

2011 HTC AGM AGENDA

Translation

HTC CORPORATION
2011 Annual General Shareholders Meeting Agenda Book
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HTC CORPORATION
2011 Annual General Shareholders Meeting Procedure

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

HTC CORPORATION
2011 Annual General Shareholders Meeting Agenda

Time and Date: June 15, 2011 (Wednesday) at 9 a.m.

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

Attendees: The entire body of shareholders and authorized shareholder representatives

Chair: Cher Wang, Chairperson

1. Opening Remarks by the Chair
2. Matters for Report:
 - Item 1: Fiscal 2010 Business Report
 - Item 2: Supervisors Audit Report
 - Item 3: Share Buyback Execution Report
 - Item 4: Report on the amendment of Company's Rules for Repurchase of Shares and Transfer to Employees
3. Adoption, Discussion and Election Matters:
 - Item 1: Adoption of the Fiscal 2010 Business Report and Financial Statement
 - Item 2: Adoption of the Fiscal 2010 Earnings Distribution Proposal
 - Item 3: Discussion of the proposal to allocate earnings and employee bonuses to a capital increase and issuance of new shares
 - Item 4: Discussion of the proposal to amend the Articles of Incorporation
 - Item 5: Discussion of the proposal to amend the Procedures for the Acquisition or Disposal of Assets
 - Item 6: Proposal for election of one additional member to the Board of Directors and by-election of one supervisor
 - Item 7: Proposal to release a Director from non-competition restrictions
4. Extraordinary Motions
5. Closure of the Meeting

Matters to Report:

Item 1

Topic: Fiscal 2010 Business Report, submitted for review.

Background:

(1) Please refer to the Fiscal 2010 Business Report in Supplement 1 on page 9 of this handbook.

(2) Please review.

Item 2

Topic: Supervisors Audit Report, submitted for review.

Background:

(1) Please refer to the Supervisors Audit Report in Supplement 2 on page 11 of this handbook.

(2) Please review.

Item 3

Topic: Share Buyback Execution Report, submitted for review.

Background:

(1) Please refer to the Fiscal Share Buyback Execution Report in Supplement 3 on page 12 of this handbook.

(2) Please review.

Item 4

Topic: Report on the amendment of Company's Rules for Repurchase of Shares and Transfer to Employees, submitted for review.

Background:

(1) The board of directors approved to authorize the Chairperson to adopt Company's Rules for Repurchase of Shares and Transfer to Employees on July 11th, 2010. In compliance with the business requirement, a partial amendment of the rule was approved by the board of directors on April 30th, 2011. Please refer to the amended Rules for Repurchase of Shares and Transfer to Employees in Supplement 4 on page 15 of this handbook.

(2) Please review.

Adoption, Discussion and Election Matters

Item 1

Topic: Adoption of the Fiscal 2010 Business Report and Financial Statement. (Proposed by the board of directors)

Background:

- (1) Compilation of the Corporation's Fiscal 2010 Business Report and Financial Statement is complete, and the Financial Statement has been audited and certified by Yang, Min-Hsien, CPA, and Wang Tze-Chun, CPA, of Deloitte & Touche. Both documents have been passed by the board of directors and audited by the supervisors, and are hereby submitted for adoption by this Annual General Shareholders Meeting.
- (2) Please refer to the Fiscal 2010 Business Report in Supplement 1 on page 9, the CPA Audit Report from Deloitte & Touche and the Financial Statement in Supplement 5 on page 17 and Supplement 6 on page 27 of this handbook.
- (3) Adoption requested.

Resolution:

Item 2

Topic: Adoption of the Fiscal 2010 Earnings Distribution Proposal. (Proposed by the board of directors)

Background:

- (1) The Company's final earnings for fiscal 2010 are calculated at NT\$ 39,533,600,332. Please refer to The Chart of 2010 Earnings Appropriation in Supplement 7 on page 36 of this handbook. As to the share dividends for the shareholders, it is proposed to distribute approximate NT\$0.5 per share of stock dividends and NT\$37 per share of cash dividends. The Board of Directors may make the required adjustments to the actual earnings distribution ratio on the basis of the number of issued and outstanding stocks registered in the Common Stockholders' Roster as at the date of record.
- (2) Company's 2010 Employee bonuses payable amounted to NT\$8,491,704,130, 50% of which, amounted to NT\$4,245,852,065, which shall be distributed as cash, and the remaining 50%, amounted to NT\$4,245,852,065, which shall be distributed as stock dividends.
- (3) For the distribution of cash and stock dividends, after passage by this Annual General Shareholders Meeting and submission to and approval by the competent authority, the

board of directors will be authorized to adopt a date of record for the distribution of dividends and carry out the relevant cash and stock dividend distribution matters.

(4) Adoption requested.

Resolution:

Item 3

Topic: Discussion of the proposal to allocate earnings and employee bonuses to a capital increase and issuance of new shares, submitted for discussion. (Proposed by the board of directors)

Background:

- (1) In consideration of Company's future business needs, it is proposed to allocate NT\$403,933,650 from the 2010 distributable retained earnings for shareholders bonuses to fund a capital increase and issuance of 40,393,365 new shares. In addition, it is proposed that NT\$4,245,852,065 for employee bonuses also be allocated to fund a capital increase, the number of shares of which issuance shall be calculated based on the closing price one day prior to the 2011 regular shareholders' meeting on an ex-dividend basis. For employees receiving less than one share, bonuses will be distributed in the form of cash.
- (2) The current proposal for the capital increase funded by retained earnings and issuance of new shares is compiled with the holding percentage of each shareholder in the common stock shareholders register on the dividend date of record. It is proposed to issue a bonus stock dividend of approximate 50 shares per each 1,000 shares. If in the future the capital stock is changed, the board of directors may adjust the actual distribution ratio and number of shares based on the number of the Company's issued and outstanding shares entered in the common stock shareholders register on the date of dividend record. The board of directors will separately set the distribution method for the portion of the capital increase for employee bonuses. Fractional shares of less than a single full share from the current capital increase and new share distribution shall be combined at the discretion of the shareholders themselves, who shall carry out such combination into single full shares through the Company's stock registration and transfer agent within five days beginning from the dividend date of record. Fractional shares that are not combined, or after being combined still do not constitute one full share, shall be distributed in the form of cash, and such fractional shares will be purchased by specified person(s) at par value arranged by the Chairperson as authorized by the board of directors.
- (3) The rights and obligations vested in the new shares proposed for issuance shall follow the

rights vested in common shares and are identical to those of previously issued common shares. Each share has a par value of NT\$ 10.

(4) After the proposal of a capital increase funded by retained earnings and issuance of new shares has been passed by the annual general shareholders meeting and submitted to and approved by the competent authority, the board of directors shall be authorized to separately set a date of record for the share distribution.

(5) Resolution requested.

Resolution:

Item 4

Topic: Discussion of the proposal to amend the Articles of Incorporation, submitted for discussion. (Proposed by the board of directors)

Background:

(1) A partial amendment to the Articles of Incorporation is proposed in response to the business needs of the Company.

(2) For the Pre- and Post-Amendment Comparison Chart of the Articles of Incorporation, please refer to Supplement 8 on page 37 of this handbook.

(3) Resolution requested.

Resolution:

Item 5

Topic: Discussion of the proposal to amend the Procedures for the Acquisition or Disposal of Assets, submitted for discussion. (Proposed by the board of directors)

Background:

(1) A partial amendment to the Company's Procedures for the Acquisition or Disposal of Assets is proposed in response to the business needs of the Company.

(2) For the Pre- and Post-Amendment Comparison Chart of the Company's Procedures for the Acquisition or Disposal of Assets, please refer to Supplement 9 on page 40 of this handbook.

(3) Resolution requested.

Resolution:

Item 6

Topic: Proposal for election of one additional member to the Board of Directors and by-election of one supervisor. (Proposed by the board of directors)

Background:

- (1) According to the Articles of Incorporation, 6 directors and 3 supervisors were elected to the Sixth Board of Directors, the nomination process was used and two independent directors were elected as well. The directors were elected during the annual shareholders meeting on June 18, 2010 with each to serve a term of three years. Their terms will expire on June 17, 2013.
- (2) In accordance with Article 13 of the Articles of Incorporation, Company shall have five to seven directors. It is proposed to adjust the seats of the 6th Board of Directors from 6 seats to 7 seats and elect one additional member to the Board of Directors in the 2011 Annual General Shareholders' Meeting with the term starting from June 15th, 2011 to June 17th, 2013.
- (3) One of the supervisors of the Sixth Board of Directors, Po-Cheng Ko, resigned due to personal reasons. It is proposed to elect one supervisor in the 2011 Annual General Shareholders' Meeting with the supervisor's term starting from June 15th, 2011 to June 17th, 2013.
- (4) Election requested.

Election Results:

Item 7

Topic: Proposal to release a Director from non-competition restrictions is submitted for resolution. (Proposed by the board of directors)

Background:

- (1) According to the article 209 of the Company Act, a director who acts for himself or on behalf of another person that is within the scope of the company's business, shall secure approval for such at the meeting of shareholders.
- (2) For the one additional elected directors of the 6th board , it is proposed before the 2011 shareholders' meeting to request to remove the limitation on directors for non-compete reasons.
- (3) Please discuss for resolution.

Resolution:

Extraordinary Motions

Closure of the Meeting

Supplement 1

HTC CORPORATION Fiscal 2010 Business Report

It is my great pleasure to witness the sustained growth and market success of HTC Corporation with each and every one of our investors.

Sustained expansion in overall business operations and HTC's brand development crowned a year of exceptional growth at HTC. We shipped 24.67 million smart phones in 2010 – the first time in our history where shipment broke through 20 million. This more than doubles our 2009 shipment number and gives HTC a year-on-year growth rate much higher than the sector average. This stellar performance reflects not only strong market growth, but also customers' recognition of HTC's ability to commercialize innovation on a global scale.

