HTC Nordic ApS

c/o Redmark, Sommervej 31 C, 8210 Aarhus V

Company reg. no. 33 06 41 87

Annual report

2016

The annual report have been submitted and approved by the general meeting on the 23 May 2017.

Graham Wheeler
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of HTC Nordic ApS for the financial year 1 January to 31 December 2016.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2016 and of the company's results of its activities in the financial year 1 January to 31 December 2016.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Aarhus V, 3 May 2017

Managing Director

Graham Wheeler

Board of directors

Graham Wheeler	Jui-Fu Wang

Independent auditor's report

To the shareholder of HTC Nordic ApS

Opinion

We have audited the annual accounts of HTC Nordic ApS for the financial year 1 January to 31 December 2016, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2016 and of the results of the company's operations for the financial year 1 January to 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section “Auditor’s responsibilities for the audit of the annual accounts”. We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company’s ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's preparation of the annual accounts being based the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management’s review and in that connection consider whether the management’s review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Aarhus, 3 May 2017

Redmark
State Authorised Public Accountants
Company reg. no. 29 44 27 89

Morten Ryberg
State Authorised Public Accountant

Company data

The company	HTC Nordic ApS c/o Redmark Sommervej 31 C 8210 Aarhus V	
	Company reg. no.	33 06 41 87
	Established:	1 July 2010
	Domicile:	Aarhus
	Financial year:	1 January - 31 December
Board of directors	Graham Wheeler Jui-Fu Wang	
Managing Director	Graham Wheeler	
Auditors	Redmark, Statsautoriseret Revisionspartnerselskab Sommervej 31C 8210 Aarhus V	
Parent company	HTC Netherlands BV	

Management's review

The principal activities of the company

The Main focus of the company is to provide sales and marketing support to promote HTC handsets in the market.

Events subsequent to the financial year

There have been no events subsequent to the financial year.

Accounting policies used

The annual report for HTC Nordic ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

Accounting policies used

Exchange rate adjustment of current accounts with foreign group enterprises, which are considered an addition or a deduction in the equity of independent group enterprises, are recognised directly in the equity. Likewise, capital profits and losses on loans and derived financial instruments for hedging independent foreign group enterprises are recognised in the equity.

The profit and loss account

Gross profit

The gross profit comprises the net turnover and external costs.

The net turnover represents amounts receivable for services net of VAT and trade discounts.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to tangible fixed assets respectively.

Net financials

Net financials include income, interest, expenses, and realised and unrealised capital gains and losses concerning financial assets and liabilities. Net financials are recognised in the profit and loss account with the amounts that concerns the financial year.

Interest and other costs concerning loans for financing the production of intangible and tangible fixed assets and concerning the production period are not recognised in the cost of the fixed asset.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

Accounting policies used

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

Other plants, operating assets, fixtures and furniture	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Leasing contracts

At the first recognition in the balance sheet, leasing contracts concerning tangible fixed assets by which the company holds all essential risks and advantages attached to the proprietary right (financial leasing) are measured either at fair value or at the present value of the future leasing services, whichever value is lower. When calculating the present value, the internal interest rate of the leasing contract or alternatively the borrowing rate of the enterprise is used as discount rate. Afterwards, financially leased assets are treated in the same way as other similar tangible assets.

All other leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Available funds

Available funds comprise cash at bank and in hand.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Accounting policies used

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Profit and loss account 1 January - 31 December

All amounts in DKK.

Note		2016	2015
	Gross profit	**2.121.905**	**7.042.870**
1	Staff costs	-1.984.566	-6.440.112
	Depreciation and writedown relating to tangible fixed assets	-781	67.196
	Operating profit	**136.558**	**669.954**
	Other financial income	37.008	11.002
2	Other financial costs	-25.742	-52.753
	Results before tax	**147.824**	**628.203**
	Tax on ordinary results	-33.890	-170.110
	Results for the year	**113.934**	**458.093**
	Proposed distribution of the results:		
	Extraordinary dividend adopted during the financial year	0	6.000.000
	Allocated to results brought forward	113.934	0
	Allocated from results brought forward	0	-5.541.907
	Distribution in total	**113.934**	**458.093**

Balance sheet 31 December

All amounts in DKK.

Assets

Note		2016	2015
	Fixed assets		
3	Other plants, operating assets, and fixtures and furniture	0	4.021
	Tangible fixed assets in total	0	4.021
	Other debtors	0	313.530
	Financial fixed assets in total	0	313.530
	Fixed assets in total	**0**	**317.551**
	Current assets		
	Trade debtors	567.174	1.506.513
	Amounts owed by group enterprises	268	115
	Deferred tax assets	0	9.162
	Receivable corporate tax	135.272	24.612
	Other debtors	16.076	67.439
	Debtors in total	718.790	1.607.841
	Available funds	2.584.457	2.354.232
	Current assets in total	**3.303.247**	**3.962.073**
	Assets in total	**3.303.247**	**4.279.624**

Balance sheet 31 December

All amounts in DKK.

Note	**Equity and liabilities**	2016	2015
	Equity		
4	Contributed capital	80.145	80.145
5	Share premium account	856.622	856.622
6	Results brought forward	1.190.870	1.076.936
	Equity in total	**2.127.637**	**2.013.703**
	Liabilities		
	Trade creditors	63.922	838
	Debt to group enterprises	20.529	114.415
	Other debts	1.091.159	2.150.668
	Short-term liabilities in total	1.175.610	2.265.921
	Liabilities in total	**1.175.610**	**2.265.921**
	Equity and liabilities in total	**3.303.247**	**4.279.624**

7 Mortgage and securities

8 Related parties

Notes

All amounts in DKK.

		2016	2015
1.	**Staff costs**		
	Salaries and wages	1.783.211	6.076.486
	Pension costs	176.516	326.371
	Other costs for social security	6.627	-45.126
	Other staff costs	18.212	82.381
		1.984.566	**6.440.112**
	Average number of employees	3	7
2.	**Other financial costs**		
	Other financial costs	25.742	52.753
		25.742	**52.753**

		31/12 2016	31/12 2015
3.	**Other plants, operating assets, and fixtures and furniture**		
	Cost 1 January 2016	6.520	552.220
	Disposals during the year	-6.520	-545.700
	Cost 31 December 2016	**0**	**6.520**
	Depreciation and writedown 1 January 2016	-2.499	-546.895
	Depreciation for the year	0	-1.304
	Depreciation and writedown, assets disposed of	2.499	545.700
	Depreciation and writedown 31 December 2016	**0**	**-2.499**
	Book value 31 December 2016	**0**	**4.021**
4.	**Contributed capital**		
	Contributed capital 1 January 2016	80.145	80.145
		80.145	**80.145**

Notes

All amounts in DKK.

		31/12 2016	31/12 2015
5.	**Share premium account**		
	Share premium account 1 January 2016	856.622	856.622
		856.622	**856.622**
6.	**Results brought forward**		
	Results brought forward 1 January 2016	1.076.936	6.618.843
	Profit or loss for the year brought forward	113.934	-5.541.907
	Extraordinary dividend adopted during the financial year	0	6.000.000
	Distributed extraordinary dividend adopted during the financial year.	0	-6.000.000
		1.190.870	**1.076.936**

7. Mortgage and securities

The company has no mortgage or securities.

8. Related parties

Controlling interest

HTC Netherlands B.V.,Secoya Building Papendorpseweg 99 3528 BJ, Utrecht Netherlands	Parent company

Other related parties

HTC Corporation 23 Xinghua Rd. Taoyuan city 330 Taiwan, R.O.C	Ultimate parent company