

Private Equity New Markets III K/S

Tuborg Havnevej 18
2900 Hellerup
Central Business Registration
No 33078285

Annual report 2017

The Annual General Meeting adopted the annual report on 24.05.2018

Chairman of the General Meeting



Name: Tomas Krüger Andersen

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Entity details

Entity

Private Equity New Markets III K/S
Tuborg Havnevej 18
2900 Hellerup

Central Business Registration No (CVR): 33078285
Registered in: Gentofte
Financial year: 01.01.2017 - 31.12.2017

Board of Directors

David Richard Hexter, Chairman
Bent Pedersen, Vice-chairman
Carl Jørgen Dan Jensen

Executive Board

Penm Partners GP III ApS

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Private Equity New Markets III K/S for the financial year 01.01.2017 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Hellerup, 24.05.2018

Executive Board



Penm Partners GP III ApS

Board of Directors



David Richard Hexter
Chairman



Bent Pedersen
Vice-chairman



Carl Jørgen Dan Jensen

Independent auditor's report

To the shareholders of Private Equity New Markets III K/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Private Equity New Markets III K/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2017 - 31.12.2017 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.


Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 commentary.

Copenhagen, 24.05.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556



Bill Haudal Pedersen
State Authorised Public Accountant
Identification No (MNE) mne30131

Management commentary

	2017 USD'000	2016 USD'000	2015 USD'000	2014 USD'000	2013 USD'000
Financial highlights					
Key figures					
Operating profit/loss	-208	-39	-19	-126	-131
Net financials	56,502	20,511	-9,008	16,214	8,713
Profit/loss for the year	56,294	20,472	-9,027	16,088	8,582
Total assets	205,682	144,133	126,440	142,123	71,147
Equity	204,548	143,486	125,796	141,469	46,877
Average numbers of employees	0	0	0	0	0
Ratios					
Return on equity (%)	32.3	15.2	(6.8)	17.1	36.9
Equity ratio (%)	99.4	99.6	99.5	99.5	65.9

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2010" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

Private Equity New Markets III K/S's objective is to invest in companies in Vietnam looking for financing in order to develop and/or commercialize technologies and/or products, or in holding companies whose primary objective is ownership of such companies, and directly or indirectly, to participate in the overall management and operations of such companies with the aim to achieve a high overall rate of return and any other activities which in the opinion of the general partner is related thereto.

Development in activities and finances

In the financial year 2017 Private Equity New Markets III K/S has made a gain of USD 57.1 million. The result relates to investment income in PENM III Germany GmbH & Co. KG's portfolio companies.

Uncertainty relating to recognition and measurement

In preparing the annual report, it is required that the management makes a number of accounting estimates and assumptions that form the basis of presentation, recognition and measurement of the Company's assets and liabilities.

The management's judgments and estimates are described in the "Management's significant accounting judgments and estimates" under accounting policies referred to.

Such estimates are based on assumptions that the management considers reasonable and realistic, but which are inherently uncertain.

During the financial year there has been no unusual events.

Outlook

Private Equity New Markets III K/S expects a satisfactory result in 2018 as the active part in developing the operational skills of the portfolio companies in order to drive growth in turnover as well as earnings to strengthen the companies is continued.

Particular risks

Financial risks

It is Private Equity New Markets III K/S's objective to contribute risk capital to competitive companies. The greatest risk factor is therefore changes in the value of the future investments.

Interest risks

Private Equity New Markets III K/S is less sensitive to changes in the interest rate level.

Management commentary

Currency risks

Private Equity New Markets III K/S's is affected by currency risks since all of the investments are made in foreign currency.

At the end of 2017 Private Equity New Markets III K/S was managed by 10 employees - 1 posted employee, 3 employees in Denmark and 6 locally employed. The locally employed staff have many years of experience working with international companies and is equipped to contribute significantly to the development of the portfolio companies within their respective fields (accounting, marketing, sales, etc.).

Consolidated income statement for 2017

	Notes	2017 USD'000	2016 USD'000
Administrative expenses	1	-2,785	-2,616
Other operating income		2,577	2,577
Operating profit/loss		-208	-39
Income from other fixed asset investments		56,645	21,150
Other financial expenses		-143	-639
Profit/loss for the year	2	56,294	20,472

Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 USD'000</u>	<u>2016 USD'000</u>
Other investments		204,330	143,032
Fixed asset investments	3	<u>204,330</u>	<u>143,032</u>
Fixed assets		<u>204,330</u>	<u>143,032</u>
Other receivables		644	648
Receivables		<u>644</u>	<u>648</u>
Cash		<u>708</u>	<u>453</u>
Current assets		<u>1,352</u>	<u>1,101</u>
Assets		<u>205,682</u>	<u>144,133</u>

Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 USD'000</u>	<u>2016 USD'000</u>
Contributed capital		128,800	122,550
Retained earnings		75,748	20,936
Equity		204,548	143,486
Other payables		1,134	647
Current liabilities other than provisions		1,134	647
Liabilities other than provisions		1,134	647
Equity and liabilities		205,682	144,133
Contingent liabilities	4		
Transactions with related parties	5		

Consolidated statement of changes in equity for 2017

	Contributed capital USD'000	Retained earnings USD'000	Total USD'000
Equity beginning of year	122,550	20,936	143,486
Increase of capital	6,250	0	6,250
Extraordinary dividend paid	0	-1,482	-1,482
Profit/loss for the year	0	56,294	56,294
Equity end of year	128,800	75,748	204,548

