

2009 | HTC  
MEETING  
AGENDA

HTC Corporation  
2009 Annual General Shareholders Meeting  
June 19, 2009 at 9 a.m.  
Chuto Hotel in Taoyuan, Jin Long Room

**HTC CORPORATION**  
**2009 Annual General Shareholders Meeting Agenda Book**  
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**HTC CORPORATION**  
**2009 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 and Discussion Matters
6. Election Matters
7. Extraordinary Motions
8. Closure of the Meeting

**HTC CORPORATION**  
**2009 Annual General Shareholders Meeting Agenda**

**Time and Date:** June 19, 2009 (Friday) 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 2008 Business Report

Item 2: Supervisors Audit Report

Item 3: Report on the amendments to the Company's Rules of Procedure for Board of Directors Meetings

Item 4: Share Buyback Execution Report

3. Adoption and Discussion Matters:

Item 1: Adoption of the Fiscal 2008 Business Report and Financial Statements

Item 2: Adoption of the Fiscal 2008 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: Proposal to amend the Company's Procedures for the Acquisition or Disposal of Assets

Item 6: Proposal to amend the Company's Procedures for the Handling of Derivatives Trading

Item 7: Proposal to amend the Company's Operational Procedures for Lending Funds to Others

Item 8: Proposal to amend the Company's Rules for Endorsements and Guarantees

4. Election Matters: Proposal for election of one additional member to the Board of Directors

5. Extraordinary Motions

6. Closure of the Meeting

## **Report Matters**

### **Item 1**

Topic: Fiscal 2008 Business Report, submitted for review.

Background:

(1) Please refer to the Fiscal 2008 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 12 of this handbook.

(2) Please review.

### **Item 3**

Topic: Report on the amendments to the Company's Rules of Procedure for Board of Directors Meetings, submitted for review.

Background:

(1) In order to comply with the relevant laws and regulations and satisfy the operational needs of the Corporation, a resolution is made to amend some provisions in the Company's "Rules of Procedure for Board of Directors Meetings". Please refer to revision of the company's Rules of Procedure for Board of Directors Meetings adopted by the board of directors in Supplement 3 on page 13 of this handbook.

(2) Please review.

### **Item 4**

Topic: Share Buyback Execution Report, submitted for review.

Background:

(1) Please refer to the Fiscal 2008 Share Buyback Execution Report in Supplement 4 on page 18 of this handbook.

(2) Please review.

## Adoption and Discussion Matters

### Item 1

Topic: Adoption of the Fiscal 2008 Business Report and Financial Statements. (Proposed by the board of directors)

Background:

- (1) Compilation of the Corporation's Fiscal 2008 Business Report and Financial Statement is complete, and the Financial Statement has been audited and certified by Yang, Min-Hsien, CPA, and Lai Guan-Jhong, 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 2008 Business Report in Supplement 1 on page 9, the CPA Audit Report from Deloitte & Touche and the Financial Statement in Supplement 5 on page 19 and Supplement 6 on page 27 of this handbook.
- (3) Adoption requested.

Resolution:

### Item 2

Topic: Adoption of the Fiscal 2008 Earnings Distribution Proposal. (Proposed by the board of directors)

Background:

- (1) The Company's final earnings for fiscal 2008 are calculated at NT\$ 28,635,348,168. Please refer to The Chart of 2008 Earnings Distribution in Supplement 7 on page 34 of this handbook. Regarding the shareholder dividends distribution proposal, the Board of Directors proposed stock dividend NT\$0.5 per each common share and cash dividend NT\$27 per each common share, 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.
- (2) Company's 2008 Employee bonuses payable amounted to NT\$6,164,889,133, of which NT\$1,210,000,000 shall be distributed as cash, and the remaining of NT\$4,954,889,133 shall be distributed as stock bonuses.
- (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\$372,696,920 from the 2008 distributable retained earnings for shareholders bonuses to fund a capital increase and issuance of 37,269,692 new shares; For employee stock bonuses NT\$4,954,889,133, the number of shares shall be calculated based on the closing price one day prior to the 2009 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. However, the maximum number of new shares issued for employee profit sharing shall not exceed an employee stock bonus dilution rate of 1.75%.which is the ratio of employee stock bonuses to outstanding shares ex-dividends. Shares that exceed the dilution rate of 1.75% will be converted into cash and be distributed to employees in the form of cash converted.
- (2) The current proposal for a capital increase 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 record date of dividend. It is proposed to issue a bonus stock dividend of 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 record date of dividend. 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 record date of dividend. 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 the chairperson of the board is authorized to purchase such fractional shares from specified person(s) at par value.

(3) The rights and obligations of the new shares proposed for issuance shall be as per 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 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 record date 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 business needs of the Company.

(2) Please refer to the Articles of Incorporation: Pre- and Post-Amendment Comparison Chart in Supplement 8 on page 36 of this handbook.

(3) Resolution requested.

Resolution:

#### **Item 5**

Topic: Proposal to amend the Company's 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 to harmonize with practical operational needs.

(2) Please refer to the Company's Procedures for the Acquisition or Disposal of Assets: Pre- and Post-Amendment Comparison Chart in Supplement 9 on page 37 of this handbook.

(3) Resolution requested.

Resolution:



## **Item 6**

Topic: Proposal to amend the Company's Procedures for the Handling of Derivatives Trading, submitted for discussion. (Proposed by the board of directors)

Background:

- (1) A partial amendment to the Company's Procedures for the Handling of Derivatives Trading is proposed to harmonize with relevant laws and regulations and practical operational needs.
- (2) Please refer to the Company's Procedures for the Handling of Derivatives Trading: Pre- and Post-Amendment Comparison Chart in Supplement 10 on page 38 of this handbook.
- (3) Resolution requested.

Resolution:

## **Item 7**

Topic: Proposal to amend the Company's Operational Procedures for Lending Funds to Others, submitted for discussion. (Proposed by the board of directors)

Background:

- (1) A partial amendment to the Company's Operational Procedures for Lending Funds to Others is proposed to harmonize with the partial amendment to the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies per the Letter No.0980000271 issued by the Financial Supervisory Commission on 15 January 2009, and in response to practical operational needs.
- (2) Please refer to the Company's Operational Procedures for Lending Funds to Others: Pre- and Post-Amendment Comparison Chart in Supplement 11 on page 39 of this handbook.
- (3) Resolution requested.

Resolution:

## **Item 8**

Topic: Proposal to amend the Company's Rules for Endorsements and Guarantees, submitted for discussion. (Proposed by the board of directors)

Background:

- (1) A partial amendment to the Company's Rules for Endorsements and Guarantees is proposed to harmonize with the partial amendment to the Regulations Governing Loaning of Funds

and Making of Endorsements/Guarantees by Public Companies as per the Letter No.0980000271 issued by the Financial Supervisory Commission on 15 January 2009, and in response to practical operational needs.

(2) Please refer to the Company's Rules for Endorsements and Guarantees: Pre- and Post-Amendment Comparison Chart in Supplement 12 on page 43 of this handbook.

(3) Resolution requested.

Resolution:

## **Election Matters**

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

Background:

(1) In the Fifth elected Board of Directors the Articles of Incorporation required five directors to be elected to the board. The nomination process was used and two independent directors were elected as well. The directors were elected during the annual general shareholders meeting on June 20, 2007 with each to serve a term of three years. Their terms will expire on June 19, 2010.

(2) In accordance with Article 13 of the amended Articles of Incorporation, Company's directors shall number anywhere from five to seven seats. For the current Board sitting the five seats will be increased by one, to six seats. It is proposed to elect an additional director. The term of the new director shall be from June 19, 2009 to June 19, 2010.

(3) Election requested.

Election results:

## **Extraordinary Motions**

## **Closure of the Meeting**

## Supplement 1

### HTC CORPORATION Fiscal 2008 Business Report

Your support and confidence in the HTC Corporation this past year have been invaluable to our growth and success. For this, please accept our warm and sincere gratitude. 2008 marked another banner year for our sales and our business, and I am pleased to share with you some of the highlights in this letter.

HTC sales of converged devices remain robust despite the ongoing global financial crisis that has crippled most major financial markets and tightened credit worldwide since the latter half of 2008. HTC sales growth continues to be driven by our sleeker, thinner product designs; readily navigated, user-friendly interfaces and continuing price advantage. HTC is further benefiting from the general consumer shift away from older generation mobile phones to new 'smart phones' able to take full advantage of telecom service providers' expanding suite of mobile digital services. Product innovation leadership and expanding market demand have combined yet again to deliver a banner year for HTC.

Continued buoyant growth prospects for converged device sales have encouraged major mobile phone makers as well as others to target investments on this sector. While Symbian, Windows Mobile, Blackberry and iPhone have long provided system standards for mobile service applications, it is the recent launch of the Android operating system that is now blazing the trail forward into the age of the truly mobile Internet. In-house R&D capabilities nurtured over more than a decade give HTC a leading edge in both Windows Mobile and Android system applications. HTC, the first in the industry to launch a mobile phone based on the Android platform, consistently demonstrates R&D and innovation leadership as well as an unsurpassed ability to package products that appeal to increasingly discerning and demanding consumers.

HTC brand value and image are earning increasing recognition in consumer markets around the world. Following on the success of our first self branded product, HTC Touch, we launched the flagship Diamond product line in 2008. Blazing new ground in fashion consciousness, telecommunications technology and user satisfaction, Diamond sold 2 million units worldwide in a short six-month period and set a new, all-time HTC sales record. The stellar success of Diamond builds on consumer acceptance and support already won by the HTC brand.

#### Financial Performance

Consolidated revenue in 2008 of NT\$152.35 billion represent an NT\$34.14 billion (28.9%) increase over 2007 revenue. The 12.03 million product units shipped this past year represent a 21.3% increase over 2007. 3G wireless device units accounted for at least 70% of this total. Growth in non-ODM revenues topped 40%.

Revenue from less profitable ODM sales fell last year below 10% of total corporate revenues. Such helped raise the HTC consolidated gross profit ratio to 33.5% in 2008 - a 1.1 percentage point growth over the 32.4% (adjusted) achieved in 2007. Investments in building the value and image of the HTC brand as well as continued R&D and innovation work gave HTC a consolidated operating expense ratio for the year of 13.6%. The consolidated operating margin achieved 19.9% in 2008. Net profits for the year before and after taxes totaled NT\$31.59 billion and NT\$28.64 billion, respectively. The after tax profit margin in 2008 was 18.8%, and EPS after tax totaled NT\$37.97. Before employee bonus distributions, HTC's total after tax profit totaled

NT\$34.25 billion; NT\$5.31 billion (18.4%) more than earned in 2007, resulting in an after tax EPS of NT\$45.41.

Note 1: 2008 financial forecast numbers were not disclosed and thus cannot be compared to actual achievements.

Note 2: For purposes of comparison, the adjusted consolidated gross profit ratio used here for 2007 was 32.4%, which includes product warranty expenses (NT\$5.02 billion), provision for loss on inventory (NT\$0.68 billion) and employee bonus expense (NT\$0.76 billion). It, therefore, differs from the consolidated gross profit ratio published in HTC financial reports for 2007.

## Significant Achievements

HTC made impressive progress along other fronts as well during 2008:

> 6 May 2008

HTC Corporation launches its flagship HTC Touch Diamond line of smart phones in London. The sleek profile and smart look of each distinctive model are just the beginning. These revolutionary smart phones incorporate HTC's pioneering TouchFLO 3D – a touch interface that brings a new level of ease and accuracy to mobile phone operations, supporting fast broadband Internet data throughput speeds and featuring a fully redesigned, exceptionally user-friendly browser. HTC Touch Diamond truly delivers full Internet functionality 'anytime, anywhere'. The outstanding craftsmanship in the Touch Diamond line creates a new standard for mobile telecommunications and encourages consumers to desire and expect more from their mobile phone devices.

> 23 September 2008

HTC Corporation joins hands with Google, the world's largest online search provider, and US telecommunications service provider T-Mobile to launch the T-Mobile G1 smart phone in New York City. Designed and built by HTC, the G1 is the first mobile phone built on the Android platform – confirming HTC as the innovative leader in the global smart phone industry. The G1 gives users instant access to Google's multifaceted online services as well as to a full suite of developer-provided applications and content – making going online on the go easier, more effective and eminently more fun. The G1 is more than just a milestone in mobile phone and Internet development – it is a revolutionary mobile telecommunications experience.

> 2008

Investments in R&D and production further enhance competitiveness and set the stage for sustained growth.

- ✧ HTC's board of directors approves in February an allocation of NT\$3.335 billion to purchase land in Xindian City, a suburb of Taipei. This will be the future home of the company's Taipei R&D Center, slated for completion within 3 years.
- ✧ HTC purchases the renowned San Francisco-based design house One & Company Design, Inc. through its subsidiary H.T.C. (B.V.I.) Corp. The strategic acquisition is expected to further sharpen HTC's edge in mobile phone innovation and design work.
- ✧ To meet growing demand for products as well as raise precision and efficiencies at each stage of the production process, the board of directors passes a decision to expand manufacturing facilities located in the Kangqiao Industrial Zone near Shanghai in China. The new facilities came online in October.

## **Corporate Social Responsibility**

The board of directors approves regular annual donations to the HTC Social Welfare and Charity Foundation or Education Foundation. This foundation funds leadership and character training for elementary, junior high and senior high students; co-sponsors local community development and urban cultural revitalization efforts; targets the special needs of disadvantaged groups; and provides disadvantaged children opportunities to further their academic careers.

