

HTC Corporation
2010 Annual General Shareholders Meeting Minutes
(Translation)

Time and Date: June 18, 2010 (Friday) at 9 a.m.

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

Total common shares outstanding: 773,935,844 shares

Attending shareholders and proxy representing: 649,350,393 shares

Ratio of Attending shareholders and proxy representing to total common shares outstanding:
83.90%

Attendees: Yang Ming-Hsien, CPA of Deloitte & Touche

Yang Shiau Pan, Counsel of Lexcel Law Offices

Chair: Cher Wang, Chairperson

Recorder: James Chen

1. Call Meeting to Order: The aggregate shareholding of the presenting shareholders constituted a quorum.

2. Opening Remarks by the Chair: Omitted.

3. Matters for Report:

Item 1: Fiscal 2009 Business Report (Please refer to supplement 1)

Item 2: Supervisors Audit Report (Please refer to supplement 2)

Item 3: Share Buyback Execution Report (Please refer to supplement 3)

4. Adoption, Discussion and Election Matters:

Item 1

Topic: Adoption of the Fiscal 2009 Business Report and Financial Statements. (Proposed by the board of directors)

Background:

(1) Compilation of the Corporation's Fiscal 2009 Business Report and Financial Statement is complete, and the Financial Statement has been audited and certified by Yang, Min-Hsien, CPA, and Wang Tze-Chun, CPA, of Deloitte & Touche. Both documents have been passed by the board of directors and audited by the supervisors, and are hereby submitted for adoption by this Annual General Shareholders Meeting.

(2) Please refer to the Fiscal 2009 Business Report in Supplement 1, the CPA Audit Report from Deloitte & Touche and the Financial Statement in Supplement 4 and Supplement 5.

(3) Adoption requested.

Resolution: [This proposal has been approved unanimously by the shareholders present.](#)

Item 2

Topic: Adoption of the Fiscal 2009 Earnings Distribution Proposal. (Proposed by the board of directors)

Background:

(1) The Company's final earnings for fiscal 2009 are calculated at NT\$ 22,608,903,476. Please refer to The Chart of 2009 Earnings Appropriation in Supplement 6. As to the share dividends for the shareholders, it is proposed to distribute NT\$0.5 per share of stock dividends and NT\$26 per share of cash dividends. The Board of Directors may make the required adjustments to the actual earnings distribution ratio on the basis of the number of issued and outstanding stocks registered in the Common Stockholders' Roster as at the date of record.

(2) Company's 2009 Employee bonuses payable amounted to NT\$4,859,236,091, 60% of which, amounted to NT\$2,915,541,655, which shall be distributed as cash, and the remaining 40%, amounted to NT\$1,943,694,436, which shall be distributed as stock dividends.

(3) For the distribution of cash and stock dividends, after passage by this Annual General Shareholders Meeting and submission to and approval by the competent authority, the board of directors will be authorized to adopt a date of record for the distribution of dividends and carry out the relevant cash and stock dividend distribution matters.

(4) Adoption requested.

Resolution: [This proposal has been approved unanimously by the shareholders present.](#)

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\$386,967,920 from the 2009 distributable retained earnings for shareholders bonuses to

fund a capital increase and issuance of 38,696,792 new shares; being NT\$1,943,694,436 for employee bonuses. The number of shares shall be calculated based on the closing price one day prior to the 2010 regular shareholders' meeting on an ex-dividend basis. For employees receiving less than one share, bonuses will be distributed in the form of cash.

- (2) The current proposal for 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 dividend date of record. 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 date of dividend record. The board of directors will separately set the distribution method for the portion of the capital increase for employee bonuses. Fractional shares of less than a single full share from the current capital increase and new share distribution shall be combined at the discretion of the shareholders themselves, who shall carry out such combination into single full shares through the Company's stock registration and transfer agent within five days beginning from the dividend date of record. Fractional shares that are not combined, or after being combined still do not constitute one full share, shall be distributed in the form of cash, and 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 follow the rights of 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 date of record for the share distribution.
- (5) Resolution requested.

Note : For employee stock bonuses NT\$1,943,694,436, the total issuance of new shares 5,020,649 shares is calculated based on the closing price (NT\$432.5) one day prior to the 2010 Annual General Shareholders' Meeting on an ex-dividend basis NT\$387.14. The amount of NT\$ 382 which is calculated less than one share will be distributed in the form of cash.

Resolution: This proposal has been approved unanimously by the shareholders present.

Item 4

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

Background:

- (1) A partial amendment to the Articles of Incorporation is proposed in response to the business needs of the Company.
- (2) For the Pre- and Post-Amendment Comparison Chart of the Articles of Incorporation please refer to Supplement 7.
- (3) Resolution requested.

Resolution: [This proposal has been approved unanimously by the shareholders present.](#)

Item 5

Topic: Proposal to partially 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 in response to the business needs of the Company.
- (2) For the Pre- and Post-Amendment Comparison Chart of the Company's Procedures for the Acquisition or Disposal of Assets please refer to Supplement 8.
- (3) Resolution requested.

Resolution: [This proposal has been approved unanimously by the shareholders present.](#)

Item 6

Topic: Proposal to partially 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. 0990011375 issued by the Financial Supervisory Commission on 19 March 2010, and in response to practical operational needs.
- (2) For the Pre- and Post-Amendment Comparison Chart of the Rules for Endorsements and

Guarantees please refer to Supplement 9.

(3) Resolution requested.

Resolution: [This proposal has been approved unanimously by the shareholders present.](#)

Item 7

Topic: Proposal to partially amend the Company's Operational Procedures for Lending Funds to Others is 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 as per the Letter No. 0990011375 issued by the Financial Supervisory Commission on 19 March 2010, and in response to practical operational needs.

(2) For the Pre- and Post-Amendment Comparison Chart of the Operational Procedures for Lending Funds to Others please refer to Supplement 10.

(3) Resolution requested.

Resolution: [This proposal has been approved unanimously by the shareholders present.](#)

Item 8

Topic: Proposal to hold the re-election of Directors and Supervisors according to the article 13 of the amended Articles of Incorporation. (Proposed by the board of directors)

Background:

(1) Members of the 5th Board of Directors were elected in the AGM on June 20, 2007 for a 3 year term of office which will expire on June 19, 2010.

(2) In compliance with the re-election held in the 2010 shareholders' meeting, it is proposed that directors and supervisors of the 5th board assume office until the shareholders' meeting completing the election in which the directors and supervisors of the 6th board will be elected.

(3) According to the art. 13 of the amended Articles of Incorporation, Company shall elect 5 to 7 directors, it is proposed to elect 6 directors for the 6th Board of Directors including 2 independent directors by the candidate nomination system, and elect 3 supervisors for a 3 year term of office, accordingly from June 18th, 2010 to June 17th, 2013.

(4) For the independent director nominee list, please refer to Supplement 11.

(5) Election requested.

Election Results: [The list of the newly elected director is attached herewith.](#)

Title	Shareholder No. / ID No.	Name	Votes Received
Director	2	Cher Wang	471,116,897
Director	5	Wen-Chi Chen	469,502,375
Director	22	HT Cho	467,703,269
Director	D10116****	Ho-Chen Tan	434,979,368
Independent Director	F10269****	Chen-Kuo Lin	428,667,011
Independent Director	196104****	Josef Felder	355,019,904
Supervisor	15	Way-Chih Investment Co., Ltd.	443,126,046
Supervisor	A12238****	Po-Cheng Ko	428,437,305
Supervisor	D10142****	Caleb Ou-Yang	410,111,468

Item 9

Topic: Proposal to remove the limitation on directors for non-compete reasons is submitted for resolution. (Proposed by the board of directors)

Background:

- (1) According to the Company Act article 209, a director who acts for himself or on behalf of another person that is within the scope of the company's business, shall secure approval for such at the meeting of shareholders.
- (2) For the newly elected directors of the 6th board, it is proposed before the 2010 shareholders' meeting to request to remove the limitation on directors for non-compete reasons.
- (3) Please discuss for resolution.

[The list of the positions held currently in any other company by the newly elected director is attached herewith.](#)

HTC Directors	Positions held currently in any other company	
Cher Wang	VIA Technologies Inc. Chander Electronics Corp. Formosa Plastics Corporation VIA Optical Solution, Inc.	Chairperson Chairperson Director Director
Wen-Chin Chen	VIA Technologies Inc. Xander International Corp. VIA Optical Solution, Inc. WonderMedia Technologies, Inc. VIA Labs, Inc.	President & Director Chairperson Chairperson Chairperson Chairperson
HT Cho	Associated Industries China, Inc. Atrust Computer Corp.	Director President

Resolution: This proposal has been approved unanimously by the shareholders present.

6. Extraordinary Motions: None.

7. Closure of the Meeting: June 18, 2010 (Friday) at 9:48 a.m.

Chairperson : Cher Wang

Recorder : James Chen

Please note that the above is an English translation version. If there is any discrepancy between the original Chinese version and this English translation, the Chinese version shall prevail.

Supplement 1

HTC CORPORATION Fiscal 2009 Business Report

Firstly, please accept my heartfelt appreciation for your continued support and confidence in HTC.

The global financial crisis continued to influence general economic conditions through 2009. While persistently weak economic fundamentals worldwide dampened momentum for growth in the smart phone sector, smart phone sales momentum remained strong in comparison with sales in the overall mobile phone industry.

2009 was a year of major change in the smart phone sector. This was most apparent in the area of operating systems. Operating systems with exceptional third party software ecosystems such as Android OS began this past year to demonstrate their commercial feasibility and value. 2009 was also the year when telecommunication service provider investments in 3G telecom networks began delivering value through an increasingly diverse array of mobile digital services and competitive rate plans. These and other developments are spurring growing numbers of mobile telecommunications consumers to migrate from traditional mobile phones to smart phones.

