

HTC CORPORATION
2014 Annual General Shareholders' Meeting Agenda Book
Table of Contents

Index

Meeting Procedure	1
Meeting Agenda	2
Matters to Report	3
Adoption and Discussion Matters	4
Extraordinary Motions	6

Supplements

Supplement 1: Fiscal 2013 Business Report	7
Supplement 2: Supervisors Audit Report	10
Supplement 3: Share Buyback Execution Report	12
Supplement 4: Fiscal 2013 CPA Audit Report and Financial Statement	13
Supplement 5: Fiscal 2013 CPA Audit Report and Consolidated Financial Statement	20
Supplement 6: The Chart of 2013 Deficit Compensation	27
Supplement 7: Pre- and Post-Amendment Comparison Chart for Articles of Incorporation	28

Appendixes

Appendix 1: Rules of Procedure for Shareholders Meetings	30
Appendix 2: Articles of Incorporation	33
Appendix 3: Impact of the Stock Dividend Proposal of this Shareholders Meeting on Operational Performance and Earnings per Share	38
Appendix 4: Information on Employee Profit Sharing & Regular Compensation for Directors and Supervisors	38
Appendix 5: Shareholding Status and Minimum Shareholding Requirements of Directors and Supervisors	39

HTC CORPORATION
Procedure for 2014 Annual General Shareholders' Meeting

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

HTC CORPORATION
Agenda for the 2014 Annual General Shareholders' Meeting

Time and Date: June 19, 2014 (Thursday) at 9 a.m.

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

Attendees: The entire body of shareholders and authorized representatives of shareholders

Chair: Cher Wang, Chairperson

1. Opening Remarks by the Chair

2. Matters to Report:

Item 1: Fiscal 2013 Business Report

Item 2: Supervisors Audit Report

Item 3: Share Buyback Execution Report.

3. Adoption and Discussion Matters:

Item 1: Adoption of the Fiscal 2013 Business Report and Financial Statements

Item 2: Adoption of the Fiscal 2013 Deficit Compensation Proposal

Item 3: Discussion on the proposal to partially amend the Articles of Incorporation

Item 4: Discussion on the proposal to issue 5,000,000 new restricted employee shares

4. Extraordinary Motions

5. Closure of the Meeting

Matters to Report:

Item 1

Title: Fiscal 2013 Business Report, submitted for review.

Introduction:

- (1) Please refer to Supplement 1 of this handbook (page 7) for the Fiscal 2013 Business Report.
- (2) Please review.

Item 2

Title: Supervisors Audit Report, submitted for review.

Introduction:

- (1) Please refer to Supplement 2 of this handbook (page 10) for the Supervisors Audit Report.
- (2) Please review.

Item 3

Title: Share Buyback Execution Report, submitted for review.

Introduction:

- (1) Please refer to Supplement 3 of this handbook (page 12) for the Share Buyback Execution Report.
- (2) Please review.

Adoption and Discussion Matters

Item 1

Title: Adoption of the Fiscal 2013 Business Report and Financial Statements. (Proposed by the Board of Directors)

Introduction:

- (1) The compilation of the Company's Fiscal 2013 Business Report and Financial Statements are completed and has been approved by the Board of Directors. The Financial Statements have been audited and certified by Yang, Min-Hsien, CPA, and Hsu Wen-Ya, CPA, of Deloitte & Touche. The Business Report and Financial Statements have been audited by the Supervisors, and are hereby submitted for adoption by this Annual General Shareholders' Meeting.
- (2) Please refer to Supplement 1 (page 7), Supplement 4 (page 13) and Supplement 5 (page 20) of this handbook for the Fiscal 2013 Business Report, the CPA Audit Report issued by Deloitte & Touche and the Financial Statements, respectively.
- (3) Adoption requested.

Resolution:

Item 2

Title: Adoption of the Fiscal 2013 Deficit Compensation Proposal. (Proposed by the Board of Directors)

Introduction:

- (1) The Company's net loss for Fiscal 2013 was NT\$1,323,784,541. Please refer to Supplement 6 of this handbook (page 27) for the Chart of the Deficit Compensation for Fiscal 2013. It is proposed not to distribute share dividends to the shareholders.
- (2) Adoption requested.

