procedure are silent shall be handled in accordance with the Company Act and the Article of Incorporation of the Corporation.

Article 18

These Rules of Procedure, and any amendments hereto, shall be implemented after being adopted as a resolution by the board of directors and passed by a shareholders meeting.

Appendix 2

HTC Corporation Bylaws for the Election of Directors and Supervisors

Article 1

Unless otherwise provided by the Company Act or the Articles of Incorporation of the Corporation, the election of the directors and supervisors of the Corporation shall be conducted in accordance with these Bylaws.

Article 2

The election of the directors and supervisors of the Corporation may be carried out separately or simultaneously at a shareholders meeting. Separate election ballots shall be prepared by the Corporation for directors and supervisors; the ballots shall note the number of election voting rights.

Article 3

In the election of the directors and supervisors of the Corporation, in recording the names of the voters, the shareholder attendance identification numbers may be used instead.

Article 4

The nomination of candidates for directors and supervisors of the Corporation shall adopt the candidate nomination system; the election of the directors and supervisors shall adopt the open-ballot, cumulative voting method. Each share confers election voting rights equal in number to the directors and supervisors to be elected; the votes may be cast for a single candidate or distributed among multiple candidates.

Article 5

In the election for the directors and supervisors of the Corporation, the candidates receiving ballots representing the highest number of voting rights sequentially shall be elected. A candidate simultaneously elected as a director and supervisor shall, at the candidate's own discretion, decide to serve as either director or supervisor. The position left vacant by such decision shall be filled by the candidate with the next most votes in the original election; the same shall apply to any vacancy arising upon review and confirmation that the personal data for an elected director or supervisor is inaccurate, or that such a person's election is invalid under the provisions of any applicable law or regulation. When two or more persons receive the same number of votes and the specified number of positions is exceeded, the two persons receiving the same number of votes shall draw lots to decide who shall serve; the chair shall draw lots on behalf of a non-attendee.

Article 6

When voting commences, the chair shall appoint a certain number of scrutineers and ballot counters to carry out related duties. The scrutineers may be appointed from among the shareholders in attendance.

Article 7

The ballot box used for voting shall be prepared by the Corporation, and shall be publicly opened and inspected by a scrutineer before the casting of ballots

Article 8

If a candidate is a shareholder, a voter must fill in the candidate's account name and shareholder account number in the "Candidate" box of the ballot; for a non-shareholder, the voter shall fill in the candidate's full

name and identification card number. However, when the candidate is a governmental organization or juristic person shareholder, the name of the governmental organization or juristic person shareholder shall be filled in the box for the candidate's account name on the ballot; or both the name of the governmental organization or juristic person shareholder and the name of their representative may also be filled in; when there are multiple representatives, the names of the representatives shall additionally be filled in separately.

Article 9

A ballot is invalid under any of the circumstances listed below, and the number of voting rights conferred therein may not be credited to that candidate:

1. The ballot was not cast in the ballot box.
2. A ballot prepared by the Corporation was not used.
3. A blank ballot that was not filled in by the voter.
4. Other words or marks are written in addition to the candidate name, shareholder account number, or ID card or government uniform invoice (GUI) number.
5. The handwriting is unclear and indecipherable.
6. Any element of the name, shareholder account number, or ID card or GUI number of the candidate that was already filled in has been altered.
7. The ballot has not been filled out in accordance with Article 8 of these Bylaws.
8. The candidate filled in on the ballot is a shareholder, but their identity and shareholder account number do not conform with the shareholders register; or where the candidate filled in on the ballot is not a shareholder, and a cross-check shows that their name and identity card number do not match.
9. Two or more candidates are filled in on the same ballot.

Article 10

After the casting of ballots is completed, the ballots shall be counted on the spot under the supervision of the scrutineer(s), and the results announced on the spot by the chair.

Article 11

Matters on which these Bylaws are silent shall be handled in accordance with the Articles of Incorporation of the Corporation, the Company Act, and applicable laws and regulations.