HTC has invested consistently and strategically in the development of exceptional in-house capabilities in R&D and innovation. Today, HTC holds market leadership in both Windows Mobile and Android platforms. HTC Sense, our advanced user interface first introduced on Android platform, was developed from square one with the user in mind in order to deliver a mobile telecommunications experience that is simple-to-use and highly intuitive.

“Quietly Brilliant”, the message driving our new brand position launched in 2009, commits HTC to design products that enhance life and integrate seamlessly with consumer preferences and needs. Principal HTC brand promotion activities include sponsorship of Team Columbia-HTC in the Tour de France competition; launch of the YOU campaign in all major markets; and sponsorship of the Wallpaper Annual Design Awards. Consumer awareness of HTC and its brand value have, as a result, risen considerably. We will continue to invest in building HTC brand value and in strengthening overall brand management.

Financial Performance

Consolidated revenue for 2009 totaled NT\$144.5 billion, with a total of 11.71 million units shipped. 3G wireless devices now account for over 95% of total units shipped. HTC’s consolidated gross margin for the year topped 31.9%.

HTC’s launch of its global YOU campaign in key American and European markets raised the consolidated operating expense ratio for the year to 14.9% – a 1.3 percentage point rise over fiscal year 2008. The consolidated operating margin for 2009 was 17.0%; pre-tax profits totaled NT\$ 25.2 billion; after-tax profits totaled NT\$ 22.6 billion; our net profit margin achieved 15.6%; and after-tax earnings per share (EPS) totaled NT\$ 28.71.

Note: *Financial forecast numbers for 2009 were not disclosed and thus cannot be compared to actual achievements.*

Key Accomplishments

HTC made good progress along other fronts as well during 2009, including:

➤ Exceptional Capabilities in R&D and Innovation

Innovation is encoded into HTC's corporate DNA. Following its release in 2008 of the world's first Android-based mobile phone, HTC in July 2009 launched the world's first Android-based mobile phone- HTC Hero, which features HTC self-developed HTC Sense user interface. HTC Hero went on to earn important awards and market recognition, including Stuff Magazine's "Gadget of the Year", Mobile Choice's "Phone of the Year", T3 Magazine's "Phone of the Year" and the award for "Best Mobile Handset or Device" announced at the 2010 Mobile World Congress. By the close of 2009, HTC had already launched 6 Android phones. In addition to the 3.2-inch touch screen model, HTC also provides a 2.8-inch screen compact model and a model featuring a sliding keyboard. This confirms HTC's market leadership in Android-based smart phones.

In its Windows phone product line, HTC launched in 2009 the HTC HD2, which features a 4.3-inch touch screen and 1GHz mobile processor. The HD2 is the world's first Windows phone to incorporate capacitive touch (touch screen) technology. With high-end product specifications and an exceptionally smooth user interface, the HTC HD2 has earned strong reviews and a growing worldwide consumer following. Leadership in applications for the Android platform and continuous enhancement of its Windows Mobile-based devices underscores HTC's R&D depth and the company's uncompromising commitment to and passion for innovation.

➤ A Totally New User Experience: HTC Experience

HTC made its global announcement in London of HTC Sense, an intuitive and seamless experience that will be introduced across a portfolio of phones beginning with the HTC Hero. Apart from a distinctive new look, HTC Hero packs a powerful suite of features accessible through the new interface. HTC Hero sets a new high bar for smart phones. HTC Sense is focused on putting people at the centre by making your phone work in a more simple and natural way. This experience revolves around three basic principles: "Make It Mine", "Stay Close" and "Discover the Unexpected". In addition to observing and recording consumer habits and preferences as well as listening to their expectations and needs, HTC conducted an extensive series of consumer interviews designed to define and distill user needs in order to incorporate such onboard applications and services.

➤ HTC's New Customer-Centered Brand Position – "Quietly Brilliant"

The "Quietly Brilliant" branding strategy is inspired and sustained by a corporate culture dedicated to satisfying consumer needs and to consistent breakthrough and innovation. HTC is working quietly to create products that are simply "brilliant". Grounded in an idea and delivering an exceptional user experience, we let our mobile telecommunications products speak for themselves.. The "Quietly Brilliant" campaign has been promoted throughout the HTC organization and is today a solid cornerstone of our corporate culture.

HTC launched its first global advertising campaign-YOU campaign in October 2009 to define and promote its new brand position. The YOU campaign, rolled out in over 20 countries, is working to strengthen market awareness of and commitment to the HTC brand as well as to raise brand

visibility. HTC brand commitment centers on each and every of its users (YOU), with the tag line - “You don’t need to get a phone. You need a phone that gets you”, which underscores HTC corporate commitment to the individual user and promise to continue delivering mobile phone products that satisfy consumer needs and fit seamlessly into the way people work and live.

The Future

The founding vision of HTC was to revolutionize the lives of people worldwide with its converged mobile devices. The turbulence of 2009 has tilted the competitive landscape further in favor of the smart phone sector, growth prospects for which have not only rebounded, but strengthened steadily relative to competing products and solutions. Sectoral strength is attracting greater competitor attention and investment. In facing this increasingly competitive environment, HTC is confident that its well-leveraged strengths in innovation and consumer-centered brand commitment will lead the corporation to continued growth and business success.

HTC will, by listening and observing carefully, continue to make its mobile phones fit ever more closely into the way people work, play and live. The user lies at the heart of all HTC’s product design and development work. Our ideal is to make every one of our phones a “perfect fit” for each of our users – a differentiated objective sure to instill consumer trust in and identification with the HTC brand. We will continue to enhance the management and promotion of HTC brand value and sharpen product differentiation and innovation in order to provide consumers with an increasingly convenient and intuitive mobile experience. In building an exceptional reputation for the HTC brand, we are expanding and deepening our abilities to share the fruits of our accomplishments with HTC shareholders, customers and employees.

HTC CORPORATION

Chairperson : Cher Wang

President : Peter Chou

Chief Accountant : James.CY Chen

Supplement 2

HTC CORPORATION Supervisors Audit Report

The Board of Directors has prepared the Company's 2009 Business Report, Financial Statements and Earnings Distribution Proposal. HTC Corporation's Financial Statements have been audited and certified by Yang, Min-Hsien, CPA, and Wang Tze-Chun, CPA, of Deloitte & Touche and an audit report relating to the Financial Statements has been issued. The Business Report, Financial Statements and Earnings Distribution Proposal have been reviewed and considered to be complied with relevant rules by the undersigned, the supervisor of HTC Corporation. According to Article 219 of the Company Law, I hereby submit this report.

HTC CORPORATION

Supervisor:

Po-Cheng Ko

Way-Chih Investment Co., Ltd.

Representative: Shao-Lun Lee

April 28, 2010

Supplement 3

Fiscal Share Buy-back Execution Report :

Topic	Explanation
Initial Estimation of Share Buy-back Status	
Board of Director resolution	July 31, 2009
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 6,500,000,000
Buy-back period	August 03, 2009 to October 02, 2009
Estimated number of buy-back shares (as percentage of total outstanding shares)	13,000,000 shares (1.744%)
Estimated buy-back price interval	Buy-back stock price is between NTD 300 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 300.
Method of Buy-back	Buy-back shares from stock exchange
Actual Share Buy-back Status	
Buy-back period	From August 05 to October 02, 2009
Number of buy-back shares (as a percentage of total shares outstanding)	7,085,000 shares (0.89%)
Total amount for buy-back shares	NTD 2,405,587,000 (Note: Excluding Handling Fee)
Average price per buy-back share	NTD 339.53

Topic	Explanation
Initial Estimation of Share Buy-back Status	
Board of Director resolution	February 9, 2010
Purpose of the share buy-back	To stabilize stock price by maintaining company credibility and shareholders rights. According to the Regulations Governing Share Repurchase by Listed and OTC Companies, Article 2 requires off-setting of buy-back Treasury stocks.
Type of share buy-back	Common stock
Total amount allocated for share buy-back	NTD 7,500,000,000
Buy-back period	February 10, 2010 to April 09, 2010
Estimated number of buy-back shares (as percentage of total outstanding shares)	15,000,000 shares (1.9%)
Estimated buy-back price interval	Buy-back stock price is between NTD 280 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 280.
Method of Buy-back	Buy-back shares from stock exchange
Actual Share Buy-back Status	
Buy-back period	From February 10 to March 05, 2009
Number of buy-back shares (as a percentage of total shares outstanding)	15,000,000 shares (1.9%)
Total amount for buy-back shares	NTD 4,832,242,000 (Note: Excluding Handling Fee)
Average price per buy-back share	NTD 322.15

Supplement 4

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
HTC Corporation

We have audited the accompanying balance sheets of HTC Corporation (the "Company") as of December 31, 2008 and 2009 and the related statements of income, changes in stockholders' equity, and cash flows for the year 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, 2008 and 2009, 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 2007-052 - "Accounting for Bonuses to Employees, Directors and Supervisors" of the Accounting Research and Development Foundation and adopted early on January 1, 2008 the newly revised Statement of Financial Accounting Standards No. 10 - "Inventories."

We have also audited the consolidated financial statements of HTC Corporation and subsidiaries as of and for the years ended December 31, 2008 and 2009, and expressed in our report dated January 18, 2010 an unqualified opinion with an explanatory paragraph and an unqualified opinion, respectively, on those statements.

Our audits also comprehended the translation of the 2009 New Taiwan dollar amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 3. Such U.S. dollar amounts are presented solely for the convenience of readers.

January 18, 2010

Notice to Readers

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

For the convenience of readers, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail. Also, as stated in Note 2 to the financial statements, the additional footnote disclosures that are not required under generally accepted accounting principles were not translated into English.

