

HTC Corporation Audit Committee Charter

Article 1

This Charter is adopted pursuant to Article 3 of the “Regulations Governing the Exercise of Powers by Audit Committees of Public Companies”.

Article 2

Matters concerning the number of Audit Committees’ members, term of office, powers, rules of procedure for meetings, and resources to be provided by this Corporation when the Audit Committee ("the Committee") exercises its powers shall be handled in accordance with this Charter.

Article 3

The main function of the Audit Committee is to supervise following matters:

1. Proper presentation of the financial reports of the Company.
2. Hiring (and dismissal), independence, and performance of the Company’s CPA.
3. Effectiveness of the implementation of the internal control system of the Company.
4. Compliance with relevant laws and regulations by the Company.
5. Management of the existing or potential risks of the Company.

Article 4

The Committee shall be composed of the entire number of independent directors and shall not be fewer than three persons in number, one of whom shall be the convener, and at least one of whom shall have accounting or financial expertise.

The independent director members of the Committee shall serve a 3-year term, and may be re-elected to further terms. When the number of the independent director members on the Committee falls below the number prescribed in the preceding paragraph or in the articles of incorporation due to an independent director's dismissal for any reason, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of the occurrence to hold a by-election to fill the vacancies.

Article 5

Powers conferred by the Securities and Exchange Act, the Company Act, and any other law to be exercised by supervisors, excepting those set forth in Article 14-4, paragraph 4 of the Securities and Exchange Act, shall be exercised by the Committee.

The provisions of Article 14-4, paragraph 4 of the Securities and Exchange Act, in regard to the Company Act as concerns the actions of supervisors or their role as representatives of a company,

apply mutatis mutandis to the independent director members of the Committee.

Article 6

The powers of the Committee are as follows:

1. The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
4. A matter bearing on director's conflict of interests with the Company.
5. A material asset or derivatives transaction.
6. A material monetary loan, endorsement, or provision of guarantee.
7. The offering, issuance, or private placement of any equity-type securities.
8. The hiring or dismissal of a CPA, or the compensation given thereto.
9. The appointment or discharge of a financial, accounting, or internal audit officer.
10. Annual and semi-annual financial reports.
11. Any other material matters so required by the Company or the Competent Authority.

The matters under the preceding paragraph shall be subject to the approval of one half or more of the entire membership of the Committee and shall be submitted to the board of directors for a resolution. The semi-annual financial reports, stipulated in subparagraph 10 of the preceding paragraph, shall be reported to the board of directors in accordance of the Article 36 of "Securities and Exchange Act".

Any matter in the paragraph 1, with the exception of subparagraph 10, which has not been approved by one half or more of the entire membership of the Committee may be adopted with the approval of two thirds or more of the entire board of directors.

"The entire membership," as used herein, shall be counted as the number of members actually in office at the given time.

The convener of the Committee shall represent the Committee to the public.

Article 7

The Committee shall convene at least once quarterly, and may call a meeting at its discretion whenever necessary.

In calling a meeting of the Committee, a notice of the reasons for convening the meeting shall be

given to each independent director member at least 7 days in advance. In emergency circumstances, however, the meeting may be called on shorter notice.

A member of the Committee shall be elected as the convener and meeting chair by and from the entire membership of the Committee. When the convener is on leave or unable to convene a meeting for any reason, the convener must designate an independent director in the Committee to convene the meeting. If the convener does not appoint a deputy, other Committee members must elect one person among them to convene the meeting.

The Committee may invite the managerial personnel of relevant departments, internal auditors, CPAs, legal advisors, or other related personnel to attend the meeting as nonvoting participants and provide them with necessary information. The invited people shall leave the meeting when discussion and voting take place.

Article 8

When a meeting of the Committee is held, an attendance book prepared for signature by the attending members must be in place and thereafter made available for reference.

Independent director members shall attend meetings of the Committee in person; if an independent director member is unable to attend in person, the independent director member may appoint another independent director member as proxy to attend the meeting. Attendance via telecommunications is deemed as attendance in person.

