HTC Corporation
2014 Annual General Shareholders Meeting Minutes
(Translation)

Time and Date: June 19, 2014 (Thursday) at 9:00 a.m.

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

The shareholders present in person and by proxy represented 586,102,619 shares or 71.17% of the total 823,438,125 shares outstanding. The total shares outstanding is the total 840,352,125 shares issued minus 16,914,000 treasury shares.

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

Yang Shiau Pan, Counsel of Lexcel Law Offices

Chairperson: Cher Wang, Chairperson

Recorder: Grace Lei

1. **Call Meeting to Order:** The aggregate shareholding of the attending shareholders constituted a quorum. The Chairperson called the meeting to order.
2. **Opening Remarks by the Chairperson:** Omitted.
3. **Matters to Report:**

Item 1: Fiscal 2013 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 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, Supplement 4 and Supplement 5 for the Fiscal 2013 Business Report, the CPA Audit Report issued by Deloitte & Touche and the Financial Statements,

respectively.

(3) Adoption requested.

Resolution: Voting results were as follows: the total number of shares represented by the shareholders present at the time of voting was 585,961,791, among which 483,389,003 votes representing 82.49% of votes were cast in favor of the proposal, and 61,423 votes were cast against the proposal. This proposal was approved and adopted as is.

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 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: Voting results were as follows: the total number of shares represented by the shareholders present at the time of voting was 585,961,791, among which 484,450,574 votes representing 82.67% of the votes were cast in favor of the proposal, and 65,435 votes were cast against the proposal. This proposal was approved and adopted as is.

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 for the Pre- and Post-Amendment Comparison Chart for the Articles of Incorporation.

(3) Resolution requested.

Resolution: Voting results were as follows: the total number of shares represented by the shareholders present at the time of voting was 585,961,791, among which 484,505,353 votes representing 82.68% of the votes were cast in favor of the proposal, and 54,446 votes were cast against the proposal. This proposal was

approved and adopted as is.

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 managerial officers, 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: Voting results were as follows: the total number of shares represented by the shareholders present at the time of voting was 585,961,791, among which 421,845,384 votes representing 71.99% of the votes were cast in favor of the proposal, and 62,708,405 votes were cast against the proposal. This proposal was approved and adopted as is.

Summary of shareholders' statements:

At the meeting, shareholder number 90150735、305966、260568、10578、299742、46159、233864、257900、67445、168713、152543、135907、90190088、152750、246525、154583、262132、12649、287488、164854、219263 and 161661 etc. raised suggestions regarding Company's products quality, marketing, future development, employee etiquette and recruiting younger employees etc. The Chairperson responded and appointed relative personnel of the

Company to explain to the statements, no further comments were made by the aforementioned shareholders.

5.Extraordinary Motions: Questions raised by the shareholders and the Company's responses were omitted.

6. Closure of the Meeting: June 19, 2014 (Thursday) at 01:20 p.m.

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Chairperson：Cher Wang Recorder：Grace Lei

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

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 NT3.97 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 Amount	%	December 31, 2012 Amount	%	January 1, 2012 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	86,792,110	52	120,322,646	61	178,751,062	72
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)	10,014,225	6	8,165,713	4	8,645,392	4
Total non-current assets	80,762,084	48	76,657,193	39	68,370,405	28
TOTAL	$ 167,554,194	100	$ 196,979,839	100	$ 247,121,467	100
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)	532,805	-	1,187,056	1	1,154,196	-
Total current liabilities	89,731,340	54	116,556,611	59	145,631,489	59
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Note 26)	114,034	-	150,534	-	187,469	-
Guarantee deposits received (Note 32)	1,160	-	-	-	628	-
Total non-current liabilities	115,194	-	150,534	-	188,097	-
Total liabilities	89,846,534	54	116,707,145	59	145,819,586	59
EQUITY (Note 23)						
Share capital - common stock	8,423,505	5	8,520,521	4	8,520,521	3
Capital surplus	15,360,307	9	16,601,557	8	16,601,557	7
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	47,282,820	28	53,630,777	27	75,687,478	31
Total retained earnings	66,286,308	40	70,102,031	36	86,542,008	35
Other equity	557,698	-	(885,925)	-	2,939	-
Treasury shares	(12,920,158)	(8)	(14,065,490)	(7)	(10,365,144)	(4)
Total equity	77,707,660	46	80,272,694	41	101,301,881	41
TOTAL	$ 167,554,194	100	$ 196,979,839	100	$ 247,121,467	100