HTC Foundation efforts have carefully targeted the needs of the community. The Foundation signed a white paper on character development with the Taoyuan County Government in March 2008, agreeing to joint execution of a three-year plan to implement character development education programs in 100 schools. A total of 454 schools are now signatories to HTC's Memorandum of Understanding on Foundation Education. Adding to Yuli Township (Hualien County) and Longtan Township (Taoyuan County), townships joining the HTC-sponsored 'Township of character' plan during 2008 include Shihzi Township (Pingtung County), Sinyi Township (Nantou County), and Yuanlin Township (Changhua County). The program works with and energizes local public agencies to proactively foster good character in youth and promote an atmosphere receptive to and supportive of strong character and culture.

The HTC Foundation established the nation's first institute dedicated to character-building and English training in Hualien's Meilun District. The institute provides character-building and English enhancement curricula free of charge to fourth grade elementary school students from around Hualien County. In addition, the Foundation offers scholarships for children with special financial needs and financial aid to low-income families and sponsors after school tutoring programs. Each year, Foundation disbursements benefit over 2,000 youths from disadvantaged families both in Taiwan and overseas.

## **Outlook**

Despite a worldwide downturn in economic conditions and the negative impact of such on overall industrial growth, continued growth is forecast for the smart phone sector. HTC's long-term focus on smart phone technologies and products, coupled with stable and healthy corporate operations, give us confidence that growth prospects for HTC business remain strong. The HTC Corporation will continue to implement thoroughly its commitments to innovation and the highest standards of quality and performance in order to continue introducing new, more competitive smart phone devices that deliver to users an exceptional and streamlined mobile telecommunications experience. Outstanding products and responsive service are the twin engines driving the HTC brand to global market success and creating a 'rising star' set to benefit shareholders, consumers and employees together.

HTC CORPORATION

Chairperson : Cher Wang

President : Peter Chou

Chief Accountant : Clement Lin

## **Supplement 2**

### **HTC CORPORATION Supervisors Audit Report**

The Board of Directors has prepared the Company's 2008 Business Report, Financial Statements and Earnings Distribution Proposal. HTC Corporation's Financial Statements have been audited and certified by Yang, Min-Hsien, CPA, and Lai Guan-Jhong, 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:**

**Po-Cheng Ko**

**Way-Chih Investment Co., Ltd.**

**Representative: Shao-Lun Lee**

April 30, 2009

## Supplement 3

### HTC CORPORATION

#### Rules of Procedure for Board of Directors Meetings

##### Article 1 (Basis for the adoption of these rules)

To establish a strong governance system and sound supervisory capabilities for the directors meetings of this corporation and strengthen management functions, these rules are adopted pursuant to the provisions of Article 26-3, paragraph 8 of the Securities and Exchange Act and Article 2 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies issued by the Financial Supervisory Commission.

##### Article 2 (Scope of these rules)

The procedural rules for this corporation's board of directors meeting, its main agenda items, operational procedures, required content of meeting minutes, public announcements, and other compliance requirements, shall be handled in accordance with the provisions in these rules.

##### Article 3 (Convening of a board of directors meeting and meeting notification)

The board of directors shall meet at least quarterly.

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

All matters set forth in Article 7, paragraph 1, subparagraphs 1 through 7 shall be specified in the notice of the reasons for convening a board of directors meeting; none of those matters may be raised by an extraordinary motion except in the case of an emergency or for legitimate reason.

##### Article 4 (Meeting place and time)

A board of directors meeting shall be held at the location and during the business hours of the corporation, or at a place and time convenient for all directors to attend and suitable for holding such a meeting.

##### Article 5 (Meeting notification and pre-meeting materials)

The agenda working group of this Corporation shall be the Finance and Accounting Department.

The agenda working group shall prepare agenda items for board of directors meetings and fully provide sufficient pre-meeting materials, to be sent together with the notice of the meeting.

A director of the opinion that the pre-meeting materials provided are insufficient may request the agenda working group to supplement them. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of the board of directors.

##### Article 6 (Reports)

Agenda items for regular board of directors meetings shall include at least the following:

###### 1. Matters to be reported:

- (1) Minutes of the last meeting and action taken.
- (2) Report on important financial and business matters.
- (3) Report on internal audit activities.
- (4) Other important matters to be reported.

###### 2. Matters for discussion:

- (1) Items for continued discussion from the last meeting.
- (2) Items for discussion at this meeting.
3. Extraordinary motions.

#### Article 7 (Matters for discussion)

The matters listed below as they relate to this corporation shall be raised for discussion at the board of directors meeting:

1. Corporate business plan.
2. Annual and semi-annual financial reports.
3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any procedure for handling financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.
5. The offering, issuance, or private placement of any equity-type securities.
6. The appointment or discharge of a financial, accounting, or internal audit officer.
7. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders meeting or to be resolved by to a meeting of the board of directors, or any material matter as may be prescribed by the competent authority.
8. Long-term corporate business strategy.
9. Screening and approval of the corporate budget.
10. Screening and approval of major capital expenditures of the corporation.

With respect to a matter required by Article 14-3 of the Securities and Exchange Act to be resolved by a meeting of the board of directors, any and all independent directors of the corporation shall attend the meeting in person, or shall authorize other independent directors to attend by proxy, and may not give a proxy to a non-independent director. If an independent director objects to or expresses reservations about such matter, it shall be recorded in the board meeting minutes; an independent director intending to express objection or reservations but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the board meeting minutes.

#### Article 8 (Board of directors authorization principles)

Apart from matters referred to in paragraph 1 of the preceding article, which are required to be submitted for discussion by the board of directors, when the board of directors delegates any exercise of its powers pursuant to laws or regulations or the company's articles of incorporation, matters such as the level and substance of the delegation shall be concretely and specifically set out.

#### Article 9 (Preparation of documents such as the attendance book, and attendance by proxy of a director)

When a board of directors meeting is held, an attendance book shall be provided for the directors who attend to sign-in, and be available for future reference. Attendance via telecommunications is deemed as attendance in person.

Directors shall attend board meetings in person. If a director is unable to attend in person, the director may, in accordance with the company's articles of incorporation, appoint another director to attend in their place.

A director who appoints another director to attend a board meeting in their place shall in each instance give the appointed director a written proxy stating the scope of authorization with respect to the reasons for convening the meeting.



A person appointed under the second paragraph of this Article may accept a proxy from one person only.

#### Article 10 (Meeting chair and acting chair)

Meetings of the board of directors shall be convened and chaired by the chairman of the board. However, the first meeting of each newly elected board of directors shall be called and chaired by the director who received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if there are two or more directors so entitled to convene the meeting, they shall choose one person by and from among themselves to do so.

When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman is also on leave or for any reason unable to exercise those powers, the chairman shall designate one of the directors to do so. Where the chairman does not make such a designation, a director shall be elected by and from among the directors to serve as chair.

#### Article 11 (Non-voting participants)

When the corporation convenes a board of directors meeting, the agenda working group shall provide relevant materials to the directors attending the meeting for their reference as necessary.

As merited by the content of a proposal to be put forward at the meeting, the convener of the board of directors meeting may notify a non-director who is a managerial officer of a relevant department to attend, and when necessary, may also invite certified public accountants, attorneys, or other professionals to attend the meeting as non-voting participants.

#### Article 12 (Convening of board of directors meetings)

If one-half of all the directors are not in attendance at the appointed meeting time, the meeting chair may announce postponement of the meeting time, provided that the meeting may be postponed two times only. If the quorum is still not met after two postponements, the chair may reconvene the meeting following the procedures provided in Article 3, paragraph 2.

The term "all directors" as used in the preceding paragraph and in Article 18, paragraph 2, subparagraph 2 shall be calculated as the number of directors then actually in office.

#### Article 13 (Discussion of proposals)

A board of directors meeting shall be conducted according to the order of the agenda procedure as stated in the meeting notice. However, that order may be changed with the approval of a majority of directors in attendance at the meeting.

The meeting chair may not declare the meeting closed without the approval of a majority of directors in attendance at the meeting.

If at any time during the course of a board of directors meeting the number of directors sitting at the meeting does not constitute a majority of the directors in attendance at the meeting, then upon a motion by the directors sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Section 1 of the preceding article shall apply mutatis mutandis.

#### Article 14 (Voting-I)

When the chair at a board of directors meeting is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call a vote.

When a proposal comes to a vote at a board of directors meeting, if upon inquiry by the chair all directors in attendance voices no objection, that proposal is deemed approved. If upon inquiry by the

chair there is an objection, the proposal shall be brought to a vote.

One voting method for proposals at a board of directors meeting shall be selected by the chair from among the provisions below, provided that when one of those in attendance has an objection, the chair shall solicit multiple opinions upon which to make a decision:

1. Show of hands.
2. Roll call vote.
3. Vote by ballot.
4. Vote by a method selected at the corporation's discretion.

The previous two sections concerning the full body of directors do not apply to the directors who are precluded from the use of voting rights according to Paragraph 1 of Article 16.

#### Article 15 (Voting-II and vote monitoring and counting methods)

When there is any amendment or alternative to a proposal, the chair shall place such amended proposal or alternative proposal together with the original proposal and determine their voting order. If any one among them is passed, the other proposals shall thereupon be deemed rejected, and no further voting on them shall be required.

If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, however, all monitoring personnel shall be directors.

Voting results shall be made known immediately and recorded in writing.

If matters put to a resolution constitute material information under law or regulation or the provisions of the Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, this corporation shall input the content of such resolution into the Market Observation Post System (MOPS) within the prescribed time period.

#### Article 16 (Voting-III)

Except as otherwise provided in the Securities and Exchange Act, the Company Act, or the Article of Incorporation, a resolution on a proposal at a board of directors meeting requires the approval of a majority of the directors in attendance at a meeting attended by a majority of all directors.

#### Article 17 (Recusal system for directors)

Where an interested party relationship exists for a director, or the juristic person he/she represents, regarding an agenda item and such relationship is likely to prejudice the interests of the corporation, may make declaration remarks and response, that director may not participate in the discussion and voting on that item, and shall appropriately recuse himself/herself during the discussion and voting on the resolution, and also may not exercise voting rights as proxy on behalf of another director.

With respect to a resolution at a board of directors meeting, the provisions of Article 180, paragraph 2, of the Company Act, as applied mutatis mutandis under Article 206, paragraph 2, of that Act, shall apply in cases where a director is prohibited by the preceding paragraph from exercising voting rights.

#### Article 18 (Meeting minutes and sign-in matters)

Minutes shall be prepared of the discussions at a board of directors meeting, and the minutes shall record the matters listed below in a detailed and accurate manner:

1. Session (or year), time, and place of meeting.
2. Name of the meeting chair.
3. Attendance of directors at the meeting, specifying the names and number of directors in attendance, excused, and absent.

4. Names and titles of those attending the meeting as nonvoting participants.
5. Name of minutes taker.
6. Matters reported on.
7. Discussion items: specify the resolution method and result for each proposal, and summarize the comments made by, and specify any objections or reservations expressed by, or any other statement recorded or in writing of any director, supervisor, expert, or other person, and any opinion issued in writing by an independent director under Article 7, paragraph 2.
8. Extraordinary motions: specify the name of the mover, the resolution method and result for each motion, and summarize the comments made by, and specify any objections or reservations expressed by, or any other statement recorded or in writing of any director, supervisor, expert, or other person.
9. Other matters required to be recorded.

Any of the following matters in relation to a resolution passed at a meeting of the board of directors shall be stated in the meeting minutes, and within two days from the date of the meeting be published on an information reporting website designated by the competent authority:

1. Any matter about which an independent director expresses an objection or reservation of which there is a record or written statement.
2. If the corporation has established an audit committee, what is adopted with the approval of two-thirds or more of all directors without having been passed by the audit committee.

The attendance book forms a part of the minutes for each board of directors meeting and shall be kept appropriately within the corporation during the existence of company.

The minutes of a board of directors meeting shall bear the signature or seal of both the meeting chair and the minutes taker; a copy of the minutes shall be distributed to each director and supervisor within 20 days after the meeting and kept appropriately as important company records during the existence of the company.

The production and distribution of the meeting minutes referred to in paragraph 1 may be done in electronic form.

#### Article 19 (Documentation by audio or video tape)

The Corporation shall document proceedings of a board of directors meeting in their entirety via audio or video and keep such documentation for a minimum of 5 years; such documentation may be kept in electronic form.

If before the end of the period for keeping documentation under the preceding paragraph any litigation arises with respect to a resolution of a board of directors meeting, the relevant audio or video documentation shall continue to be kept until the litigation has concluded.

Where a board of directors meeting is held via telecommunications, the video-conferencing of the meeting forms a part of the meeting minutes and shall be retained during the existence of the company.

#### Article 20 (Supplementary provisions)

These rules of procedure, and any amendments hereto, shall be adopted by approval of a board of directors meeting, and shall be reported to the shareholders meeting.