Key accomplishments

HTC is committed first and foremost to innovation and its customers. HTC services are continuously calibrated to meet user needs and our tight product launch schedule keeps the HTC product lineup fresh and competitive. 2010 was no exception. This year saw the launch of many new models destined to become HTC "classics". British technology magazine T3 named the new HTC desire their "phone of the year". US-based technology news website CNET.com picked the HTC EVO 4G (the world's first 3G/4G Android phone) as its "Best Phone of CTIA 2010". Our flagship model for 2010, the HTC Desire HD, went further still, setting a new benchmark for other smartphones to follow. Desire HD packs a Qualcomm 1GHz processor, generous 4.3" LCD screen, Dolby mobile and SRS virtual sound in a sleek aluminum unibody - delivering an exhilarating browsing experience and optimal enjoyment of outstanding multimedia content. Also in 2010, we welcomed the release of Windows phone 7 by launching the world's first five Windows phone 7 smartphones. The lineup included the HTC 7 Surround, HTC 7 Mozart, HTC 7 Trophy, HTC 7 Pro and HTC HD7.

HTC sense is HTC's self-developed user experience that integrates a suite of multimedia and location based services. The exciting new app "Locations" lets users preload maps into their HTC devices for "no wait" navigation assistance. HTC Sense.com, launched in 2010, is a new series of connected services that allows HTC users to manage device information and settings such as contacts, text messages and call history remotely through a mobile phone or personal computer.

The global "Quietly Brilliant" campaign has steadily expanded brand recognition of HTC and its products. The 2009 "YOU" campaign highlighted HTC's customer-centered approach to business. This year's "Here's an idea" campaign further highlighted the unique user experience delivered by HTC innovation. Increased marketing at HTC sales outlets worldwide (e.g., HTC phone and HTC Sense "test drive" promotions) have further solidified the HTC brand. By the close of 2010, global recognition of the HTC brand had risen to 50% - an accomplishment that led T3 magazine to proclaim HTC its "Tech Brand of the Year". All these highlight our achievements in developing and promoting the HTC brand in 2010.

Financial Performance

HTC's growth model has kept the company highly profitable as it expands. Consolidated revenues rose 93% during 2010, reaching a historic high of NT\$278.8 billion. The 30.1%

consolidated gross margin was 1.8 percentage points lower than 2009. Consolidated operating expense ratio of 14.3% was 0.6 percentage points below 2009. Consolidated operating margin topped 15.8% - off a slight 1.2 percentage points from the year before. These numbers attest to our efforts in enhancing operational efficiency. Net income after tax was NT\$39.5 billion; net margin (after tax) was 14.2%, and earnings per share (EPS) was NT\$48.49.

The Future

HTC anticipates continued growth in the smartphone sector. The convenience and excitement delivered by the plethora of mobile digital applications available such as location based services, multimedia entertainment, social networking services, and e-books continue to push smartphones to the fore of mobile phone purchase choices and increase penetration of smartphones in the mobile phone market.

Work continues on HTC's new Taipei Headquarters building in the Taipei suburb of Xindian. HTC further expanded its Taoyuan headquarters and Kangqiao production facility in Shanghai for future growth. In 2010, HTC acquired the successful software customization house, Abaxia, to broaden and deepen our capability in software development and integrated cloud computing capabilities to offer a comprehensive range of connected services. HTC is meeting intense competition head-on with superior innovation and a brand that fits snugly with modern consumer lifestyles and desires. We listen closely to our markets to refine products and services. In building an exceptional reputation for the HTC brand, we are expanding and deepening our abilities to share the fruits of our accomplishments with HTC shareholders, customers, and employees.

HTC CORPORATION

Chairperson : Cher Wang

President : Peter Chou

Chief Accountant : James.CY Chen

Supplement 2

HTC CORPORATION Supervisors Audit Report

The Board of Directors has prepared the Company's 2010 Business Report, Financial Statements and Earnings Distribution Proposal. HTC Corporation's Financial Statements have been audited and certified by Yang, Min-Hsien, CPA, and Wang Tze-Chun, CPA, of Deloitte & Touche and an audit report relating to the Financial Statements has been issued. The Business Report, Financial Statements and Earnings Distribution 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:



Way-Chih Investment Co., Ltd.
Representative: Shao-Lun Lee

April 30, 2011

Supplement 3

Fiscal Share Buy-back Execution Report :

Topic	Explanation
Initial Estimation of Share Buy-back Status	
Board of Director resolution	07/11/2010
Purpose of the share buy-back	To transfer stocks to employees. According to the Regulations Governing Share Repurchase by Listed and OTC Companies, Article 2 requires to buy back Treasury stocks.
Type of share buy-back	Common stock
Total amount allocated for share buy-back	NTD 6,310,000,000
Buy-back period	07/13/2010~09/11/2010
Estimated number of buy-back shares (as percentage of total outstanding shares)	10,000,000 shares (1.29%)
Estimated buy-back price interval	Buy-back stock price is between NTD 526 to NTD 631. It is further resolved by the Board of Directors to continue buy-back of shares if the stock price falls under NTD 526.
Method of Buy-back	Buy-back shares from stock exchange
Actual Share Buy-back Status	
Buy-back period	07/28/2010~09/03/2010
Number of buy-back shares (as a percentage of total shares outstanding)	4,786,000 shares (0.59%)
Total amount for buy-back shares	NTD 2,865,989,634
Average price per buy-back share	NTD 598.83

Topic	Explanation
Initial Estimation of Share Buy-back Status	
Board of Director resolution	10/29/2010
Purpose of the share buy-back	To transfer stocks to employees. According to the Regulations Governing Share Repurchase by Listed and OTC Companies, Article 2 requires to buy back Treasury stocks.
Type of share buy-back	Common stock
Total amount allocated for share buy-back	NTD 4,250,000,000
Buy-back period	11/01/2010~11/30/2010
Estimated number of buy-back shares (as percentage of total outstanding shares)	5,000,000 shares (0.61%)
Estimated buy-back price interval	Buy-back stock price is between NTD 565 to NTD 850. It is further resolved by the Board of Directors to continue buy-back of shares if the stock price falls under NTD 565.
Method of Buy-back	Buy-back shares from stock exchange
Actual Share Buy-back Status	
Buy-back period	11/02/2010~11/30/2010
Number of buy-back shares (as a percentage of total shares outstanding)	5,000,000 shares (0.61%)
Total amount for buy-back shares	NTD 3,986,503,299
Average price per buy-back share	NTD 797.30

Topic	Explanation
Initial Estimation of Share Buy-back Status	
Board of Director resolution	10/29/2010
Purpose of the share buy-back	To stabilize stock price by maintaining company credibility and shareholders rights. 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 4,250,000,000
Buy-back period	12/01/2010~12/31/2010
Estimated number of buy-back shares (as percentage of total outstanding shares)	5,000,000 shares (0.61%)
Estimated buy-back price interval	Buy-back stock price is between NTD 565 to NTD 850. It is further resolved by the Board of Directors to continue buy-back of shares if the stock price falls under NTD 565.
Method of Buy-back	Buy-back shares from stock exchange
Actual Share Buy-back Status	
Buy-back period	Note
Number of buy-back shares (as a percentage of total shares outstanding)	0 share (0%)
Total amount for buy-back shares	NTD 0
Average price per buy-back share	N/A

Note: Since stock price of HTC Corp. during the repurchase period was higher than the price ceiling approved by the Board of Director, there is no execution of buyback.

Supplement 4

HTC Corporation Rules for the Repurchase of Shares and Transfer to Employees

Article 1

In order to care for and encourage its employees, HTC adopts these Rules for the Repurchase of Shares and Transfer to Employees in accordance with Article 28-2, paragraph 1, subparagraph 1 of the Securities and Exchange Act and the provisions of the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies issued by the Financial Supervisory Commission, Executive Yuan. Any repurchase of shares and transfer to employees by HTC, in addition to complying with related laws and regulations, will be carried out in accordance with these Rules.

(Type of shares transferred, associated rights, and restrictions on rights)

Article 2

The shares in the present transfer of shares to employees will be common shares, and the rights and obligations associated with those shares, unless otherwise provided by applicable laws and regulations or these Rules, will be the same as other outstanding common shares of HTC.

(Period of transfer)

Article 3

In accordance with these Rules, the shares in the present share repurchase may be transferred to employees in a single transfer or multiple transfers within three years from the date of the share repurchase.

(Eligibility of transferees)

Article 4

All regular employees at HTC and at either domestic or foreign subsidiaries are eligible to subscribe to shares in the amounts set out in Article 5 herein.

(Transfer procedures)

Article 5

The number of shares to which employees may subscribe will be determined based on their rank, seniority, and performance evaluations, as set out below:

1. A list of employees and the number of shares to which they may subscribe will be drawn up according to the recommendations of the chief executive officer and submitted to the chairman of the board for approval.
2. Employees who have not subscribed and completed payment at the conclusion of the designated subscription and payment period will be deemed to have waived their subscription rights. In the event of an insufficient number of subscriptions, the chairman may contact other employees regarding subscription to the remaining shares. If the amount of subscriptions still remains insufficient, Article 9 will govern.

Article 6

Procedures for the present repurchase of shares and transfer to employees:

1. The repurchase of HTC shares will be publicly announced, reported, and carried out during the implementation period in accordance with a resolution of the board of directors.
2. The chairman is hereby authorized to adopt and to publicly announce operating procedures relating to the record date for employee subscriptions, the standards for numbers of shares to which employees may subscribe, the period for payment for subscriptions, and the rights associated with share subscriptions and any restrictive conditions.
3. Statistics will be compiled on the numbers of shares actually subscribed and paid for, and the registration of share transfers will be carried out.

(Stipulation of share transfer price)

Article 7

The share transfer price for the present repurchase of shares and transfer to employees will be the average of the actual share repurchase prices, provided that if, prior to the transfer, there is either an increase or a decrease in the number of issued shares of HTC common stock, the transfer price may be adjusted within a range proportional to the increase or decrease.