HTC CORPORATION

BALANCE SHEETS DECEMBER 31, 2008 and 2009 (In Thousands, Except Par Value)

ASSETS	2008	2009		LIABILITIES AND STOCKHOLDERS' EQUITY	2008	2009	
	NTS	NTS	US\$ (Note 3)		NTS	NTS	US\$ (Note 3)
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and cash equivalents (Notes 2 and 5)	\$ 61,826,873	\$ 61,676,464	\$ 1,927,992	Financial liabilities at fair value through profit or loss (Notes 2, 6 and 24)	\$ 514,083	\$ -	\$ -
Financial assets at fair value through profit or loss (Notes 2, 6 and 24)	-	18,132	567	Notes and accounts payable (Note 25)	27,907,144	24,882,322	777,816
Available-for-sale financial assets - current (Notes 2 and 7)	-	2,497,394	78,068	Income tax payable (Notes 2 and 22)	3,937,745	4,152,624	129,810
Notes and accounts receivable, net (Notes 2 and 8)	28,860,242	25,326,228	791,692	Accrued expenses (Notes 4, 16 and 25)	15,632,936	17,127,974	535,417
Accounts receivable from related parties, net (Notes 2 and 25)	938,770	2,244,550	70,164	Payable for purchase of equipment	157,786	68,906	2,154
Other current financial assets (Notes 9 and 25)	275,506	234,201	7,321	Other current liabilities (Notes 2, 17 and 25)	<u>6,408,776</u>	<u>7,269,962</u>	<u>227,257</u>
Inventories (Notes 2, 4 and 10)	7,418,467	4,738,699	148,131	Total current liabilities	<u>54,558,470</u>	<u>53,501,788</u>	<u>1,672,454</u>
Prepayments (Notes 11 and 25)	1,237,631	3,351,491	104,767	OTHER LIABILITIES			
Deferred income tax assets (Notes 2 and 22)	552,494	811,240	25,359	Guarantee deposits received	<u>6,406</u>	<u>1,210</u>	<u>38</u>
Other current assets	<u>162,007</u>	<u>126,780</u>	<u>3,963</u>	Total liabilities	<u>54,564,876</u>	<u>53,502,998</u>	<u>1,672,492</u>
Total current assets	<u>101,271,990</u>	<u>101,025,179</u>	<u>3,158,024</u>	STOCKHOLDERS' EQUITY (Note 19)			
LONG-TERM INVESTMENTS				Capital stock			
Available-for-sale financial assets - noncurrent (Notes 2 and 7)	339	313	10	Common stock at par value of NT\$10.00; authorized: 1,000,000 thousand shares; issued and outstanding: 755,394 thousand shares in 2008 and 788,936 thousand shares in 2009	7,553,938	7,889,358	246,620
Financial assets carried at cost (Notes 2 and 12)	501,192	501,192	15,667	Capital surplus			
Investments accounted for by the equity method (Notes 2 and 14)	4,342,704	5,549,766	173,484	Additional paid-in capital from share issuance in excess of par	4,374,244	9,056,323	283,099
Prepayments for long-term investments (Notes 2 and 14)	<u>316,656</u>	<u>454,923</u>	<u>14,221</u>	Long-term equity investments	17,534	18,411	576
Total long-term investments	<u>5,160,891</u>	<u>6,506,194</u>	<u>203,382</u>	Merger	25,756	25,189	787
PROPERTIES (Notes 2, 15 and 25)				Retained earnings			
Cost				Legal reserve	7,410,139	10,273,674	321,152
Land	3,568,124	4,719,538	147,532	Accumulated earnings	44,626,182	38,364,099	1,199,253
Buildings and structures	2,853,645	3,174,986	99,249	Cumulative translation adjustments (Note 2)	65,602	15,088	471
Machinery and equipment	3,927,100	4,003,941	125,162	Net loss not recognized as pension cost	-	(34)	(1)
Molding equipment	172,632	172,632	5,397	Unrealized valuation losses on financial instruments (Notes 2 and 7)	(1,632)	(1,658)	(52)
Computer equipment	264,248	302,213	9,447	Treasury stock (Notes 2 and 20)	<u>(3,410,277)</u>	<u>-</u>	<u>-</u>
Transportation equipment	2,732	2,732	86	Total stockholders' equity	<u>60,661,486</u>	<u>65,640,450</u>	<u>2,051,905</u>
Furniture and fixtures	127,202	129,533	4,049				
Leased assets	4,712	4,712	147				
Leasehold improvements	<u>95,208</u>	<u>96,014</u>	<u>3,001</u>				
Total cost	11,015,603	12,606,301	394,070				
Less: Accumulated depreciation	(3,728,827)	(4,321,855)	(135,100)				
Prepayments for construction-in-progress and equipment-in-transit	<u>88,875</u>	<u>29,731</u>	<u>929</u>				
Properties, net	<u>7,375,651</u>	<u>8,314,177</u>	<u>259,899</u>				
OTHER ASSETS							
Assets leased to others	309,959	48,135	1,505				
Refundable deposits	117,464	69,166	2,163				
Deferred charges (Note 2)	52,125	69,773	2,181				
Deferred income tax assets (Notes 2 and 22)	821,144	1,066,101	33,326				
Restricted assets (Notes 2 and 26)	-	63,900	1,997				
Other (Notes 2, 11 and 18)	<u>117,138</u>	<u>1,980,823</u>	<u>61,920</u>				
Total other assets	<u>1,417,830</u>	<u>3,297,898</u>	<u>103,092</u>				
TOTAL	\$ 115,226,362	\$ 119,143,448	\$ 3,724,397	TOTAL	\$ 115,226,362	\$ 119,143,448	\$ 3,724,397

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

(With Deloitte & Touche audit report dated January 18, 2010)

HTC CORPORATION

STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2008 AND 2009 (In Thousands, Except Earnings Per Share)

	2008	2009	
	NT\$	NT\$	US\$ (Note 3)
REVENUES (Notes 2 and 25)	\$152,558,766	\$144,880,715	\$ 4,528,938
COST OF REVENUES (Notes 4, 10, 21 and 25)	<u>101,916,912</u>	<u>99,018,232</u>	<u>3,095,287</u>
GROSS PROFIT	50,641,854	45,862,483	1,433,651
UNREALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	(134,091)	(108,150)	(3,381)
REALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	<u>175,075</u>	<u>134,091</u>	<u>4,192</u>
REALIZED GROSS PROFIT	<u>50,682,838</u>	<u>45,888,424</u>	<u>1,434,462</u>
OPERATING EXPENSES (Notes 21 and 25)			
Selling and marketing	9,009,785	11,103,061	347,079
General and administrative	1,798,900	2,010,000	62,832
Research and development	<u>9,617,768</u>	<u>8,600,369</u>	<u>268,846</u>
Total operating expenses	<u>20,426,453</u>	<u>21,713,430</u>	<u>678,757</u>
OPERATING INCOME	<u>30,256,385</u>	<u>24,174,994</u>	<u>755,705</u>
NONOPERATING INCOME AND GAINS			
Interest income	1,368,322	348,693	10,900
Gain on equity-method investments (Notes 2 and 14)	-	273,811	8,559
Gains on disposal of properties (Note 25)	5,631	2,984	93
Gain on sale of investments	-	3,035	95
Exchange gains (Note 2)	660,765	513,650	16,057
Valuation gain on financial instruments, net (Notes 2 and 6)	-	18,132	567
Other	<u>265,300</u>	<u>463,057</u>	<u>14,475</u>
Total nonoperating income and gains	<u>2,300,018</u>	<u>1,623,362</u>	<u>50,746</u>

(Continued)

HTC CORPORATION

STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2008 AND 2009 (In Thousands, Except Earnings Per Share)

	2008	2009	
	NT\$	NT\$	US\$ (Note 3)
NONOPERATING EXPENSES AND LOSSES			
Interest expense	\$ 232	\$ 131	\$ 4
Loss on equity-method investments (Notes 2 and 14)	57,289	-	-
Losses on disposal of properties	5,931	-	-
Impairment loss (Notes 2 and 14)	-	30,944	967
Valuation loss on financial instruments, net (Notes 2 and 6)	514,083	-	-
Other (Notes 17 and 25)	<u>388,389</u>	<u>554,817</u>	<u>17,344</u>
Total nonoperating expenses and losses	<u>965,924</u>	<u>585,892</u>	<u>18,315</u>
INCOME BEFORE INCOME TAX	31,590,479	25,212,464	788,136
INCOME TAX (Notes 2 and 22)	<u>(2,955,130)</u>	<u>(2,603,562)</u>	<u>(81,387)</u>
NET INCOME	<u>\$ 28,635,349</u>	<u>\$ 22,608,902</u>	<u>\$ 706,749</u>

	2008		2009			
	Before Income Tax	After Income Tax	Before Income Tax		After Income Tax	
	NT\$	NT\$	NT\$	US\$ (Note 3)	NT\$	US\$ (Note 3)
BASIC EARNINGS PER SHARE (Note 23)	<u>\$ 39.89</u>	<u>\$ 36.16</u>	<u>\$ 32.02</u>	<u>\$ 1.00</u>	<u>\$ 28.71</u>	<u>\$ 0.90</u>
DILUTED EARNINGS PER SHARE (Note 23)	<u>\$ 38.56</u>	<u>\$ 34.95</u>	<u>\$ 31.42</u>	<u>\$ 0.98</u>	<u>\$ 28.18</u>	<u>\$ 0.88</u>

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

(With Deloitte & Touche audit report dated January 18, 2010)

(Concluded)

HTC CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY YEARS ENDED DECEMBER 31, 2008 AND 2009 (In Thousands)