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)	160,324,556	82	213,706,894	79
GROSS PROFIT	33,969,488	18	56,994,793	21
UNREALIZED GAINS	(1,611,132)	(1)	(2,354,363)	(1)
REALIZED GAINS	2,354,363	1	1,151,531	-
REALIZED GROSS PROFIT	34,712,719	18	55,791,961	20
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	11,431,489	6	13,783,569	5
Total operating expenses	36,349,172	19	41,021,574	15
OPERATING (LOSS) PROFIT	(1,636,453)	(1)	14,770,387	5
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)	(1,075,872)	-	617,723	-
Total non-operating income and expenses	351,246	-	2,162,323	1
(LOSS) PROFIT BEFORE INCOME TAX	(1,285,207)	(1)	16,932,710	6
INCOME TAX (Note 26)	(38,578)	-	(119,135)	-
(LOSS) PROFIT FOR THE YEAR	(1,323,785)	(1)	16,813,575	6
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)	1,771	-	903	-
Other comprehensive income and loss for the year, net of income tax	1,428,310	1	(893,331)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 104,525	-	$ 15,920,244	6
(LOSS) EARNINGS PER SHARE (Note 27)				
Basic	$ (1.60)		$ 20.21	
Diluted	$ (1.60)		$ 20.12	

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

HTC CORPORATION

STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity				
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Accumulated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Cash Flow Hedge	Treasury Shares	Total Equity
BALANCE, JANUARY 1, 2012	$ 8,520,521	$ 16,601,557	$ 10,273,674	$ 580,856	$ 75,687,478	$ -	$ 2,939	$ -	$ (10,365,144)	$ 101,301,881
Appropriation of 2011 earnings										
Legal reserve	-	-	6,197,580	-	(6,197,580)	-	-	-	-	-
Special reserve reversed	-	-	-	(580,856)	580,856	-	-	-	-	-
Cash dividends	-	-	-	-	(33,249,085)	-	-	-	-	(33,249,085)
Profit for the year ended December 31, 2012	-	-	-	-	16,813,575	-	-	-	-	16,813,575
Other comprehensive income and loss for the year ended December 31, 2012	-	-	-	-	(4,467)	(1,089,693)	6,777	194,052	-	(893,331)
Purchase of treasury shares	-	-	-	-	-	-	-	-	(3,700,346)	(3,700,346)
BALANCE, DECEMBER 31, 2012	8,520,521	16,601,557	16,471,254	-	53,630,777	(1,089,693)	9,716	194,052	(14,065,490)	80,272,694
Appropriation of 2012 earnings										
Legal reserve	-	-	1,678,096	-	(1,678,096)	-	-	-	-	-
Special reserve	-	-	-	854,138	(854,138)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,662,455)	-	-	-	-	(1,662,455)
Loss for the year ended December 31, 2013	-	-	-	-	(1,323,785)	-	-	-	-	(1,323,785)
Other comprehensive income and loss for the year ended December 31, 2013	-	-	-	-	(15,313)	1,649,412	(11,737)	(194,052)	-	1,428,310
Purchase of treasury shares	-	-	-	-	-	-	-	-	(1,033,846)	(1,033,846)
Retirement of treasury stock	(97,016)	(1,267,992)	-	-	(814,170)	-	-	-	2,179,178	-
Share-based payments	-	26,742	-	-	-	-	-	-	-	26,742
BALANCE, DECEMBER 31, 2013	$ 8,423,505	$ 15,360,307	$ 18,149,350	$ 854,138	$ 47,282,820	$ 559,719	$ (2,021)	$ -	$ (12,920,158)	$ 77,707,660