## Supplement 4

### Fiscal 2008 Share Buy-back Execution Report :

Topic	Explanation
<b>Initial Estimation of Share Buy-back Status</b>	
Board of Director resolution	October 07, 2008
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 5,000,000,000
Buy-back period	October 08, 2008 to December 07, 2008
Estimated number of buy-back shares (as percentage of total outstanding shares)	10,000,000 shares (1.32%)
Estimated buy-back price interval	Buy-back stock price is between NTD 400 to NTD 500. It is further resolved by the Board of Directors to continue buy-back of shares if the stock price falls under NTD 400.
Method of Buy-back	Buy-back shares from stock exchange
<b>Actual Share Buy-back Status</b>	
Buy-back period	From October 13 to December 05, 2008
Number of buy-back shares (as a percentage of total shares outstanding)	10,000,000 shares (1.32%)
Total amount for buy-back shares	NTD 3,408,149,000
Average price per buy-back share	NTD 340.81

## Supplement 5

### INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders  
HTC Corporation

We have audited the accompanying balance sheets of HTC Corporation (the "Company," formerly High Tech Computer Corporation) as of December 31, 2006, 2007 and 2008, 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, 2006, 2007 and 2008, 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.

As discussed in Note 4 to the financial statements, the Company adopted Interpretation 96-052 - "Accounting for Bonuses to Employees, Directors and Supervisors" of the Accounting Research and Development Foundation and also adopted early on January 1, 2008 the newly revised Statement of Financial Accounting Standards No. 10 - "Accounting for Inventories."

We have also audited the consolidated financial statements of HTC Corporation as of and for the years ended December 31, 2006, 2007 and 2008 and have expressed a modified unqualified opinion on those financial statements in our report dated January 17, 2009 (not presented herewith).

Our audits also comprehended the translation of the 2008 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 17, 2009

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.*

*The auditors' report and the accompanying financial statements were originally presented in more than one set of Chinese reports. 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**  
(Formerly High Tech Computer Corporation)

**BALANCE SHEETS**  
**DECEMBER 31, 2006, 2007 AND 2008**  
(In Thousands, Except Par Value)

ASSETS	2006	2007	2008		LIABILITIES AND STOCKHOLDERS' EQUITY	2006	2007	2008	
	NT\$	NT\$	NT\$	US\$ (Note 3)		NT\$	NT\$	NT\$	US\$ (Note 3)
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash (Note 5)	\$ 34,397,388	\$ 55,036,232	\$ 61,826,873	\$ 1,884,966	Financial liabilities at fair value through profit or loss (Notes 2, 6 and 24)	\$ 76,470	\$ 96,256	\$ 514,083	\$ 15,673
Bond investments not quoted in an active market (Notes 2 and 13)	-	33,030	-	-	Notes and accounts payable (Note 25)	16,847,039	22,020,118	27,907,144	850,827
Notes receivable, net (Notes 2 and 8)	58,930	3,058	3,456	105	Income tax payable (Notes 2 and 22)	1,758,717	2,514,394	3,937,745	120,053
Accounts receivable, net (Notes 2 and 8)	18,317,979	18,943,867	28,856,786	879,780	Accrued expenses (Notes 4, 16 and 25)	2,791,129	5,269,829	15,632,936	476,614
Accounts receivable from related parties, net (Notes 2 and 25)	1,311,790	536,875	938,770	28,621	Payable for purchase of equipment	35,342	170,184	157,786	4,811
Other current financial assets (Notes 9 and 25)	368,497	284,051	275,506	8,400	Other current liabilities (Notes 17 and 25)	1,912,622	4,297,358	6,408,776	195,390
Inventories (Notes 2, 4 and 10)	4,983,891	6,119,413	7,418,467	226,173	Total current liabilities	23,421,319	34,368,139	54,558,470	1,663,368
Prepayments (Notes 11 and 25)	1,881,119	1,537,327	1,237,631	37,733	<b>OTHER LIABILITIES</b>				
Deferred income tax assets (Notes 2 and 22)	428,077	562,025	552,494	16,844	Guarantee deposits received	640	628	6,406	195
Other current assets	63,101	116,841	162,007	4,939	Total liabilities	23,421,959	34,368,767	54,564,876	1,663,563
Total current assets	61,810,772	83,172,719	101,271,990	3,087,561	<b>STOCKHOLDERS' EQUITY (Note 19)</b>				
<b>LONG-TERM INVESTMENTS</b>					Capital stock - NT\$10.00 par value				
Available-for-sale financial assets - noncurrent (Notes 2 and 7)	1,733	784	339	10	Authorized: 1,000,000 thousand shares				
Financial assets carried at cost (Notes 2 and 12)	1,192	501,192	501,192	15,280	Issued and outstanding: 436,419 thousand shares in 2006, 573,134 thousand shares in 2007 and 775,394 thousand shares in 2008				
Investments accounted for by the equity method (Notes 2 and 14)	559,877	2,397,133	4,342,704	132,400	Common stock	4,364,192	5,731,337	7,553,938	230,303
Prepayments for long-term investments (Notes 2 and 14)	261,679	-	316,656	9,654	Capital surplus				
Total long-term investments	824,481	2,899,109	5,160,891	157,344	Additional paid-in capital	4,410,871	4,374,244	4,374,244	133,361
<b>PROPERTIES (Notes 2, 15 and 25)</b>					Long-term equity investments	15,845	15,845	17,534	535
Cost					Merger	25,972	25,756	25,756	785
Land	610,293	610,293	3,568,124	108,784	Retained earnings				
Buildings and structures	1,083,065	2,239,919	2,853,645	87,002	Legal reserve	1,991,520	4,516,253	7,410,139	225,919
Machinery and equipment	2,913,495	3,336,489	3,927,100	119,729	Special reserve	6,175	-	-	-
Molding equipment	201,247	201,247	172,632	5,263	Accumulated earnings	31,991,090	41,403,867	44,626,182	1,360,555
Computer equipment	180,855	212,623	264,248	8,056	Cumulative translation adjustments (Note 2)	10,786	9,664	65,602	2,000
Transportation equipment	1,938	1,335	2,732	83	Unrealized valuation losses on financial instruments (Notes 2 and 7)	(238)	(1,187)	(1,632)	(50)
Furniture and fixtures	105,016	115,696	127,202	3,878	Treasury stock (Notes 2 and 20)	(243,995)	-	(3,410,277)	(103,972)
Leased assets	4,712	4,712	4,712	144	Total stockholders' equity	42,572,218	56,075,779	60,661,486	1,849,436
Leasehold improvements	22,816	44,487	95,208	2,903					
Total cost	5,123,437	6,766,801	11,015,603	335,842					
Less: Accumulated depreciation	(2,684,143)	(3,196,844)	(3,728,827)	(113,684)					
Prepayments for construction-in-progress and equipment-in-transit	470,330	145,944	88,875	2,709					
Properties, net	2,909,624	3,715,901	7,375,651	224,867					
<b>OTHER ASSETS</b>									
Assets leased to others	-	-	309,959	9,450					
Refundable deposits	36,991	93,437	117,464	3,582					
Deferred charges (Note 2)	119,059	88,108	52,125	1,589					
Deferred tax assets (Notes 2 and 22)	219,230	380,085	821,144	25,035					
Other (Notes 2 and 18)	74,020	95,187	117,138	3,571					
Total other assets	449,300	656,817	1,417,830	43,227					
<b>TOTAL</b>	<b>\$ 65,994,177</b>	<b>\$ 90,444,546</b>	<b>\$ 115,226,362</b>	<b>\$ 3,512,999</b>	<b>TOTAL</b>	<b>\$ 65,994,177</b>	<b>\$ 90,444,546</b>	<b>\$ 115,226,362</b>	<b>\$ 3,512,999</b>

The accompanying notes are an integral part of the financial statements.  
(With Deloitte & Touche audit report dated January 17, 2009)

**HTC CORPORATION**  
**(Formerly High Tech Computer Corporation)**

**STATEMENTS OF INCOME**  
**YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008**  
**(In Thousands, Except Earnings Per Share)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	
	NT\$	NT\$	NT\$	US\$ (Note 3)
REVENUES (Notes 2 and 25)	\$ 104,816,548	\$ 118,579,958	\$ 152,558,766	\$ 4,651,182
COST OF REVENUES (Notes 4, 21 and 25)	<u>73,493,550</u>	<u>78,402,458</u>	<u>101,916,912</u>	<u>3,107,223</u>
GROSS PROFIT	31,322,998	40,177,500	50,641,854	1,543,959
UNREALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	(164,011)	(175,075)	(134,091)	(4,088)
REALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	<u>15,077</u>	<u>164,011</u>	<u>175,075</u>	<u>5,338</u>
REALIZED GROSS PROFIT	<u>31,174,064</u>	<u>40,166,436</u>	<u>50,682,838</u>	<u>1,545,209</u>
OPERATING EXPENSES (Notes 21 and 25)				
Selling and marketing	1,738,498	4,837,071	9,009,785	274,689
General and administrative	660,515	927,680	1,798,900	54,844
Research and development	<u>2,954,427</u>	<u>3,866,148</u>	<u>9,617,768</u>	<u>293,225</u>
Total operating expenses	<u>5,353,440</u>	<u>9,630,899</u>	<u>20,426,453</u>	<u>622,758</u>
OPERATING INCOME	<u>25,820,624</u>	<u>30,535,537</u>	<u>30,256,385</u>	<u>922,451</u>
NONOPERATING INCOME AND GAINS				
Interest income	438,982	816,136	1,368,322	41,717
Gains on equity-method investments (Notes 2 and 14)	-	103,997	-	-
Gains on disposal of properties (Note 25)	41,361	2,120	5,631	172
Foreign exchange gain (Note 2)	603,127	658,247	660,765	20,145
Other	<u>150,866</u>	<u>230,408</u>	<u>265,300</u>	<u>8,089</u>
Total nonoperating income and gains	<u>1,234,336</u>	<u>1,810,908</u>	<u>2,300,018</u>	<u>70,123</u>
NONOPERATING EXPENSES AND LOSSES				
Interest expense	298	241	232	7
Losses on equity-method investments (Notes 2 and 14)	12,554	-	57,289	1,747
Losses on disposal of properties	3,377	662	5,931	181
Valuation loss on financial instruments, net (Notes 2 and 6)	76,470	96,256	514,083	15,673
Other (Notes 17 and 25)	<u>4,383</u>	<u>97,989</u>	<u>388,389</u>	<u>11,841</u>
Total nonoperating expenses and losses	<u>97,082</u>	<u>195,148</u>	<u>965,924</u>	<u>29,449</u>
INCOME BEFORE INCOME TAX	26,957,878	32,151,297	31,590,479	963,125
INCOME TAX (Notes 2 and 22)	<u>(1,710,551)</u>	<u>(3,212,435)</u>	<u>(2,955,130)</u>	<u>(90,096)</u>
NET INCOME	<u>\$ 25,247,327</u>	<u>\$ 28,938,862</u>	<u>\$ 28,635,349</u>	<u>\$ 873,029</u>

(Continued)



**HTC CORPORATION**  
**(Formerly High Tech Computer Corporation)**

**STATEMENTS OF INCOME**  
**YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008**  
**(In Thousands, Except Earnings Per Share)**

	2006		2007		2008			
	Before Income Tax NT\$	After Income Tax NT\$	Before Income Tax NT\$	After Income Tax NT\$	Before Income Tax		After Income Tax	
					NT\$	US\$ (Note 3)	NT\$	US\$ (Note 3)
BASIC EARNINGS PER SHARE (Note 23)	<u>\$ 35.39</u>	<u>\$ 33.15</u>	<u>\$ 42.55</u>	<u>\$ 38.30</u>	<u>\$ 41.89</u>	<u>\$ 1.28</u>	<u>\$ 37.97</u>	<u>\$ 1.16</u>
DILUTED EARNINGS PER SHARE (Note 23)	<u>\$ 35.08</u>	<u>\$ 32.85</u>	<u>\$ 42.55</u>	<u>\$ 38.30</u>	<u>\$ 40.42</u>	<u>\$ 1.23</u>	<u>\$ 36.64</u>	<u>\$ 1.12</u>

(Concluded)

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

(With Deloitte & Touche audit report dated January 17, 2009)

**HTC CORPORATION**  
(Formerly High Tech Computer Corporation)

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008**  
(In Thousands)