New Taiwan Dollars	Capital Stock	Capital Surplus			Retained Earnings		Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Valuation Losses on Financial Instruments	Treasury Stock	Total
	Issued and Outstanding Common Stock	From Share Issuance in Excess of Par	Long-term Equity Investments	Merger	Legal Reserve	Accumulated Earnings					
BALANCE, JANUARY 1, 2008	\$ 5,731,337	\$ 4,374,244	\$ 15,845	\$ 25,756	\$ 4,516,253	\$ 41,403,867	\$ 9,664	\$ -	\$ (1,187)	\$ -	\$ 56,075,779
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)
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)	60,661,486
Appropriation of the 2008 net earnings											
Legal reserve	-	-	-	-	2,863,535	(2,863,535)	-	-	-	-	-
Stock dividends	372,697	-	-	-	-	(372,697)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(20,125,634)	-	-	-	-	(20,125,634)
Transfer of employee bonuses to common stock	133,573	4,821,316	-	-	-	-	-	-	-	-	4,954,889
Net income in 2009	-	-	-	-	-	22,608,902	-	-	-	-	22,608,902
Translation adjustments on long-term equity investments	-	-	-	-	-	-	(47,783)	-	-	-	(47,783)
Unrealized loss on financial instruments	-	-	-	-	-	-	-	-	(26)	-	(26)
Adjustment due to changes in ownership percentage in investees and the movement of investees' other equity under equity method	-	-	877	-	-	(2,566)	(2,731)	(34)	-	-	(4,454)
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(2,406,930)	(2,406,930)
Retirement of treasury stock	(170,850)	(139,237)	-	(567)	-	(5,506,553)	-	-	-	5,817,207	-
BALANCE, DECEMBER 31, 2009	\$ 7,889,358	\$ 9,056,323	\$ 18,411	\$ 25,189	\$ 10,273,674	\$ 38,364,099	\$ 15,088	\$ (34)	\$ (1,658)	\$ -	\$ 65,640,450

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

(With Deloitte & Touche audit report dated January 18, 2010)

HTC CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 2008 AND 2009

(In Thousands)

U.S. Dollars	Capital Stock	Capital Surplus			Retained Earnings		Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Valuation Losses on Financial Instruments	Treasury Stock	Total
	Issued and Outstanding Common Stock	From Share Issuance in Excess of Par	Long-term Equity Investments	Merger	Legal Reserve	Accumulated Earnings					
BALANCE, JANUARY 1, 2009	\$ 236,135	\$ 136,738	\$ 549	\$ 805	\$ 231,639	\$ 1,395,004	\$ 2,051	\$ -	\$ (51)	\$ (106,604)	\$ 1,896,266
Appropriation of the 2008 net earnings											
Legal reserve	-	-	-	-	89,513	(89,513)	-	-	-	-	-
Stock dividends	11,650	-	-	-	-	(11,650)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(629,123)	-	-	-	-	(629,123)
Transfer of employee bonuses to common stock	4,175	150,713	-	-	-	-	-	-	-	-	154,888
Net income in 2009	-	-	-	-	-	706,749	-	-	-	-	706,749
Translation adjustments on long-term equity investments	-	-	-	-	-	-	(1,495)	-	-	-	(1,495)
Unrealized loss on financial instruments	-	-	-	-	-	-	-	-	(1)	-	(1)
Adjustment due to changes in ownership percentage in investees and the movements of investees' other equity under equity method	-	-	27	-	-	(80)	(85)	(1)	-	-	(139)
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(75,240)	(75,240)
Retirement of treasury stock	(5,340)	(4,352)	-	(18)	-	(172,134)	-	-	-	181,844	-
BALANCE, DECEMBER 31, 2009	\$ 246,620	\$ 283,099	\$ 576	\$ 787	\$ 321,152	\$ 1,199,253	\$ 471	\$ (1)	\$ (52)	\$ -	\$ 2,051,905

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

(With Deloitte & Touche audit report dated January 18, 2010)

HTC CORPORATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2009 (In Thousands)

	2008	2009	
	NT\$	NT\$	US\$ (Note 3)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 28,635,349	\$ 22,608,902	\$ 706,749
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation (including depreciation of assets leased to others)	568,208	633,950	19,817
Transfer of properties to expenses	18,059	7,021	219
Exchange loss on bond investments not quoted in an active market	2,670	-	-
Amortization	35,983	39,847	1,246
Gain on sale of investments, net	-	(3,035)	(95)
Loss (gain) on disposal of properties, net	300	(2,984)	(93)
Cash dividends received from equity-method investees	-	905	28
Loss (gain) on equity-method investments	57,289	(273,811)	(8,559)
Distribution of bonuses to employees of subsidiaries	-	(17,731)	(554)
Impairment loss	-	30,944	967
Deferred income tax assets	(431,528)	(503,703)	(15,746)
Prepaid pension costs	(21,951)	(20,515)	(641)
Net changes in operating assets and liabilities			
Financial instruments at fair value through profit or loss	417,827	(532,215)	(16,637)
Notes and accounts receivable	(9,913,317)	3,534,014	110,472
Accounts receivable from related parties	(401,895)	(1,305,780)	(40,818)
Other current financial assets	8,545	41,305	1,291
Inventories	(1,299,054)	2,679,768	83,769
Prepayments	299,696	(2,095,767)	(65,513)
Other current assets	(45,166)	35,227	1,101
Other assets - other	-	(1,843,170)	(57,617)
Notes and accounts payable	5,887,026	(3,024,822)	(94,555)
Income tax payable	1,423,351	214,879	6,717
Accrued expenses	10,363,107	6,449,927	201,623
Other current liabilities	1,989,656	888,452	27,773
Net cash provided by operating activities	<u>37,594,155</u>	<u>27,541,608</u>	<u>860,944</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of available-for-sale financial assets	-	(8,105,512)	(253,376)
Proceeds of the sale of available-for-sale financial assets	-	5,611,153	175,403
Purchase of properties	(4,577,491)	(1,426,671)	(44,597)

(Continued)

HTC CORPORATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2009 (In Thousands)

	2008	2009	
	NT\$	NT\$	US\$ (Note 3)
Proceeds of the sale of properties	\$ 7,879	\$ 4,005	\$ 125
Increase in investments accounted for by the equity method	(2,108,829)	(1,164,135)	(36,391)
Increase in restricted assets	-	(63,900)	(1,997)
Increase in deferred charges	-	(57,495)	(1,797)
Increase (decrease) in refundable deposits	<u>(24,027)</u>	<u>48,298</u>	<u>1,509</u>
Net cash used in investing activities	<u>(6,702,468)</u>	<u>(5,154,257)</u>	<u>(161,121)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in guarantee deposits received	5,778	(5,196)	(162)
Cash dividends	(19,486,547)	(20,125,634)	(629,123)
Bonus to employees	(1,210,000)	-	-
Purchase of treasury stock	<u>(3,410,277)</u>	<u>(2,406,930)</u>	<u>(75,240)</u>
Net cash used in financing activities	<u>(24,101,046)</u>	<u>(22,537,760)</u>	<u>(704,525)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,790,641	(150,409)	(4,702)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>55,036,232</u>	<u>61,826,873</u>	<u>1,932,694</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 61,826,873</u>	<u>\$ 61,676,464</u>	<u>\$ 1,927,992</u>
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid during the year			
Interest (net of amounts capitalized)	<u>\$ 232</u>	<u>\$ 131</u>	<u>\$ 4</u>
Income tax	<u>\$ 1,963,307</u>	<u>\$ 2,892,386</u>	<u>\$ 90,415</u>
NONCASH INVESTING AND FINANCING ACTIVITIES			
Transfer of bond investment not quoted in an active market to investments accounted for by the equity method	<u>\$ 33,030</u>	<u>\$ -</u>	<u>\$ -</u>
Transfer of properties to assets leased to others	<u>\$ 309,959</u>	<u>\$ -</u>	<u>\$ -</u>
Transfer of assets leased to others to properties	<u>\$ -</u>	<u>\$ 261,824</u>	<u>\$ 8,185</u>
Transfer of retained earnings and accrued stock bonuses to employees to common stock and additional paid-in capital	<u>\$ 1,822,601</u>	<u>\$ 5,327,586</u>	<u>\$ 166,538</u>
Retirement of treasury stock	<u>\$ -</u>	<u>\$ 5,817,207</u>	<u>\$ 181,844</u>

(Continued)

HTC CORPORATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2009 (In Thousands)

	<u>2008</u>	<u>2009</u>	
	NT\$	NT\$	US\$ (Note 3)
INCREASE IN LONG-TERM INVESTMENTS - EQUITY METHOD			
Increase in investments accounted for by the equity method	\$ 2,231,529	\$ 1,137,873	\$ 35,570
(Increase) decrease in payable for purchase of investments	<u>(122,700)</u>	<u>26,262</u>	<u>821</u>
Cash paid for increase in long-term investments	<u>\$ 2,108,829</u>	<u>\$ 1,164,135</u>	<u>\$ 36,391</u>
PURCHASE OF PROPERTIES			
Cost of properties purchased	\$ 4,564,155	\$ 1,336,787	\$ 41,788
Decrease in payable for purchase of equipment	12,398	88,880	2,778
Decrease in lease payable	<u>938</u>	<u>1,004</u>	<u>31</u>
Cash paid for purchase of properties	<u>\$ 4,577,491</u>	<u>\$ 1,426,671</u>	<u>\$ 44,597</u>

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

(With Deloitte & Touche audit report dated January 18, 2010)(Concluded)

Supplement 5

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
HTC Corporation

We have audited the accompanying consolidated balance sheets of HTC Corporation and subsidiaries (collectively, the "Company") as of December 31, 2008 and 2009, 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, 2008 and 2009, 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 2007-052 - "Accounting for Bonuses to Employees, Directors and Supervisors" of the Accounting Research and Development Foundation and adopted early on January 1, 2008 the newly revised Statement of Financial Accounting Standards No. 10 - "Inventories."