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

HTC CORPORATION

STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2013	**2012**
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) profit before income tax	$ (1,285,207)	$ 16,932,710
Adjustments for:		
Depreciation	1,602,946	1,292,949
Amortization	651,632	524,391
Impairment loss recognized on trade receivables	991,821	505,078
Finance costs	6,550	320
Interest income	(426,679)	(504,794)
Compensation cost of employee share options	23,443	-
Share of the profit or loss of associates and joint ventures	1,075,872	(617,723)
Transfer of property, plant and equipment to expenses	1,581	5,912
Gain on disposal of intangible assets	(110,602)	-
Gain on sale of available-for-sale financial assets	-	(7,695)
Impairment losses on non-financial assets	550,224	1,256,571
Unrealized gain on sales	1,611,132	2,354,363
Realized gain on sales	(2,354,363)	(1,151,531)
Ineffective portion of cash flow hedges	10,467	(10,467)
Changes in operating assets and liabilities		
(Increase) decrease in financial instruments held for trading	(155,347)	249,918
Decrease in note and trade receivables	4,785,320	11,790,935
Decrease in trade receivables - related parties	6,264,553	13,509,139
(Increase) decrease in other receivables	(555,055)	301,456
Decrease in other receivables - related parties	33,295	45,446
Decrease in inventories	1,619,172	3,655,799
Decrease (increase) in prepayments	48,433	(585,542)
(Increase) decrease in other current assets	(90,882)	213,948
(Increase) decrease in other non-current assets	(1,933,827)	560,878
(Decrease) increase in note and trade payables	(25,938,861)	1,276,175
Increase (decrease) in trade payable - related parties	2,719,034	(736,246)
Increase (decrease) in other payables	2,129,687	(11,861,840)
Decrease in provisions	(2,879,080)	(7,204,428)
(Decrease) increase in other current liabilities	(654,251)	32,860
Cash (used in) generated from operations	(12,258,992)	31,828,582
Interest received	473,600	475,053
Interest paid	(6,550)	(320)
Income tax paid	(1,451,420)	(9,570,678)
Net cash (used in) generated from operating activities	(13,243,362)	22,732,637
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of available-for-sale financial assets	-	739,095
Recovery of the principal amount of held-to-maturity investments	100,000	100,000
Net cash inflow on disposal of subsidiaries	22	-

(Continued)

HTC CORPORATION

STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2013	**2012**
Payments for property, plant and equipment	$ (2,367,429)	$ (5,260,452)
Increase in refundable deposits	-	(6,053)
Decrease in refundable deposits	9,866	-
Increase in other receivables - related parties	-	(6,554,025)
Decrease in other receivables - related parties	6,554,025	-
Payments for intangible assets	(193,526)	-
Proceeds from disposal of intangible assets	117,380	-
Decrease in other current financial assets	3,247,679	19,931,930
Dividend received	7,655	1,744
Net cash generated from investing activities	7,475,672	8,952,239
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for treasury shares	(1,033,846)	(3,700,346)
Increase in guarantee deposits received	1,160	-
Decrease in guarantee deposits received	-	(628)
Net cash outflow on acquisition of subsidiaries	(1,048,594)	(5,586,458)
Dividends paid to owners of the Company	(1,662,455)	(33,249,085)
Net cash used in financing activities	(3,743,735)	(42,536,517)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,511,425)	(10,851,641)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	42,545,929	53,397,570
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 33,034,504	$ 42,545,929

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
HTC Corporation

We have audited the accompanying consolidated balance sheets of HTC Corporation and its subsidiaries (collectively referred to as the "Company") as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated 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 the Company as of December 31, 2013, December 31, 2012 and January 1, 2012, and their consolidated financial performance and their consolidated cash flows for the years ended 2013 and 2012, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of HTC Corporation as of and for the years ended December 31, 2013 and 2012 on which we have issued an unqualified report.