Resolution:

Item 3

Title: Discussion on the proposal to partially amend the Articles of Incorporation, submitted for discussion. (Proposed by the Board of Directors)

Introduction:

- (1) A partial amendment to the Articles of Incorporation is proposed in response to regulatory requirements and business operation needs of the Company.

(2) Please refer to Supplement 7 of this handbook (page 28) for the Pre- and Post-Amendment Comparison Chart for the Articles of Incorporation.

(3) Resolution requested.

Resolution:

Item 4

Title: Discussion on the proposal to issue 5,000,000 new restricted employee shares, submitted for discussion. (Proposed by the Board of Directors)

Introduction:

(1) It is proposed to issue new restricted employee shares per Article 267 of the Company Act and the Regulations Governing the Offering and Issuance of Securities by Securities Issuers (the "Offering Regulations") issued by the Financial Supervisory Commission.

(2) Total amount to be issued: a total of 5,000,000 common shares, each share having a par value of NT\$10, for a total amount of NT\$50,000,000.

(3) Issue terms:

1. Issue price: The current issue is gratuitous. The issue price is NT\$0.

2. Vesting conditions:

(I) An employee who remains employed at HTC after 1 year has elapsed from the time of the award of the new restricted employee shares, and who in the then-current fiscal year has a performance rating equal to or higher than "Satisfactory", will be eligible for vesting of an installment of 30% of the shares.

(II) An employee who remains employed at HTC after 2 years have elapsed from the time of the award of the new restricted employee shares, and who in the then-current fiscal year has a performance rating equal to or higher than "Satisfactory", will be eligible for vesting of an installment of 30% of the shares.

(III) An employee who remains employed at HTC after 3 year has elapsed from the time of the award of the new restricted employee shares, and who in the then-current fiscal year has a performance rating equal to or higher than "Satisfactory", will be eligible for vesting of an installment of 40% of the shares.

3. Handling of an employee's failure to meet the vesting conditions: HTC will withdraw without compensation and cancel the full number of the shares.

4. Restrictions on the rights associated with shares that have not yet vested:

(I) During the vesting period, an employee may not sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, new restricted employee shares.

(II) During the vesting period, the new restricted employee shares can still participate in stock and cash dividends and subscription to cash rights issues.

5. After issuance, the new restricted employee shares must immediately be deposited in

trust.

- (4) Conditions of Eligibility for Award and the number of shares to be awarded or subscribed:
1. Restricted to full-time regular employees of HTC who are already employed on the date that the new restricted employee shares are awarded.
 2. The employees who will be awarded new restricted employee shares and the numbers of such shares awarded will be decided by the chairperson and then approved by the board of directors, with consideration given to factors such as seniority, job rank, work performance, overall contribution, special merit, or other administrative conditions requiring consideration. However, for employees who are officers or hold management positions, the award of such shares is subject to approval by the Compensation Committee.
 3. The sum of the cumulative number of shares subscribable under any new restricted employee shares issued by HTC to a single employee shall be in accordance with the relevant restrictions in the Offering Regulations.
- (5) Necessary reason to issue the new restricted employee shares: To attract and retain professional talents needed by HTC, and to provide incentive to employees and enhance employee commitment, so as to jointly create benefit to the company and its shareholders.
- (6) Potential expenses, dilution to the earnings per share and other effects towards shareholders' equity:
- The number of current outstanding shares, excluding the treasury stocks, is 823,438, 125 shares, and the estimated restricted employee shares to be issued constitute 0.61% of the current outstanding shares. The estimated total possible expenses for the issuance of the restricted employee shares is approximately NT\$ 845,000,000, and are calculated based on the closing share price one day prior to the Board resolution date (May 5, 2014), which is NT\$169 per share. When considering the 3-year vesting period and the current outstanding shares, it is estimated that the expenses generated can dilute the earnings per share by approximately NT\$1.03 per share. Therefore, these expenses should not have a critical impact on shareholder's equity.
- (7) Unless otherwise provided in the applicable governmental regulations, the Board of Directors is authorized to amend or execute any matter which is not specifically prescribed in this proposal after it is approved.
- (8) Resolution requested.