New Taiwan Dollars	Capital Stock		Capital Surplus			Retained Earnings			Cumulative Translation Adjustments	Unrealized Valuation Losses on Financial Instruments	Treasury Stock	Total
	Issued and Outstanding Common Stock	Additional Paid-in Capital	Long-Term Equity Investments	Merger	Legal Reserve	Special Reserve	Accumulated Earnings					
BALANCE, JANUARY 1, 2006	\$ 3,570,160	\$ 4,410,871	\$ -	\$ 25,972	\$ 813,326	\$ 19,133	\$ 14,152,255	\$ (5,041)	\$ (1,135)	\$ -	\$ 22,985,541	
Adjustments due to accounting changes (Note 4)	-	-	-	-	-	-	-	-	48	-	48	
Appropriation of the 2005 net earnings												
Legal reserve	-	-	-	-	1,178,194	-	(1,178,194)	-	-	-	-	
Special reserve	-	-	-	-	-	(12,958)	12,958	-	-	-	-	
Stock dividends	714,032	-	-	-	-	-	(714,032)	-	-	-	-	
Transfer of employee bonuses to common stock	80,000	-	-	-	-	-	(80,000)	-	-	-	-	
Employee bonuses	-	-	-	-	-	-	(451,000)	-	-	-	(451,000)	
Cash dividends	-	-	-	-	-	-	(4,998,224)	-	-	-	(4,998,224)	
Net income in 2006	-	-	-	-	-	-	25,247,327	-	-	-	25,247,327	
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	15,827	-	-	15,827	
Unrealized gain on financial instruments	-	-	-	-	-	-	-	-	849	-	849	
Adjustment due to changes in ownership percentage in investees	-	-	15,845	-	-	-	-	-	-	-	15,845	
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(243,995)	(243,995)	
<b>BALANCE, DECEMBER 31, 2006</b>	<b>4,364,192</b>	<b>4,410,871</b>	<b>15,845</b>	<b>25,972</b>	<b>1,991,520</b>	<b>6,175</b>	<b>31,991,090</b>	<b>10,786</b>	<b>(238)</b>	<b>(243,995)</b>	<b>42,572,218</b>	
Appropriation of the 2006 net earnings												
Legal reserve	-	-	-	-	2,524,733	-	(2,524,733)	-	-	-	-	
Special reserve	-	-	-	-	-	(6,175)	6,175	-	-	-	-	
Stock dividends	1,298,385	-	-	-	-	-	(1,298,385)	-	-	-	-	
Transfer of employee bonuses to common stock	105,000	-	-	-	-	-	(105,000)	-	-	-	-	
Employee bonuses	-	-	-	-	-	-	(2,000,000)	-	-	-	(2,000,000)	
Cash dividends	-	-	-	-	-	-	(11,685,470)	-	-	-	(11,685,470)	
Net income in 2007	-	-	-	-	-	-	28,938,862	-	-	-	28,938,862	
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	(1,122)	-	-	(1,122)	
Unrealized loss on financial instruments	-	-	-	-	-	-	-	-	(949)	-	(949)	
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(1,747,760)	(1,747,760)	
Retirement of treasury stock	(36,240)	(36,627)	-	(216)	-	-	(1,918,672)	-	-	1,991,755	-	
<b>BALANCE, DECEMBER 31, 2007</b>	<b>5,731,337</b>	<b>4,374,244</b>	<b>15,845</b>	<b>25,756</b>	<b>4,516,253</b>	<b>-</b>	<b>41,403,867</b>	<b>9,664</b>	<b>(1,187)</b>	<b>-</b>	<b>56,075,779</b>	
Appropriation of the 2007 net earnings												
Legal reserve	-	-	-	-	2,893,886	-	(2,893,886)	-	-	-	-	
Stock dividends	1,719,401	-	-	-	-	-	(1,719,401)	-	-	-	-	
Transfer of employee bonuses to common stock	103,200	-	-	-	-	-	(103,200)	-	-	-	-	
Employee bonuses	-	-	-	-	-	-	(1,210,000)	-	-	-	(1,210,000)	
Cash dividends	-	-	-	-	-	-	(19,486,547)	-	-	-	(19,486,547)	
Net income in 2008	-	-	-	-	-	-	28,635,349	-	-	-	28,635,349	
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	55,938	-	-	55,938	
Unrealized loss on financial instruments	-	-	-	-	-	-	-	-	(445)	-	(445)	
Adjustment due to changes in ownership percentage in investees	-	-	1,689	-	-	-	-	-	-	-	1,689	
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(3,410,277)	(3,410,277)	
<b>BALANCE, DECEMBER 31, 2008</b>	<b>\$ 7,553,938</b>	<b>\$ 4,374,244</b>	<b>\$ 17,534</b>	<b>\$ 25,756</b>	<b>\$ 7,410,139</b>	<b>\$ -</b>	<b>\$ 44,626,182</b>	<b>\$ 65,602</b>	<b>\$ (1,632)</b>	<b>\$ (3,410,277)</b>	<b>\$ 60,661,486</b>	

**HTC CORPORATION**  
**(Formerly High Tech Computer Corporation)**

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008**  
**(In Thousands)**

U.S. Dollars	Capital Stock		Capital Surplus			Retained Earnings			Unrealized Valuation Losses on Financial Instruments	Treasury Stock	Total
	Issued and Outstanding Common Stock	Additional Paid-in Capital	Long-Term Equity Investments	Merger	Legal Reserve	Special Reserve	Accumulated Earnings	Cumulative Translation Adjustments			
BALANCE, JANUARY 1, 2008	\$ 174,736	\$ 133,361	\$ 483	\$ 785	\$ 137,691	\$ -	\$ 1,262,313	\$ 295	\$ (36)	\$ -	\$ 1,709,628
Appropriation of the 2007 net earnings											
Legal reserve	-	-	-	-	88,228	-	(88,228)	-	-	-	-
Stock dividends	52,421	-	-	-	-	-	(52,421)	-	-	-	-
Transfer of employee bonuses to common stock	3,146	-	-	-	-	-	(3,146)	-	-	-	-
Employee bonuses	-	-	-	-	-	-	(36,890)	-	-	-	(36,890)
Cash dividends	-	-	-	-	-	-	(594,102)	-	-	-	(594,102)
Net income in 2008	-	-	-	-	-	-	873,029	-	-	-	873,029
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	1,705	-	-	1,705
Unrealized loss on financial instruments	-	-	-	-	-	-	-	-	(14)	-	(14)
Adjustment due to changes in ownership percentage in investees	-	-	52	-	-	-	-	-	-	-	52
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(103,972)	(103,972)
BALANCE, DECEMBER 31, 2008	<u>\$ 230,303</u>	<u>\$ 133,361</u>	<u>\$ 535</u>	<u>\$ 785</u>	<u>\$ 225,919</u>	<u>\$ -</u>	<u>\$ 1,360,555</u>	<u>\$ 2,000</u>	<u>\$ (50)</u>	<u>\$ (103,972)</u>	<u>\$ 1,849,436</u>

(Concluded)

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

(With Deloitte & Touche audit report dated January 17, 2009)

**HTC CORPORATION**  
**(Formerly High Tech Computer Corporation)**

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008**  
**(In Thousands)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	
	NT\$	NT\$	NT\$	US\$ (Note 3)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income	\$ 25,247,327	\$ 28,938,862	\$ 28,635,349	\$ 873,029
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation (including depreciation of assets leased to others)	601,382	525,055	568,208	17,323
Transfer of properties to expenses	-	-	18,059	551
Foreign exchange loss on bond investments not quoted in an active market	-	-	2,670	81
Amortization	31,178	30,951	35,983	1,097
(Gain) loss on disposal of properties, net	(37,984)	(1,458)	300	9
Losses (gains) on equity-method investments	12,554	(103,997)	57,289	1,747
Deferred income tax assets	(168,447)	(294,803)	(431,528)	(13,156)
Prepaid pension costs	(24,260)	(21,167)	(21,951)	(669)
Net changes in operating assets and liabilities				
Financial instruments at fair value through profit or loss	136,555	19,786	417,827	12,739
Notes and accounts receivable	(4,065,007)	(570,016)	(9,913,317)	(302,235)
Accounts receivable from related parties	(891,010)	774,915	(401,895)	(12,253)
Other current financial assets	(313,503)	84,446	8,545	261
Inventories	(146,338)	(1,135,522)	(1,299,054)	(39,605)
Prepayments	(1,406,858)	343,792	299,696	9,137
Other current assets	(32,776)	(53,740)	(45,166)	(1,377)
Notes and accounts payable	3,050,346	5,173,079	5,887,026	179,482
Income tax payable	1,141,854	755,677	1,423,351	43,395
Accrued expenses	1,135,322	2,929,700	10,363,107	315,948
Other current liabilities	<u>605,960</u>	<u>2,385,612</u>	<u>1,989,656</u>	<u>60,660</u>
Net cash provided by operating activities	<u>24,876,295</u>	<u>39,781,172</u>	<u>37,594,155</u>	<u>1,146,164</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of properties	(997,233)	(1,201,063)	(4,577,491)	(139,558)
Proceeds of the sales of properties	44,664	5,155	7,879	240
Increase in long-term investments - equity method	(478,933)	(1,472,702)	(2,108,829)	(64,294)
Increase in financial assets carried at cost	-	(500,000)	-	-
Purchase of bond investments not quoted in an active market	-	(33,030)	-	-
Increase in refundable deposits	<u>(1,713)</u>	<u>(56,446)</u>	<u>(24,027)</u>	<u>(732)</u>
Net cash used in investing activities	<u>(1,433,215)</u>	<u>(3,258,086)</u>	<u>(6,702,468)</u>	<u>(204,344)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase (decrease) in guarantee deposits received	79	(12)	5,778	176
Cash dividends	(4,998,224)	(11,685,470)	(19,486,547)	(594,102)
Bonus to employees	-	(2,451,000)	(1,210,000)	(36,890)
Purchase of treasury stock	<u>(243,995)</u>	<u>(1,747,760)</u>	<u>(3,410,277)</u>	<u>(103,972)</u>
Net cash used in financing activities	<u>(5,242,140)</u>	<u>(15,884,242)</u>	<u>(24,101,046)</u>	<u>(734,788)</u>
NET INCREASE IN CASH	18,200,940	20,638,844	6,790,641	207,032
CASH, BEGINNING OF YEAR	<u>16,196,448</u>	<u>34,397,388</u>	<u>55,036,232</u>	<u>1,677,934</u>

CASH, END OF YEAR

\$ 34,397,388

\$ 55,036,232

\$ 61,826,873

\$ 1,884,966

(Continued)

**HTC CORPORATION**  
**(Formerly High Tech Computer Corporation)**

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008**  
**(In Thousands)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	
	NT\$	NT\$	NT\$	US\$ (Note 3)
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>				
Cash paid during the year				
Interest (net of amounts capitalized)	\$ 298	\$ 241	\$ 232	\$ 7
Income tax	<u>\$ 737,145</u>	<u>\$ 2,751,561</u>	<u>\$ 1,963,307</u>	<u>\$ 59,857</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>				
Transfer of bond investment not quoted in an active market to investments accounted for by the equity method	\$ -	\$ -	\$ 33,030	\$ 1,007
Transfer of properties to assets leased to others	\$ -	\$ -	\$ 309,959	\$ 9,450
Transfer of retained earnings and employee bonuses to common stock	\$ 794,032	\$ 1,403,385	\$ 1,822,601	\$ 55,567
Retirement of treasury stock	\$ -	\$ 1,991,755	\$ -	\$ -
<b>INCREASE IN LONG-TERM INVESTMENTS - EQUITY METHOD</b>				
Increase in investments accounted for by the equity method	\$ 478,933	\$ 1,472,702	\$ 2,231,529	68,035
Increase in payable for purchase of investments	-	-	(122,700)	(3,741)
Cash paid for increase in long-term investments	<u>\$ 478,933</u>	<u>\$ 1,472,702</u>	<u>\$ 2,108,829</u>	<u>\$ 64,294</u>
<b>PURCHASE OF PROPERTIES</b>				
Cost of properties purchased	\$ 1,022,430	\$ 1,335,029	\$ 4,564,155	139,151
(Increase) decrease in payable for purchase of equipment	(21,303)	(134,842)	12,398	378
(Increase) decrease in lease payable	<u>(3,894)</u>	<u>876</u>	<u>938</u>	<u>29</u>
Cash paid for purchase of properties	<u>\$ 997,233</u>	<u>\$ 1,201,063</u>	<u>\$ 4,577,491</u>	<u>\$ 139,558</u>
<b>BONUS TO EMPLOYEES</b>				
Appropriation of bonus to employees	\$ 451,000	\$ 2,000,000	\$ 1,210,000	36,890
(Increase) decrease in payable for employee bonus	<u>(451,000)</u>	<u>451,000</u>	<u>-</u>	<u>-</u>
Cash paid	<u>\$ -</u>	<u>\$ 2,451,000</u>	<u>\$ 1,210,000</u>	<u>\$ 36,890</u>

(Concluded)

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

(With Deloitte & Touche audit report dated January 17, 2009)

## Supplement 6

### INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders  
HTC Corporation

We have audited the accompanying consolidated balance sheets of HTC Corporation (formerly High Tech Computer Corporation) and subsidiaries (collectively, the "Company") as of December 31, 2006, 2007 and 2008, 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, 2006, 2007 and 2008, 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.

As discussed in Note 4 to the financial statements, the Company adopted Interpretation 96-052 - "Accounting for Bonuses to Employees, Directors and Supervisors" of the Accounting Research and Development Foundation and also adopted early on January 1, 2008 the newly revised Statement of Financial Accounting Standards No. 10 - "Accounting for Inventories."