February 28, 2014

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent 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 independent auditors' report and consolidated financial statements shall prevail. Also, as stated in Note 4 to the consolidated 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 AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2013 Amount	%	December 31, 2012 Amount	%	January 1, 2012 Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 53,298,941	31	$ 50,966,143	25	$ 62,026,758	24
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)	-	-	37,902	-	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 (Notes 13 and 33)	23,371,172	14	41,253,826	20	64,719,791	25
Other receivables (Note 13)	2,137,653	1	1,524,269	1	1,947,665	1
Other receivables - related parties (Notes 13 and 33)	-	-	6,600,093	3	966	-
Current tax assets (Note 26)	238,085	-	61,532	-	263,116	-
Inventories (Note 14)	23,599,558	14	23,809,377	12	28,430,590	11
Prepayments (Note 15)	5,803,744	3	4,965,814	2	6,507,516	3
Other current financial assets (Notes 6, 12 and 34)	2,771,023	2	6,561,444	3	25,543,450	10
Other current assets	124,808	-	39,097	-	249,644	-
Total current assets	111,507,281	65	136,132,425	66	190,682,395	74
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)	4,603,061	2	4,304,907	2	3,408,654	1
Investments accounted for using equity method (Notes 16 and 33)	227,504	-	5,892,168	3	71,732	-
Property, plant and equipment (Notes 17 and 33)	25,561,399	15	25,990,766	12	21,715,633	9
Intangible assets (Note 18)	8,664,066	5	11,683,170	6	22,767,479	9
Deferred tax assets (Note 26)	8,665,235	5	8,689,842	4	6,319,978	3
Refundable deposits (Note 32)	352,894	-	190,142	-	185,306	-
Long-term receivables (Notes 13 and 30)	1,182,393	1	4,369,350	2	-	-
Prepaid pension cost - non-current (Note 22)	125,715	-	119,273	-	100,651	-
Other non-current assets (Note 15)	11,739,400	7	9,876,752	5	10,655,126	4
Total non-current assets	61,121,906	35	71,116,567	34	65,429,435	26
TOTAL	$ 172,629,187	100	$ 207,248,992	100	$ 256,111,830	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Note and trade payables (Notes 19 and 33)	$ 46,275,851	27	$ 73,618,197	36	$ 78,473,130	31
Other payables (Notes 20 and 33)	38,032,999	22	39,267,173	19	47,595,791	18
Current tax liabilities (Note 26)	1,040,128	1	2,713,373	1	10,570,682	4
Provisions - current (Note 21)	8,208,885	5	8,881,514	4	15,133,275	6
Other current liabilities (Note 20)	956,127	-	1,788,106	1	1,661,140	1
Total current liabilities	94,513,990	55	126,268,363	61	153,434,018	60
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Note 26)	151,122	-	647,936	-	340,261	-
Guarantee deposits received (Note 32)	256,415	-	59,999	-	42,946	-
Total non-current liabilities	407,537	-	707,935	-	383,207	-
Total liabilities	94,921,527	55	126,976,298	61	153,817,225	60
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 23)						
Share capital - common stock	8,423,505	5	8,520,521	4	8,520,521	3
Capital surplus	15,360,307	9	16,601,557	8	16,601,557	7
Retained earnings						
Legal reserve	18,149,350	11	16,471,254	8	10,273,674	4
Special reserve	854,138	-	-	-	580,856	-
Accumulated earnings	47,282,820	27	53,630,777	26	75,687,478	30
Total retained earnings	66,286,308	38	70,102,031	34	86,542,008	34
Other equity	557,698	-	(885,925)	-	2,939	-
Treasury shares	(12,920,158)	(7)	(14,065,490)	(7)	(10,365,144)	(4)
Total equity attributable to owners of the parent	77,707,660	45	80,272,694	39	101,301,881	40
NON-CONTROLLING INTEREST	-	-	-	-	992,724	-
Total equity	77,707,660	45	80,272,694	39	102,294,605	40
TOTAL	$ 172,629,187	100	$ 207,248,992	100	$ 256,111,830	100