Our audits also comprehended the translation of the 2009 New Taiwan dollar amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 3. Such U.S. dollar amounts are presented solely for the convenience of readers.

January 18, 2010

Notice to Readers

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

For the convenience of readers, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and 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 AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2008 and 2009 (In Thousands, Except Par Value)

ASSETS	2008	2009		LIABILITIES AND STOCKHOLDERS' EQUITY	2008	2009	
	NTS	NTS	US\$ (Note 3)		NTS	NTS	US\$ (Note 3)
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and cash equivalents (Notes 2 and 5)	\$ 64,237,728	\$ 64,638,290	\$ 2,020,578	Short-term borrowings (Note 16)	\$ 75,000	\$ 72,326	\$ 2,261
Financial assets at fair value through profit or loss (Notes 2, 6 and 26)	-	18,132	567	Financial liabilities at fair value through profit or loss (Notes 2, 6 and 26)	514,083	-	-
Available-for-sale financial assets - current (Notes 2 and 7)	-	2,497,394	78,068	Notes and accounts payable (Note 27)	28,569,935	25,152,521	786,262
Notes and accounts receivable, net (Notes 2, 8 and 27)	29,454,778	27,125,609	847,940	Income tax payable (Notes 2 and 24)	4,039,613	4,270,962	133,509
Other current financial assets (Notes 9 and 27)	316,524	258,474	8,080	Accrued expenses (Notes 4, 17 and 27)	15,348,770	16,963,888	530,287
Inventories (Notes 2, 4 and 10)	8,250,337	5,557,713	173,733	Payable for purchase of equipment	314,086	153,551	4,800
Prepayments (Note 11)	1,285,483	3,341,649	104,459	Long-term liabilities - current portion (Note 19)	28,750	22,500	703
Deferred income tax assets (Notes 2 and 24)	550,530	812,254	25,391	Other current liabilities (Notes 18 and 27)	6,108,696	6,614,533	206,769
Other current assets	161,320	172,872	5,404				
Total current assets	104,256,700	104,422,387	3,264,220	Total current liabilities	54,998,933	53,250,281	1,664,591
LONG-TERM INVESTMENTS				LONG-TERM LIABILITIES			
Available-for-sale financial assets - noncurrent (Notes 2 and 7)	339	313	10	Long-term bank loans, net of current portion (Note 19)	46,875	24,375	762
Financial assets carried at cost (Notes 2 and 12)	501,192	565,172	17,667				
Investments accounted for by the equity method (Notes 2 and 14)	39,906	-	-	OTHER LIABILITIES			
Prepayments for long-term investments (Notes 2 and 14)	-	245,000	7,659	Guarantee deposits received	6,420	1,210	38
Total long-term investments	541,437	810,485	25,336	Total liabilities	55,052,228	53,275,866	1,665,391
PROPERTIES (Notes 2, 15 and 27)				STOCKHOLDERS' EQUITY (Note 21)			
Cost				Capital stock - NT\$10.00 par value			
Land	3,568,124	4,719,538	147,532	Authorized: 1,000,000 thousand shares			
Buildings and structures	2,856,815	4,218,443	131,867	Issued and outstanding: 755,394 thousand shares in 2008 and 788,936 thousand shares in 2009			
Machinery and equipment	4,579,241	4,702,420	146,997	Common stock	7,553,938	7,889,358	246,620
Molding equipment	194,320	199,392	6,233	Capital surplus			
Computer equipment	350,118	411,504	12,863	Additional paid-in capital from share issuance in excess of par	4,374,244	9,056,323	283,099
Transportation equipment	4,605	4,575	143	Long-term equity investments	17,534	18,411	576
Furniture and fixtures	462,157	462,664	14,463	Merger	25,756	25,189	787
Leased assets	5,336	6,327	198	Retained earnings			
Leasehold improvements	188,182	199,416	6,234	Legal reserve	7,410,139	10,273,674	321,152
Total cost	12,208,898	14,924,279	466,530	Accumulated earnings	44,626,182	38,364,099	1,199,253
Less: Accumulated depreciation	(4,243,837)	(5,055,135)	(158,022)	Cumulative translation adjustments (Note 2)	65,602	15,088	471
Prepayments for construction-in-progress and equipment-in-transit	951,289	30,664	958	Net loss not recognized as pension cost	-	(34)	(1)
Properties, net	8,916,350	9,899,808	309,466	Unrealized valuation losses on financial instruments (Notes 2 and 7)	(1,632)	(1,658)	(52)
				Treasury stock (Notes 2 and 22)	(3,410,277)	-	-
INTANGIBLE ASSETS				Equity attributable to stockholders of the parent	60,661,486	65,640,450	2,051,905
Goodwill (Note 2)	289,308	239,992	7,502	MINORITY INTEREST	28,696	34,207	1,070
Deferred pension cost	475	490	15	Total stockholders' equity	60,690,182	65,674,657	2,052,975
Total intangible assets	289,783	240,482	7,517				
OTHER ASSETS							
Assets leased to others	309,959	48,135	1,505				
Refundable deposits	193,765	128,655	4,021				
Deferred charges (Note 2)	253,121	245,996	7,690				
Deferred income tax assets (Notes 2 and 24)	822,893	1,067,691	33,376				
Restricted assets (Note 28)	41,465	106,252	3,321				
Other (Notes 2, 11 and 20)	116,937	1,980,632	61,914				
Total other assets	1,738,140	3,577,361	111,827				
TOTAL	\$ 115,742,410	\$ 118,950,523	\$ 3,718,366	TOTAL	\$ 115,742,410	\$ 118,950,523	\$ 3,718,366

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

(With Deloitte & Touche audit report dated January 18, 2010)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2008 AND 2009 (In Thousands, Except Earnings Per Share)

	2008	2009	
	NT\$	NT\$	US\$ (Note 3)
REVENUES (Notes 2 and 27)	\$152,353,176	\$144,492,518	\$ 4,516,803
COST OF REVENUES (Notes 4, 10, 23 and 27)	<u>101,362,538</u>	<u>98,329,537</u>	<u>3,073,759</u>
GROSS PROFIT	<u>50,990,638</u>	<u>46,162,981</u>	<u>1,443,044</u>
OPERATING EXPENSES (Notes 23 and 27)			
Selling and marketing	9,043,869	10,863,175	339,580
General and administrative	2,250,060	2,304,364	72,034
Research and development	<u>9,351,439</u>	<u>8,372,535</u>	<u>261,724</u>
Total operating expenses	<u>20,645,368</u>	<u>21,540,074</u>	<u>673,338</u>
OPERATING INCOME	<u>30,345,270</u>	<u>24,622,907</u>	<u>769,706</u>
NONOPERATING INCOME AND GAINS			
Interest income	1,401,127	362,136	11,320
Gains on disposal of properties	4,521	2,984	93
Gain on sale of investments	-	3,035	95
Exchange gains (Note 2)	632,969	558,985	17,474
Rental income	-	5,824	182
Valuation gain on financial instruments, net (Notes 2 and 6)	-	18,132	567
Other	<u>280,872</u>	<u>468,990</u>	<u>14,661</u>
Total nonoperating income and gains	<u>2,319,489</u>	<u>1,420,086</u>	<u>44,392</u>
NONOPERATING EXPENSES AND LOSSES			
Interest expense	10,441	2,174	67
Losses on equity-method investments (Notes 2 and 14)	6,151	3,891	122
Losses on disposal of properties	7,378	2,576	81
Impairment loss (Notes 2 and 14)	-	78,946	2,467
Valuation loss on financial instruments (Notes 2 and 6)	514,083	-	-
Other (Notes 18 and 27)	<u>390,990</u>	<u>558,994</u>	<u>17,474</u>
Total nonoperating expenses and losses	<u>929,043</u>	<u>646,581</u>	<u>20,211</u>
INCOME BEFORE INCOME TAX	31,735,716	25,396,412	793,887
INCOME TAX (Notes 2 and 24)	<u>(3,183,190)</u>	<u>(2,781,999)</u>	<u>(86,965)</u>

NET INCOME

\$ 28,552,526

\$ 22,614,413

\$ 706,922

(Continued)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2008 AND 2009 (In Thousands, Except Earnings Per Share)

	2008		2009		
	NTS	NTS	NTS	US\$	(Note 3)
ATTRIBUTABLE TO					
Stockholders of the parent	\$ 28,635,349	\$ 22,608,902	\$ 28,635,349	\$ 22,608,902	\$ 706,749
Minority interest	<u>(82,823)</u>	<u>5,511</u>	<u>(82,823)</u>	<u>5,511</u>	<u>173</u>
	<u>\$ 28,552,526</u>	<u>\$ 22,614,413</u>	<u>\$ 28,552,526</u>	<u>\$ 22,614,413</u>	<u>\$ 706,922</u>
	2008		2009		
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax	
	NTS	NTS	NTS	US\$	NTS US\$
				(Note 3)	(Note 3)
BASIC EARNINGS PER SHARE (Note 25)	<u>\$ 39.89</u>	<u>\$ 36.16</u>	<u>\$ 32.02</u>	<u>\$ 1.00</u>	<u>\$ 28.71</u> <u>\$ 0.90</u>
DILUTED EARNINGS PER SHARE (Note 25)	<u>\$ 38.56</u>	<u>\$ 34.95</u>	<u>\$ 31.42</u>	<u>\$ 0.98</u>	<u>\$ 28.18</u> <u>\$ 0.88</u>