Our audits also comprehended the translation of the 2008 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 17, 2009

Notice to Readers

*The accompanying consolidated 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 consolidated financial statements are those generally accepted and applied in the Republic of China.*

*The auditors' report and the accompanying financial statements were originally presented in more than one set of Chinese reports. 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**  
**(Formerly High Tech Computer Corporation)**  
**AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2006, 2007 AND 2008**  
**(In Thousands, Except Par Value)**

ASSETS	2006	2007	2008		LIABILITIES AND STOCKHOLDERS' EQUITY	2006	2007	2008	
	NT\$	NT\$	NT\$	US\$ (Note 3)		NT\$	NT\$	NT\$	US\$ (Note 3)
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash (Note 5)	\$ 34,969,818	\$ 56,490,185	\$ 64,237,728	\$ 1,958,467	Short-term borrowings (Note 16)	\$ -	\$ -	\$ 75,000	\$ 2,286
Bond investments not quoted in an active market (Notes 2 and 13)	-	33,030	-	-	Financial liabilities at fair value through profit or loss (Notes 2, 6 and 26)	76,470	96,256	514,083	15,673
Notes receivable, net (Notes 2 and 8)	58,930	3,532	26,009	793	Notes and accounts payable (Note 27)	17,276,571	23,201,620	28,569,935	871,035
Accounts receivable, net (Notes 2, 8 and 27)	19,148,301	19,470,185	29,428,769	897,219	Income tax payable (Notes 2 and 24)	1,758,717	2,558,703	4,039,613	123,159
Other current financial assets (Notes 9 and 27)	260,228	176,328	316,524	9,650	Accrued expenses (Notes 4, 17 and 27)	2,935,078	5,126,409	15,348,770	467,950
Inventories (Notes 2, 4 and 10)	5,963,513	7,237,231	8,250,337	251,535	Payable for purchase of equipment	49,058	179,280	314,086	9,576
Prepayments (Note 11)	1,867,820	1,567,761	1,285,483	39,192	Long-term liabilities - current portion (Note 19)	-	20,625	28,750	877
Deferred tax assets (Notes 2 and 24)	428,077	570,992	550,530	16,784	Other current liabilities (Notes 18 and 27)	1,662,003	3,970,032	6,108,696	186,240
Other current assets	115,936	179,267	161,320	4,918					
Total current assets	62,812,623	85,728,511	104,256,700	3,178,558	Total current liabilities	23,757,897	35,152,925	54,998,933	1,676,796
<b>LONG-TERM INVESTMENTS</b>					<b>LONG-TERM LIABILITIES</b>				
Available-for-sale financial assets - noncurrent (Notes 2 and 7)	1,733	784	339	10	Long-term bank loans, net of current portion (Note 19)	-	75,625	46,875	1,429
Financial assets carried at cost (Notes 2 and 12)	1,192	501,192	501,192	15,280	<b>OTHER LIABILITIES</b>				
Investments accounted for by the equity method (Notes 2 and 14)	-	-	39,906	1,217	Guarantee deposits received	640	633	6,420	196
Total long-term investments	2,925	501,976	541,437	16,507	Total liabilities	23,758,537	35,229,183	55,052,228	1,678,421
<b>PROPERTIES (Notes 2 and 15)</b>					<b>STOCKHOLDERS' EQUITY (Note 21)</b>				
Cost					Capital stock - NT\$10.00 par value				
Land	610,293	610,293	3,568,124	108,784	Authorized: 1,000,000 thousand shares				
Buildings and structures	1,083,065	2,254,855	2,856,815	87,098	Issued and outstanding: 436,419 thousand shares in 2006, 573,134 thousand shares in 2007 and 755,394 thousand shares in 2008				
Machinery and equipment	3,103,327	3,966,723	4,579,241	139,611	Common stock	4,364,192	5,731,337	7,553,938	230,303
Molding equipment	201,247	212,360	194,320	5,924	Capital surplus				
Computer equipment	226,903	284,260	350,118	10,675	Additional paid-in capital	4,410,871	4,374,244	4,374,244	133,361
Transportation equipment	3,141	3,195	4,605	140	Long-term equity investments	15,845	15,845	17,534	535
Furniture and fixtures	139,647	213,934	462,157	14,090	Merger	25,972	25,756	25,756	785
Leased assets	4,712	4,712	5,336	163	Retained earnings				
Leasehold improvements	76,772	119,672	188,182	5,737	Legal reserve	1,991,520	4,516,253	7,410,139	225,919
Total cost	5,449,107	7,670,004	12,208,898	372,222	Special reserve	6,175	-	-	-
Less: Accumulated depreciation	(2,752,680)	(3,598,267)	(4,243,837)	(129,385)	Accumulated earnings	31,991,090	41,403,867	44,626,182	1,360,555
Prepayments for construction-in-progress and equipment-in-transit	473,971	149,225	951,289	29,003	Cumulative translation adjustments (Note 2)	10,786	9,664	65,602	2,000
Properties, net	3,170,398	4,220,962	8,916,350	271,840	Unrealized valuation losses on financial instruments (Notes 2 and 7)	(238)	(1,187)	(1,632)	(50)
<b>INTANGIBLE ASSETS</b>					Treasury stock (Notes 2 and 22)	(243,995)	-	(3,410,277)	(103,972)
Goodwill (Note 2)	-	174,253	289,308	8,820	Equity attributable to stockholders of the parent	42,572,218	56,075,779	60,661,486	1,849,436
Deferred pension cost	-	953	475	15	<b>MINORITY INTEREST</b>				
Total intangible assets	-	175,206	289,783	8,835		132,669	111,519	28,696	875
<b>OTHER ASSETS</b>					Total Stockholders' equity	42,704,887	56,187,298	60,690,182	1,850,311
Assets leased to others	-	-	309,959	9,450	<b>TOTAL</b>				
Refundable deposits	45,234	132,619	193,765	5,908		\$ 66,463,424	\$ 91,416,481	\$115,742,410	\$ 3,528,732
Deferred charges (Note 2)	135,060	136,273	253,121	7,717					
Deferred tax assets (Notes 2 and 24)	223,164	392,174	822,893	25,088					
Restricted assets (Note 28)	-	34,500	41,465	1,264					
Others (Notes 2 and 20)	74,020	94,260	116,937	3,565					
Total other assets	477,478	789,826	1,738,140	52,992					
<b>TOTAL</b>	<b>\$ 66,463,424</b>	<b>\$ 91,416,481</b>	<b>\$ 115,742,410</b>	<b>\$ 3,528,732</b>	<b>TOTAL</b>	<b>\$ 66,463,424</b>	<b>\$ 91,416,481</b>	<b>\$115,742,410</b>	<b>\$ 3,528,732</b>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche audit report dated January 17, 2009)

**HTC CORPORATION**  
**(Formerly High Tech Computer Corporation)**  
**AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME**  
**YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008**  
**(In Thousands, Except Earnings Per Share)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	
	NT\$	NT\$	NT\$	US\$ (Note 3)
REVENUES (Notes 2 and 27)	\$ 105,358,397	\$ 118,217,545	\$ 152,353,176	\$ 4,644,914
COST OF REVENUES (Notes 4, 23 and 27)	<u>74,053,697</u>	<u>77,773,277</u>	<u>101,362,538</u>	<u>3,090,321</u>
GROSS PROFIT	<u>31,304,700</u>	<u>40,444,268</u>	<u>50,990,638</u>	<u>1,554,593</u>
OPERATING EXPENSES (Notes 23 and 27)				
Selling and marketing	1,814,158	4,768,102	9,043,869	275,728
General and administrative	770,545	1,310,650	2,250,060	68,599
Research and development	<u>2,974,003</u>	<u>3,705,261</u>	<u>9,351,439</u>	<u>285,105</u>
Total operating expenses	<u>5,558,706</u>	<u>9,784,013</u>	<u>20,645,368</u>	<u>629,432</u>
OPERATING INCOME	<u>25,745,994</u>	<u>30,660,255</u>	<u>30,345,270</u>	<u>925,161</u>
NONOPERATING INCOME AND GAINS				
Interest income	445,121	828,012	1,401,127	42,717
Gains on disposal of properties	39,111	77	4,521	138
Foreign exchange gain (Note 2)	626,464	707,642	632,969	19,298
Other	<u>173,356</u>	<u>236,115</u>	<u>280,872</u>	<u>8,563</u>
Total nonoperating income and gains	<u>1,284,052</u>	<u>1,771,846</u>	<u>2,319,489</u>	<u>70,716</u>
NONOPERATING EXPENSES AND LOSSES				
Interest expense	298	1,212	10,441	319
Loss on equity-method investments (Notes 2 and 14)	-	-	6,151	188
Losses on disposal of properties	3,412	1,396	7,378	225
Valuation loss on financial instruments (Notes 2 and 6)	76,470	96,256	514,083	15,673
Other (Notes 18 and 27)	<u>7,149</u>	<u>101,301</u>	<u>390,990</u>	<u>11,920</u>
Total nonoperating expenses and losses	<u>87,329</u>	<u>200,165</u>	<u>929,043</u>	<u>28,325</u>
INCOME BEFORE INCOME TAX	26,942,717	32,231,936	31,735,716	967,552
INCOME TAX (Notes 2 and 24)	<u>(1,708,375)</u>	<u>(3,314,224)</u>	<u>(3,183,190)</u>	<u>(97,048)</u>
NET INCOME	<u>\$ 25,234,342</u>	<u>\$ 28,917,712</u>	<u>\$ 28,552,526</u>	<u>\$ 870,504</u>
ATTRIBUTABLE TO				
Stockholders of the parent	\$ 25,247,327	\$ 28,938,862	\$ 28,635,349	\$ 873,029
Minority interest	<u>(12,985)</u>	<u>(21,150)</u>	<u>(82,823)</u>	<u>(2,525)</u>
	<u>\$ 25,234,342</u>	<u>\$ 28,917,712</u>	<u>\$ 28,552,526</u>	<u>\$ 870,504</u>

(Continued)

**HTC CORPORATION**  
**(Formerly High Tech Computer Corporation)**  
**AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME**  
**YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008**  
**(In Thousands, Except Earnings Per Share)**

	2006		2007		2008			
	Before Income Tax NT\$	After Income Tax NT\$	Before Income Tax NT\$	After Income Tax NT\$	Before Income Tax		After Income Tax	
					NT\$	US\$ (Note 3)	NT\$	US\$ (Note 3)
BASIC EARNINGS PER SHARE (Note 25)	<u>\$ 35.39</u>	<u>\$ 33.15</u>	<u>\$ 42.55</u>	<u>\$ 38.30</u>	<u>\$ 41.89</u>	<u>\$ 1.28</u>	<u>\$ 37.97</u>	<u>\$ 1.16</u>
DILUTED EARNINGS PER SHARE (Note 25)	<u>\$ 35.08</u>	<u>\$ 32.85</u>	<u>\$ 42.55</u>	<u>\$ 38.30</u>	<u>\$ 40.42</u>	<u>\$ 1.23</u>	<u>\$ 36.64</u>	<u>\$ 1.12</u>

(Concluded)

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

(With Deloitte & Touche audit report dated January 17, 2009)

**HTC CORPORATION**  
**(Formerly High Tech Computer Corporation)**  
**AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008**  
**(In Thousands)**

New Taiwan Dollars	Capital Stock		Capital Surplus		Retained Earnings			Cumulative Translation Adjustments	Unrealized Valuation Losses on Financial Instruments	Treasury Stock	Minority Interests	Total
	Issued and Outstanding Common Stock	Additional Paid-in Capital	Long-Term Equity Investments	Merger	Legal Reserve	Special Reserve	Accumulated Earnings					
BALANCE, JANUARY 1, 2006	\$ 3,570,160	\$ 4,410,871	\$ -	\$ 25,972	\$ 813,326	\$ 19,133	\$ 14,152,255	\$ (5,041)	\$ (1,135)	\$ -	\$ -	\$ 22,985,541
Adjustments due to accounting changes (Note 4)	-	-	-	-	-	-	-	-	48	-	-	48
Appropriation of the 2005 net earnings	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	1,178,194	-	(1,178,194)	-	-	-	-	-
Special reserve	-	-	-	-	-	(12,958)	12,958	-	-	-	-	-
Stock dividends	714,032	-	-	-	-	-	(714,032)	-	-	-	-	-
Transfer of employee bonuses to common stock	80,000	-	-	-	-	-	(80,000)	-	-	-	-	-
Employee bonuses	-	-	-	-	-	-	(451,000)	-	-	-	-	(451,000)
Cash dividends	-	-	-	-	-	-	(4,998,224)	-	-	-	-	(4,998,224)
Net income in 2006	-	-	-	-	-	-	25,247,327	-	-	-	(12,985)	25,234,342
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	15,827	-	-	-	15,827
Unrealized gain on financial instruments	-	-	-	-	-	-	-	-	849	-	-	849
Adjustment due to changes in ownership percentage in investees	-	-	15,845	-	-	-	-	-	-	-	-	15,845
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(243,995)	-	(243,995)
Increase in minority interests	-	-	-	-	-	-	-	-	-	-	145,654	145,654
BALANCE, DECEMBER 31, 2006	4,364,192	4,410,871	15,845	25,972	1,991,520	6,175	31,991,090	10,786	(238)	(243,995)	132,669	42,704,887
Appropriation of the 2006 net earnings	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	2,524,733	-	(2,524,733)	-	-	-	-	-
Special reserve	-	-	-	-	-	(6,175)	6,175	-	-	-	-	-
Stock dividends	1,298,385	-	-	-	-	-	(1,298,385)	-	-	-	-	-
Transfer of employee bonuses to common stock	105,000	-	-	-	-	-	(105,000)	-	-	-	-	-
Employee bonuses	-	-	-	-	-	-	(2,000,000)	-	-	-	-	(2,000,000)
Cash dividends	-	-	-	-	-	-	(11,685,470)	-	-	-	-	(11,685,470)
Net income in 2007	-	-	-	-	-	-	28,938,862	-	-	-	(21,150)	28,917,712
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	(1,122)	-	-	-	(1,122)
Unrealized loss on financial instruments	-	-	-	-	-	-	-	-	(949)	-	-	(949)
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(1,747,760)	-	(1,747,760)
Retirement of treasury stock	(36,240)	(36,627)	-	(216)	-	-	(1,918,672)	-	-	1,991,755	-	-
BALANCE, DECEMBER 31, 2007	5,731,337	4,374,244	15,845	25,756	4,516,253	-	41,403,867	9,664	(1,187)	-	111,519	56,187,298
Appropriation of the 2007 net earnings	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	2,893,886	-	(2,893,886)	-	-	-	-	-
Stock dividends	1,719,401	-	-	-	-	-	(1,719,401)	-	-	-	-	-
Transfer of employee bonuses to common stock	103,200	-	-	-	-	-	(103,200)	-	-	-	-	-
Employee bonuses	-	-	-	-	-	-	(1,210,000)	-	-	-	-	(1,210,000)
Cash dividends	-	-	-	-	-	-	(19,486,547)	-	-	-	-	(19,486,547)
Net income in 2008	-	-	-	-	-	-	28,635,349	-	-	-	(82,823)	28,552,526
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	55,938	-	-	-	55,938
Unrealized loss on financial instruments	-	-	-	-	-	-	-	-	(445)	-	-	(445)
Adjustment due to changes in ownership percentage in investees	-	-	1,689	-	-	-	-	-	-	-	-	1,689
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(3,410,277)	-	(3,410,277)
BALANCE, DECEMBER 31, 2008	\$ 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

