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# ***AHI Group China ApS***

Industrivej 4, DK-6760 Ribe

## **Annual Report for 1 January - 31 December 2017**

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CVR No 27 97 21 44

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
1 /6 2018

Kim Kronborg Christiansen  
Chairman

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# **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of AHI Group China ApS for the financial year 1 January - 31 December 2017.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and of the results of the Company operations for 2017.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Ribe, 1 June 2018

## **Executive Board**

Kim Kronborg Christiansen  
Executive Officer

## **Board of Directors**

Kim Kronborg Christiansen  
Chairman

Adrian Roy Willetts

Mette Thomsen

# Independent Auditor's Report

To the Shareholder of AHI Group China ApS

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of AHI Group China ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

## Management's responsibilities for the Financial Statements

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

# Independent Auditor's Report

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive 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 for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of 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 and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 Financial Statements 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 Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

# Independent Auditor's Report

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 internal control that we identify during our audit.

Trekantområdet, 1 June 2018

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Jan Bunk Harbo Larsen

statsautoriseret revisor

mne30224

Lasse Berg

statsautoriseret revisor

mne35811

## **Company Information**

### **The Company**

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DK-6760 Ribe

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CVR No: 27 97 21 44  
Financial period: 1 January - 31 December  
Municipality of reg. office: Esbjerg

### **Board of Directors**

Kim Kronborg Christiansen, Chairman  
Adrian Roy Willetts  
Mette Thomsen

### **Executive Board**

Kim Kronborg Christiansen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Herredsvej 32  
DK-7100 Vejle

## **Management's Review**

Financial Statements of AHI Group China ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The Annual Report has been prepared under the same accounting policies as last year.

### **Key activities**

The Companys main activity is having ownership in a chinese company called Rimadan (Ningbo) Mechanical Engineering & Manufacturing Co. Ltd., Ningbo.

### **Development in the year**

The income statement of the Company for 2017 shows a loss of DKK 11,225,089, and at 31 December 2017 the balance sheet of the Company shows equity of DKK 54,270,883.

### **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.



## Income Statement 1 January - 31 December 2017

	Note	2017 DKK	2016 DKK
<b>Gross profit/loss</b>		<b>-26.525</b>	<b>-25.625</b>
Income from investments in subsidiaries		-10.867.000	20.383.371
Financial income		4	30
Financial expenses	1	-310.854	-613.600
<b>Profit/loss before tax</b>		<b>-11.204.375</b>	<b>19.744.176</b>
Tax on profit/loss for the year	2	-20.714	138.310
<b>Net profit/loss for the year</b>		<b>-11.225.089</b>	<b>19.882.486</b>

## Distribution of profit

### Proposed distribution of profit

Reserve for net revaluation under the equity method		-10.867.000	20.383.371
Retained earnings		-358.089	-500.885
		<b>-11.225.089</b>	<b>19.882.486</b>

## Balance Sheet 31 December

	Note	2017 DKK	2016 DKK
<b>Assets</b>			
Investments in subsidiaries	3	46.687.000	90.471.679
<b>Fixed asset investments</b>		<b>46.687.000</b>	<b>90.471.679</b>
<b>Fixed assets</b>		<b>46.687.000</b>	<b>90.471.679</b>
Receivables from group enterprises		7.596.696	0
Corporation tax		0	426.106
<b>Receivables</b>		<b>7.596.696</b>	<b>426.106</b>
<b>Cash at bank and in hand</b>		<b>0</b>	<b>963</b>
<b>Currents assets</b>		<b>7.596.696</b>	<b>427.069</b>
<b>Assets</b>		<b>54.283.696</b>	<b>90.898.748</b>
<b>Liabilities and equity</b>			
Share capital		1.375.000	1.375.000
Reserve for net revaluation under the equity method		20.659.698	64.444.377
Retained earnings		32.236.185	5.759.837
<b>Equity</b>	4	<b>54.270.883</b>	<b>71.579.214</b>
Trade payables		12.813	12.813
Payables to group enterprises		0	19.306.721
<b>Short-term debt</b>		<b>12.813</b>	<b>19.319.534</b>
<b>Debt</b>		<b>12.813</b>	<b>19.319.534</b>
<b>Liabilities and equity</b>		<b>54.283.696</b>	<b>90.898.748</b>
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## Notes to the Financial Statements

	<u>2017</u>	<u>2016</u>
	DKK	DKK
<b>1 Financial expenses</b>		
Interest paid to group enterprises	309.649	612.400
Other financial expenses	<u>1.205</u>	<u>1.200</u>
	<b><u>310.854</u></b>	<b><u>613.600</u></b>
<b>2 Tax on profit/loss for the year</b>		
Current tax for the year	0	-140.623
Adjustment of tax concerning previous years	<u>20.714</u>	<u>2.313</u>
	<b><u>20.714</u></b>	<b><u>-138.310</u></b>

## Notes to the Financial Statements

	2017 DKK	2016 DKK
<b>3 Investments in subsidiaries</b>		
Cost at 1 January	26.027.302	26.027.302
Cost at 31 December	26.027.302	26.027.302
Value adjustments at 1 January	64.444.377	47.787.679
Exchange adjustment	-6.083.242	-3.726.673
Net profit/loss for the year	-10.867.000	20.383.371
Dividend to the Parent Company	-26.834.437	0
Value adjustments at 31 December	20.659.698	64.444.377
<b>Carrying amount at 31 December</b>	<b>46.687.000</b>	<b>90.471.679</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Rimdan (Ningbo) Mechanical Engineering & Manufacturing Co. Ltd.	Ningbo, China	TCNY 18.012	100%	46.688.000	-10.867.000

## 4 Equity

	Share capital DKK	Reserve for net revaluation under the equity method DKK	Retained earnings DKK	Total DKK
Equity at 1 January	1.375.000	64.444.377	5.759.837	71.579.214
Exchange adjustments	0	-6.083.242	0	-6.083.242
Dividend from group enterprises	0	-26.834.437	26.834.437	0
Net profit/loss for the year	0	-10.867.000	-358.089	-11.225.089
<b>Equity at 31 December</b>	<b>1.375.000</b>	<b>20.659.698</b>	<b>32.236.185</b>	<b>54.270.883</b>

# Notes to the Financial Statements

## 5 Contingent assets, liabilities and other financial obligations

### Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Conaxess Trade Denmark A/S, which is the management company of the joint taxation purposes.

# Notes to the Financial Statements

## 6 Accounting Policies

The Annual Report of AHI Group China ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017 are presented in DKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

## Income Statement

### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

### Gross profit

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

# Notes to the Financial Statements

## 6 Accounting Policies (continued)

### **Income from investments in subsidiaries**

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### **Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## **Balance Sheet**

### **Investments in subsidiaries**

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

### **Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

# **Notes to the Financial Statements**

## **6 Accounting Policies** (continued)

### **Financial debts**

Debts are measured at amortised cost, substantially corresponding to nominal value.