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

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED 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)	$ 203,402,648	100	$ 289,020,175	100
COST OF REVENUES (Notes 14, 25 and 33)	161,131,895	79	216,089,326	75
GROSS PROFIT	42,270,753	21	72,930,849	25
OPERATING EXPENSES (Notes 25 and 33)				
Selling and marketing	26,467,742	13	32,382,563	11
General and administrative	7,230,081	4	6,227,833	2
Research and development	12,543,452	6	15,493,139	5
Total operating expenses	46,241,275	23	54,103,535	18
OPERATING (LOSS) PROFIT	(3,970,522)	(2)	18,827,314	7
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 25)	1,164,948	1	1,168,532	-
Other gain and loss (Note 25)	2,421,266	1	(923,544)	-
Finance costs	(8,405)	-	(1,715)	-
Share of the profit or loss of associates and joint ventures (Note 16)	197,069	-	387,478	-
Total non-operating income and expenses	3,774,878	2	630,751	-
(LOSS) PROFIT BEFORE INCOME TAX	(195,644)	-	19,458,065	7
INCOME TAX (Note 26)	1,128,141	1	1,836,272	1
(LOSS) PROFIT FOR THE YEAR	(1,323,785)	(1)	17,621,793	6
OTHER COMPREHENSIVE INCOME AND LOSS				
Exchange differences on translating foreign operations (Note 23)	1,649,412	1	(1,089,693)	-
Unrealized (loss) gain on available-for-sale financial assets (Note 23)	(11,738)	-	6,777	-
Cash flow hedge (Notes 10 and 23)	(194,052)	-	194,052	-
Actuarial losses arising from defined benefit plans (Note 22)	(17,106)	-	(5,382)	-
Income tax relating to the components of other comprehensive income (Notes 22 and 26)	1,794	-	915	-
Other comprehensive income and loss for the year, net of income tax	1,428,310	1	(893,331)	-

(Continued)

HTC CORPORATION AND SUBSIDIARIES

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

	For the Years Ended December 31			
	2013		2012	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 104,525	-	$ 16,728,462	6
ALLOCATIONS OF (LOSS) PROFIT FOR THE YEAR ATTRIBUTABLE TO				
Owners of the parent	$ (1,323,785)	(1)	$ 16,813,575	6
Non-controlling interest	-	-	808,218	-
	$ (1,323,785)	(1)	$ 17,621,793	6
ALLOCATIONS OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO				
Owners of the parent	$ 104,525	-	$ 15,920,244	6
Non-controlling interest	-	-	808,218	-
	$ 104,525	-	$ 16,728,462	6
(LOSS) EARNINGS PER SHARE (Note 27)				
Basic	$ (1.60)		$ 20.21	
Diluted	$ (1.60)		$ 20.12	