(Continued)

**HTC CORPORATION**  
**(Formerly High Tech Computer Corporation)**  
**AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008**  
**(In Thousands)**

U.S. Dollars	Capital Stock		Capital Surplus			Retained Earnings			Cumulative Translation Adjustments	Unrealized Valuation Losses on Financial Instruments	Treasury Stock	Minority Interests	Total
	Issued and Outstanding Common Stock	Additional Paid-in Capital	Long-Term Equity Investments	Merger	Legal Reserve	Special Reserve	Accumulated Earnings						
BALANCE, JANUARY 1, 2008	\$ 174,736	\$ 133,361	\$ 483	\$ 785	\$ 137,691	\$ -	\$ 1,262,313	\$ 295	\$ (36)	\$ -	\$ 3,400	\$ 1,713,028	
Appropriation of the 2007 net earnings													
Legal reserve	-	-	-	-	88,228	-	(88,228)	-	-	-	-	-	
Stock dividends	52,421	-	-	-	-	-	(52,421)	-	-	-	-	-	
Transfer of employee bonuses to common stock	3,146	-	-	-	-	-	(3,146)	-	-	-	-	-	
Employee bonuses	-	-	-	-	-	-	(36,890)	-	-	-	-	(36,890)	
Cash dividends	-	-	-	-	-	-	(594,102)	-	-	-	-	(594,102)	
Net income in 2008	-	-	-	-	-	-	873,029	-	-	-	(2,525)	870,504	
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	1,705	-	-	-	1,705	
Unrealized loss on financial instruments	-	-	-	-	-	-	-	-	(14)	-	-	(14)	
Adjustment due to changes in ownership percentage in investees	-	-	52	-	-	-	-	-	-	-	-	52	
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(103,972)	-	(103,972)	
BALANCE, DECEMBER 31, 2008	<u>\$ 230,303</u>	<u>\$ 133,361</u>	<u>\$ 535</u>	<u>\$ 785</u>	<u>\$ 225,919</u>	<u>\$ -</u>	<u>\$ 1,360,555</u>	<u>\$ 2,000</u>	<u>\$ (50)</u>	<u>\$ (103,972)</u>	<u>\$ 875</u>	<u>\$ 1,850,311</u>	

(Concluded)

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

(With Deloitte & Touche audit report dated January 17, 2009)

**HTC CORPORATION**  
**(Formerly High Tech Computer Corporation)**  
**AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008**  
**(In Thousands)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	
	NT\$	NT\$	NT\$	US\$ (Note 3)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income	\$ 25,234,342	\$ 28,917,712	\$ 28,552,526	\$ 870,504
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation (including depreciation of assets leased to others)	638,353	681,257	746,472	22,758
Transfer of properties to expenses	-	-	18,103	552
Foreign exchange loss on bond investments not quoted in an active market	-	-	2,670	81
Amortization	40,516	51,862	61,777	1,883
(Gain) loss on disposal of properties and deferred charges, net	(35,699)	1,319	2,857	87
Loss on equity-method investments	-	-	6,151	188
Deferred income tax assets	(172,381)	(309,485)	(409,268)	(12,478)
Prepaid pension cost	(24,260)	(20,252)	(22,677)	(691)
Net changes in operating assets and liabilities				
Financial instruments at fair value through profit or loss	136,555	19,786	418,356	12,755
Notes and accounts receivable	(4,719,321)	(230,524)	(9,970,016)	(303,964)
Other current financial assets	(85,611)	83,900	(140,196)	(4,274)
Inventories	(645,482)	(1,273,718)	(1,013,635)	(30,904)
Prepayments	(1,449,856)	304,116	282,622	8,617
Other current assets	(192,527)	(63,149)	17,947	547
Notes and accounts payable	3,199,690	5,918,175	5,366,753	163,621
Income tax payable	1,141,854	799,986	1,469,214	44,793
Accrued expenses	1,241,816	2,636,439	10,221,198	311,622
Other current liabilities	459,756	2,280,787	2,016,103	61,466
Net cash provided by operating activities	<u>24,767,745</u>	<u>39,798,211</u>	<u>37,626,957</u>	<u>1,147,163</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of properties	(1,166,408)	(1,424,307)	(5,639,163)	(171,926)
Proceeds of the sales of properties and deferred charges	44,701	6,552	76,857	2,343
Increase in long-term investments - equity method	-	-	(10,626)	(324)
Increase in restricted assets	-	(34,500)	(6,965)	(212)
Increase in financial assets carried at cost	-	(500,000)	-	-
Purchase of bond investments not quoted in an active market	-	(33,030)	-	-
Acquisition of a subsidiary	-	(240,039)	(6,297)	(192)
Increase in refundable deposits	(8,642)	(86,803)	(59,949)	(1,828)
Increase in deferred charges	(19,401)	(52,019)	(167,866)	(5,118)
Net cash used in investing activities	<u>(1,149,750)</u>	<u>(2,364,146)</u>	<u>(5,814,009)</u>	<u>(177,257)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase in short-term borrowings	-	-	75,000	2,287
Decrease in long-term bank loans	-	(16,231)	(20,625)	(629)
Increase (decrease) in guarantee deposits received	79	(7)	5,787	176
Cash dividends	(4,998,224)	(11,685,470)	(19,486,547)	(594,102)
Bonus to employees	-	(2,451,000)	(1,210,000)	(36,890)
Purchase of treasury stock	(243,995)	(1,747,760)	(3,410,277)	(103,972)
Increase in minority interest	161,499	-	-	-
Net cash used in financing activities	<u>(5,080,641)</u>	<u>(15,900,468)</u>	<u>(24,046,662)</u>	<u>(733,130)</u>

(Continued)

**HTC CORPORATION**  
**(Formerly High Tech Computer Corporation)**  
**AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008**  
**(In Thousands)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	
	NT\$	NT\$	NT\$	US\$ (Note 3)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	\$ 7,238	\$ (13,230)	\$ (18,743)	\$ (571)
NET INCREASE IN CASH AND CASH EQUIVALENTS	18,544,592	21,520,367	7,747,543	236,205
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>16,425,226</u>	<u>34,969,818</u>	<u>56,490,185</u>	<u>1,722,262</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 34,969,818</u>	<u>\$ 56,490,185</u>	<u>\$ 64,237,728</u>	<u>\$ 1,958,467</u>
SUPPLEMENTAL CASH FLOW INFORMATION				
Cash paid during the year				
Interest	\$ 298	\$ 1,212	\$ 10,354	\$ 316
Income tax	<u>\$ 738,902</u>	<u>\$ 2,823,723</u>	<u>\$ 2,111,548</u>	<u>\$ 64,376</u>
NONCASH INVESTING AND FINANCING ACTIVITIES				
Transfer of bond investment not quoted in an active market to investments accounted for by the equity method				
	\$ -	\$ -	\$ 33,030	\$ 1,007
Transfer of properties to assets leased to others				
	\$ -	\$ -	\$ 309,959	\$ 9,450
Transfer of retained earnings and employee bonuses to common stock				
	<u>\$ 794,032</u>	<u>\$ 1,403,385</u>	<u>\$ 1,822,601</u>	<u>\$ 55,567</u>
Retirement of treasury stock				
	<u>\$ -</u>	<u>\$ 1,991,755</u>	<u>\$ -</u>	<u>\$ -</u>
PURCHASE OF PROPERTIES				
Cost of properties purchased	\$ 1,199,315	\$ 1,553,653	\$ 5,773,031	\$ 176,007
Increase in payable for purchase of equipment	(29,013)	(130,222)	(134,806)	(4,110)
(Increase) decrease in lease payable	<u>(3,894)</u>	<u>876</u>	<u>938</u>	<u>29</u>
Cash paid for purchase of properties	<u>\$ 1,166,408</u>	<u>\$ 1,424,307</u>	<u>\$ 5,639,163</u>	<u>\$ 171,926</u>
BONUS TO EMPLOYEES				
Appropriation of bonus to employees	\$ 451,000	\$ 2,000,000	\$ 1,210,000	\$ 36,890
(Increase) decrease in payable for employee bonus	<u>(451,000)</u>	<u>451,000</u>	<u>-</u>	<u>-</u>
Cash paid	<u>\$ -</u>	<u>\$ 2,451,000</u>	<u>\$ 1,210,000</u>	<u>\$ 36,890</u>
ACQUISITION OF A SUBSIDIARY				
Expected net cash outflow on the acquisition of a subsidiary				
	\$ -	\$ 240,039	\$ 128,997	\$ 3,933
Increase in other payable	<u>-</u>	<u>-</u>	<u>(122,700)</u>	<u>(3,741)</u>
Cash paid for acquisition of a subsidiary	<u>\$ -</u>	<u>\$ 240,039</u>	<u>\$ 6,297</u>	<u>\$ 192</u>

(Concluded)

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

(With Deloitte & Touche audit report dated January 17, 2009)

## Supplement 7

### HTC CORPORATION The Chart of 2008 Earnings Distribution

UNIT : NT\$

Item	Amount	
	Subtotal	Total
Accumulated earnings at beginning of 2008		15,990,832,766
Plus : Net income of 2008	28,635,348,168	
Less : Legal reserve	(2,863,534,817)	
Add : To Reverse Special reserve (Note 1)	0	
Appropriation of earnings for 2008	25,771,813,351	
Appropriation of earnings as of Dec 31, 2008		41,762,646,117
Items of appropriation and distribution of 2008 earnings :		
Stock dividend (NT\$ 0.5 / per share) (Note 2)	(372,696,920)	
Cash dividend (NT\$ 27/ per share) (Note 2)	(20,125,634,120)	
Total appropriation and distribution of 2008		(20,498,331,040)
Less : Because the book value of retired treasury shares is higher than the sum of par value plus original issue premium, the difference is charged to capital reserve generated by treasury shares of the same class. If this capital reserve is insufficient (Note 3)		(3,252,029,198)
Accumulated earnings at end of 2008		18,012,285,879

[NOTE] : Employee Bonus Distribution : NT\$ 6,164,889,133  
Directors and Supervisors' remuneration : NT\$ 0

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

Other adjustments of Stockholders' Equity:

As of Dec 31, 2008 :

Unrealized losses on financial instruments (1,632,361)

Cumulative transaction adjustments 65,601,854

Other adjustments of Stockholders' Equity as of Dec 31, 2008 63,969,493

Accumulated Special reserve for debit of Stockholders' Equity as of Dec 31, 2008 : 0

Less : Accumulated Special reserve for debit of Stockholders' Equity as of Dec 31, 2008 0

To appropriate the Special reserve for debit of Stockholders' Equity 0

#### (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.

#### (Note 3) :

Because the book value of retired treasury shares is higher than the sum of par value plus original issue premium, the difference is charged to capital reserve generated by treasury shares of the same class. If this capital reserve is insufficient to offset the difference, the remainder shall be charged to retained earnings. This is charged to retained earnings of 2008.

HTC CORPORATION

Chairperson: Cher Wang

President: Peter Chou

Chief Accountant: Clement Lin



## Supplement 8

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

Article no.	Original article	Amended article	Notes
Art. 13	The Company shall have <b>five</b> 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.	The Company shall have <b>five to seven</b> 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.	Amended as necessary for business.
Art. 22	<p>These Articles of Incorporation were adopted on 10 May 1997.</p> <p>The first amendment was made on 1 July 1997.</p> <p>The second amendment was made on 26 February 1998.</p> <p>The third amendment was made on 8 May 1998.</p> <p>The fourth amendment was made on 22 October 1998.</p> <p>The fifth amendment was made on 24 April 2000.</p> <p>The sixth amendment was made on 23 April 2001.</p> <p>The seventh amendment was made on 13 July 2001.</p> <p>The eighth amendment was made on 14 March 2002.</p> <p>The ninth amendment was made on 26 June 2003.</p> <p>The 10th amendment was made on 16 June 2004.</p> <p>The 11th amendment was made on 13 June 2005.</p> <p>The 12th amendment was made on 2 May 2006.</p> <p>The 13th amendment was made on 20 June 2007.</p> <p>The 14th amendment was made on 13 June 2008.</p>	<p>These Articles of Incorporation were adopted on 10 May 1997.</p> <p>The first amendment was made on 1 July 1997.</p> <p>The second amendment was made on 26 February 1998.</p> <p>The third amendment was made on 8 May 1998.</p> <p>The fourth amendment was made on 22 October 1998.</p> <p>The fifth amendment was made on 24 April 2000.</p> <p>The sixth amendment was made on 23 April 2001.</p> <p>The seventh amendment was made on 13 July 2001.</p> <p>The eighth amendment was made on 14 March 2002.</p> <p>The ninth amendment was made on 26 June 2003.</p> <p>The 10th amendment was made on 16 June 2004.</p> <p>The 11th amendment was made on 13 June 2005.</p> <p>The 12th amendment was made on 2 May 2006.</p> <p>The 13th amendment was made on 20 June 2007.</p> <p>The 14th amendment was made on 13 June 2008.</p> <p><b><u>The 15th amendment was made on 19 June 2009.</u></b></p>	The date of the amendment is added.