Resolution:

Extraordinary Motions

Closure of the Meeting

Supplement 1

HTC CORPORATION Fiscal 2014 Business Report

2013 was a true year of transition for HTC Corporation, one we believe has positioned us for great success down the road. HTC always puts a relentless focus on our customers. Last year, HTC cemented its position as a true leader in this regard, introducing our most successful smartphone ever, the HTC One. This success was built on premium, critically-acclaimed design and breakthrough innovations that stood out from the crowd. Awards and accolades are still pouring in for this fantastic phone a year later. We also introduced the HTC One mini and HTC One max variants, launched new Desire models for the mid-tier segment, refreshed the powerful Butterfly model that enjoys popularity throughout Asia. HTC has always made great products, and last year we stepped up our efforts to tell customers about them. Our “Here’s To Change” brand platform, sponsorship deal with Europe’s UEFA Champions League, and partnership with Hollywood superstar Robert Downey, Jr. got more people talking about HTC than ever before. Nonetheless, faced with intense pressure from powerful competitors, HTC’s financial performance did not live up to our expectations. We embarked on swift and comprehensive action to return the business to health. So far 2014 has given us much cause for optimism, with strong positive reaction from media and consumers to our groundbreaking HTC One (M8) flagship phone and a beautiful new mid-tier model, the HTC Desire 816. We are confident we have taken the right steps to ensure a healthy, bright future for HTC, our customers, and our investors.

FINANCIAL PERFORMANCE

Full-year consolidated revenues came in at NT\$203.4 billion, with a consolidated gross profit of NT\$42.27 billion and an operating gross margin of 21 percent. Combined operating margin was -2 percent, with an operating loss of NT\$3.97 billion. The full-year after-tax net loss was NT\$1.32 billion, while Earnings Per Share (EPS) was a loss of NT\$1.60. HTC continues to focus on its core operations, working diligently to further reduce costs and restore positive performance in 2014.

PRODUCT SUMMARY

In February, 2013, HTC introduced its new flagship smartphone, the HTC One. This phone introduced a number of breakthrough innovations that still lead the industry. These include a nearly all-aluminum body made possible only with a pioneering manufacturing process, and the BlinkFeed home screen experience that lets users customize their home screen with content from Facebook, Twitter, and hundreds of global media partners including the AOL family of properties, CNN, ESPN, Reuters, and many more. The HTC One also introduced HTC’s own proprietary sound technology, HTC BoomSound with dual front-facing speakers, and the unique UltraPixel camera with incredible low-light performance.

HTC also introduced the HTC Butterfly s, a phone that brought many of the innovations from the HTC One to the Butterfly franchise that has enjoyed popularity throughout Asia. Later in the year, HTC also released blue, red and champagne-gold editions of the HTC One, and a limited-edition “Hello Kitty” HTC Butterfly s.

With the launch of the HTC One on Verizon in August, HTC’s flagship phone became available across all four major U.S. carriers in the US for the first time. Building on the success of the HTC One, HTC introduced the HTC One mini and the HTC One max later on, offering a family of devices that provide something for everyone.

A new range of Desire products was introduced during the course of 2013, complimenting the flagship One family. These products provide options for customers from super fast 4G to entry level smartphones. The most highly recommended of which, the Desire 500 scoring 89% in independent reviews, proving a success in multiple European countries: Germany, Italy, Spain, Poland amongst others. The launch of the new mid-range Desire 601 and entry-level Desire 300, also in the third quarter, further expanded HTC's portfolio, enabling consumers to enjoy a premium experience at any price point. The Desire products also provide a platform for customers to experience a number of core features, such as BlinkFeed, video highlights which were previously only reserved for the One family.