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

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent											
						Other Equity						
	Share Capital		Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Cash Flow Hedge	Treasury Shares	Total Equity Attributable to Owners of the Parent	Non-controlling Interest	Total Equity
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Accumulated Earnings							
BALANCE, JANUARY 1, 2012	$ 8,520,521	$ 16,601,557	$ 10,273,674	$ 580,856	$ 75,687,478	$ -	$ 2,939	$ -	$ (10,365,144)	$ 101,301,881	$ 992,724	$ 102,294,605
Appropriation of 2011 earnings												
Legal reserve	-	-	6,197,580	-	(6,197,580)	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	(580,856)	580,856	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(33,249,085)	-	-	-	-	(33,249,085)	-	(33,249,085)
Profit for the year ended December 31, 2012	-	-	-	-	16,813,575	-	-	-	-	16,813,575	808,218	17,621,793
Other comprehensive income and loss for the year ended December 31, 2012	-	-	-	-	(4,467)	(1,089,693)	6,777	194,052	-	(893,331)	-	(893,331)
Purchase of treasury shares	-	-	-	-	-	-	-	-	(3,700,346)	(3,700,346)	-	(3,700,346)
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(1,800,942)	(1,800,942)
BALANCE, DECEMBER 31, 2012	8,520,521	16,601,557	16,471,254	-	53,630,777	(1,089,693)	9,716	194,052	(14,065,490)	80,272,694	-	80,272,694
Appropriation of 2012 earnings												
Legal reserve	-	-	1,678,096	-	(1,678,096)	-	-	-	-	-	-	-
Special reserve	-	-	-	854,138	(854,138)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,662,455)	-	-	-	-	(1,662,455)	-	(1,662,455)
Loss for the year ended December 31, 2013	-	-	-	-	(1,323,785)	-	-	-	-	(1,323,785)	-	(1,323,785)
Other comprehensive income and loss for the year ended December 31, 2013	-	-	-	-	(15,313)	1,649,412	(11,737)	(194,052)	-	1,428,310	-	1,428,310
Purchase of treasury shares	-	-	-	-	-	-	-	-	(1,033,846)	(1,033,846)	-	(1,033,846)
Retirement of treasury stock	(97,016)	(1,267,992)	-	-	(814,170)	-	-	-	2,179,178	-	-	-
Share-based payments	-	26,742	-	-	-	-	-	-	-	26,742	-	26,742
BALANCE, DECEMBER 31, 2013	$ 8,423,505	$ 15,360,307	$ 18,149,350	$ 854,138	$ 47,282,820	$ 559,719	$ (2,021)	$ -	$ (12,920,158)	$ 77,707,660	$ -	$ 77,707,660

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

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2013	**2012**
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) profit before income tax	$ (195,644)	$ 19,458,065
Adjustments for:		
Depreciation	2,916,699	2,463,017
Amortization	1,968,492	2,047,681
Impairment loss recognized on trade receivables	1,010,405	531,364
Finance costs	8,405	1,715
Interest income	(554,355)	(617,635)
Dividend income	(16,282)	(22,441)
Compensation cost of employee share options	26,742	-
Share of the profit or loss of associates and joint ventures	(197,069)	(387,478)
Losses on disposal of property, plant and equipment	58	6,395
Transfer of property, plant and equipment to expenses	2,995	15,098
Gain on disposal of intangible assets	(108,265)	-
Gains on sale of investments	(29,735)	(49,084)
Gain on disposal of investments accounted for using equity method	(2,637,673)	-
Impairment loss recognized on financial assets measured at cost	-	1,199,045
Impairment losses on non-financial assets	1,281,518	2,268,727
(Gain) loss on disposal of subsidiaries/ Ineffective portion of cash flow hedges	(164,969)	203,801
Changes in operating assets and liabilities		
(Increase) decrease in financial instruments held for trading	(155,347)	249,918
Decrease in note and trade receivables	16,845,574	19,353,654
(Increase) decrease in other receivables	(607,949)	408,075
Decrease in other receivables - related parties	-	966
(Increase) decrease in inventories	(207,347)	552,981
Increase in prepayments	(1,360,194)	(1,412,046)
Increase in other current assets	(96,724)	(155,932)
(Increase) decrease in other non-current assets	(1,869,090)	719,233
(Decrease) increase in note and trade payables	(27,311,669)	216,687
Decrease in other payables	(427,233)	(6,540,051)
Decrease in provisions	(672,629)	(6,251,761)
(Decrease) increase in other current liabilities	(822,489)	303,102
Cash (used in) generated from operations	(13,373,775)	34,563,096
Interest received	599,071	589,899
Interest paid	(8,405)	(1,715)
Income tax paid	(3,448,352)	(11,553,271)
Net cash (used in) generated from operating activities	(16,231,461)	23,598,009