Formula for transfer price adjustment:

Adjusted transfer price = average actual repurchase price per share × (total number of common stock shares after the repurchase has been executed by HTC ÷ total number of common stock shares prior to HTC's transfer of the repurchased shares to employees)

(Rights and obligations subsequent to transfer)

Article 8

Except where otherwise provided, the rights and obligations associated with the transferred shares, following the transfer of shares in the present share repurchase to employees and registration of share transfer, will be the same as those originally associated with the shares.

Article 9

When HTC transfers to employees shares of treasury stock it has repurchased, the full number of those shares shall be transferred within three years from the date of repurchase. Any portion not yet transferred after that date will be deemed unissued HTC shares, and amendment registration of the share cancellation shall duly be carried out.

Article 10

These Rules will be adopted and take effect following a resolution of the board of directors authorizing the chairman and their approval by the chairman, and may be amended by submission to the board of directors for a resolution.

Article 11

These Rules, and any amendments hereto, shall be reported to the shareholders meeting.

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, 2009 and 2010 and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended, all expressed in New Taiwan dollars. 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 HTC Corporation as of December 31, 2009 and 2010, and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

We have also audited the consolidated financial statements of HTC Corporation and subsidiaries as of and for the years ended December 31, 2009 and 2010, and expressed an unqualified opinion on those statements in our report dated January 18, 2011.

Our audits also comprehended the translation of the 2010 New Taiwan dollar amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 3. Such U.S. dollar amounts are presented solely for the convenience of readers.

January 18, 2011

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations 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 accepted and applied in the Republic of China.

For the convenience of readers, the 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 auditors' report and financial statements shall prevail. Also, as stated in Note 2 to the financial statements, the additional footnote disclosures that are not required under generally accepted accounting principles were not translated into English.

HTC CORPORATION

BALANCE SHEETS DECEMBER 31, 2009 AND 2010 (In Thousands, Except Par Value)

ASSETS	2009			2010			
	NT\$	NT\$	US\$ (Note 3)	NT\$	NT\$	US\$ (Note 3)	
CURRENT ASSETS							
Cash and cash equivalents (Notes 2 and 4)	\$ 61,676,464	\$ 66,282,076	\$ 2,275,389				
Financial assets at fair value through profit or loss (Notes 2, 5 and 23)	18,132	450,276	15,457				
Available-for-sale financial assets - current (Notes 2 and 6)	2,497,394	441,948	15,172				
Accounts receivable, net (Notes 2 and 7)	25,326,228	35,179,038	1,207,657				
Accounts receivable from related parties, net (Notes 2 and 24)	2,244,550	28,186,391	967,607				
Other current financial assets (Notes 8 and 24)	234,201	717,636	24,635				
Inventories (Notes 2 and 9)	5,217,193	21,920,492	752,506				
Prepayments (Notes 10 and 24)	3,351,491	2,347,617	80,591				
Deferred income tax assets (Notes 2 and 21)	811,240	925,579	31,774				
Other current assets	<u>126,780</u>	<u>457,054</u>	<u>15,690</u>				
Total current assets	<u>101,503,673</u>	<u>156,908,107</u>	<u>5,386,478</u>				
LONG-TERM INVESTMENTS							
Available-for-sale financial assets - noncurrent (Notes 2 and 6)	313	538	18				
Held-to-maturity financial assets - noncurrent (Notes 2 and 11)	-	207,946	7,139				
Financial assets carried at cost - noncurrent (Notes 2 and 12)	501,192	515,861	17,709				
Investments accounted for by the equity method (Notes 2 and 13)	5,549,766	9,900,410	339,870				
Prepayments for long-term investments (Notes 2 and 13)	<u>454,923</u>	<u>83,665</u>	<u>2,872</u>				
Total long-term investments	<u>6,506,194</u>	<u>10,708,420</u>	<u>367,608</u>				
PROPERTIES (Notes 2, 14 and 24)							
Cost							
Land	4,719,538	5,690,718	195,356				
Buildings and structures	3,174,986	3,504,669	120,312				
Machinery and equipment	4,008,111	5,564,902	191,037				
Molding equipment	172,632	172,632	5,926				
Computer equipment	302,213	343,939	11,807				
Transportation equipment	2,732	6,242	214				
Furniture and fixtures	129,533	147,349	5,058				
Leased assets	4,712	4,712	162				
Leasehold improvements	96,014	151,716	5,208				
Total cost	12,610,471	15,586,879	535,080				
Less: Accumulated depreciation	(4,321,855)	(4,934,160)	(169,384)				
Prepayments for construction-in-progress and equipment-in-transit	<u>25,561</u>	<u>288,511</u>	<u>9,904</u>				
Properties, net	<u>8,314,177</u>	<u>10,941,230</u>	<u>375,600</u>				
INTANGIBLE ASSETS (Note 2)							
Patents	<u>-</u>	<u>208,581</u>	<u>7,160</u>				
OTHER ASSETS							
Assets leased to others	48,135	50,828	1,745				
Refundable deposits	69,166	79,197	2,719				
Deferred charges (Note 2)	69,773	27,658	949				
Deferred income tax assets (Notes 2 and 21)	1,066,101	2,419,431	83,056				
Restricted assets (Note 25)	63,900	63,900	2,194				
Other (Notes 2, 10 and 17)	<u>1,980,823</u>	<u>2,643,101</u>	<u>90,735</u>				
Total other assets	<u>3,297,898</u>	<u>5,284,115</u>	<u>181,398</u>				
TOTAL	<u>\$ 119,621,942</u>	<u>\$ 184,050,453</u>	<u>\$ 6,318,244</u>				
				LIABILITIES AND STOCKHOLDERS' EQUITY			
				CURRENT LIABILITIES			
				Notes and accounts payable	\$ 25,275,140	\$ 58,420,924	\$ 2,005,524
				Accounts payable to related parties (Note 24)	85,676	1,346,981	46,240
				Income tax payable (Notes 2 and 21)	4,152,624	6,416,667	220,277
				Accrued expenses (Notes 15 and 24)	17,127,974	31,663,629	1,086,977
				Payable for purchase of equipment (Note 24)	68,906	318,587	10,937
				Other current liabilities (Notes 16 and 24)	<u>7,269,962</u>	<u>11,168,543</u>	<u>383,403</u>
				Total current liabilities	<u>53,980,282</u>	<u>109,335,331</u>	<u>3,753,358</u>
				OTHER LIABILITIES			
				Guarantee deposits received	<u>1,210</u>	<u>628</u>	<u>22</u>
				Total liabilities	<u>53,981,492</u>	<u>109,335,959</u>	<u>3,753,380</u>
				STOCKHOLDERS' EQUITY (Note 18)			
				Capital stock - NT\$10.00 par value			
				Authorized: 1,000,000 thousand shares			
				Issued and outstanding: 788,936 thousand shares in 2009 and 817,653 thousand shares in 2010			
				Common stock	7,889,358	8,176,532	280,691
				Capital surplus			
				Additional paid-in capital from share issuance in excess of par	9,056,323	10,777,623	369,984
				Long-term equity investments	18,411	18,411	632
				Merger	25,189	24,710	848
				Retained earnings			
				Legal reserve	10,273,674	10,273,674	352,684
				Accumulated earnings	38,364,099	52,876,892	1,815,204
				Cumulative translation adjustments (Note 2)	15,088	(579,849)	(19,906)
				Net loss not recognized as pension cost	(34)	(121)	(4)
				Unrealized valuation losses on financial instruments	(1,658)	(885)	(30)
				Treasury stock (Notes 2 and 19)	<u>-</u>	<u>(6,852,493)</u>	<u>(235,239)</u>
				Total stockholders' equity	<u>65,640,450</u>	<u>74,714,494</u>	<u>2,564,864</u>

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

HTC CORPORATION

STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2009 AND 2010 (In Thousands, Except Earnings Per Share)

	2009	2010	
	NT\$	NT\$	US\$ (Note 3)
REVENUES (Notes 2 and 24)	\$ 144,880,715	\$ 275,046,954	\$ 9,442,051
COST OF REVENUES (Notes 9, 20 and 24)	<u>99,018,232</u>	<u>195,489,982</u>	<u>6,710,950</u>
GROSS PROFIT	45,862,483	79,556,972	2,731,101
UNREALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	(108,150)	(345,455)	(11,859)
REALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	<u>134,091</u>	<u>108,150</u>	<u>3,713</u>
REALIZED GROSS PROFIT	<u>45,888,424</u>	<u>79,319,667</u>	<u>2,722,955</u>
OPERATING EXPENSES (Notes 20 and 24)			
Selling and marketing	11,103,061	19,516,895	669,993
General and administrative	2,010,000	4,812,579	165,211
Research and development	<u>8,600,369</u>	<u>12,694,850</u>	<u>435,800</u>
Total operating expenses	<u>21,713,430</u>	<u>37,024,324</u>	<u>1,271,004</u>
OPERATING INCOME	<u>24,174,994</u>	<u>42,295,343</u>	<u>1,451,951</u>
NONOPERATING INCOME AND GAINS			
Interest income	348,693	286,610	9,839
Gains on equity-method investments (Notes 2 and 13)	273,811	1,457,395	50,031
Gain on disposal of properties	2,984	-	-
Gains on sale of investments, net	3,035	3,001	103
Exchange gain (Note 2)	513,650	-	-
Valuation gains on financial instruments, net (Notes 2 and 5)	18,132	450,276	15,457
Other (Note 24)	<u>463,057</u>	<u>338,798</u>	<u>11,631</u>
Total nonoperating income and gains	<u>1,623,362</u>	<u>2,536,080</u>	<u>87,061</u>
NONOPERATING EXPENSES AND LOSSES			
Interest expense	131	46	2
Loss on disposal of properties	-	139	5
Exchange loss (Note 2)	-	303,549	10,420
Impairment losses (Notes 2, 12 and 13)	30,944	1,192	41
Other	<u>554,817</u>	<u>35,188</u>	<u>1,208</u>
Total nonoperating expenses and losses	<u>585,892</u>	<u>340,114</u>	<u>11,676</u>

(Continued)

HTC CORPORATION

STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2009 AND 2010 (In Thousands, Except Earnings Per Share)

