



## **Announcement: Disposal of 25% of the shareholdings in Beats Electronics, LLC ("Beats") held by HTC America Holding, Inc.**

July 21, 2012

1. Name and nature of the subject matter (if preferred shares, the terms and conditions of issuance shall also be indicated, e.g. dividend yield): Beats Electronics, LLC

2. Date of occurrence of the event: 2012/07/20

3. Volume, unit price, and total monetary amount of the transaction:

Original volume: 52,059 Class B Units (which represents 50.14% interest right, 51% voting right)

Volume sold: 25,959 Class B Units (which represents 25% interest right, 25.43% voting right)

Unit price: USD 5,778.34

Total monetary amount of the transaction: USD 150,000,000.

After the sale: 26,100 Class B Units (which represents 25.14% interest right, 25.57% voting right)

4. Counterpart to the trade and its relationship to the Company (if the trading counterpart is a natural person and furthermore is not an actual related party of the Company, the name of the trading counterpart is not required to be disclosed):

Founding members of Beats Electronics, LLC

Relationship to the Company: None

5. Where the counterpart to the trade is an actual related party, a public announcement shall also be made of the reason for choosing the related party as trading counterpart and the identity of the previous owner (including its relationship with the company and the trading counterpart), price of transfer, and date of acquisition: N/A

6. Where a person who owned the property within the past five years has been an actual related person of the company, a public announcement shall also include the dates and prices of acquisition and disposal by the related person and the person's relationship to the company at those times: N/A

7. Matters related to the creditor's rights currently being disposed of (including types of collateral of the disposed creditor's rights; if the creditor's rights are creditor's rights toward a related person, the name of the related person and the book amount of the creditor's rights toward such related person currently being disposed of must also be announced): N/A

8. Anticipated profit or loss from the disposal (not applicable in cases of acquisition of securities) (where originally deferred, the status or recognition shall be stated and explained):

Anticipated loss is USD 4,876,809 (based on the Company's book value in the latest financial report)

9. Terms of delivery or payment (including payment period and monetary amount), restrictive covenants in the contract, and other important stipulations:

1. Terms of delivery or payment: Payment will be made in accordance with an agreement. Purchasers to issue to the Company 3-yr Non-Recourse Secured Promissory Notes totaling USD 150M (the "Notes"). The Notes shall bear interest based on one-month LIBOR in effect on the closing date and on each anniversary of the closing date plus 1%, payable at the maturity of the Notes in three years.

2. Restrictive covenants in the contract, and other important stipulations: The USD 150M 3-yr Non-Recourse Secured Promissory Notes are pledged with 25% interest right.

10. The manner in which the current transaction was decided, the reference basis for the decision on price, and the decision-making department:

(1) The transaction amount was negotiated by both parties with consideration of the Company's original acquisition cost and the fairness opinion on the transaction price prepared by Ernst & Young which was commissioned by the Company.

(2) The Board of Directors authorized the chairperson and three directors of the Company (including an independent director) to approve and execute the relevant details of this transaction

11. Current cumulative volume, amount, and shareholding percentage of holdings of the security being traded (including the current trade) and status of any restriction of rights (e.g. pledges):

The cumulative shareholdings of Beats Electronics, LLC (including the current trade) held by HTC America Holding, Inc. is 26,100 Class B Units which is valued at USD 154M and represents 25.14% interest right and 25.57% voting right. There are no

restrictions on the rights of the shares.

12. Current ratio of long or short term securities investment (including the current trade) to the total assets and shareholder's equity as shown in the most recent financial statement and the operating capital as shown in the most recent financial statement:

(1) Ratio of the total amount of long or short term securities investment (including the current trade) to the total assets on the financial statement for the most recent period:

HTC America Holding Inc.: 64.13%

(2) Ratio of the total amount of long or short term securities investment (including the current trade) to the shareholder's equity on the financial statement for the most recent period:

HTC America Holding Inc.: 68.55%

(3) Operating capital as shown in the most recent financial statement:

HTC America Holding Inc.: USD -12,895,820

13. Broker and broker's fee: None

14. Concrete purpose or use of the acquisition or disposition: To provide Beats with operational flexibility for global expansion.

15. Net worth per share of company underlying securities acquired or disposed of: USD 473.39

16. Do the directors have any objection to the present transaction?: None

17. Has the CPA issued an opinion on the unreasonableness of the price of the current transaction?: No

18. Any other matters that need to be specified: None