(Continued)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2013	**2012**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of available-for-sale financial assets	$ 56,738	$ 829,071
Recovery of the principal amount of held-to-maturity investments	100,000	-
Payments to acquire financial assets measured at cost	(197,684)	(2,292,573)
Disposal of long-term investments accounted for using equity method	7,883,326	-
Net cash outflow on acquisition of subsidiaries	-	(173,926)
Net cash inflow (outflow) on disposal of subsidiaries	4,643,189	(647,609)
Payments for property, plant and equipment	(2,855,698)	(6,646,776)
Proceeds from disposal of property, plant and equipment	2,609	38,813
Increase in refundable deposits	(166,428)	(13,718)
Increase in other receivables - related parties	-	(6,554,025)
Decrease in other receivables - related parties	6,554,025	-
Payments for intangible assets	(223,008)	(556,581)
Disposal of intangible assets	117,380	-
Decrease in other current financial assets	3,790,421	18,964,300
Dividend received	661,896	22,441
Net cash generated from investing activities	20,366,766	2,969,417
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits received	196,416	17,053
Cash dividends	(1,662,455)	(33,249,085)
Payments for treasury shares	(1,033,846)	(3,700,346)
Change in non-controlling interest	-	(1,459,370)
Net cash used in financing activities	(2,499,885)	(38,391,748)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	697,378	763,707
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,332,798	(11,060,615)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	50,966,143	62,026,758
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 53,298,941	$ 50,966,143

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

Supplement 6

HTC CORPORATION

The Chart of 2013 Deficit Compensation

UNIT : NT$

Item	Amount	
	Subtotal	Total
Accumulated earnings at beginning of 2013		49,482,784,571
Less : IFRSs adjustment results from the Company was first-time adoption of IFRSs in 2013		(46,697,450)
Adjusted accumulated earnings at beginning of 2013		49,436,087,121
Less : Net Loss of 2013		(1,323,784,541)
Less : The amounts of actuarial losses recognized in other comprehensive income and loss		(15,204,382)
Less : The company's investment loss for it's subsidiary's amounts of actuarial losses recognized in other comprehensive income and loss based on equity method		(107,591)
Add : To reverse Special reserve (Note 1)		854,138,232
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		(1,720,855,676)
Accumulated earnings at end of 2013		47,230,273,163

[NOTE]: Employee Cash Bonus Distribution: NT$ 0
Directors and Supervisors' remuneration : NT$ 0

(Note 1)：Calculation : UNIT : NT$

Other adjustments of Stockholders' Equity:	
As of Dec 31, 2013 :	
Unrealized loss on available-for-sale financial assets	(2,021,292)
Exchange differences on translating foreign operations	559,719,075
Other adjustments of Stockholders' Equity as of Dec 31, 2013	557,697,783
Accumulated Special reserve for debit of Stockholders'Equity as of Dec 31, 2013 :	0
Less : Accumulated Special reserve for debit of Stockholders' Equity per book as of Dec 31, 2012	(854,138,232)
To reverse the Special reserve for debit of Stockholders' Equity	854,138,232