This positive momentum has only continued in 2014. At Mobile World Congress in February, we launched the HTC Desire 816, which brought beautiful design and high performance to the mid-tier segment. This new smartphone won several awards, including "Best Mid-Range Phone" from Android Authority and "Best Budget Phone" from Laptop Magazine. Also at MWC, the HTC One was awarded "Best Smartphone of 2013" from the GSMA, and also won the coveted Gold Design award from iF Design.

In March, we unveiled the HTC One (M8), our new flagship smartphone that delivers premium metal design, a completely redesigned HTC Sense user experience, improved BoomSound, and a breakthrough Duo Camera.

HONORS, AWARDS, AND BUZZ

HTC's designs were lauded by the media, and received prestigious awards throughout 2013. The new HTC One was awarded the GSMA's "The Best Mobile Handset, Device, or Tablet". This flagship device was also awarded Tech Radar's "MWC's Best Phone" and "Best in Show" and won "Best Smartphone" from Mobile Geeks. The HTC One continued to win accolades later in the year, including "Phone of the Year in 2013" by T3 Gadget Awards and "Best European Advanced Smartphone 2013-2014" from the European Imaging and Sound Association. In the fourth quarter, the HTC One claimed yet another Best Phone title by Tbreak Awards, the most prestigious technology and gaming awards in the Middle East. At Mobile World Congress 2014, the GSMA named the HTC One "Best Smartphone of the Year", and iF Design bestowed its coveted Gold Award for Design on the HTC One as well.

HTC also made great strides in raising the profile of the HTC brand, launching the Here's To Change global brand campaign that affirmed our role as the change-maker challenging the status quo since the dawn of the mobile phone industry, as well as our mission of continuing to bring change into the hands of people around the world. The campaign kicked off with a television commercial featuring Robert Downey, Jr., which significantly ramped up consumer engagement and positive sentiments, increasing advertising awareness by 12% and brand momentum by 15%.

2013 was also HTC's first full year as Official Global Phone Supplier to the UEFA Champions League and Europa League. This extensive partnership helped us reach over one billion people globally through our "Change Your Game" integrated marketing communications program. In 2013 we also launched the HTC FootballFeed app, enabling consumers to get real-time official updates on all aspects of two of football's most prestigious competitions, bringing fans closer than ever to the game, through an innovative and overall richer mobile experience.

Other examples of innovative marketing activities included the launch of HTC's "Most Beautiful Smartphone" campaign through an interactive outdoor billboard at Times Square in New York City, boosting digital engagement with consumers and activation through the holiday sales season. Also, "The Ultimate Smartphone Photo Booth" was launched in partnership with

Qualcomm. This technological marvel consisted of 130 HTC One phones arranged to shoot 540 degrees of action. The photo booth toured major cities in the United States, showing off the vivid and true-to-life images captured by HTC's groundbreaking UltraPixel camera in a way similar to high-end Hollywood special effects. A video about the project received more than five million views on YouTube alone.

Another very rewarding program we've revealed in Barcelona was the shared processing initiative - Power To Give, an app that allows people to donate their spare processing power as they charge their phone overnight, to good causes of their choice, in order to answer some of the world's biggest questions – cure for cancer or alzheimers, helping environmental and ecological programs and of course, the search for extraterrestrial life. This corporate social responsive initiative spells a new era for HTC brand and our drive to tackle some of the biggest opportunities that a connected, mobile world can unite to solve.

SOCIAL RESPONSIBILITY

HTC has always cared for the community, promoting public service as a duty and hoping to make a contribution. The HTC Social Welfare Foundation has been a long-term sponsor of the welfare of disadvantaged groups, supporting educational programs at home and abroad, and providing scholarships to impoverished students globally. In addition, the HTC Education Foundation is committed to promoting moral character and civic education programs. Apart from the donation of books, the foundation works with local and global educational institutions to plan educational projects, as well as actively initiating educational incentive programs.

VISION FOR THE FUTURE

This year we are more excited than ever about the future of mobile. We are confident in our ability to continue leading the industry with brilliant design inside and out, and innovation that is relevant to our customers. Exciting new technologies are opening up tantalizing opportunities, and HTC is determined to bring our world-class design and innovation to create breakthrough products. We will continue to invest in our brand, marketing and sales and make sure that more people than ever get to know HTC first hand. Thanks for coming along for the ride!