## Supplement 9

HTC CORPORATION		
Comparison Chart for the Procedures for the Acquisition or Disposal of Assets		
Before and After Revision		
Original Article	Amended Article	Notes
<p>Article 4: 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 <del>Where the transaction counterparty is not a related party, each transaction in an amount of NT\$300 million or more shall be submitted to and approved by the board of directors prior to its execution.</del></p> <p>3.1.2 <del>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.</del></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>3.2 Acquisitions or disposals of assets that are not intended for use in business operations shall be submitted to and approved by the board of directors prior to their execution.</p>	<p>Article 4: 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 <u>Each transaction in an amount equal to or greater than 20 percent of paid-in capital or NT\$300 million or more shall be submitted to and approved by the board of directors prior to its execution.</u></p> <p>3.1.2 Where the transaction counterparty is a related party <u>and each transaction is less than 20 percent of the Corporation's paid-in capital and NT\$300 million:</u></p> <p><u>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.</u></p> <p><u>3.1.2b If the related party is a subsidiary in which the Corporation directly or indirectly holds 99% or more of the shares, the transaction shall be submitted to and approved by the Chief Operations Officer prior to its execution.</u></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>3.2 Acquisitions or disposals of assets that are not intended for use in business operations shall be submitted to and approved by the board of directors prior to their execution.</p>	<p>Partial amendment to the Corporation's Procedures for the Acquisition or Disposal of Assets is proposed to harmonize with practical operational needs.</p>

## Supplement 10

### HTC CORPORATION Comparison Chart for the Procedures for the Handling of Derivatives Trading Before and After Revision

Original Article	Amended Article	Notes
<p>Article 2 Transaction principles and policy</p> <p>6. <u>Maximum loss limit: Because the Corporation engages in derivatives transactions for hedging purposes, and does so in response to actual needs, and based on hedging principles, there is comparatively little concern regarding a maximum loss limit. When there is a material adverse impact, however, the Corporation shall convene the relevant personnel to respond.</u></p>	<p>Article 2 Transaction principles and policy</p> <p>6. <u>Ceiling amount for losses on all contracts and on individual contracts: for derivatives transactions in which the Corporation engages, the ceiling amount for losses on all contracts and on individual contracts is set at 15 percent of the principal amount of all contracts. When losses on all contracts or any contract reach the aforesaid ceiling, the Corporation shall immediately notify the supervisors and convene the relevant personnel to respond. After the Corporation has set up an audit committee pursuant to the Securities and Exchange Act, provisions regarding supervisors shall apply mutatis mutandis to the audit committee.</u></p>	<p>Partial amendment to the Corporation's Procedures for the Handling of Derivatives Trading is proposed to harmonize with relevant laws and regulations and practical operational needs.</p>

## Supplement 11

<b>HTC CORPORATION</b>		
<b>Comparison Chart for the Operational Procedures for Lending Funds to Others</b>		
<b>Before and After Revision</b>		
Original article	Amended article	Notes
<p>Article 3 Total amount of funds lending and limits for individual recipients</p> <p>The total amount of the Corporation's loans of funds to others may not exceed 40 percent of the Corporation's net worth.</p> <p>When lending funds to other companies or firms with which the Corporation has business relations, the amount lent to a single recipient may not exceed the amount of the business transacted between the two parties in the most recent year, and may not exceed 40 percent of the Corporation's net worth. The "amount of the business transacted between the two parties" means the operating revenue and service revenue for goods sold or services provided, or the amount spent on purchases of goods and expenditures for services, whichever is higher, in the course of regular business activities between the two companies.</p> <p>The cumulative amount lent to a single company or firm in need of short-term financing may not exceed 20 percent of the Corporation's net worth.</p>	<p>Article 3 Total amount of funds lending and limits for individual recipients</p> <p>The total amount of the Corporation's loans of funds to others may not exceed 40 percent of the Corporation's net worth.</p> <p>When lending funds to other companies or firms with which the Corporation has business relations, the amount lent to a single recipient may not exceed the amount of the business transacted between the two parties in the most recent year, and may not exceed 40 percent of the Corporation's net worth. The "amount of the business transacted between the two parties" means the operating revenue and service revenue for goods sold or services provided, or the amount spent on purchases of goods and expenditures for services, whichever is higher, in the course of regular business activities between the two companies.</p> <p>The cumulative amount lent to a single company or firm in need of short-term financing may not exceed 20 percent of the Corporation's net worth.</p> <p><a href="#">In the lending of funds between overseas companies in which the Corporation directly and/or indirectly holds 100 percent of the voting shares, the amount of financing is not subject to the restriction that it may not exceed 40 percent of the net value of the lender's net worth, unless the law of the place where such an overseas company is located provides otherwise.</a></p>	<p>Partial amendment to the Corporation's Operational Procedures for Lending Funds to Others is proposed to harmonize with the partial amendment to article 3 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies per Letter No. Financial-Supervisory -Securities-6-0980000271 issued by the Financial Supervisory Commission on 15 January 2009.</p>
<p>Article 4 Duration of loans of funds and calculation of interest</p> <p>Loans of funds in principle shall take the form of short-term financing. The maximum duration may not exceed one year or one operating cycle (whichever is longer). <a href="#">If there are exceptional circumstances, the loan duration may be extended with the approval of the board of directors.</a> Interest shall be calculated at the stipulated interest rate for the loan period. However, the interest rate may not be lower than the short-term bank lending rate or the money market interest rate on the loan date.</p>	<p>Article 4 Duration of loans of funds and calculation of interest</p> <p>Loans of funds in principle shall take the form of short-term financing. The maximum duration may not exceed one year or one operating cycle (whichever is longer). Interest shall be calculated at the stipulated interest rate for the loan period. However, the interest rate may not be lower than the short-term bank lending rate or the money market interest rate on the loan date.</p> <p><a href="#">The lending of funds between overseas companies in which the Corporation directly</a></p>	<p>Partial amendment to the Corporation's Operational Procedures for Lending Funds to Others is proposed to harmonize with the partial amendment to article 3 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies per Letter No. Financial-Supervisory -Securities-6-0980000271</p>

HTC CORPORATION		
Comparison Chart for the Operational Procedures for Lending Funds to Others		
Before and After Revision		
Original article	Amended article	Notes
	<a href="#">and/or indirectly holds 100 percent of the voting shares is not subject to the restrictions on lending period set out in this Article, unless the law of the place where such an overseas company is located provides otherwise.</a>	issued by the Financial Supervisory Commission on 15 January 2009.
<p>Article 11 Procedures for Controlling Lending of Funds by Subsidiaries</p> <p>1. If a subsidiary of the Corporation intends to lend funds to others, the Corporation shall <b>oversee that the subsidiary adopts</b> operational procedures for lending funds to others pursuant to the Regulations Governing Lending of Funds and Making of Endorsements and Guarantees by Public Companies issued by the Securities and Futures Bureau under the Financial Supervisory Commission, Executive Yuan.</p> <p>2. When lending funds to others, a subsidiary shall provide relevant materials to the parent Corporation, and shall give consideration to the opinions of the related personnel in the parent Corporation before proceeding with the loan of funds.</p> <p>3. After disbursing loans of funds, the subsidiary shall regularly submit follow-up reports to the parent Corporation on the status of outstanding loans.</p> <p>4. The subsidiary shall self-inspect whether the procedures adopted by it comply with the applicable regulations and whether its funds lending transactions are handled in accordance with the procedures adopted by it.</p>	<p>Article 11 Procedures for Controlling Lending of Funds by Subsidiaries</p> <p>1. If a subsidiary of the Corporation intends to lend funds to others, the Corporation shall <b>order the subsidiary to adopt</b> operational procedures for lending funds to others pursuant to the Regulations Governing Lending of Funds and Making of Endorsements and Guarantees by Public Companies issued by the Securities and Futures Bureau under the Financial Supervisory Commission, Executive Yuan, <b>and any lending shall be done in compliance with those operational procedures.</b></p> <p>2. When lending funds to others, a subsidiary shall provide relevant materials to the parent Corporation, and shall give consideration to the opinions of the related personnel in the parent Corporation before proceeding with the loan of funds.</p> <p>3. After disbursing loans of funds, the subsidiary shall regularly submit follow-up reports to the parent Corporation on the status of outstanding loans.</p> <p>4. The subsidiary shall self-inspect whether the procedures adopted by it comply with the applicable regulations and whether its funds lending transactions are handled in accordance with the procedures adopted by it.</p>	<p>Partial amendment to the Corporation's Operational Procedures for Lending Funds to Others is proposed to harmonize with the partial amendment to article 10 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies per Letter No. Financial-Supervisory -Securities-6-0980000271 issued by the Financial Supervisory Commission on 15 January 2009.</p>
<p>Article 13 Handling of changes in circumstances</p> <p>When as a result of a change in circumstances the balance of a loan(s) exceeds the limit, the Corporation shall adopt a corrective plan and submit the corrective plan to all the supervisors.</p>	<p>Article 13 Handling of changes in circumstances</p> <p>When as a result of a change in circumstances <a href="#">a loan recipient is not in compliance with the requirements of these Operational Procedures</a> or the balance of a loan(s) exceeds the limit, the Corporation shall adopt a corrective plan and submit the corrective plan to all the supervisors, <b>and shall complete the corrections in compliance with the plan schedule.</b></p>	<p>Partial amendment to the Corporation's Operational Procedures for Lending Funds to Others is proposed to harmonize with the partial amendment to article 16 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies per Letter No. Financial-Supervisory -Securities-6-0980000271 issued by the Financial Supervisory Commission</p>

HTC CORPORATION		
Comparison Chart for the Operational Procedures for Lending Funds to Others		
Before and After Revision		
Original article	Amended article	Notes
		on 15 January 2009.
<p>Article 14 Information disclosures</p> <p>1. The Corporation shall announce and report the previous month's balance of loans of funds made by itself and its subsidiaries by the 10th day of each month.</p> <p>2. If the Corporation's <u>balance of loans of funds reaches</u> one of the following levels, the Corporation shall announce and report such fact within two days from its occurrence:</p> <p>(1) <u>The aggregate balance of loans of funds to others reaches 20 percent or more of the Corporation's net worth as stated in its latest financial statement, or, after announcement and reporting is made in accordance with provisions, each instance where the balance thereof increases by more than 2 percent of the Corporation's net worth as stated in its latest financial statement.</u></p> <p>(2) <u>The balance of loans of funds to a single enterprise reaches 10 percent or more of the Corporation's net worth as stated in its latest financial statement, or, after announcement or reporting is made under this subparagraph, each instance where the balance thereof increases by more than 2 percent of the Corporation's net worth as stated in its latest financial statement.</u></p> <p>(3) <u>The balance of loans of funds to an enterprise arising from business needs exceeds the total amount of business transacted between the two parties in the most recent fiscal year, or, after announcement or reporting is made under this subparagraph, the balance thereof increases by more than 2 percent of the Corporation's net worth as stated in its latest financial statement.</u></p> <p>The Corporation shall announce and report on behalf of any of its subsidiaries that is not a domestic public company any matters that such subsidiary is required to announce and report pursuant to <u>any subparagraph</u> of the preceding paragraph. <u>The percentage of the balance of loans of funds to net worth for a subsidiary under</u></p>	<p>Article 14 Information disclosures</p> <p>1. The Corporation shall announce and report the previous month's balance of loans of funds made by itself and its subsidiaries by the 10th day of each month.</p> <p>2. If the Corporation's <u>loans of funds reach</u> one of the following levels, the Corporation shall announce and report such fact within two days from its occurrence:</p> <p>(1) <u>The balance of loans of funds by the Corporation and the Corporation's subsidiaries to others reaches 20 percent or more of the Corporation's net worth as stated in its latest financial statement.</u></p> <p>(2) <u>The balance of loans of funds by the Corporation and the Corporation's subsidiaries to a single enterprise reaches 10 percent or more of the Corporation's net worth as stated in its latest financial statement.</u></p> <p>(3) <u>The amount of new loans of funds by the Corporation or any of the Corporation's subsidiaries reaches NT\$10 million or more and also reaches 2 percent or more of the Corporation's net worth as stated in its latest financial statement.</u></p> <p>The Corporation shall announce and report on behalf of any of its subsidiaries that is not a domestic public company any matters that such subsidiary is required to announce and report pursuant to <u>subparagraph 3</u> of the preceding paragraph.</p> <p>3. The Corporation shall evaluate the status of loans of funds according to generally accepted accounting principles, and shall set aside sufficient allowance for bad debts. It shall also adequately disclose relevant information in its financial reports and provide the certifying CPAs with relevant materials for the performance of necessary audit procedures.</p>	<p>Partial amendment to the Corporation's Operational Procedures for Lending Funds to Others is proposed to harmonize with the partial amendment to article 22 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies per Letter No. Financial-Supervisory -Securities-6-0980000271 issued by the Financial Supervisory Commission on 15 January 2009.</p>

