

# DAFA China Holding ApS

Holmstrupgårdvej 12  
DK-8220 Brabrand

CVR no. 32 56 25 07

## Annual report 2021

The annual report was presented and approved at  
the Company's annual general meeting on

2 March 2022

  
Kaare Bo Nielsen  
Chairman of the annual general meeting

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## Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of DAFA China Holding ApS for the financial year 1 January – 31 December 2021.

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

In my opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

Further, in my opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

I recommend that the annual report be approved at the annual general meeting.

Aarhus, 2 March 2022  
Executive Board:



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Steen Bødtker



## Independent auditor's report

### To the shareholder of DAFA China Holding ApS

#### Opinion

We have audited the financial statements of DAFA China Holding ApS for the financial year 1 January – 31 December 2021 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021 in accordance with the Danish Financial Statements Act.

#### 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Management's responsibility 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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.



## Independent auditor's report

- 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.

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.

## Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 of the Management's review.

Aarhus, 2 March 2022

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Steffen S. Hansen  
State Authorised  
Public Accountant  
mne32737

Niklas R. Filipsen  
State Authorised  
Public Accountant  
mne47781

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## Management's review

### Company details

DAFA China Holding ApS  
Holmstrupgårdvej 12  
DK-8220 Brabrand

CVR no.:	32 56 25 07
Established:	6 November 2009
Registered office:	Aarhus
Financial year:	1 January – 31 December

### Executive Board

Steen Bødtker

### Auditor

KPMG  
Statsautoriseret Revisionspartnerselskab  
Frederiks Plads 42, 7.  
DK-8000 Aarhus C  
CVR no. 25 57 81 98

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## **Management's review**

### **Operating review**

#### **Principal activities**

DAFA China Holding ApS' principal activity is to hold investments in DAFA Sealing Technology.

## Financial statements 1 January – 31 December

### Income statement

DKK'000	Note	2021	2020
<b>Gross loss</b>		-26	-16
<b>Loss before financial income and expenses</b>		-26	-16
Income from equity investments in group entities		17,918	18,969
Financial expenses	2	-6	-96
<b>Profit before tax</b>		17,886	18,857
Tax on profit for the year		7	25
<b>Profit for the year</b>		17,893	18,882
<b>Proposed profit appropriation</b>			
Reserve for net revaluation under equity method		9,521	10,243
Proposed dividends for the year		14,000	6,000
Retained earnings		-5,628	2,639
		17,893	18,882



## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	31/12 2021	31/12 2020
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Investments</b>			
Equity investments in group entities		52,793	43,272
<b>Total fixed assets</b>		52,793	43,272
<b>Current assets</b>			
<b>Receivables</b>			
Receivables from group entities		9,880	1,721
Corporation tax		7	400
		9,887	2,121
<b>Cash at bank and in hand</b>		46	5
<b>Total current assets</b>		9,933	2,126
<b>TOTAL ASSETS</b>		62,726	45,398
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital		125	125
Reserve for net revaluation under equity method		48,477	38,956
Retained earnings		108	311
Proposed dividends for the financial year		14,000	6,000
<b>Total equity</b>		62,710	45,392
<b>Liabilities</b>			
<b>Current liabilities</b>			
Other payables		16	6
<b>Total liabilities</b>		16	6
<b>TOTAL EQUITY AND LIABILITIES</b>		62,726	45,398
<b>Contractual obligations, contingencies, etc.</b>	3		
<b>Related party disclosures</b>	4		

## Financial statements 1 January – 31 December

### Statement of changes in equity

DKK'000	Contributed capital	Reserve for net revaluation under equity method	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 January 2021	125	38,956	311	6,000	45,392
Ordinary dividends paid	0	0	0	-6,000	-6,000
Exchange adjustment	0	0	5,425	0	5,425
Transferred over the profit appropriation	0	9,521	-5,628	14,000	17,893
<b>Equity at 31 December 2021</b>	<b>125</b>	<b>48,477</b>	<b>108</b>	<b>14,000</b>	<b>62,710</b>

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of DAFA China Holding ApS for 2021 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Omission of consolidated financial statements

Pursuant to section 110(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Upon recognition of foreign subsidiaries that are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with independent foreign subsidiaries considered part of the total investment in the subsidiary are recognised directly in equity.

### Income statement

#### Gross loss

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross loss.

#### Other external costs

Other external costs comprise costs related to administration.

#### Income from equity investments in group entities

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Parent Company's income statement.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Financial expenses

Financial expenses comprise interest expenses for the year.

##### Tax on profit for the year

DAFA China Holding ApS is subject to the Danish rules on compulsory joint taxation.

J. Norby Holding ApS is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The taxation relating to the profit/loss for the year is recognised in the income statement, and the taxation relating to amounts directly recognised in equity is recognised directly in equity.

### Balance sheet

#### Investments

Investments in group entities are recognised and measured under the equity method.

The caption "Investments in group entities" in the balance sheet includes the proportionate ownership share of the net asset value of the entities calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the entities.

The total net revaluation of investments in group entities is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividends distributed to the Parent Company and adjusted for other equity movements in the group entities.

Group entities with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the entity is recognised in provisions.

#### Impairment of fixed assets

The carrying amount of equity investments in group entities is subject to an annual test for indications of impairment.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

##### Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

##### Equity

###### *Dividends*

The expected dividend payment for the year is disclosed as a separate item under equity.

###### *Net revaluation reserve according to the equity method*

Net revaluation reserve according to the equity method comprises net revaluation of equity investments in subsidiaries in proportion to cost.

##### Liabilities

Liabilities are measured at net realisable value.

## Financial statements 1 January – 31 December

### Notes

#### 2 Financial expenses

DKK'000	2021	2020
Interest expense to group entities	<u>6</u>	<u>96</u>

#### 3 Contractual obligations, contingencies, etc.

##### Contingent liabilities

DAFA China Holding ApS is jointly and severally liable for jointly taxed income in the J. Norby Holding ApS Group and its Danish affiliates and for certain withholding taxes such as dividend tax and royalty tax as well as for the joint registration for VAT. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail an increase in the entities' liability. The Group as a whole is not liable to any other parties.

#### 4 Related party disclosures

##### Control

DAFA Group A/S, Holmstrupgårdvej 12, DK-8220 Brabrand, Denmark.

DAFA Group A/S holds the majority of the contributed capital in the Company.

##### Consolidated financial statements

DAFA China Holding ApS is part of the consolidated financial statements of DAFA Group A/S, Holmstrupgårdvej 12, 8220 Brabrand, which is the smallest group in which the Company is included as a subsidiary.

DAFA China Holding ApS is part of the consolidated financial statements of J. Norby Holding ApS, P. Heises Vej 10, 8000 Aarhus C, which is the largest group in which the Company is included as a subsidiary.

The consolidated statements of DAFA Group A/S and J. Norby Holding ApS are available at the companies' addresses.