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 2013 Financial Statements. HTC Corporation's Financial Statements have been audited and certified by Yang, Ming-Hsien, CPA, and Hsu Wen-Ya, CPA, of Deloitte & Touche and an audit report relating to the Financial Statements has been issued. The Financial Statements has 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:

Huang-Chieh Chu

Way-Chih Investment Co., Ltd.

Representative: Shao-Lun Lee

March 28, 2014

HTC CORPORATION
Supervisors Audit Report

The Board of Directors has prepared the Company's 2013 Business Report and Deficit Compensation Proposal. The Business Report and Deficit Compensation 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:

Huang-Chieh Chu

Way-Chih Investment Co., Ltd.

Representative: Shao-Lun Lee

May 6, 2014

Supplement 3

Share Buyback Execution Report :

Topic	Explanation
Initial Estimation of Share Buy-back Status	
Board of Director resolution	August 02, 2013
Purpose of the share buy-back	To stabilize stock price by maintaining company credibility and shareholders rights. According to the Regulations Governing Share Repurchase by Listed and OTC Companies, Article 2 requires off-setting of buy-back Treasury stocks.
Type of share buy-back	Common stock
Total amount allocated for share buy-back	NTD 4,350,000,000
Buy-back period	Aug. 5 to Oct. 4, 2013
Estimated number of buy-back shares (as percentage of total issued shares)(Note 1)	15,000,000 shares (1.76%)
Estimated buy-back price interval	Buy-back stock price is between NTD 140 to NTD 290. It is further resolved by the Board of Directors to continue buy-back of shares if the stock price falls under NTD 140.
Method of Buy-back	Buy-back shares from stock exchange
Actual Share Buy-back Status	
Buy-back period	From Aug. 20 to Oct. 4, 2013
Number of buy-back shares (as a percentage of total issued shares) (Note 2)	7,789,000 shares (0.91%)
Total amount for buy-back shares	NTD 1,033,845,666
Average price per buy-back share	NTD 132.73

Note 1: The percentage is calculated based on the total outstanding shares when the Company reported share repurchase.

Note 2: The percentage is calculated based on the total outstanding shares when the Company reported expiration of repurchase period or completion of the repurchase.

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, 2013, December 31, 2012 and January 1, 2012, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. 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 the Company as of December 31, 2013, December 31, 2012 and January 1, 2012, and its financial performance and its cash flows for the years ended December 31, 2013 and 2012, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

February 28, 2014

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance 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 applied in the Republic of China.

For the convenience of readers, the independent 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 independent auditors' report and financial statements shall prevail. Also, as stated in Note 4 to the accompanying financial statements, the additional footnote disclosures that are not required under accounting principles and practices generally applied in the Republic of China were not translated into English.