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

(With Deloitte & Touche audit report dated January 18, 2010)

(Concluded)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 2008 AND 2009

(In Thousands)

New Taiwan Dollars	Capital Stock	Capital Surplus			Retained Earnings		Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Valuation Losses on Financial Instruments	Treasury Stock	Minority Interests	Total
	Issued and Outstanding Common Stock	From Share Issuance in Excess of Par	Long-term Equity Investments	Merger	Legal Reserve	Accumulated Earnings						
BALANCE, JANUARY 1, 2008	\$ 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
Appropriation of the 2008 net earnings												
Legal reserve	-	-	-	-	2,863,535	(2,863,535)	-	-	-	-	-	-
Stock dividends	372,697	-	-	-	-	(372,697)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(20,125,634)	-	-	-	-	-	(20,125,634)
Transfer of employee bonuses to common stock	133,573	4,821,316	-	-	-	-	-	-	-	-	-	4,954,889
Net income in 2009	-	-	-	-	-	22,608,902	-	-	-	-	5,511	22,614,413
Translation adjustments on long-term equity investments	-	-	-	-	-	-	(47,783)	-	-	-	-	(47,783)
Unrealized loss on financial instruments	-	-	-	-	-	-	-	-	(26)	-	-	(26)
Adjustment due to changes in ownership percentage in investees and the movements of investees' other equity under equity method	-	-	877	-	-	(2,566)	(2,731)	(34)	-	-	-	(4,454)
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(2,406,930)	-	(2,406,930)
Retirement of treasury stock	(170,850)	(139,237)	-	(567)	-	(5,506,553)	-	-	-	5,817,207	-	-
BALANCE, DECEMBER 31, 2009	\$ 7,889,358	\$ 9,056,323	\$ 18,411	\$ 25,189	\$ 10,273,674	\$ 38,364,099	\$ 15,088	\$ (34)	\$ (1,658)	\$ -	\$ 34,207	\$ 65,674,657

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

(With Deloitte & Touche audit report dated January 18, 2010)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 2008 AND 2009

(In Thousands)

U.S. Dollars	Capital Stock	Capital Surplus			Retained Earnings		Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Valuation Losses on Financial Instruments	Treasury Stock	Minority Interests	Total
	Issued and Outstanding Common Stock	From Share Issuance in Excess of Par	Long-term Equity Investments	Merger	Legal Reserve	Accumulated Earnings						
BALANCE, JANUARY 1, 2009	\$ 236,135	\$ 136,738	\$ 549	\$ 805	\$ 231,639	\$ 1,395,004	\$ 2,051	\$ -	\$ (51)	\$ (106,604)	\$ 897	\$ 1,897,163
Appropriation of the 2008 net earnings												
Legal reserve	-	-	-	-	89,513	(89,513)	-	-	-	-	-	-
Stock dividends	11,650	-	-	-	-	(11,650)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(629,123)	-	-	-	-	-	(629,123)
Transfer of employee bonuses to common stock	4,175	150,713	-	-	-	-	-	-	-	-	-	154,888
Net income in 2009	-	-	-	-	-	706,749	-	-	-	-	173	706,922
Translation adjustments on long-term equity investments	-	-	-	-	-	-	(1,495)	-	-	-	-	(1,495)
Unrealized loss on financial instruments	-	-	-	-	-	-	-	-	(1)	-	-	(1)
Adjustment due to changes in ownership percentage in investees and the movements of investees' other equity under equity method	-	-	27	-	-	(80)	(85)	(1)	-	-	-	(139)
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(75,240)	-	(75,240)
Retirement of treasury stock	(5,340)	(4,352)	-	(18)	-	(172,134)	-	-	-	181,844	-	-
BALANCE, DECEMBER 31, 2009	<u>\$ 246,620</u>	<u>\$ 283,099</u>	<u>\$ 576</u>	<u>\$ 787</u>	<u>\$ 321,152</u>	<u>\$ 1,199,253</u>	<u>\$ 471</u>	<u>\$ (1)</u>	<u>\$ (52)</u>	<u>\$ -</u>	<u>\$ 1,070</u>	<u>\$ 2,052,975</u>

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

(With Deloitte & Touche audit report dated January 18, 2010)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2009 (In Thousands)

	2008	2009	
	NT\$	NT\$	US\$ (Note 3)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 28,552,526	\$ 22,614,413	\$ 706,922
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation (including depreciation of assets leased to others)	746,472	901,848	28,192
Transfer of properties to expenses	18,103	7,474	234
Exchange loss on bond investments not quoted in an active market	2,670	-	-
Amortization	61,777	72,614	2,270
Gain on sale of investments, net	-	(3,035)	(95)
Loss (gain) on disposal of properties and deferred charges, net	2,857	(408)	(12)
Impairment loss	-	78,946	2,467
Loss on equity-method investments	6,151	3,891	122
Deferred income tax assets	(409,268)	(506,522)	(15,834)
Prepaid pension cost	(22,677)	(20,525)	(642)
Net changes in operating assets and liabilities			
Financial instruments at fair value through profit or loss	418,356	(532,215)	(16,637)
Notes and accounts receivable	(9,970,016)	2,329,169	72,808
Other current financial assets	(140,196)	58,050	1,815
Inventories	(1,013,635)	2,692,624	84,171
Prepayments	282,622	(2,038,073)	(63,710)
Other current assets	17,947	(11,552)	(361)
Other assets - other	-	(1,843,170)	(57,617)
Notes and accounts payable	5,366,753	(3,417,414)	(106,828)
Income tax payable	1,469,214	231,349	7,232
Accrued expenses	10,221,198	6,570,007	205,377
Other current liabilities	<u>2,016,103</u>	<u>533,103</u>	<u>16,665</u>
Net cash provided by operating activities	<u>37,626,957</u>	<u>27,720,574</u>	<u>866,539</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of properties	(5,639,163)	(1,910,679)	(59,727)
Proceeds of the sale of properties and deferred charges	76,857	70,682	2,209
Purchase of available-for-sale financial assets	-	(8,105,512)	(253,376)
Proceeds of the sale of available-for-sale financial assets	-	5,611,153	175,403
Increase in long-term investments - equity method	(10,626)	(245,000)	(7,659)
Increase in restricted assets	(6,965)	(64,787)	(2,025)

Increase in financial assets carried at cost	-	(64,330)	(2,011)
Acquisition of a subsidiary	(6,297)	(26,262)	(821)

(Continued)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2008 AND 2009

(In Thousands)

	2008	2009	
	NT\$	NT\$	US\$ (Note 3)
(Increase) decrease in refundable deposits	\$ (59,949)	\$ 62,828	\$ 1,964
Increase in deferred charges	<u>(167,866)</u>	<u>(70,099)</u>	<u>(2,191)</u>
Net cash used in investing activities	<u>(5,814,009)</u>	<u>(4,742,006)</u>	<u>(148,234)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings	75,000	(2,674)	(84)
Decrease in long-term bank loans	(20,625)	(28,750)	(899)
Increase (decrease) in guarantee deposits received	5,787	(5,210)	(162)
Cash dividends	(19,486,547)	(20,125,634)	(629,123)
Bonus to employees	(1,210,000)	-	-
Purchase of treasury stock	<u>(3,410,277)</u>	<u>(2,406,930)</u>	<u>(75,240)</u>
Net cash used in financing activities	<u>(24,046,662)</u>	<u>(22,569,198)</u>	<u>(705,508)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	<u>(18,743)</u>	<u>(8,808)</u>	<u>(276)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,747,543	400,562	12,521
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>56,490,185</u>	<u>64,237,728</u>	<u>2,008,057</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 64,237,728</u>	<u>\$ 64,638,290</u>	<u>\$ 2,020,578</u>
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid during the year			
Interest	<u>\$ 10,354</u>	<u>\$ 2,219</u>	<u>\$ 69</u>
Income tax	<u>\$ 2,111,548</u>	<u>\$ 3,057,172</u>	<u>\$ 95,566</u>
NONCASH INVESTING AND FINANCING ACTIVITIES			
Transfer of bond investment not quoted in an active market to investments accounted for by the equity method	<u>\$ 33,030</u>	<u>\$ -</u>	<u>\$ -</u>
Transfer of properties to assets leased to others	<u>\$ 309,959</u>	<u>\$ -</u>	<u>\$ -</u>
Transfer of assets leased to others to properties	<u>\$ -</u>	<u>\$ 261,824</u>	<u>\$ 8,185</u>
Transfer of retained earnings and employee bonuses to common stock	<u>\$ 1,822,601</u>	<u>\$ 5,327,586</u>	<u>\$ 166,538</u>
Retirement of treasury stock	<u>\$ -</u>	<u>\$ 5,817,207</u>	<u>\$ 181,844</u>

(Continued)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2009 (In Thousands)

	<u>2008</u>	<u>2009</u>	
	NT\$	NT\$	US\$ (Note 3)
PURCHASE OF PROPERTIES			
Cost of properties purchased	\$ 5,773,031	\$ 1,749,140	\$ 54,678
Decrease (increase) in payable for purchase of equipment	(134,806)	160,535	5,018
Decrease in lease payable	<u>938</u>	<u>1,004</u>	<u>31</u>
Cash paid for purchase of properties	<u>\$ 5,639,163</u>	<u>\$ 1,910,679</u>	<u>\$ 59,727</u>
ACQUISITION OF A SUBSIDIARY			
Expected net cash outflow on the acquisition of a subsidiary	\$ 128,997	\$ -	\$ -
Increase (decrease) in other payable	<u>(122,700)</u>	<u>26,262</u>	<u>821</u>
Cash paid for acquisition of a subsidiary	<u>\$ 6,297</u>	<u>\$ 26,262</u>	<u>\$ 821</u>