	2009		2010		
	NT\$		NT\$		US\$ (Note 3)
INCOME BEFORE INCOME TAX	\$ 25,212,464		\$ 44,491,309		\$ 1,527,336
INCOME TAX (Notes 2 and 21)	<u>(2,603,562)</u>		<u>(4,957,709)</u>		<u>(170,193)</u>
NET INCOME	<u>\$ 22,608,902</u>		<u>\$ 39,533,600</u>		<u>\$ 1,357,143</u>
	2009		2010		
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax	
	NT\$	NT\$	NT\$	US\$ (Note 3)	NT\$
				US\$ (Note 3)	US\$ (Note 3)
BASIC EARNINGS PER SHARE (Note 22)	<u>\$ 30.50</u>	<u>\$ 27.35</u>	<u>\$ 54.57</u>	<u>\$ 1.87</u>	<u>\$ 48.49</u>
DILUTED EARNINGS PER SHARE (Note 22)	<u>\$ 29.95</u>	<u>\$ 26.86</u>	<u>\$ 53.90</u>	<u>\$ 1.85</u>	<u>\$ 47.89</u>

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

(Concluded)

HTC CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY YEARS ENDED DECEMBER 31, 2009 AND 2010 (In Thousands)

New Taiwan Dollars	Capital Stock	Capital Surplus			Retained Earnings		Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Valuation Losses on Financial Instruments	Treasury Stock	Total
	Issued and Outstanding Common Stock	From Share Issuance in Excess of Par	Long-term Equity Investments	Merger	Legal Reserve	Accumulated Earnings					
BALANCE, JANUARY 1, 2009	\$ 7,553,938	\$ 4,374,244	\$ 17,534	\$ 25,756	\$ 7,410,139	\$ 44,626,182	\$ 65,602	\$ -	\$ (1,632)	\$ (3,410,277)	\$ 60,661,486
Appropriation of the 2008 net earnings											
Legal reserve	-	-	-	-	2,863,535	(2,863,535)	-	-	-	-	-
Stock dividends	372,697	-	-	-	-	(372,697)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(20,125,634)	-	-	-	-	(20,125,634)
Transfer of employee bonuses to common stock	133,573	4,821,316	-	-	-	-	-	-	-	-	4,954,889
Net income in 2009	-	-	-	-	-	22,608,902	-	-	-	-	22,608,902
Translation adjustments on long-term equity investments	-	-	-	-	-	-	(47,783)	-	-	-	(47,783)
Unrealized loss on financial instruments	-	-	-	-	-	-	-	-	(26)	-	(26)
Adjustment due to changes in ownership percentage in investees and the movement of investees' other equity under equity method	-	-	877	-	-	(2,566)	(2,731)	(34)	-	-	(4,454)
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(2,406,930)	(2,406,930)
Retirement of treasury stock	(170,850)	(139,237)	-	(567)	-	(5,506,553)	-	-	-	5,817,207	-
BALANCE, DECEMBER 31, 2009	7,889,358	9,056,323	18,411	25,189	10,273,674	38,364,099	15,088	(34)	(1,658)	-	65,640,450
Appropriation of the 2009 net earnings											
Stock dividends	386,968	-	-	-	-	(386,968)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(20,122,332)	-	-	-	-	(20,122,332)
Transfer of employee bonuses to common stock	50,206	1,893,488	-	-	-	-	-	-	-	-	1,943,694
Net income in 2010	-	-	-	-	-	39,533,600	-	-	-	-	39,533,600
Translation adjustments on long-term equity investments	-	-	-	-	-	-	(594,937)	-	-	-	(594,937)
Unrealized gain on financial instruments	-	-	-	-	-	-	-	-	773	-	773
Adjustment due to the movement of investees' other equity under equity method	-	-	-	-	-	-	-	(87)	-	-	(87)
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(11,686,667)	(11,686,667)
Retirement of treasury stock	(150,000)	(172,188)	-	(479)	-	(4,511,507)	-	-	-	4,834,174	-
BALANCE, DECEMBER 31, 2010	<u>\$ 8,176,532</u>	<u>\$ 10,777,623</u>	<u>\$ 18,411</u>	<u>\$ 24,710</u>	<u>\$ 10,273,674</u>	<u>\$ 52,876,892</u>	<u>\$ (579,849)</u>	<u>\$ (121)</u>	<u>\$ (885)</u>	<u>\$ (6,852,493)</u>	<u>\$ 74,714,494</u>

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

HTC CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY YEARS ENDED DECEMBER 31, 2009 AND 2010 (In Thousands)

U.S. Dollars (Note 3)	Capital Stock	Capital Surplus			Retained Earnings		Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Valuation Losses on Financial Instruments	Treasury Stock	Total
	Issued and Outstanding Common Stock	From Share Issuance in Excess of Par	Long-term Equity Investments	Merger	Legal Reserve	Accumulated Earnings					
BALANCE, JANUARY 1, 2010	\$ 270,833	\$ 310,893	\$ 632	\$ 865	\$ 352,684	\$ 1,316,996	\$ 518	\$ (1)	\$ (57)	\$ -	\$ 2,253,363
Appropriation of the 2009 net earnings											
Stock dividends	13,284	-	-	-	-	(13,284)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(690,777)	-	-	-	-	(690,777)
Transfer of employee bonuses to common stock	1,724	65,001	-	-	-	-	-	-	-	-	66,725
Net income in 2010	-	-	-	-	-	1,357,143	-	-	-	-	1,357,143
Translation adjustments on long-term equity investments	-	-	-	-	-	-	(20,424)	-	-	-	(20,424)
Unrealized gain on financial instruments	-	-	-	-	-	-	-	-	27	-	27
Adjustment due to the movement of investees' other equity under equity method	-	-	-	-	-	-	-	(3)	-	-	(3)
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(401,190)	(401,190)
Retirement of treasury stock	(5,150)	(5,910)	-	(17)	-	(154,874)	-	-	-	165,951	-
BALANCE, DECEMBER 31, 2010	<u>\$ 280,691</u>	<u>\$ 369,984</u>	<u>\$ 632</u>	<u>\$ 848</u>	<u>\$ 352,684</u>	<u>\$ 1,815,204</u>	<u>\$ (19,906)</u>	<u>\$ (4)</u>	<u>\$ (30)</u>	<u>\$ (235,239)</u>	<u>\$ 2,564,864</u>

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

HTC CORPORATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2009 AND 2010 (In Thousands)

	2009	2010	
	NT\$	NT\$	US\$ (Note 3)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 22,608,902	\$ 39,533,600	\$ 1,357,143
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation (including depreciation of assets leased to others)	633,950	622,438	21,368
Amortization	39,847	58,621	2,012
Amortization of premium on financial assets	-	385	13
Prepaid pension costs	(20,515)	(21,293)	(731)
Gains on equity-method investments	(273,811)	(1,457,395)	(50,031)
Cash dividends received from equity-method investees	905	480	17
(Gain) loss on disposal of properties, net	(2,984)	139	5
Transfer of properties to expenses	7,021	532	18
Gains on sale of investments, net	(3,035)	(3,001)	(103)
Impairment losses	30,944	1,192	41
Deferred income tax assets	(503,703)	(1,467,669)	(50,383)
Net changes in operating assets and liabilities			
Financial instruments at fair value through profit or loss	(532,215)	(432,144)	(14,835)
Accounts receivable	3,534,014	(9,852,810)	(338,236)
Accounts receivable from related parties	(1,305,780)	(25,941,841)	(890,554)
Other current financial assets	41,305	(483,435)	(16,596)
Inventories	2,201,274	(16,703,299)	(573,405)
Prepayments	(2,095,767)	1,003,874	34,462
Other current assets	35,227	(330,274)	(11,338)
Other assets - other	(1,843,170)	(640,985)	(22,004)
Notes and accounts payable	(2,603,301)	33,145,784	1,137,858
Accounts payable - related parties	56,973	1,261,305	43,299
Income tax payable	214,879	2,264,043	77,722
Accrued expenses	6,432,196	16,322,342	560,327
Other current liabilities	888,452	3,955,215	135,778
Net cash provided by operating activities	<u>27,541,608</u>	<u>40,835,804</u>	<u>1,401,847</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of available-for-sale financial assets	(8,105,512)	(3,551,180)	(121,908)
Proceeds of the sale of available-for-sale financial assets	5,611,153	5,610,175	192,591
Purchase of held-to-maturity financial assets	-	(208,331)	(7,152)
Increase in investments accounted for by the equity method	(1,164,135)	(3,031,907)	(104,082)
Purchase of properties and assets leased to others	(1,426,671)	(3,004,250)	(103,133)

(Continued)

HTC CORPORATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2009 AND 2010 (In Thousands)

	2009	2010	
	NT\$	NT\$	US\$ (Note 3)
Proceeds of the sale of properties	\$ 4,005	\$ -	\$ -
Decrease (increase) in refundable deposits	48,298	(10,031)	(344)
Increase in deferred charges	(57,495)	(4,144)	(142)
Increase in restricted assets	(63,900)	-	-
Increase in intangible assets	<u>-</u>	<u>(220,943)</u>	<u>(7,585)</u>
Net cash used in investing activities	<u>(5,154,257)</u>	<u>(4,420,611)</u>	<u>(151,755)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in guarantee deposits received	(5,196)	(582)	(20)
Cash dividends	(20,125,634)	(20,122,332)	(690,777)
Purchase of treasury stock	<u>(2,406,930)</u>	<u>(11,686,667)</u>	<u>(401,190)</u>
Net cash used in financing activities	<u>(22,537,760)</u>	<u>(31,809,581)</u>	<u>(1,091,987)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(150,409)	4,605,612	158,105
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>61,826,873</u>	<u>61,676,464</u>	<u>2,117,284</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 61,676,464</u>	<u>\$ 66,282,076</u>	<u>\$ 2,275,389</u>
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid during the year			
Interest (net of amounts capitalized)	\$ <u>131</u>	\$ <u>46</u>	\$ <u>2</u>
Income tax	\$ <u>2,892,386</u>	\$ <u>4,161,335</u>	\$ <u>142,854</u>
NONCASH INVESTING AND FINANCING ACTIVITIES			
Transfer of retained earnings to stock dividends for distribution	\$ <u>372,697</u>	\$ <u>386,968</u>	\$ <u>13,284</u>
Transfer of assets leased to others to properties	\$ <u>261,824</u>	\$ <u>47,813</u>	\$ <u>1,641</u>
Retirement of treasury stock	\$ <u>5,817,207</u>	\$ <u>4,834,174</u>	\$ <u>165,952</u>
Transfer of stock bonuses to employees to common stock and additional paid-in capital	\$ <u>4,954,889</u>	\$ <u>1,943,694</u>	\$ <u>66,725</u>
INCREASE IN LONG-TERM INVESTMENTS - EQUITY METHOD			
Increase in investments accounted for by the equity method	\$ 1,137,873	\$ 2,976,349	\$ 102,175
Decrease in payable for purchase of investments	<u>26,262</u>	<u>55,558</u>	<u>1,907</u>
Cash paid for increase in long-term investments	<u>\$ 1,164,135</u>	<u>\$ 3,031,907</u>	<u>\$ 104,082</u>