HTC CORPORATION

BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 33,034,504	20	\$ 42,545,929	22	\$ 53,397,570	22
Financial assets at fair value through profit or loss - current (Notes 7 and 32)	162,297	-	6,950	-	256,868	-
Available-for-sale financial assets - current (Notes 8 and 32)	-	-	-	-	736,031	-
Held-to-maturity financial assets - current (Notes 9 and 32)	-	-	101,459	-	-	-
Derivative financial assets for hedging - current (Notes 10 and 32)	-	-	204,519	-	-	-
Note and trade receivables, net (Note 13)	13,966,622	8	19,743,763	10	32,039,776	13
Trade receivables - related parties, net (Notes 13 and 33)	13,203,577	8	19,468,130	10	32,977,269	13
Other receivables (Note 13)	1,856,060	1	1,300,399	1	1,615,044	1
Other receivables - related parties (Notes 13 and 33)	336	-	6,633,724	3	79,077	-
Current tax assets (Note 26)	24,192	-	-	-	-	-
Inventories (Note 14)	18,463,656	11	20,521,967	10	25,389,320	10
Prepayments (Note 15)	3,596,806	2	4,154,949	2	6,473,372	3
Other current financial assets (Notes 6, 12 and 34)	2,359,041	2	5,606,720	3	25,538,650	10
Other current assets	125,019	-	34,137	-	248,085	-
Total current assets	<u>86,792,110</u>	<u>52</u>	<u>120,322,646</u>	<u>61</u>	<u>178,751,062</u>	<u>72</u>
NON-CURRENT ASSETS						
Available-for-sale financial assets - non-current (Notes 8 and 32)	239	-	197	-	279	-
Held-to-maturity financial assets - non-current (Notes 9 and 32)	-	-	-	-	204,597	-
Financial assets measured at cost - non-current (Notes 11 and 32)	515,861	-	515,861	-	515,861	-
Investments accounted for using equity method (Notes 16, 29 and 30)	42,130,349	25	39,781,249	20	35,904,924	15
Property, plant and equipment (Notes 17 and 33)	19,773,608	12	19,726,836	10	15,318,600	6
Intangible assets (Note 18)	1,650,891	1	1,717,150	1	2,241,541	1
Deferred tax assets (Note 26)	6,475,936	4	6,545,718	4	5,359,291	2
Refundable deposits (Note 32)	75,081	-	84,947	-	78,894	-
Prepaid pension cost - non-current (Note 22)	125,894	-	119,522	-	101,026	-
Other non-current assets (Note 15)	<u>10,014,225</u>	<u>6</u>	<u>8,165,713</u>	<u>4</u>	<u>8,645,392</u>	<u>4</u>
Total non-current assets	<u>80,762,084</u>	<u>48</u>	<u>76,657,193</u>	<u>39</u>	<u>68,370,405</u>	<u>28</u>
TOTAL	<u>\$ 167,554,194</u>	<u>100</u>	<u>\$ 196,979,839</u>	<u>100</u>	<u>\$ 247,121,467</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Note and trade payables (Note 19)	\$ 42,788,723	26	\$ 71,227,584	36	\$ 72,855,374	30
Trade payable - related parties (Notes 19 and 33)	5,622,019	4	2,902,985	1	3,639,231	1
Other payables (Notes 20 and 33)	33,562,853	20	32,211,263	16	43,521,453	18
Current tax liabilities (Note 26)	303	-	1,424,006	1	9,653,090	4
Provisions - current (Note 21)	7,224,637	4	7,603,717	4	14,808,145	6
Other current liabilities (Note 20)	<u>532,805</u>	<u>-</u>	<u>1,187,056</u>	<u>1</u>	<u>1,154,196</u>	<u>-</u>
Total current liabilities	<u>89,731,340</u>	<u>54</u>	<u>116,556,611</u>	<u>59</u>	<u>145,631,489</u>	<u>59</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Note 26)	114,034	-	150,534	-	187,469	-
Guarantee deposits received (Note 32)	<u>1,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>628</u>	<u>-</u>
Total non-current liabilities	<u>115,194</u>	<u>-</u>	<u>150,534</u>	<u>-</u>	<u>188,097</u>	<u>-</u>
Total liabilities	<u>89,846,534</u>	<u>54</u>	<u>116,707,145</u>	<u>59</u>	<u>145,819,586</u>	<u>59</u>
EQUITY (Note 23)						
Share capital - common stock	<u>8,423,505</u>	<u>5</u>	<u>8,520,521</u>	<u>4</u>	<u>8,520,521</u>	<u>3</u>
Capital surplus	<u>15,360,307</u>	<u>9</u>	<u>16,601,557</u>	<u>8</u>	<u>16,601,557</u>	<u>7</u>
Retained earnings						
Legal reserve	18,149,350	11	16,471,254	9	10,273,674	4
Special reserve	854,138	1	-	-	580,856	-
Accumulated earnings	<u>47,282,820</u>	<u>28</u>	<u>53,630,777</u>	<u>27</u>	<u>75,687,478</u>	<u>31</u>
Total retained earnings	<u>66,286,308</u>	<u>40</u>	<u>70,102,031</u>	<u>36</u>	<u>86,542,008</u>	<u>35</u>
Other equity	<u>557,698</u>	<u>-</u>	<u>(885,925)</u>	<u>-</u>	<u>2,939</u>	<u>-</u>
Treasury shares	<u>(12,920,158)</u>	<u>(8)</u>	<u>(14,065,490)</u>	<u>(7)</u>	<u>(10,365,144)</u>	<u>(4)</u>
Total equity	<u>77,707,660</u>	<u>46</u>	<u>80,272,694</u>	<u>41</u>	<u>101,301,881</u>	<u>41</u>
TOTAL	<u>\$ 167,554,194</u>	<u>100</u>	<u>\$ 196,979,839</u>	<u>100</u>	<u>\$ 247,121,467</u>	<u>100</u>