HTC CORPORATION

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

Supplement 7

HTC Corporation
Articles of Incorporation
Before and After Revision

Article no.	Original article	Amended article	Notes
Article 5	The authorized capital of the Company is NT$ 10 billion consisting of 1 billion, shares, all of common stock, with a par value of NT$10 per share. The Board of directors is authorized to issue the shares in separate installments as required. Among these shares, 16 million shares are reserved for the holders of stock warrants, preferred shares with warrants, or corporate bonds with warrants to exercise their stock warrants.	The authorized capital of the Company is NT$ 10 billion consisting of 1 billion, shares, all of common stock, with a par value of NT$10 per share. The Board of directors is authorized to issue the shares in separate installments as required. Among these shares, 50 million shares are reserved for the holders of stock warrants, preferred shares with warrants, or corporate bonds with warrants to exercise their stock warrants.	Amended in accordance with the operational requirements.
Article 13	The Company shall have five to seven directors and two supervisors, to be elected by the shareholders meeting from among candidates with legal capacity. The term of office is three years, and they may continue in office if re-elected. The aggregate shareholding percentages of the entire bodies of directors and supervisors shall comply with the regulations prescribed by the securities supervisory authorities.	The Company shall have five to seven directors and two supervisors. The directors and supervisors shall be elected by a candidate nomination system. They shall be elected by the shareholders meeting from among the slate of director and supervisor candidates. The term of office is three years, and they may continue in office if re-elected. The aggregate shareholding percentages of the entire bodies of directors and supervisors shall comply with the regulations prescribed by the securities supervisory authorities.	Amended in accordance with the applicable regulations.
Article 13-1	To harmonize with Article 183 of the Securities and Exchange Act, there shall be at least two independent directors among the Company's directors, and the independent directors shall represent at least one-fifth of the directors seats. A candidate nomination system shall be adopted, and the shareholders meeting shall elect independent directors from among the those listed on the slate of independent director candidates. The relevant regulations of the competent securities authority shall be followed regarding the professional qualifications, shareholding, moonlighting restrictions, nomination and election, and other compliance requirements regarding independent directors.	There shall be at least two independent directors among the Company's directors, and the independent directors shall represent at least one-fifth of the directors seats. The relevant regulations of the competent securities authority shall be followed regarding the professional qualifications, shareholding, moonlighting restrictions, nomination and election, and other compliance requirements regarding independent directors.	Amended in accordance with the applicable regulations.

HTC Corporation
Articles of Incorporation
Before and After Revision

Article no.	Original article	Amended article	Notes
Article 22	These Articles of Incorporation were adopted on 10 May 1997. The first amendment was made on 1 July 1997. The second amendment was made on 26 February 1998. The third amendment was made on 8 May 1998. The fourth amendment was made on 22 October 1998. The fifth amendment was made on 24 April 2000. The sixth amendment was made on 23 April 2001. The seventh amendment was made on 13 July 2001. The eighth amendment was made on 14 March 2002. The ninth amendment was made on 26 June 2003. The 10th amendment was made on 16 June 2004. The 11th amendment was made on 13 June 2005. The 12th amendment was made on 2 May 2006. The 13th amendment was made on 20 June 2007. The 14th amendment was made on 13 June 2008. The 15th amendment was made on 19 June 2009. The 16th amendment was made on 18 June 2010. The 17th amendment was made on 15 June 2011. The 18th amendment was made on 21 June 2013.	These Articles of Incorporation were adopted on 10 May 1997. The first amendment was made on 1 July 1997. The second amendment was made on 26 February 1998. The third amendment was made on 8 May 1998. The fourth amendment was made on 22 October 1998. The fifth amendment was made on 24 April 2000. The sixth amendment was made on 23 April 2001. The seventh amendment was made on 13 July 2001. The eighth amendment was made on 14 March 2002. The ninth amendment was made on 26 June 2003. The 10th amendment was made on 16 June 2004. The 11th amendment was made on 13 June 2005. The 12th amendment was made on 2 May 2006. The 13th amendment was made on 20 June 2007. The 14th amendment was made on 13 June 2008. The 15th amendment was made on 19 June 2009. The 16th amendment was made on 18 June 2010. The 17th amendment was made on 15 June 2011. The 18th amendment was made on 21 June 2013. The 19th amendment was made on 19 June 2014.	The date of the amendment is added.