(Continued)

HTC CORPORATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2009 AND 2010 (In Thousands)

	<u>2009</u>	<u>2010</u>	
	NT\$	NT\$	US\$ (Note 3)
PURCHASE OF PROPERTIES AND ASSETS LEASED TO OTHERS			
Cost of properties and assets leased to others purchased	\$ 1,336,787	\$ 3,252,855	\$ 111,667
Decrease (increase) in payable for purchase of equipment	88,880	(249,681)	(8,571)
Decrease in lease payable	<u>1,004</u>	<u>1,076</u>	<u>37</u>
Cash paid for purchase of properties and assets leased to others	<u>\$ 1,426,671</u>	<u>\$ 3,004,250</u>	<u>\$ 103,133</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
HTC Corporation

We have audited the accompanying consolidated balance sheets of HTC Corporation and subsidiaries (collectively, the "Company") as of December 31, 2009 and 2010, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended, all expressed in New Taiwan dollars. 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 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of HTC Corporation and subsidiaries as of December 31, 2009 and 2010, and the results of their operations and their cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and accounting principles generally accepted in the Republic of China.

Our audits also comprehended the translation of the 2010 New Taiwan dollar amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 3. Such U.S. dollar amounts are presented solely for the convenience of readers.

January 18, 2011

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations 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 accepted and applied in the Republic of China.

For the convenience of readers, the 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 auditors' report and consolidated financial statements shall prevail. Also, as stated in Note 2 to the consolidated financial statements, the additional footnote disclosures that are not required under generally accepted accounting principles were not translated into English.

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2009 AND 2010 (In Thousands, Except Par Value)

ASSETS	2009			2010			LIABILITIES AND STOCKHOLDERS' EQUITY	2009			2010		
	NT\$	NT\$	US\$ (Note 3)	NT\$	NT\$	US\$ (Note 3)		NT\$	NT\$	US\$ (Note 3)	NT\$	NT\$	US\$ (Note 3)
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents (Notes 2 and 4)	\$ 64,638,290	\$ 74,462,861	\$ 2,556,226				Short-term borrowings (Note 15)	\$ 72,326	\$ -	\$ -			
Financial assets at fair value through profit or loss (Notes 2, 5 and 25)	18,132	450,276	15,457				Notes and accounts payable (Note 26)	25,631,015	63,916,803	2,194,192			
Available-for-sale financial assets - current (Notes 2 and 6)	2,497,394	441,948	15,172				Income tax payable (Notes 2 and 23)	4,270,962	6,809,417	233,760			
Notes and accounts receivable, net (Notes 2, 7 and 26)	27,125,609	61,614,355	2,115,151				Accrued expenses (Notes 16 and 26)	16,963,888	33,426,028	1,147,478			
Other current financial assets (Notes 8 and 26)	258,474	783,540	26,898				Payable for purchase of equipment (Note 26)	153,551	441,976	15,173			
Inventories (Notes 2 and 9)	6,036,207	26,413,747	906,754				Long-term liabilities - current portion (Note 18)	22,500	12,188	418			
Prepayments (Note 10)	3,341,649	2,653,778	91,101				Other current liabilities (Notes 17 and 26)	6,614,533	11,034,691	378,808			
Deferred income tax assets (Notes 2 and 23)	812,254	1,051,196	36,086				Total current liabilities	53,728,775	115,641,103	3,969,829			
Other current assets	172,872	767,825	26,359										
Total current assets	104,900,881	168,639,526	5,789,204				LONG-TERM LIABILITIES						
							Long-term bank loans, net of current portion (Note 18)	24,375	12,188	418			
LONG-TERM INVESTMENTS							OTHER LIABILITIES						
Available-for-sale financial assets - noncurrent (Notes 2 and 6)	313	538	18				Guarantee deposits received	1,210	13,959	479			
Held-to-maturity financial assets - noncurrent (Notes 2 and 11)	-	207,946	7,139				Total liabilities	53,754,360	115,667,250	3,970,726			
Financial assets carried at cost (Notes 2 and 12)	565,172	975,596	33,491										
Prepayments for long-term investments (Notes 2, 12 and 13)	245,000	48,065	1,650				STOCKHOLDERS' EQUITY (Note 20)						
Total long-term investments	810,485	1,232,145	42,298				Capital stock - NT\$10.00 par value						
							Authorized: 1,000,000 thousand shares						
PROPERTIES (Notes 2, 14 and 26)							Issued and outstanding: 788,936 thousand shares in 2009 and 817,653 thousand shares in 2010						
Cost							Common stock	7,889,358	8,176,532	280,691			
Land	4,719,538	5,862,076	201,238				Capital surplus						
Buildings and structures	4,218,443	5,005,642	171,838				Additional paid-in capital from share issuance in excess of par	9,056,323	10,777,623	369,984			
Machinery and equipment	4,702,420	7,236,349	248,416				Long-term equity investments	18,411	18,411	632			
Molding equipment	199,392	172,632	5,926				Merger	25,189	24,710	848			
Computer equipment	411,504	474,299	16,282				Retained earnings						
Transportation equipment	4,575	7,378	253				Legal reserve	10,273,674	10,273,674	352,684			
Furniture and fixtures	462,664	245,041	8,412				Accumulated earnings	38,364,099	52,876,892	1,815,204			
Leased assets	6,327	5,934	204				Cumulative translation adjustments (Note 2)	15,088	(579,849)	(19,906)			
Leasehold improvements	199,416	305,073	10,473				Net loss not recognized as pension cost	(34)	(121)	(4)			
Total cost	14,924,279	19,314,424	663,042				Unrealized valuation losses on financial instruments	(1,658)	(885)	(30)			
Less: Accumulated depreciation	(5,055,135)	(5,801,233)	(199,150)				Treasury stock (Notes 2 and 21)	-	(6,852,493)	(235,239)			
Prepayments for construction-in-progress and equipment-in-transit	30,664	511,138	17,547				Equity attributable to stockholders of the parent	65,640,450	74,714,494	2,564,864			
Properties, net	9,899,808	14,024,329	481,439				MINORITY INTEREST	34,207	-	-			
							Total stockholders' equity	65,674,657	74,714,494	2,564,864			
INTANGIBLE ASSETS (Note 2)													
Patents	-	208,581	7,160										
Goodwill	239,992	497,803	17,089										
Deferred pension cost	490	416	14										
Other	-	228,850	7,857										
Total intangible assets	240,482	935,650	32,120										
OTHER ASSETS													
Assets leased to others	48,135	50,828	1,745										
Refundable deposits	128,655	150,860	5,179										
Deferred charges (Note 2)	245,996	243,249	8,350										
Deferred income tax assets (Notes 2 and 23)	1,067,691	2,366,488	81,239										
Restricted assets (Note 27)	106,252	95,688	3,285										
Other (Notes 2, 10 and 19)	1,980,632	2,642,981	90,731										
Total other assets	3,577,361	5,550,094	190,529										
TOTAL	\$ 119,429,017	\$ 190,381,744	\$ 6,535,590				TOTAL	\$ 119,429,017	\$ 190,381,744	\$ 6,535,590			

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

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2009 AND 2010 (In Thousands, Except Earnings Per Share)

	2009	2010	
	NT\$	NT\$	US\$ (Note 3)
REVENUES (Notes 2 and 26)	\$ 144,492,518	\$ 278,761,244	\$ 9,569,559
COST OF REVENUES (Notes 9, 22 and 26)	<u>98,329,537</u>	<u>194,892,505</u>	<u>6,690,440</u>
GROSS PROFIT	<u>46,162,981</u>	<u>83,868,739</u>	<u>2,879,119</u>
OPERATING EXPENSES (Notes 22 and 26)			
Selling and marketing	10,863,175	21,757,601	746,914
General and administrative	2,304,364	5,038,543	172,967
Research and development	<u>8,372,535</u>	<u>12,940,014</u>	<u>444,216</u>
Total operating expenses	<u>21,540,074</u>	<u>39,736,158</u>	<u>1,364,097</u>
OPERATING INCOME	<u>24,622,907</u>	<u>44,132,581</u>	<u>1,515,022</u>
NONOPERATING INCOME AND GAINS			
Interest income	362,136	313,888	10,775
Gains on disposal of properties	2,984	879	30
Gains on sale of investments	3,035	3,001	103
Exchange gain (Note 2)	558,985	-	-
Valuation gains on financial instruments, net (Notes 2 and 5)	18,132	450,276	15,457
Other	<u>474,814</u>	<u>374,900</u>	<u>12,871</u>
Total nonoperating income and gains	<u>1,420,086</u>	<u>1,142,944</u>	<u>39,236</u>
NONOPERATING EXPENSES AND LOSSES			
Interest expense	2,174	3,562	122
Loss on equity-method investments (Notes 2 and 13)	3,891	-	-
Losses on disposal of properties	2,576	13,066	449
Exchange loss (Note 2)	-	214,679	7,370
Impairment losses (Notes 2, 12 and 13)	78,946	32,771	1,125
Other	<u>558,994</u>	<u>47,059</u>	<u>1,615</u>
Total nonoperating expenses and losses	<u>646,581</u>	<u>311,137</u>	<u>10,681</u>
INCOME BEFORE INCOME TAX	25,396,412	44,964,388	1,543,577
INCOME TAX (Notes 2 and 23)	<u>(2,781,999)</u>	<u>(5,449,544)</u>	<u>(187,077)</u>
NET INCOME	<u>\$ 22,614,413</u>	<u>\$ 39,514,844</u>	<u>\$ 1,356,500</u>