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

HTC CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars)

	For the Years Ended December 31			
	2013		2012	
	Amount	%	Amount	%
REVENUES (Notes 24 and 33)	\$ 194,294,044	100	\$ 270,701,687	100
COST OF REVENUES (Notes 14, 25 and 33)	<u>160,324,556</u>	<u>82</u>	<u>213,706,894</u>	<u>79</u>
GROSS PROFIT	33,969,488	18	56,994,793	21
UNREALIZED GAINS	(1,611,132)	(1)	(2,354,363)	(1)
REALIZED GAINS	<u>2,354,363</u>	<u>1</u>	<u>1,151,531</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>34,712,719</u>	<u>18</u>	<u>55,791,961</u>	<u>20</u>
OPERATING EXPENSES (Notes 25 and 33)				
Selling and marketing	18,767,921	10	21,716,367	8
General and administrative	6,149,762	3	5,521,638	2
Research and development	<u>11,431,489</u>	<u>6</u>	<u>13,783,569</u>	<u>5</u>
Total operating expenses	<u>36,349,172</u>	<u>19</u>	<u>41,021,574</u>	<u>15</u>
OPERATING (LOSS) PROFIT	<u>(1,636,453)</u>	<u>(1)</u>	<u>14,770,387</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 25)	675,659	-	964,499	1
Other gains and losses (Note 25)	758,009	-	580,421	-
Finance costs	(6,550)	-	(320)	-
Share of the profit or loss of subsidiaries, associates and joint ventures (Note 16)	<u>(1,075,872)</u>	<u>-</u>	<u>617,723</u>	<u>-</u>
Total non-operating income and expenses	<u>351,246</u>	<u>-</u>	<u>2,162,323</u>	<u>1</u>
(LOSS) PROFIT BEFORE INCOME TAX	(1,285,207)	(1)	16,932,710	6
INCOME TAX (Note 26)	<u>(38,578)</u>	<u>-</u>	<u>(119,135)</u>	<u>-</u>
(LOSS) PROFIT FOR THE YEAR	<u>(1,323,785)</u>	<u>(1)</u>	<u>16,813,575</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME AND LOSS				
Exchange differences on translating foreign operations (Note 23)	1,649,412	1	(1,089,693)	-
Unrealized gain (loss) on available-for-sale financial assets (Note 23)	42	-	(4,713)	-

(Continued)

HTC CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars)

	For the Years Ended December 31			
	2013		2012	
	Amount	%	Amount	%
Cash flow hedge (Notes 10 and 23)	\$ (194,052)	-	\$ 194,052	-
Actuarial gain and loss arising from defined benefit plans (Note 22)	(16,976)	-	(5,310)	-
Share of the other comprehensive income of subsidiaries, associates and joint ventures	(11,887)	-	11,430	-
Income tax relating to the components of other comprehensive income (Notes 22 and 26)	<u>1,771</u>	<u>-</u>	<u>903</u>	<u>-</u>
Other comprehensive income and loss for the year, net of income tax	<u>1,428,310</u>	<u>1</u>	<u>(893,331)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 104,525</u>	<u>-</u>	<u>\$ 15,920,244</u>	<u>6</u>
(LOSS) EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ (1.60)</u>		<u>\$ 20.21</u>	
Diluted	<u>\$ (1.60)</u>		<u>\$ 20.12</u>	

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

(Concluded)