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

(With Deloitte & Touche audit report dated January 18, 2010) (Concluded)

Supplement 6

HTC CORPORATION The Chart of 2009 Earnings Distribution

UNIT : NT\$

Item	Amount	
	Subtotal	Total
Accumulated earnings at beginning of 2009		18,012,285,879
Plus : Net income of 2009	22,608,903,476	
Less : Legal reserve	0	
Less : To Reverse Special reserve (Note 1)	0	
Less : Adjustment due to the movement of investees' other equity under equity method (Note 2)	(2,566,105)	
Appropriation of earnings for 2009	22,606,337,371	
Appropriation of earnings as of Dec 31, 2009		40,618,623,250
Items of appropriation and distribution of 2009 earnings :		
Stock dividend (NT\$ 0.5 / per share) (Note 3)	(386,967,920)	
Cash dividend (NT\$ 26/ per share) (Note 3)	(20,122,331,946)	
Total appropriation and distribution of 2009		(20,509,299,866)
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 4)		(6,766,031,955)
Accumulated earnings at end of 2009		13,343,291,429

[NOTE] : Employee Bonus Distribution : NT\$ 4,859,236,091

Directors and Supervisors' remuneration : NT\$ 0

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

Other adjustments of Stockholders' Equity:

As of Dec 31, 2009 :

Unrealized losses on financial instruments	(1,658,440)
Net loss not recognized as pension cost	(33,779)
Cumulative transaction adjustments	15,088,112
Other adjustments of Stockholders' Equity as of Dec 31, 2009	13,395,893

Accumulated Special reserve for debit of Stockholders' Equity as of Dec 31, 2009 : 0

Less : Accumulated Special reserve for debit of Stockholders' Equity as of Dec 31, 2009 0

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

(Note 2) : Adjustment due to the movement of investees' other equity under equity method

(Note 3) : 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 4) : 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 2009.

HTC CORPORATION

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

Supplement 7

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

Article no.	Original article	Amended article	Notes
Art. 7	<p>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.</p> <p><u>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.</u></p>	<p>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.</p> <p><u>Shares issued by the Company need not be in certificate form, but shall be registered with a securities depository enterprise.</u></p>	<p>Partial amendment to the Articles of Incorporation is proposed to harmonize with the policy of the competent authority.</p>
Art. 14-1		<p><u>Each director and supervisor shall be given at least 7 days advance notice of the convening of a board of directors meeting of the Company. In emergency circumstances, however, a meeting may be called on shorter notice.</u></p> <p><u>The meeting notice referred to in the preceding paragraph shall specify the reasons for convening the meeting, and shall be made in writing, by e-mail, or by facsimile.</u></p>	<p>Partial amendment to the Articles of Incorporation is proposed to harmonize with the policy of the competent authority and the practical operational needs.</p>
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>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 date of the amendment is added.</p>

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

Article no.	Original article	Amended article	Notes
	The eighth amendment was made on 14 March 2002. The ninth amendment was made on 26 June 2003. The 10th amendment was made on 16 June 2004. The 11th amendment was made on 13 June 2005. The 12th amendment was made on 2 May 2006. The 13th amendment was made on 20 June 2007. The 14th amendment was made on 13 June 2008. The 15th amendment was made on 19 June 2009.	The eighth amendment was made on 14 March 2002. The ninth amendment was made on 26 June 2003. The 10th amendment was made on 16 June 2004. The 11th amendment was made on 13 June 2005. The 12th amendment was made on 2 May 2006. The 13th amendment was made on 20 June 2007. The 14th amendment was made on 13 June 2008. The 15th amendment was made on 19 June 2009. <u>The 16th amendment was made on 18 June 2010.</u>	

Supplement 8

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

Article no.	Original article	Amended article	Notes
Art. 4	<p>Operating procedures</p> <p>1. Levels of authorization</p> <p>(1) When the Corporation acquires or disposes of assets, the unit handling the transaction shall compile information on each asset to be transacted, including the reasons for the proposed acquisition or disposal, the target asset, the trading counterparty, the transfer price, the terms of payment, and the price reference criteria, and submit them to the unit with overall authority for a decision on the transaction.</p> <p>1. Acquisitions or disposals of securities:</p> <p><u>1.1 Each individual transaction in an amount equal to or greater than 20 percent of paid-in capital or NT\$300 million shall be reported to and approved by the board of directors prior to its execution.</u></p> <p><u>1.2 For any individual transaction that is both less than 20 percent of paid-in capital and less than NT\$300 million, the board of directors authorizes the execution of the transaction subsequent to approval by the chairman, with a report on the status of the transaction to be submitted to the board of directors after its execution.</u></p> <p><u>1.3 In addition to the provisions of 1.1 and 1.2 above, any equity investment in the mainland China region shall be subject to the additional requirement that it be executed in accordance with the provisions of the Investment Commission of the Ministry of Economic Affairs.</u></p> <p><u>1.4 When the purpose of an acquisition or disposal is short-term allocation of funds, the transaction shall be submitted to supervisors for</u></p>	<p>Operating procedures</p> <p>1. Levels of authorization</p> <p>(1) When the Corporation acquires or disposes of assets, the unit handling the transaction shall compile information on each asset to be transacted, including the reasons for the proposed acquisition or disposal, the target asset, the trading counterparty, the transfer price, the terms of payment, and the price reference criteria, and submit them to the unit with overall authority for a decision on the transaction.</p> <p>1. Acquisitions or disposals of securities:</p> <p><u>1.1 When the securities acquired or disposed of are securities over which the Corporation has direct or indirect control, the acquisition and disposal shall take place in accordance with the following provisions:</u></p> <p><u>1.1.1 Each individual transaction in an amount equal to or greater than 20 percent of paid-in capital or NT\$300 million shall be reported to and approved by the board of directors prior to its execution.</u></p> <p><u>1.1.2 For any individual transaction that is both less than 20 percent of paid-in capital and less than NT\$300 million, the board of directors authorizes the execution of the transaction subsequent to approval by the chairman, with a report on the status of the transaction to be submitted to the board of directors after its execution.</u></p> <p><u>1.2 When securities acquired or disposed of are not securities over which the Corporation has direct or indirect control, acquisition and disposal shall take place in accordance with the following provisions:</u></p> <p><u>1.2.1 When the purpose of the</u></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>

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

Article no.	Original article	Amended article	Notes
	<p><u>approval in order of their increasing authority in accordance with the transaction amounts and procedures for approval set out in the "internal decision authorization limits."</u></p> <p><u>1.5 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.</u></p>	<p><u>acquisition or disposal is financial investment, then the transaction shall be executed, after determination of the amount and procedures for its approval in accordance with the "Financial Investment Approval Matrix" submitted by the financial unit and approved by the chairman, and after its further submission for approval by the responsible officers in order of increasing authority.</u></p> <p><u>1.2.2 When the purpose of the acquisition or disposal is strategic investment, the board of directors authorizes the execution of the transaction subsequent to approval by the chairman, with a report on the status of the transaction to be submitted to the board of directors after its execution.</u></p> <p><u>1.3 When the transaction counterparty is a related party, the transaction shall be carried out in accordance with the following provisions:</u></p> <p><u>1.3.1 If the related party is not a subsidiary in which the Corporation directly or indirectly holds 99% or more of the shares, then any transaction, regardless of amount, shall be executed after submission to and approval by the board of directors.</u></p> <p><u>1.3.2 When the related party is a subsidiary in which the Corporation directly or indirectly holds 99% or more of the shares, the board of directors authorizes the execution of the transaction subsequent to approval by the chairman, with a report on the status of the transaction to be submitted to the board of directors after its execution.</u></p>	
Art.4	<p>Operating procedures</p> <p>1. Levels of authorization</p> <p>(1) When the Corporation acquires or disposes of assets, the unit handling the transaction shall compile information on each asset to be transacted, including the reasons for</p>	<p>Operating procedures</p> <p>1. Levels of authorization</p> <p>(1) When the Corporation acquires or disposes of assets, the unit handling the transaction shall compile information on each asset to be transacted, including the reasons for</p>	<p>Partial amendment to the Corporation's Procedures for the Acquisition or Disposal of</p>

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Comparison Chart for the Procedures for the Acquisition or Disposal of Assets
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Article no.	Original article	Amended article	Notes
	<p>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>3.1.2 Where the transaction counterparty is a related party and each transaction is less than 20 percent of the Corporation's paid-in capital and NT\$300 million:</p> <p>3.1.2a If the related party is not a subsidiary in which the Corporation directly or indirectly holds 99% or more of the shares, each transaction in whatsoever amount shall be submitted to and approved by the board of directors prior to its execution.</p> <p>3.1.2b If the related party is a subsidiary in which the Corporation directly or indirectly holds 99% or more of the shares, the transaction shall be submitted to and approved by the <u>Chief Operations Officer</u> prior to its execution.</p>	<p>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>3.1.2 Where the transaction counterparty is a related party and each transaction is less than 20 percent of the Corporation's paid-in capital and NT\$300 million:</p> <p>3.1.2a If the related party is not a subsidiary in which the Corporation directly or indirectly holds 99% or more of the shares, each transaction in whatsoever amount shall be submitted to and approved by the board of directors prior to its execution.</p> <p>3.1.2b If the related party is a subsidiary in which the Corporation directly or indirectly holds 99% or more of the shares, the transaction shall be submitted to and approved by the <u>responsible officer that was authorized by the chairman</u> prior to its execution.</p>	<p>Assets is proposed to harmonize with practical operational needs.</p>

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HTC Corporation Rules for Endorsements and guarantees Before and After Revision