(Continued)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2009 AND 2010 (In Thousands, Except Earnings Per Share)

	2009		2010		
	NT\$		NT\$		US\$ (Note 3)
ATTRIBUTABLE TO					
Stockholders of the parent	\$ 22,608,902		\$ 39,533,600		\$ 1,357,143
Minority interest	<u>5,511</u>		<u>(18,756)</u>		<u>(643)</u>
	<u>\$ 22,614,413</u>		<u>\$ 39,514,844</u>		<u>\$ 1,356,500</u>
	2009		2010		
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax	
	NT\$	NT\$	NT\$	US\$ (Note 3)	NT\$
				US\$ (Note 3)	US\$ (Note 3)
BASIC EARNINGS PER SHARE (Note 24)	<u>\$ 30.50</u>	<u>\$ 27.35</u>	<u>\$ 54.57</u>	<u>\$ 1.87</u>	<u>\$ 48.49</u>
DILUTED EARNINGS PER SHARE (Note 24)	<u>\$ 29.95</u>	<u>\$ 26.86</u>	<u>\$ 53.90</u>	<u>\$ 1.85</u>	<u>\$ 47.89</u>

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

(Concluded)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY YEARS ENDED DECEMBER 31, 2009 AND 2010 (In Thousands)

New Taiwan Dollars	Capital Stock	Capital Surplus			Retained Earnings		Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Valuation Losses on Financial Instruments	Treasury Stock	Minority Interests	Total
	Issued and Outstanding Common Stock	From Share Issuance in Excess of Par	Long-term Equity Investments	Merger	Legal Reserve	Accumulated Earnings						
BALANCE, JANUARY 1, 2009	\$ 7,553,938	\$ 4,374,244	\$ 17,534	\$ 25,756	\$ 7,410,139	\$ 44,626,182	\$ 65,602	\$ -	\$ (1,632)	\$ (3,410,277)	\$ 28,696	\$ 60,690,182
Appropriation of the 2008 net earnings												
Legal reserve	-	-	-	-	2,863,535	(2,863,535)	-	-	-	-	-	-
Stock dividends	372,697	-	-	-	-	(372,697)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(20,125,634)	-	-	-	-	-	(20,125,634)
Transfer of employee bonuses to common stock	133,573	4,821,316	-	-	-	-	-	-	-	-	-	4,954,889
Net income in 2009	-	-	-	-	-	22,608,902	-	-	-	-	5,511	22,614,413
Translation adjustments on long-term equity investments	-	-	-	-	-	-	(47,783)	-	-	-	-	(47,783)
Unrealized loss on financial instruments	-	-	-	-	-	-	-	-	(26)	-	-	(26)
Adjustment due to changes in ownership percentage in investees and the movement of investees' other equity under equity method	-	-	877	-	-	(2,566)	(2,731)	(34)	-	-	-	(4,454)
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(2,406,930)	-	(2,406,930)
Retirement of treasury stock	(170,850)	(139,237)	-	(567)	-	(5,506,553)	-	-	-	5,817,207	-	-
BALANCE, DECEMBER 31, 2009	7,889,358	9,056,323	18,411	25,189	10,273,674	38,364,099	15,088	(34)	(1,658)	-	34,207	65,674,657
Appropriation of the 2009 net earnings												
Stock dividends	386,968	-	-	-	-	(386,968)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(20,122,332)	-	-	-	-	-	(20,122,332)
Transfer of employee bonuses to common stock	50,206	1,893,488	-	-	-	-	-	-	-	-	-	1,943,694
Net income in 2010	-	-	-	-	-	39,533,600	-	-	-	-	(18,756)	39,514,844
Translation adjustments on long-term equity investments	-	-	-	-	-	-	(594,937)	-	-	-	-	(594,937)
Unrealized gain on financial instruments	-	-	-	-	-	-	-	-	773	-	-	773
Adjustment due to the movement of investees' other equity under equity method	-	-	-	-	-	-	-	(87)	-	-	-	(87)
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(11,686,667)	-	(11,686,667)
Retirement of treasury stock	(150,000)	(172,188)	-	(479)	-	(4,511,507)	-	-	-	4,834,174	-	-
Change in minority interest	-	-	-	-	-	-	-	-	-	-	(15,451)	(15,451)
BALANCE, DECEMBER 31, 2010	<u>\$ 8,176,532</u>	<u>\$ 10,777,623</u>	<u>\$ 18,411</u>	<u>\$ 24,710</u>	<u>\$ 10,273,674</u>	<u>\$ 52,876,892</u>	<u>\$ (579,849)</u>	<u>\$ (121)</u>	<u>\$ (885)</u>	<u>\$ (6,852,493)</u>	<u>\$ -</u>	<u>\$ 74,714,494</u>

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

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY YEARS ENDED DECEMBER 31, 2009 AND 2010 (In Thousands)

U.S. Dollars	Capital Stock	Capital Surplus			Retained Earnings		Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Valuation Losses on Financial Instruments	Treasury Stock	Minority Interests	Total
	Issued and Outstanding Common Stock	From Share Issuance in Excess of Par	Long-term Equity Investments	Merger	Legal Reserve	Accumulated Earnings						
BALANCE, JANUARY 1, 2010	\$ 270,833	\$ 310,893	\$ 632	\$ 865	\$ 352,684	\$ 1,316,996	\$ 518	\$ (1)	\$ (57)	\$ -	\$ 1,173	\$ 2,254,536
Appropriation of the 2009 net earnings												
Stock dividends	13,284	-	-	-	-	(13,284)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(690,777)	-	-	-	-	-	(690,777)
Transfer of employee bonuses to common stock	1,724	65,001	-	-	-	-	-	-	-	-	-	66,725
Net income in 2010	-	-	-	-	-	1,357,143	-	-	-	-	(643)	1,356,500
Translation adjustments on long-term equity investments	-	-	-	-	-	-	(20,424)	-	-	-	-	(20,424)
Unrealized gain on financial instruments	-	-	-	-	-	-	-	-	27	-	-	27
Adjustment due to the movement of investees' other equity under equity method	-	-	-	-	-	-	-	(3)	-	-	-	(3)
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(401,190)	-	(401,190)
Retirement of treasury stock	(5,150)	(5,910)	-	(17)	-	(154,874)	-	-	-	165,951	-	-
Change in minority interest	-	-	-	-	-	-	-	-	-	-	(530)	(530)
BALANCE, DECEMBER 31, 2010	<u>\$ 280,691</u>	<u>\$ 369,984</u>	<u>\$ 632</u>	<u>\$ 848</u>	<u>\$ 352,684</u>	<u>\$ 1,815,204</u>	<u>\$ (19,906)</u>	<u>\$ (4)</u>	<u>\$ (30)</u>	<u>\$ (235,239)</u>	<u>\$ -</u>	<u>\$ 2,564,864</u>

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

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2009 AND 2010 (In Thousands)

	2009	2010	
	NT\$	NT\$	US\$ (Note 3)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 22,614,413	\$ 39,514,844	\$ 1,356,500
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation (including depreciation of assets leased to others)	901,848	905,138	31,072
Amortization	72,614	97,196	3,337
Amortization of premium on financial assets	-	385	13
Prepaid pension cost	(20,525)	(21,364)	(733)
Loss on equity-method investments	3,891	-	-
(Gain) loss on disposal of properties and deferred charges, net	(408)	12,187	419
Transfer of properties to expenses	7,474	1,151	39
Gains on sale of investments, net	(3,035)	(3,001)	(103)
Impairment losses	78,946	32,771	1,125
Deferred income tax assets	(506,522)	(1,537,739)	(52,789)
Net changes in operating assets and liabilities			
Financial instruments at fair value through profit or loss	(532,215)	(432,144)	(14,835)
Notes and accounts receivable	2,329,169	(34,472,524)	(1,183,403)
Other current financial assets	58,050	(547,932)	(18,810)
Inventories	2,214,130	(20,435,168)	(701,516)
Prepayments	(2,038,073)	683,128	23,451
Other current assets	(11,552)	(582,339)	(19,991)
Other assets - other	(1,843,170)	(640,985)	(22,004)
Notes and accounts payable	(2,938,920)	38,346,267	1,316,384
Income tax payable	231,349	2,538,408	87,141
Accrued expenses	6,570,007	18,413,894	632,128
Other current liabilities	533,103	4,175,616	143,344
Net cash provided by operating activities	<u>27,720,574</u>	<u>46,047,789</u>	<u>1,580,769</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of available-for-sale financial assets	(8,105,512)	(3,551,180)	(121,908)
Proceeds of the sale of available-for-sale financial assets	5,611,153	5,610,175	192,591
Purchase of held-to-maturity financial assets	-	(208,331)	(7,152)
Increase in financial assets carried at cost	(64,330)	(234,575)	(8,053)
Increase in prepayments for long-term investments	(245,000)	(52,301)	(1,796)
Acquisition of a subsidiary	(26,262)	(78,272)	(2,687)
Purchase of properties and assets leased to others	(1,910,679)	(4,990,996)	(171,335)
Proceeds of the sale of properties and deferred charges	70,682	20,064	689

(Continued)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2009 AND 2010 (In Thousands)

