
AHI Group China ApS

Industrivej 4, DK-6760 Ribe

Annual Report for 1 January - 31 December 2018

CVR No 27 97 21 44

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
6 /7 2019

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 2018.

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 2018 of the Company and of the results of the Company operations for 2018.

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

Ribe, 6 July 2019

Executive Board

Kim Kronborg Christiansen
Executive Officer

Board of Directors

Adrian Roy Willetts
Chairman

Kim Kronborg Christiansen

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 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 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 2018, 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.

Independent Auditor's Report

- 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.

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, 6 July 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jan Bunk Harbo Larsen
State Authorised Public Accountant
mne30224

Lasse Berg
State Authorised Public Accountant
mne35811

Company Information

The Company

AHI Group China ApS
Industrivej 4
DK-6760 Ribe

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

Board of Directors

Adrian Roy Willetts, Chairman
Kim Kronborg Christiansen
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 2018 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 2018 shows a loss of DKK 5,191,405, and at 31 December 2018 the balance sheet of the Company shows equity of DKK 49,011,099.

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 2018

	Note	2018 DKK	2017 DKK
Gross profit/loss		(27.055)	(26.525)
Income from investments in subsidiaries		(5.125.011)	(10.867.000)
Financial income		(1)	3
Financial expenses	1	(39.338)	(310.854)
Profit/loss before tax		(5.191.405)	(11.204.376)
Tax on profit/loss for the year	2	0	(20.714)
Net profit/loss for the year		(5.191.405)	(11.225.090)

Distribution of profit

Proposed distribution of profit

Reserve for net revaluation under the equity method		(5.125.011)	(10.867.000)
Retained earnings		(66.394)	(358.090)
		(5.191.405)	(11.225.090)

Balance Sheet 31 December

	Note	2018 DKK	2017 DKK
Assets			
Investments in subsidiaries	3	41.493.610	46.687.000
Fixed asset investments		41.493.610	46.687.000
Fixed assets		41.493.610	46.687.000
Receivables from group enterprises		7.530.302	7.596.695
Receivables		7.530.302	7.596.695
Currents assets		7.530.302	7.596.695
Assets		49.023.912	54.283.695
Liabilities and equity			
Share capital		1.375.000	1.375.000
Reserve for net revaluation under the equity method		15.466.308	20.659.698
Retained earnings		32.169.791	32.236.184
Equity	4	49.011.099	54.270.882
Trade payables		12.813	12.813
Short-term debt		12.813	12.813
Debt		12.813	12.813
Liabilities and equity		49.023.912	54.283.695
Contingent assets, liabilities and other financial obligations	5		
Accounting Policies	6		

Notes to the Financial Statements

	<u>2018</u>	<u>2017</u>
	DKK	DKK
1 Financial expenses		
Interest paid to group enterprises	38.103	309.649
Other financial expenses	<u>1.235</u>	<u>1.205</u>
	<u>39.338</u>	<u>310.854</u>
2 Tax on profit/loss for the year		
Current tax for the year	0	0
Adjustment of tax concerning previous years	<u>0</u>	<u>20.714</u>
	<u>0</u>	<u>20.714</u>

Notes to the Financial Statements

	2018 DKK	2017 DKK
3 Investments in subsidiaries		
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	20.659.698	64.444.377
Exchange adjustment	(68.379)	(6.083.242)
Net profit/loss for the year	(5.125.011)	(10.867.000)
Dividend to the Parent Company	0	(26.834.437)
Value adjustments at 31 December	15.466.308	20.659.698
Carrying amount at 31 December	41.493.610	46.687.000

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 %	41.493.610	5.125.011

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	20.659.698	32.236.185	54.270.883
Exchange adjustments	0	(68.379)	0	(68.379)
Net profit/loss for the year	0	(5.125.011)	(66.394)	(5.191.405)
Equity at 31 December	1.375.000	15.466.308	32.169.791	49.011.099

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 KKS Management ApS, 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 2018 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 2018 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 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.