HTC CORPORATION		
Comparison Chart for the Operational Procedures for Lending Funds to Others		
Before and After Revision		
Original article	Amended article	Notes
<p><u>the preceding paragraph shall be calculated by the ratio of the subsidiary's balance of loans of funds to the Corporation's net worth.</u></p> <p>3. The Corporation shall evaluate the status of loans of funds according to generally accepted accounting principles, and shall set aside sufficient allowance for bad debts. It shall also adequately disclose relevant information in its financial reports and provide the certifying CPAs with relevant materials for the performance of necessary audit procedures.</p>		

## Supplement 12

<b>HTC CORPORATION</b>		
<b>Comparison Chart for the Rules for Endorsements and Guarantees</b>		
<b>Before and After Revision</b>		
Original article	Amended article	Notes
<p>Article 3 Recipients of endorsements and guarantees</p> <p>The Corporation may make endorsements and guarantees for the following companies:            A company with which the Corporation has business relations.            A company in which the Corporation directly and/or indirectly holds more than 50 percent of the voting shares.            A company that directly and/or indirectly holds more than 50 percent of the voting shares in the Corporation.</p> <p>In cases of a mutual endorsement/guarantee made <u>with another company in the same industry</u> in accordance with contract stipulations as required for purposes of undertaking a construction contract, or in cases of a joint investment relationship where the <u>shareholders</u> make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages, such endorsement/guarantee may be made, and the restrictions of the preceding paragraph shall not apply.</p>	<p>Article 3 Recipients of endorsements and guarantees</p> <p>The Corporation may make endorsements and guarantees for the following companies:  <u>1.</u> A company with which the Corporation has business relations.  <u>2.</u> A company in which the Corporation directly and/or indirectly holds more than 50 percent of the voting shares.  <u>3.</u> A company that directly and/or indirectly holds more than 50 percent of the voting shares in the Corporation.</p> <p><u>Endorsements and guarantees may be made between companies in which the Corporation directly and/or indirectly holds 100 percent of the voting shares. However, this paragraph shall not apply if any restriction to the contrary is imposed by the law of the place where an overseas company in which the Corporation directly and/or indirectly holds 100 percent of the voting shares is located.</u></p> <p>In cases of a mutual endorsement/guarantee made <u>between enterprises in the same industry or between joint builders</u> in accordance with contract stipulations as required for purposes of undertaking a construction contract, or in cases of a joint investment relationship where <u>the entire body of contributing shareholders</u> make an endorsement/guarantee for their jointly invested company in proportion to their shareholding percentages, such endorsement/guarantee may be made, and the restrictions of the preceding <u>2 paragraphs</u> shall not apply.</p> <p><u>The term "contributing" in the preceding paragraph refers to contributions made by the Corporation directly or contributions made by it through a subsidiary or subsidiaries in which it holds 100 percent of the voting shares.</u></p>	<p>Partial amendment to the Corporation's Rules for Endorsements and Guarantees is proposed to harmonize with the partial amendment to article 5 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies per Letter No. Financial-Supervisory -Securities-6-0980000271 issued by the Financial Supervisory Commission on 15 January 2009.</p>
<p>Article 11 Handling of changes in circumstances</p> <p>When as a result of a change in circumstances the recipient of an endorsement or guarantee no longer meets the requirements, or the amount of the endorsement or guarantee exceeds the limit, the Corporation shall adopt a</p>	<p>Article 11 Handling of changes in circumstances</p> <p>When as a result of a change in circumstances the recipient of an endorsement or guarantee no longer meets the requirements <u>of these Rules</u>, or the amount of the endorsement or guarantee exceeds the limit, the Corporation</p>	<p>Partial amendment to the Corporation's Rules for Endorsements and Guarantees is proposed to harmonize with the partial amendment to article 20 of the Regulations</p>



**HTC CORPORATION**

**Comparison Chart for the Rules for Endorsements and Guarantees**

**Before and After Revision**

Original article	Amended article	Notes
<p>corrective plan and submit the corrective plan to all the supervisors.</p>	<p>shall adopt a corrective plan and submit the corrective plan to all the supervisors, <u>and shall complete the corrections in compliance with the plan schedule.</u></p>	<p>Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies per Letter No. Financial-Supervisory -Securities-6-0980000271 issued by the Financial Supervisory Commission on 15 January 2009.</p>
<p>Article 12 Information disclosure</p> <p>1. The Corporation shall announce and report the previous month's balance of endorsements and guarantees made by itself and its subsidiaries by the 10th day of each month.</p> <p>2. If the Corporation's <u>balance of</u> endorsements and guarantees reaches one of the following levels, the Corporation shall announce and report such fact within two days from its occurrence:</p> <p>(1) <u>The aggregate balance of endorsements and guarantees reaches 50 percent or more of the Corporation's net worth as stated in its latest financial statement, or, after announcement and reporting is made under this subparagraph, each instance where the balance thereof increases by more than 5 percent of the Corporation's net worth as stated in its latest financial statement.</u></p> <p>(2) <u>The balance of endorsements and guarantees for a single enterprise reaches 20 percent or more of the Corporation's net worth as stated in its latest financial statement, or, after announcement or reporting is made under this subparagraph, each instance where the balance thereof increases by more than 5 percent of the Corporation's net worth as stated in its latest financial statement.</u></p> <p>(3) <u>The balance of endorsements and guarantees for a single enterprise reaches NT\$10 million or more and moreover the aggregate amount of all endorsements and guarantees for, long-term investment in, and balance of loans to, such enterprise reaches 30 percent or more of the Corporation's net worth as stated in its latest financial statement, or, after announcement or reporting is made</u></p>	<p>Article 12 Information disclosure</p> <p>1. The Corporation shall announce and report the previous month's balance of endorsements and guarantees made by itself and its subsidiaries by the 10th day of each month.</p> <p>2. If the Corporation's endorsements and guarantees reach one of the following levels, the Corporation shall announce and report such fact within two days from its occurrence:</p> <p>(1) <u>The balance of endorsements and guarantees by the Corporation and the Corporation's subsidiaries reaches 50 percent or more of the Corporation's net worth as stated in its latest financial statement.</u></p> <p>(2) <u>The balance of endorsements and guarantees by the Corporation and the Corporation's subsidiaries for a single enterprise reaches 20 percent or more of the Corporation's net worth as stated in its latest financial statement.</u></p> <p>(3) <u>The balance of endorsements and guarantees by the Corporation and the Corporation's subsidiaries for a single enterprise reaches NT\$10 million or more and moreover the aggregate amount of all endorsements and guarantees for, long-term investment in, and balance of loans to, such enterprise reaches 30 percent or more of the Corporation's net worth as stated in its latest financial statement.</u></p> <p>(4) <u>The amount of new endorsements and guarantees by the Corporation or any of the Corporation's subsidiaries reaches NT\$30 million or more and also reaches 5 percent or more of the Corporation's net worth as stated in its latest financial statement.</u></p>	<p>Partial amendment to the Corporation's Rules for Endorsements and Guarantees is proposed to harmonize with the partial amendment to article 25 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies per Letter No. Financial-Supervisory -Securities-6-0980000271 issued by the Financial Supervisory Commission on 15 January 2009.</p>

**HTC CORPORATION**

**Comparison Chart for the Rules for Endorsements and Guarantees**

**Before and After Revision**

Original article	Amended article	Notes
<p><u>under this subparagraph, each instance where the balance thereof increases by more than 5 percent of the Corporation's net worth as stated in its latest financial statement.</u></p> <p><u>(4) The balance of endorsements and guarantees for an enterprise arising from business needs exceeds the total amount of business transacted between the two parties in the most recent fiscal year, or, after announcement or reporting is made under this subparagraph, the balance thereof increases by more than 5 percent of the Corporation's net worth as stated in its latest financial statement.</u></p> <p>The Corporation shall announce and report on behalf of any of its subsidiaries that is not a domestic public company any matters that such subsidiary is required to announce and report under <u>any subparagraph</u> of the preceding paragraph. <u>The percentage of the balance of endorsements and guarantees to net worth for an aforesaid subsidiary shall be calculated by the ratio of the subsidiary's balance of endorsements and guarantees to the Corporation's net worth.</u></p> <p>3. The Corporation shall evaluate or recognize contingent losses for endorsements and guarantees according to the Statement of Financial Accounting Standards No. 9, and shall adequately disclose relevant information in its financial reports and provide the certifying CPAs with relevant materials for the performance of necessary audit procedures.</p>	<p>The Corporation shall announce and report on behalf of any of its subsidiaries that is not a domestic public company any matters that such subsidiary is required to announce and report under <u>subparagraph 4</u> of the preceding paragraph.</p> <p>3. The Corporation shall evaluate or recognize contingent losses for endorsements and guarantees according to the Statement of Financial Accounting Standards No. 9, and shall adequately disclose relevant information in its financial reports and provide the certifying CPAs with relevant materials for the performance of necessary audit procedures.</p>	
<p>Article 13 Procedures for Controlling Endorsements and Guarantees Made by Subsidiaries</p> <p>1. If a subsidiary of the Corporation intends to provide endorsements or guarantees for others, the Corporation shall <u>oversee that the subsidiary adopts</u> rules for endorsements and guarantees pursuant to the Regulations Governing Lending of Funds and Making of Endorsements and Guarantees by Public Companies issued by the Securities and Futures Bureau under the Financial Supervisory Commission, Executive Yuan.</p> <p>2. When making any endorsement or guarantee, a subsidiary shall provide</p>	<p>Article 13 Procedures for Controlling Endorsements and Guarantees Made by Subsidiaries</p> <p>1. If a subsidiary of the Corporation intends to provide endorsements or guarantees for others, the Corporation shall <u>order that subsidiary to adopt</u> rules for endorsements and guarantees pursuant to the Regulations Governing Lending of Funds and Making of Endorsements and Guarantees by Public Companies issued by the Securities and Futures Bureau under the Financial Supervisory Commission, Executive Yuan, <u>and any making of endorsements or guarantees shall be done in compliance with those rules.</u></p>	<p>Partial amendment to the Corporation's Rules for Endorsements and Guarantees is proposed to harmonize with the partial amendment to article 13 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies per Letter No. Financial-Supervisory -Securities-6-098000027 issued by the Financial Supervisory</p>

**HTC CORPORATION**

**Comparison Chart for the Rules for Endorsements and Guarantees**

**Before and After Revision**

Original article	Amended article	Notes
<p>relevant materials to the Corporation, and shall give consideration to the opinions of the related personnel in the Corporation before proceeding with the endorsement or guarantee procedures.</p> <p>3. The subsidiary shall each month submit a statement to the Corporation itemizing relevant information for the preceding month, to facilitate control by the Corporation.</p> <p>4. The subsidiary shall self-inspect whether the rules adopted comply with applicable regulations and whether its endorsement and guarantee transactions are handled in accordance with the rules adopted.</p>	<p>2. When making any endorsement or guarantee, a subsidiary shall provide relevant materials to the Corporation, and shall give consideration to the opinions of the related personnel in the Corporation before proceeding with the endorsement or guarantee procedures.</p> <p>3. The subsidiary shall each month submit a statement to the Corporation itemizing relevant information for the preceding month, to facilitate control by the Corporation.</p> <p>4. The subsidiary shall self-inspect whether the rules adopted comply with applicable regulations and whether its endorsement and guarantee transactions are handled in accordance with the rules adopted.</p>	<p>Commission on 15 January 2009.</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.

After the Company has publicly issued stock, for any given issue of new shares the Company may print share certificates for the total number of shares of that issue in consolidation, and also is entitled to be exempted from printing share certificates.

### 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 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 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.

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 2009 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 2008	Accrued Expenses for Employee Bonus	Resolution Approved by The Board of Directors	
		April 30, 2009	
Employee Bonus	6,164,889	Employee Stock Bonus (Note)	4,954,889
		Employee Cash Bonus	1,210,000
		Total Amount	6,164,889
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\$4,954,889,133 ,the number of shares shall be calculated based on the closing price one day prior to the 2009 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. However, the maximum number of new shares issued for employee profit sharing shall not exceed an employee stock bonus dilution rate of 1.75%.which is the ratio of employee stock bonuses to outstanding shares ex-dividends. Shares that exceed the dilution rate of 1.75% will be converted into cash and be distributed to employees in the form of cash converted.

3. Distributions of earnings in 2007 as employees' bonus and remunerations for directors and supervisors:  
Unit: NT\$ 1,000; 1,000 shares

Distributions of earnings in 2007		Resolution	Actual
Date of passage of annual dividends of the Board of Directors' Meeting resolution		April 25, 2008	
Date of Regular Shareholders' Meeting		June 13, 2008	
Employee Stock Bonus	Total Number of Shares	10,320	10,320
	Total Amount	103,200	103,200
Employee Cash Bonus	Total Amount	1,210,000	1,210,000
Directors' and Supervisors' Remunerations		0	0

## 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	745,393,856 shares
Minimum Required Shareholding by all Directors	23,852,603 shares
Minimum Required Shareholding by all Supervisors	2,385,260 shares

2.

Record Date: April 21, 2009

Title	Name	Current Shareholding	Percentage
Chairperson	Cher Wang	23,558,949	3.16%
Director	Wen-Chi Chen	19,342,525	2.59%
Director	HT Cho	366,470	0.05%
Independent Director	Chen-Kuo Lin	0	0.00%
Independent Director	Josef Felder	0	0.00%
Supervisor	Way-Chih Investment Co., Ltd.	37,852,752	5.08%
Supervisor	Po-Cheng Ko	0	0.00%
Supervisor	Caleb Ou-Yang	0	0.00%
Total Directors (excluding Independent Directors)		43,267,944	5.80%
Total Supervisors		37,852,752	5.08%

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