	2009	2010	
	NT\$	NT\$	US\$ (Note 3)
Decrease (increase) in refundable deposits	\$ 62,828	\$ (21,817)	\$ (749)
Increase in deferred charges	(70,099)	(90,721)	(3,114)
(Increase) decrease in restricted assets	(64,787)	10,564	363
Increase in intangible assets	<u>-</u>	<u>(220,943)</u>	<u>(7,585)</u>
Net cash used in investing activities	<u>(4,742,006)</u>	<u>(3,808,333)</u>	<u>(130,736)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings	(2,674)	(42,326)	(1,453)
Decrease in long-term bank loans	(28,750)	(22,499)	(772)
(Decrease) increase in guarantee deposits received	(5,210)	12,749	437
Cash dividends	(20,125,634)	(20,122,332)	(690,777)
Purchase of treasury stock	(2,406,930)	(11,686,667)	(401,190)
Decrease in minority interest	<u>-</u>	<u>(15,451)</u>	<u>(530)</u>
Net cash used in financing activities	<u>(22,569,198)</u>	<u>(31,876,526)</u>	<u>(1,094,285)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(8,808)</u>	<u>(538,359)</u>	<u>(18,482)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	400,562	9,824,571	337,266
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>64,237,728</u>	<u>64,638,290</u>	<u>2,218,960</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 64,638,290</u>	<u>\$ 74,462,861</u>	<u>\$ 2,556,226</u>
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid during the year			
Interest	<u>\$ 2,219</u>	<u>\$ 2,386</u>	<u>\$ 82</u>
Income tax	<u>\$ 3,057,172</u>	<u>\$ 4,448,828</u>	<u>\$ 152,723</u>
NONCASH INVESTING AND FINANCING ACTIVITIES			
Transfer of retained earnings to stock dividends for distribution	<u>\$ 372,697</u>	<u>\$ 386,968</u>	<u>\$ 13,284</u>
Transfer of assets leased to others to properties	<u>\$ 261,824</u>	<u>\$ 47,813</u>	<u>\$ 1,641</u>
Retirement of treasury stock	<u>\$ 5,817,207</u>	<u>\$ 4,834,174</u>	<u>\$ 165,952</u>
Transfer of stock bonuses to employees to common stock and additional paid-in capital	<u>\$ 4,954,889</u>	<u>\$ 1,943,694</u>	<u>\$ 66,725</u>

(Continued)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2009 AND 2010 (In Thousands)

	<u>2009</u>	<u>2010</u>	
	NT\$	NT\$	US\$ (Note 3)
PURCHASE OF PROPERTIES AND ASSETS LEASED TO OTHERS			
Cost of properties and assets leased to others purchased	\$ 1,749,140	\$ 5,278,345	\$ 181,200
Decrease (increase) in payable for purchase of equipment	160,535	(288,425)	(9,902)
Decrease in lease payable	<u>1,004</u>	<u>1,076</u>	<u>37</u>
Cash paid for purchase of properties and assets leased to others	<u>\$ 1,910,679</u>	<u>\$ 4,990,996</u>	<u>\$ 171,335</u>
ACQUISITION OF A SUBSIDIARY			
Increase in investments accounted for by the equity method	\$ -	\$ 245,927	\$ 8,442
Decrease (increase) in other payable	<u>26,262</u>	<u>(167,655)</u>	<u>(5,755)</u>
Cash paid for acquisition of a subsidiary	<u>\$ 26,262</u>	<u>\$ 78,272</u>	<u>\$ 2,687</u>

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

(Concluded)

Supplement 7

HTC CORPORATION The Chart of 2010 Earnings Distribution

UNIT : NT\$

Item	Amount	
	Subtotal	Total
Accumulated earnings at beginning of 2010		13,343,291,429
Plus : Net income of 2010	39,533,600,332	
Less : Legal reserve	0	
Less : To Reverse Special reserve (Note 1)	(580,855,556)	
Appropriation of earnings for 2010	38,952,744,776	
Appropriation of earnings as of Dec 31, 2010		52,296,036,205
Items of appropriation and distribution of 2010 earnings :		
Stock dividend (about NT\$ 0.5 per share) (Note 2)	(403,933,9650)	
Cash dividend (NT\$ 37 per share) (Note 2)	(29,891,089,545)	
Total appropriation and distribution of 2010		(30,295,023,195)
Accumulated earnings at end of 2010		22,001,013,010

[NOTE] : Employee Bonus Distribution : NT\$ 8,491,704,130
Directors and Supervisors' remuneration : NT\$ 0

(Note 1) : Calculation : UNIT : NT\$

Other adjustments of Stockholders' Equity:

As of Dec 31, 2010 :

Unrealized losses on financial instruments	(885,301)
Net loss not recognized as pension cost	(120,958)
Cumulative transaction adjustments	579,849,297
Other adjustments of Stockholders' Equity as of Dec 31, 2010	(580,855,556)
Accumulated Special reserve for debit of Stockholders' Equity as of Dec 31, 2010 :	(580,855,556)
Less : Accumulated Special reserve for debit of Stockholders' Equity as of Dec 31, 2010	0
To appropriate the Special reserve for debit of Stockholders' Equity	(580,855,556)

(Note 2) : The Board of Directors may make the required adjustments to the actual earnings distribution ratio on the basis of the number of issued and outstanding stocks registered in the Common Stockholders' Roster as at the record date.

HTC CORPORATION

Chairperson: Cher Wang
President: Peter Chou
Chief Accountant : James.CY Chen

Supplement 8

HTC Corporation Comparison Chart for the Articles of Incorporation Before and After Revision

Article no.	Original article	Amended article	Notes
Art. 2	<p>The scope of business of the Company is as follows:</p> <ol style="list-style-type: none"> 1. <u>Distributing and acting as an agent for computer equipment, communications equipment, computer peripherals, terminals, and business machinery and equipment.</u> 2. <u>Manufacture, assembly, processing, and import and export trade of computer peripherals and computer casings.</u> 3. <u>Analysis, planning, design, and research & development of integral computer systems.</u> 4. <u>Planning, programming, and analysis of computer software systems, and acting as a distributor or agent.</u> 5. <u>Distributing and acting as an agent for, and engaging in maintenance and import and export trade of, computers and parts and components thereof.</u> 6. <u>Distributing and acting as an agent for, and engaging in maintenance and import and export trade of, electronics devices, components, integrated circuits, design instruments, and test instruments.</u> 7. <u>Quoting and bidding for the aforementioned products.</u> 8. CC01080 Electronic Parts and Components Manufacturing. 9. E605010 Computing Equipment Installation. 10. <u>E701010 Telecommunications Construction.</u> 11. E701020 Satellite Television Equipment and Materials Installation for Channels KU and C. 12. F113070 Wholesale of Telecommunications Equipment. 	<p>The scope of business of the Company is as follows:</p> <ol style="list-style-type: none"> 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. <u>C805050 Industrial Plastic Products Manufacturing.</u> 5. CC01120 Data Storage Media Manufacturing and Duplicating. 6. E605010 Computing Equipment Installation. 7. <u>E701040 Basic Telecommunications Equipment Construction.</u> 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. <u>F113030 Wholesale of Precision Instruments.</u> 11. <u>F113050 Wholesale of Computing and Business Machinery Equipment.</u> 12. F113070 Wholesale of Telecommunications Equipment. 13. F118010 Wholesale of Computer Software. 14. F119010 Wholesale of Electronics Materials. 15. <u>F213030 Retail sale of Computing and Business Machinery Equipment.</u> 16. <u>F213040 Retail Sale of Precision</u> 	<p>Partial amendment in compliance with Company's practical operational needs and the code of business items compiled by the Ministry of Economic Affairs.</p>

HTC Corporation
Comparison Chart for the Articles of Incorporation
Before and After Revision

Article no.	Original article	Amended article	Notes
	13. F118010 Wholesale of Computer Software. 14. F119010 Wholesale of Electronics Materials. 15. F213060 Retail Sale of Telecommunications Equipment. 16. F218010 Retail Sale of Computer Software. 17. F219010 Retail Sale of Electronics Materials. 18. G801010 Warehousing and Storage. 19. CC01110 Computers and Computing Peripheral Equipment Manufacturing. 20. CC01120 Data Storage Media Manufacturing and Duplicating. 21. CC01101 Controlled Telecommunications Radio Frequency Equipment and Materials Manufacturing. 22. E701030 Controlled Telecommunications Radio Frequency Equipment and Materials Installation and Construction 23. F401021 Controlled Telecommunications Radio Frequency Equipment and Materials Import.	<u>Instruments.</u> 17. F213060 Retail Sale of Telecommunications Equipment. 18. F218010 Retail Sale of Computer Software. 19. F219010 Retail Sale of Electronics Materials. 20. <u>F401010 International Trade.</u> 21. F401021 Controlled Telecommunications Radio Frequency Equipment and Materials Import. 22. G801010 Warehousing and Storage. 23. <u>I301010 Software Design Services.</u> 24. <u>I301020 Data Processing Services</u> 25. <u>I301030 Digital Information Supply Services.</u> <u>26. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</u>	
Art. 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.	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 date of the amendment is added.