Article 12

These Bylaws, and any amendments hereto, shall be implemented after being approved by a shareholders meeting.

Appendix 3

HTC Corporation Articles of Incorporation

Chapter I General Provisions

Article 1

This Company, organized under the Company Act as a company limited by shares, shall be named HTC Corporation. (hereinafter, "the Company").

Article 2

The scope of business of the Company is as follows:

- 1.CC01080 Electronic Parts and Components Manufacturing.
- 2.CC01101 Controlled Telecommunications Radio Frequency Equipment and Materials Manufacturing.
- 3.CC01110 Computers and Computing Peripheral Equipment Manufacturing.
- 4.C805050 Industrial Plastic Products Manufacturing.
- 5.CC01120 Data Storage Media Manufacturing and Duplicating.
- 6.E605010 Computing Equipment Installation.
- 7.E701040 Basic Telecommunications Equipment Construction.
- 8.E701020 Satellite Television Equipment and Materials Installation for Channels KU and C.
- 9.E701030 Controlled Telecommunications Radio Frequency Equipment and Materials Installation and Construction
- 10.F113030 Wholesale of Precision Instruments.
- 11.F113050 Wholesale of Computing and Business Machinery Equipment.
- 12.F113070 Wholesale of Telecommunications Equipment.
- 13.F118010 Wholesale of Computer Software.
- 14.F119010 Wholesale of Electronics Materials.
- 15.F213030 Retail sale of Computing and Business Machinery Equipment.
- 16.F213040 Retail Sale of Precision Instruments.
- 17.F213060 Retail Sale of Telecommunications Equipment.
- 18.F218010 Retail Sale of Computer Software.
- 19.F219010 Retail Sale of Electronics Materials.
- 20.F401010 International Trade.
- 21.F401021 Controlled Telecommunications Radio Frequency Equipment and Materials Import.
- 22.G801010 Warehousing and Storage.
- 23.I301010Software Design Services.
- 24.I301020Data Processing Services.
- 25.I301030Digital Information Supply Services.
- 26.F399040Retail Business Without Shop
- 27.CF01011Medical Materials and Equipment Manufacturing
- 28.F108031Wholesale of Drugs, Medical Goods
- 29.F208031Retail sale of Medical Equipments
- 30.ZZ99999All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2~1

The Company may act as a guarantor and may invest in other companies. The total amount of the Company's investment in other companies is exempted from the prohibition against exceeding 40 percent of paid-in capital set out in Article 13 of the Company Act.

Article 3

The Company is headquartered in Taoyuan City, Taiwan and when necessary may establish branches at home and abroad as resolved by the board of directors.

Article 4
Deleted.

Chapter II Shares

Article 5

The authorized capital of the Company is NT\$ 10 billion consisting of 1 billion, shares, all of common stock, with a par value of NT\$10 per share. The Board of directors is authorized to issue the shares in separate installments as required. Among these shares, 80 million shares are reserved for the holders of stock warrants, preferred shares with warrants, or corporate bonds with warrants to exercise their stock warrants.

Article 5~1

In the event that the Company becomes duly entitled to purchase back its own shares, the board of directors is authorized to do so in accordance with laws and regulations.

Article 6
Deleted.

Article 7

The share certificates of the Company shall without exception be in registered form, signed by, or affixed with the seals of, at least three directors, and authenticated by the competent governmental authority or a registration institution authorized thereby before issuance.

Shares issued by the Company need not be in certificate form, but shall be registered with a securities depository enterprise.

Article 8

All entries in the shareholders register due to share transfers shall be suspended for 60 days prior to an ordinary shareholders meeting, or for 30 days prior to an extraordinary shareholders meeting, or for 5 days prior to the record date fixed for distributing dividends, bonus, or any other benefit.