A Committee member that appoints another member as proxy to attend a meeting of the Committee shall in each instance issue a written proxy stating the scope of authorization with respect to the items on the meeting agenda.

Resolutions at meetings of the Committee shall be adopted with the approval of one half or more of the entire membership. The result of a vote shall be made known immediately and recorded in writing.

If for a legitimate reason it is impossible to hold a meeting of the Committee, the matters on the meeting agenda shall be adopted with the consent of two thirds or more of the entire board of directors. Nevertheless, a written opinion indicating approval or disapproval shall be obtained from each independent director member with respect to the matters under Article 6, paragraph 1, subparagraph 10.

The proxy under paragraph 2 of this Article may only be authorized by one person.

Article 9

The meeting minutes must be prepared regarding the deliberation of the Committee, detailing the following information in an accurate manner:

1. The session, time, and place of the meeting.

2. Name of meeting chair.
3. Committee member's attendance, specifying the names and numbers of members in attendance, excused and absent.
4. Name and job title of those present at the meeting as nonvoting participant.
5. Name of minute taker.
6. Reporting matters.
7. Discussions: the method of resolution and the result for each proposal; summaries of the statements of committee members, specialists, and other personnel; the name of any independent director member possibly having an interest relationship as referred to in paragraph 1 of the following article, the essential content of the interest, the reasons why the director was required or not required to enter recusal, and the status of the recusal; opposed or reserved opinions.
8. Extraordinary motions: name of the proposer, the method of resolution and the result of the motion, summaries of the statements of committee members, specialists, and other personnel; the name of any member possibly having an interest relationship as referred to in paragraph 1 of the following article, the essential content of the interest, the reasons why the director was required or not required to enter recusal, and the status of the recusal; opposed or reserved opinions.
9. Other matters required to be recorded.

The Committee's attendance record book is a part of the minutes and shall be preserved well during the existence of the company. The meeting minutes shall be signed or sealed by the meeting chair and the minute taker, distributed to all Committee members within twenty days after the meeting, and deemed important corporate records and appropriately preserved during the existence of the Company. The minutes in Paragraph 1 may be produced and distributed by electronic means.

Article 10

The company shall record on audio or video tape the entire proceedings of the Committee meeting, and preserve the recordings for at least five years, in electronic form or otherwise.

If before the end of the preservation period referred to in the preceding paragraph any litigation arises in connection with a resolution of the Committee meeting, the relevant audio or video recordings shall continue to be preserved until the litigation is concluded.

Where the Committee meeting is held by video conference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be well preserved for the duration of the existence of the company.

Article 11

The Committee's meeting agenda shall be drafted by the convener. Other members may also put forward proposals for discussion by the Committee.

Article 12

Being an interested party with respect to a given agenda item, the director shall explain the essential content of the interest. If the director's personal interest is likely to prejudice the interest of the company, the director member may not participate in discussion and voting, and shall recuse himself or herself from the discussion and voting, and also may not exercise voting rights as a proxy for any other independent director member. If an agenda item cannot be resolved at a meeting of the Committee for the reason stated in the preceding paragraph, it shall be reported to the board of directors, which shall resolve on the item.

Article 13

The Committee may retain the service of an attorney, certified public accountant, or other professionals to perform necessary auditing services or provide consulting services in connection with Article 6 by resolution. The Company shall bear responsibility for payment of the expenses so incurred.

Article 14

The Committee members shall exercise the due care of a good administrator and faithfully perform the duties prescribed in this Charter; they shall be accountable to the board of directors and shall submit their proposals to be resolved by the board.

Article 15

The Committee shall conduct periodic reviews of matters relating to this Charter and present the results for amendment by the board of directors.

The execution of tasks relating to resolutions adopted by the Committee may be delegated to the convener or other Committee members or assigned the management for follow-up, with a written or verbal report to be presented to the Committee during the implementation period. If necessary, the matter shall be presented for ratification or a report made at the next meeting of the Committee.

Article 16

This Charter, and any amendments hereto, shall enter into force after adoption by a resolution of the board of directors.