HTC Corporation
Comparison Chart for the Articles of Incorporation
Before and After Revision

Article no.	Original article	Amended article	Notes
	<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 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><u>The 17th amendment was made on 15 June 2011.</u></p>	

Supplement 9

HTC Corporation Comparison Chart for the Procedures for the Acquisition or Disposal of Assets Before and After Revision

Article no.	Original article	Amended article	Notes
Art. 4	<p>Operating procedures</p> <p>1. Levels of authorization</p> <p>(1) When the Corporation acquires or disposes of assets, the unit handling the transaction shall compile information on each asset to be transacted, including the reasons for the proposed acquisition or disposal, the target asset, the trading counterparty, the transfer price, the terms of payment, and the price reference criteria, and submit them to the unit with overall authority for a decision on the transaction.</p> <p>3 Acquisition or disposal of other fixed assets:</p> <p>3.1 Acquisition or disposal of assets for use in business operations:</p> <p>3.1.1 Each transaction in an amount equal to or greater than 20 percent of paid-in capital or <u>NT\$300 million</u> or more shall be submitted to and approved by the board of directors prior to its execution.</p> <p>3.1.2 Where the transaction counterparty is a related party and each transaction is less than 20 percent of the Corporation's paid-in capital and <u>NT\$300 million</u>:</p> <p>3.1.2a If the related party is not a subsidiary in which the Corporation directly or indirectly holds 99% or more of the shares, each transaction in whatsoever amount shall be submitted to and approved by the board of directors prior to its execution.</p> <p>3.1.2b If the related party is a subsidiary in which the Corporation directly or</p>	<p>Operating procedures</p> <p>1. Levels of authorization</p> <p>(1) When the Corporation acquires or disposes of assets, the unit handling the transaction shall compile information on each asset to be transacted, including the reasons for the proposed acquisition or disposal, the target asset, the trading counterparty, the transfer price, the terms of payment, and the price reference criteria, and submit them to the unit with overall authority for a decision on the transaction.</p> <p>3 Acquisition or disposal of other fixed assets:</p> <p>3.1 Acquisition or disposal of assets for use in business operations:</p> <p>3.1.1 Each transaction in an amount equal to or greater than 20 percent of paid-in capital or <u>NT\$500 million</u> or more shall be submitted to and approved by the board of directors prior to its execution.</p> <p>3.1.2 Where the transaction counterparty is a related party and each transaction is less than 20 percent of the Corporation's paid-in capital and <u>NT\$500 million</u>:</p> <p>3.1.2a If the related party is not a subsidiary in which the Corporation directly or indirectly holds 99% or more of the shares, each transaction in whatsoever amount shall be submitted to and approved by the board of directors prior to its execution.</p> <p>3.1.2b If the related party is a subsidiary in which the Corporation directly or</p>	<p>In compliance with Company's practical operational needs.</p>

HTC Corporation
Comparison Chart for the Procedures for the Acquisition or Disposal of Assets
Before and After Revision

Article no.	Original article	Amended article	Notes
	<p>indirectly holds 99% or more of the shares, the transaction shall be submitted to and approved by the responsible officer that was authorized by the chairman prior to its execution.</p> <p>3.1.3 Transactions in amounts less than those in 3.1.1 or 3.1.2 above shall be submitted to supervisors for approval in order of their increasing authority in accordance with the "internal decision authorization limits."</p> <p>5. Acquisition or disposal of intangible assets and other material assets:</p> <p>5.1 Each individual transaction in an amount equal to or greater than 20 percent of paid-in capital or <u>NT\$300 million</u> shall be reported to and approved by the board of directors prior to its execution.</p> <p>5.2 For any individual transaction amount that is both less than 20 percent of paid-in capital and less than <u>NT\$300 million</u>, the board of directors authorizes the execution of the transaction subsequent to approval by the chairman, with a report on the status of the transaction to be submitted to the board of directors after its execution.</p> <p>5.3 Where the transaction counterparty is a related party, each transaction in whatsoever amount shall be submitted to and approved by the board of directors prior to its execution.</p>	<p>indirectly holds 99% or more of the shares, the transaction shall be submitted to and approved by the responsible officer that was authorized by the chairman prior to its execution.</p> <p>3.1.3 Transactions in amounts less than those in 3.1.1 or 3.1.2 above shall be submitted to supervisors for approval in order of their increasing authority in accordance with the "internal decision authorization limits."</p> <p>5. Acquisition or disposal of intangible assets and other material assets:</p> <p>5.1 Each individual transaction in an amount equal to or greater than 20 percent of paid-in capital or <u>NT\$1.5 billion</u> shall be reported to and approved by the board of directors prior to its execution.</p> <p>5.2 For any individual transaction amount that is both less than 20 percent of paid-in capital and less than <u>NT\$1.5 billion</u>, the board of directors authorizes the execution of the transaction subsequent to approval by the chairman, with a report on the status of the transaction to be submitted to the board of directors after its execution.</p> <p>5.3 Where the transaction counterparty is a related party, each transaction in whatsoever amount shall be submitted to and approved by the board of directors prior to its execution.</p>	

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 election of the directors and supervisors of the Corporation shall adopt the open-ballot, cumulative voting method; the candidate nomination system shall be adopted for the nomination of candidates for independent director. 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. Distributing and acting as an agent for computer equipment, communications equipment, computer peripherals, terminals, and business machinery and equipment.
2. Manufacture, assembly, processing, and import and export trade of computer peripherals and computer casings.
3. Analysis, planning, design, and research & development of integral computer systems.
4. Planning, programming, and analysis of computer software systems, and acting as a distributor or agent.
5. Distributing and acting as an agent for, and engaging in maintenance and import and export trade of, computers and parts and components thereof.
6. Distributing and acting as an agent for, and engaging in maintenance and import and export trade of, electronics devices, components, integrated circuits, design instruments, and test instruments.
7. Quoting and bidding for the aforementioned products.
8. CC01080 Electronic Parts and Components Manufacturing.
9. E605010 Computing Equipment Installation.
10. E701010 Telecommunications Construction.
11. E701020 Satellite Television Equipment and Materials Installation for Channels KU and C.
12. F113070 Wholesale of Telecommunications Equipment.
13. F118010 Wholesale of Computer Software.
14. F119010 Wholesale of Electronics Materials.
15. F213060 Retail Sale of Telecommunications Equipment.
16. F218010 Retail Sale of Computer Software.
17. F219010 Retail Sale of Electronics Materials.
18. G801010 Warehousing and Storage.
19. CC01110 Computers and Computing Peripheral Equipment Manufacturing.
20. CC01120 Data Storage Media Manufacturing and Duplicating.
21. CC01101 Controlled Telecommunications Radio Frequency Equipment and Materials Manufacturing.
22. E701030 Controlled Telecommunications Radio Frequency Equipment and Materials Installation and Construction
23. F401021 Controlled Telecommunications Radio Frequency Equipment and Materials Import.

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 County, 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, 16 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 Article 179 of the Company Act.

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 three supervisors, to be elected by the shareholders meeting from among candidates with legal capacity. 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

To harmonize with Article 183 of the Securities and Exchange Act, 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. A candidate nomination system shall be adopted, and the shareholders meeting shall elect independent directors from among the those listed on the slate of independent director candidates. 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 pay remuneration to directors and supervisors at 0.3% maximum of the balance after withholding the amounts under subparagraphs 1 to 3.
5. To pay bonus to employees at 5% minimum of the balance after withholding the amounts under subparagraphs 1 to 3, 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.
6. 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.

HTC CORPORATION

Chairperson: Cher Wang

Appendix 4

Impact of the Stock Dividend Proposal of this Shareholders Meeting on Operational Performance and Earnings per Share :

Company is not required to make public Company's 2011 financial forecast information; therefore it is inapplicable.

Appendix 5

HTC CORPORATION Information on Employee Profit Sharing & Regular Compensation for Directors and Supervisors

1. Company's Articles of Incorporation stipulate the distribution of employee profit sharing as well as Directors and Supervisors' remuneration in terms of percentage or scope.

Company's Articles of Incorporation stipulate that for earnings, the order of distribution shall be followed according to below:

- (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 pay remuneration to directors and supervisors at 0.3% maximum of the balance after withholding the amounts under subparagraphs 1 to 3.
- (5) To pay bonus to employees at 5% minimum of the balance after withholding the amounts under subparagraphs 1 to 3, or such balance plus the unappropriated retained earnings of previous years.

2. Board of Directors has adopted the proposed distribution of bonus for employees in the following manner:

Unit: NT\$ 1,000

Distributions of Earnings in 2010	Accrued Expenses for Employee Bonus	Resolution Approved by The Board of Directors	
		April 30, 2011	
		Employee Stock Bonus (Note)	4,245,852
		Employee Cash Bonus	4,245,852
Employee Bonus	8,491,704	Total Amount	8,491,704
Directors' and Supervisors' Remunerations	0	0	
Note 1: The value of employee cash/stock bonuses and director/supervisor remunerations proposals approved by the board of directors is the same as the Company's accrued expenses in the financial reporting period.			

Note: For employee stock bonuses NT\$4,245,852,065, the number of shares shall be calculated based on the closing price one day prior to the 2010 annual general shareholders' meeting on an ex-dividend basis. For employees receiving less than one share, bonuses will be distributed in the form of cash.

3. Distributions of earnings in 2009 as employees' bonus and remunerations for directors and supervisors:

Unit: NT\$ 1,000; shares

Distributions of earnings in 2009		
Date of passage of annual dividends of the Board of Directors' Meeting resolution		April 28, 2010
Date of Regular Shareholders' Meeting		June 18, 2010
Employee Stock Bonus	Total Number of Shares(Note)	5,020,649
	Total Amount	1,943,694
Employee Cash Bonus		2,915,542
Total Amount of Employee Bonus		4,859,236
Director' and Supervisors' Remunerations		0

Note : For employee stock bonuses NT\$1,943,694,436, the total issuance of new shares 5,020,649 shares is calculated based on the closing price (NT\$432.50) one day prior to the 2010 Annual General Shareholders' Meeting on an ex-dividend basis NT\$387.14. The amount of NT\$ 382 which is calculated less than one share was distributed in the form of cash.

Appendix 6

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	817,653,285 shares
Minimum Required Shareholding by all Directors	26,164,905 shares
Minimum Required Shareholding by all Supervisors	2,616,491 shares

2.

Record Date: April 17, 2011

Title	Name	Current Shareholding	Percentage
Chairperson	Cher Wang	25,973,740	3.18%
Director	Wen-Chi Chen	21,325,133	2.61%
Director	HT Cho	138,600	0.02%
Director	Tan Ho-Chen	0	0.00%
Independent Director	Chen-Kuo Lin	0	0.00%
Independent Director	Josef Felder	127,605	0.02%
Supervisor	Way-Chih Investment Co., Ltd.	41,732,658	5.10%
Supervisor	Po-Cheng Ko	0	0.00%
Supervisor	Caleb Ou-Yang	0	0.00%
Total Directors (excluding Independent Directors)		47,437,473	5.81%
Total Supervisors		41,732,658	5.10%

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