Chapter III Shareholders Meeting

Article 9

Shareholders meetings of the Company are of two kinds: ordinary shareholders meetings and extraordinary shareholders meetings. The ordinary shareholders meeting is called once per year within six months from the close of the fiscal year. Extraordinary shareholders meetings may be called in accordance with applicable laws and regulations whenever necessary.

Article 10

For any shareholders meeting, a shareholder may appoint a proxy to attend the meeting by using the proxy form issued by the Company and specifying the scope of proxy. Shareholder attendance by proxy shall be subject to the Company Act and also to the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies issued by the competent authority.

Article 11

Each shareholder of the Company is entitled to one vote per share, except under circumstances in which shares have no voting power as set out in the applicable regulations.

Article 12

Unless otherwise provided by applicable law or regulation, a resolution of the shareholders meeting shall be adopted by consent of a majority of the votes represented by those in attendance at a meeting attended, in person or by proxy, by shareholders who represent a majority of the total issued shares.

Chapter IV Directors and Supervisors

Article 13

The Company shall have five to seven directors and two supervisors. The directors and supervisors shall be elected by a candidate nomination system. They shall be elected by the shareholders meeting from among the slate of director and supervisor candidates. The term of office is three years, and they may continue in office if re-elected. The aggregate shareholding percentages of the entire bodies of directors and supervisors shall comply with the regulations prescribed by the securities supervisory authorities.

Article 13-1

There shall be at least two independent directors among the Company's directors, and the independent directors shall represent at least one-fifth of the directors seats. The relevant regulations of the competent securities authority shall be followed regarding the professional qualifications, shareholding, moonlighting restrictions, nomination and election, and other compliance requirements regarding independent directors.

Article 14

The board of directors shall consist of the directors of the company, and the chairman of the board of directors shall be elected from among the directors by a majority of directors in attendance at a meeting attended by at least two-thirds of the directors. The chairman of the board of directors shall represent the Company in external matters.

Directors shall attend meetings of the board of directors in the preceding paragraph in person. In the event that a board of directors meeting is held through video conference, a director who participates in the meeting by means of video system shall be deemed to have attended in person. If a director is unavailable to attend a meeting in person, the director may issue a power of attorney for the given meeting specifying the scope of the authorized powers to authorize another director to attend the meeting on the director's behalf, provided that a director may represent only one other director at a meeting.

Article 14-1

Each director and supervisor shall be given at least 7 days advance notice of the convening of a board of directors meeting of the Company. In emergency circumstances, however, a meeting may be called on shorter notice.

The meeting notice referred to in the preceding paragraph shall specify the reasons for convening the meeting, and shall be made in writing, by e-mail, or by facsimile.

Article 15

If the chairman of the board of directors is on leave or cannot exercise powers or perform duties for any reason, an acting chairman shall be designated in accordance with Article 208 of the Company Act.

Article 16

When the Company's directors and supervisors perform Company duties, the Company may pay remuneration regardless of whether the Company operates at a profit or loss. The board of directors is authorized with powers to resolve the rates of such remuneration based on the extent of their participation in the Company's business operations or value of their contribution, at a level consistent with general practices in the industry. If the Company operates at a profit, they also may allocate remuneration in accordance with Article 20.

The company may acquire liability insurance for all directors and supervisors, within the scope of the indemnity liability they bear under law in connection with their business responsibilities, throughout their term to minimize and disperse the risk of material loss or damage to the company and shareholders as a consequence of any illegal act .

Chapter V Managerial Officers

Article 17

The Company may have managerial officers, whose appointment, dismissal, and remuneration shall be handled in accordance with Article 29 of the Company Act.

Chapter VI Accounting

Article 18

At the end of each fiscal year, the board of directors shall prepare the following documents, which shall be submitted to the supervisors for auditing 30 days prior to the ordinary shareholders meeting, and submitted to the shareholders' meeting for approval:

1. Business report;
2. Financial report;
3. Proposal for allocating profit or covering loss.

Article 19

Deleted.