Article no.	Original article	Amended article	Notes
Art. 3	<p>Recipients of endorsements and guarantees</p> <p>The Corporation may make endorsements and guarantees for the following companies:</p> <ol style="list-style-type: none"> 1. A company with which the Corporation has business relations. 2. A company in which the Corporation directly and/or indirectly holds more than 50 percent of the voting shares. 3. A company that directly and/or indirectly holds more than 50 percent of the voting shares in the Corporation. <p>Endorsements and guarantees may be made between companies in which the Corporation directly and/or indirectly holds <u>100</u> 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 <u>100</u> percent of the voting shares is located.</p> <p>In cases of a mutual endorsement/guarantee made between enterprises in the same industry or between joint builders in accordance with contract stipulations as required for purposes of undertaking a construction contract, or in cases of a joint investment relationship where the entire body of contributing shareholders make an endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages, such endorsement/guarantee may be made, and the restrictions of the</p>	<p>Recipients of endorsements and guarantees</p> <p>The Corporation may make endorsements and guarantees for the following companies:</p> <ol style="list-style-type: none"> 1. A company with which the Corporation has business relations. 2. A company in which the Corporation directly and/or indirectly holds more than 50 percent of the voting shares. 3. A company that directly and/or indirectly holds more than 50 percent of the voting shares in the Corporation. <p>Endorsements and guarantees may be made between companies in which the Corporation directly and/or indirectly holds <u>90 percent or more</u> of the voting shares. <u>The amount thereof may not exceed 10 percent of the Corporation's net worth, provided that this restriction shall not apply to endorsements and guarantees between companies in which the Corporation directly and/or indirectly holds 100 percent of the voting shares.</u> 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 <u>90 or more</u> percent of the voting shares is located.</p> <p>In cases of a mutual endorsement/guarantee made between enterprises in the same industry or between joint builders in accordance with contract stipulations as required for purposes of undertaking a construction contract, or in cases of a joint investment relationship where the</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 5 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies on 19 March 2010.</p>

HTC Corporation
Rules for Endorsements and guarantees
Before and After Revision

Article no.	Original article	Amended article	Notes
	<p>preceding 2 paragraphs shall not apply. 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.</p>	<p>entire body of contributing shareholders make an 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 2 paragraphs shall not apply. 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.</p>	
Art. 4	<p>Limits on Endorsements and Guarantees: <u>The limits on the total amount of endorsements and guarantees made by the Corporation, and the amount of endorsements and guarantees made by the Corporation for any single enterprise, are as follows:</u> 1. The cumulative total amount of external endorsements and guarantees may not <u>exceed</u> 50 percent of the Corporation's net worth as stated in the Corporation's latest financial statements audited and certified or reviewed by a certified public accountant (CPA). 2. The total amount of endorsements and guarantees for any single enterprise may not exceed 20 percent of the Corporation's net worth as stated in the Corporation's latest financial statements audited and certified or reviewed by a CPA. 3. The total amount of endorsements and guarantees made for a company with which the Corporation has business</p>	<p>Limits on Endorsements and Guarantees: <u>The limits on the total amount of endorsements and guarantees made by the Corporation itself, or by the Corporation and its subsidiaries as a whole, and the amount of endorsements and guarantees made by the Corporation itself or by the Corporation and its subsidiaries as a whole for any single enterprise, are as follows:</u> 1. The cumulative total amount of external endorsements and guarantees may not <u>reach</u> 50 percent of the Corporation's net worth as stated in the Corporation's latest financial statements audited and certified or reviewed by a certified public accountant (CPA). 2. The total amount of endorsements and guarantees for any single enterprise may not exceed 20 percent of the Corporation's net worth as stated in the Corporation's latest financial statements audited and certified or reviewed by a CPA.</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 142of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies on 19 March 2010.</p>

HTC Corporation
Rules for Endorsements and guarantees
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Article no.	Original article	Amended article	Notes
	<p>relations may not exceed the amount of the business transacted between the two parties. 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>3. The total amount of endorsements and guarantees made for a company with which the Corporation has business relations may not exceed the amount of the business transacted between the two parties. 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>	
Art. 5	<p>Handling procedures An application for an endorsement or guarantee shall be submitted to the finance unit of the Corporation, specifying the company in whose favor the endorsement or guarantee is made, and the recipient, type, reason, and amount of the endorsement or guarantee. After the application has passed review, it shall be submitted to the board of directors for final approval and handled in accordance with the board of directors resolution.</p>	<p>Handling procedures An application for an endorsement or guarantee shall be submitted to the finance unit of the Corporation, specifying the company in whose favor the endorsement or guarantee is made, and the recipient, type, reason, and amount of the endorsement or guarantee. After the application has passed review, it shall be submitted to the board of directors for final approval and handled in accordance with the board of directors resolution. <u>If the party in whose favor an endorsement or guarantee is made by the Corporation or its subsidiary is a subsidiary whose net worth is lower than half of its paid-in capital, the applicant shall also specify the measures and plans for risk management and control related to such endorsement or guarantee, for review by the Corporation's finance unit under Article 6 of these Rules, and the Corporation's finance unit shall regularly track and monitor the implementation of the measures and</u></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 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies on 19 March 2010.</p>

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Rules for Endorsements and guarantees
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Article no.	Original article	Amended article	Notes
		<u>plans for risk management and control.</u>	
Art. 13	<p>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 order that subsidiary to adopt 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, and any making of endorsements or guarantees shall be done in compliance with those rules.</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>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 order that subsidiary to adopt 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, and any making of endorsements or guarantees shall be done in compliance with those rules.</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>5. <u>A subsidiary in which the Corporation directly and/or indirectly holds 90 percent or</u></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 17 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies on 19 March 2010.</p>

HTC Corporation
Rules for Endorsements and guarantees
Before and After Revision

Article no.	Original article	Amended article	Notes
		<u>more of the voting shares shall report to the board of directors meeting of the Corporation for a resolution before making any endorsement or guarantee, provided that this restriction shall not apply to endorsements or guarantees made between companies in which the Corporation directly and/or indirectly holds 100 percent of the voting shares.</u>	

Supplement 10

HTC Corporation Comparison Chart for the Operational Procedures for Lending Funds to Others Before and After Revision

Article no.	Original article	Amended article	Notes
Art. 5	<p>Review procedures</p> <p>When lending funds to another, the responsible unit shall establish credit and risk assessment data and assess in detail the necessity and reasonableness of the loan to the other, and its impact on the Corporation's operational risk, financial condition, and shareholders equity, as well as whether collateral shall be obtained and the assessed value of the collateral. The assessment results shall be reported to the president and the chairman of the board of directors for approval, and submitted to the board of directors for a resolution before the loan may be made.</p>	<p>Review procedures</p> <p>When lending funds to another, the responsible unit shall establish credit and risk assessment data and assess in detail the necessity and reasonableness of the loan to the other, and its impact on the Corporation's operational risk, financial condition, and shareholders equity, as well as whether collateral shall be obtained and the assessed value of the collateral. The assessment results shall be reported to the president and the chairman of the board of directors for approval, and submitted to the board of directors for a resolution before the loan may be made.</p> <p><u>When lending funds to a subsidiary of the Corporation, in addition to submission of the assessment results to the board of directors for a resolution pursuant to the preceding paragraph, authorization may also be given to the chairman, within a certain amount limit resolved by the board of directors, for a specific borrowing counterparty and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down, provided that the authorized amount limit may not exceed 10 percent of the Corporation's net worth as stated on its most recent financial statement.</u></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 14 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies on 19 March 2010.</p>

Supplement 11

Independent Director Nominee List

Name	Chen-Kuo Lin	Josef Felder
Academic Qualifications	<p>Advanced study at the Department of Economics in Harvard University, U.S.A.</p> <p>Advanced study at the Department of Economics in Oklahoma State University, U.S.A.</p> <p>Bachelor degree in Economics from National Taiwan University.</p>	<p>Graduate of Advanced Management Program (AMP), Harvard Business School, Boston</p>
Work Experience	<p>Chairman, Taiwan Asset Management Corporation.</p> <p>Chairman, Taiwan External Trade Development Council. (TAITRA)</p> <p>Government Official, Executive Yuan Minister, Ministry of Finance, Executive Yuan.</p> <p>Professor, Department of Economics in National Taiwan University.</p>	<p>1980–1983 Commercial clerk</p> <p>1984–1988 Accountant with various companies</p> <p>1989–1993 Accounting manager at Crossair</p> <p>1993–1998 Marketing manager at Crossair</p> <p>Product management at Crossair</p> <p>Deputy Director at Crossair</p> <p>1998–2000 Director of FIG (Flughafen Immobilien Gesellschaft)</p> <p>2000 – 2008 Chief Executive Officer of Unique (Flughafen Zurich AG)</p>
Positions held concurrently in the company and/or in any other company	<p>Chairman, Board of TUNGHAI UNIVERSITY.</p> <p>Independent director of the Board, Taiwan High Speed Rail Corporation.</p> <p>Independent director of the Board, HTC Corporation.</p>	<p>Independent director of the Board, Careal Holding AG, Zurich</p> <p>Independent director of the Board, AMAG, Zürich</p> <p>Independent director of the Board, Zingg-Lamprecht AG, Zurich</p> <p>Independent director of the Board, Edelweiss Air AG, Zurich</p> <p>Independent director of the Board, Schulthess Group AG, Wolfhausen</p> <p>Director of the Board, Gutsbetrieb Oetlishausen AG, Hohentannen</p> <p>Independent director of the Board, Pro Juventute, Zurich</p> <p>Independent director of the Board, Luzerner Kantonalbank AG, Lucerne</p> <p>Independent director of the Board, Victoria Jungfrau Collection, Interlaken</p> <p>Independent director of the Board, HTC Corporation</p>
Current Shareholding	0	0