Article 20

If the Company has earnings after the annual final accounting, it shall be allocated in the following order:

1. To pay taxes.
2. To cover accumulated losses, if any.
3. To appropriate 10% legal reserve unless the total legal reserve accumulated has already reached the amount of the Company's authorized capital.
4. To recognize or reverse special reserve return earnings.
5. To pay remuneration to directors and supervisors at 0.3% maximum of the balance after withholding the amounts under subparagraphs 1 to 4.
6. To pay bonus to employees at 5% minimum of the balance after withholding the amounts under subparagraphs 1 to 4, or such balance plus the unappropriated retained earnings of previous years. However, the bonus may not exceed the limits on employee bonus distributions as set out in the Regulations Governing the Offering and Issuance of Securities by Issuers. Where bonus to employees is allocated by means of new share issuance, the employees to receive bonus may include employees serving with affiliates who meet specific requirements. Such specific requirements shall be prescribed by the board of directors.
7. For any remainder, the board of directors shall propose allocation ratios based on the dividend policy set forth in paragraph 2 of this Article and propose them at the shareholders' meeting.

Because the Company is a technology and capital-intensive enterprise in its growing phase, the Company sets a policy to allocate dividends with consideration to factors such as the Company's current and future investment climate, demand for working capital, competitive environment at home and globally, capital budget, as well as the interests of the shareholders, balanced dividends, and long-term financial planning of the Company. Every year, the board of directors shall propose the allocation ratio and propose it at the shareholders' meeting. The earnings may be allocated in cash dividends or stock dividends, provided that the ratio of cash dividends may not be less than 50% of the total dividends.

Chapter Seven Bylaws

Article 21

Any matters insufficiently provided for in these Articles of Incorporation shall be handled in accordance with the Company Act.

Article 22

These Articles of Incorporation were adopted on 10 May 1997.

The first amendment was made on 1 July 1997.

The second amendment was made on 26 February 1998.

The third amendment was made on 8 May 1998.

The fourth amendment was made on 22 October 1998.
The fifth amendment was made on 24 April 2000.
The sixth amendment was made on 23 April 2001.
The seventh amendment was made on 13 July 2001.
The eighth amendment was made on 14 March 2002.
The ninth amendment was made on 26 June 2003.
The 10th amendment was made on 16 June 2004.
The 11th amendment was made on 13 June 2005.
The 12th amendment was made on 2 May 2006.
The 13th amendment was made on 20 June 2007.
The 14th amendment was made on 13 June 2008.
The 15th amendment was made on 19 June 2009.
The 16th amendment was made on 18 June 2010.
The 17th amendment was made on 15 June 2011.
The 18th amendment was made on 21 June 2013.
The 19th amendment was made on 19 June 2014.
The 20th amendment was made on 2 June 2015.

HTC CORPORATION

Chairwoman: Cher Wang

Appendix 4

HTC CORPORATION Shareholding of all Directors and Supervisors and Minimum Required Shareholding

1. Company's current Directors and Supervisors' shareholding are as follows:
- | | |
|--|--------------------|
| Total common shares outstanding | 827,641,465 shares |
| Minimum Required Shareholding by all Directors | 26,484,526 shares |
| Minimum Required Shareholding by all Supervisors | 2,648,452 shares |

2.

Record Date: April 26, 2016

Title	Name	Current Shareholding	Percentage
Chairperson	Cher Wang	32,272,427	3.90%
Director	Wen-Chi Chen	22,391,389	2.71%
Director	HT Cho	96,530	0.01%
Director	David Bruce Yoffie	0	0.00%
Independent Director	Chen-Kuo Lin	0	0.00%
Independent Director	Josef Felder	229,985	0.03%
Supervisor	Way-Chih Investment Co., Ltd.	43,819,290	5.29%
Supervisor	Huang-Chieh Chu	0	0.00%
Total Directors (excluding Independent Directors)		54,760,346	6.61%
Total Supervisors		43,819,290	5.29%

htc