Consolidated cash flow statement for 2017

	Notes	2017 USD'000	2016 USD'000
Operating profit/loss		56,294	20,472
Value adjustments of investments		-55,013	-14,938
Changes in receivables		4	-4
Changes in payables		487	3
Cash flow from ordinary operating activities		1,772	5,533
Cash flows from operating activities		1,772	5,533
Acquisition of fixed asset investments		-6,285	-3,006
Cash flows from investing activities		-6,285	-3,006
Dividend paid		-1,482	-5,482
Cash increase of capital		6,250	2,700
Cash flows from financing activities		4,768	-2,782
Increase/decrease in cash and cash equivalents		255	-255
Cash and cash equivalents beginning of year		453	708
Cash and cash equivalents end of year		708	453

Notes to consolidated financial statements

1. Administrative expenses

Private Equity Markets III K/S has no employees.

	2017 USD'000	2016 USD'000
2. Proposed distribution of profit/loss		
Retained earnings	56,294	20,472
	56,294	20,472
		Other investments USD'000
3. Fixed asset investments		
Cost beginning of year		121,179
Additions		6,285
Cost end of year		127,464
Revaluations beginning of year		21,853
Exchange rate adjustments		-145
Impairment losses for the year		-1,487
Fair value adjustments		56,645
Revaluations end of year		76,866
Carrying amount end of year		204,330

Management's significant accounting judgments and estimates

In preparing the annual report it is required that the Management makes a number of accounting estimates and assumptions that form the basis of presentation, recognition and measurement of the Entity's assets and liabilities.

The accounting estimates and judgments concern particularly the value of PENM III Germany GmbH & Co. KG's investments in unlisted portfolio companies, which include equity and equity-related contributions to growth-oriented companies. Management has appraised the value of these investments by estimating the portfolio companies' commercial development and divestment opportunities.

The Entity's listed portfolio companies are valued at the quoted price at 31.12.17. The stock market Vietnam is affected by a relatively high political and market risk.

Notes to consolidated financial statements

4. Contingent liabilities

Since carried interest is a matter between the partners in the limited partnership, carried interest is not provided for in the balance sheet. At 31.12.17, the entity has reached an unrealised return on its investments in excess of the prescribed limit (hurdle rate) for initiation of carried interest.

5. Transactions with related parties

Only transactions with related parties that are not carried out on market terms are disclosed in the annual report. There have not been such transactions in the current year.

Parent income statement for 2017

	<u>Notes</u>	<u>2017 USD'000</u>	<u>2016 USD'000</u>
Administrative expenses	1	-2,584	-2,597
Other operating income		2,577	2,577
Operating profit/loss		-7	-20
Income from investments in group enterprises	2	57,064	20,499
Other financial income		1	0
Other financial expenses		0	-7
Profit/loss for the year	3	57,058	20,472

Parent balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 USD'000</u>	<u>2016 USD'000</u>
Investments in group enterprises		205,282	143,361
Fixed asset investments	4	205,282	143,361
Fixed assets		205,282	143,361
Other receivables		644	648
Receivables		644	648
Cash		38	124
Current assets		682	772
Assets		205,964	144,133

Parent balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 USD'000</u>	<u>2016 USD'000</u>
Contributed capital	5	128,800	122,550
Reserve for net revaluation according to the equity method		94,561	37,497
Retained earnings		-18,049	-16,561
Equity		205,312	143,486
Other payables		652	647
Current liabilities other than provisions		652	647
Liabilities other than provisions		652	647
Equity and liabilities		205,964	144,133
Contingent liabilities	6		
Transactions with related parties	7		

Parent statement of changes in equity for 2017

	Contributed capital USD'000	Reserve for net revaluation according to the equity method USD'000	Retained earnings USD'000	Total USD'000
Equity beginning of year	122,550	37,497	-16,561	143,486
Increase of capital	6,250	0	0	6,250
Ordinary dividend paid	0	0	-1,482	-1,482
Profit/loss for the year	0	57,064	-6	57,058
Equity end of year	128,800	94,561	-18,049	205,312

Notes to parent financial statements

1. Administrative expenses

	2017 USD'000	2016 USD'000
Management fees	2,577	2,577
Other costs	7	20
Total administrative costs	2,584	2,597

Private Equity New Markets III K/S has no employees.

2. Income from investments in group enterprises

Income from investments in group enterprises is mainly determined by the investment income in Penm III Germany GmbH & Co. KG's portfolio companies.

The underlying entity PENM III Germany GmbH & Co. KG has invested in a portfolio company of another fund, Private Equity New Markets IV K/S, which is under common management with the entity.

The joint ownership in the portfolio company is less than 5%.

	2017 USD'000	2016 USD'000
3. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	57,064	20,499
Retained earnings	-6	-27
	57,058	20,472

4. Fixed asset investments

Cost beginning of year	105,864
Additions	4,857
Cost end of year	110,721
Revaluations beginning of year	37,497
Share of profit/loss for the year	57,064
Revaluations end of year	94,561
Carrying amount end of year	205,282

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

Notes to parent financial statements

	<u>Registered in</u>	<u>Corpo - rate form</u>
Investments in group enterprises consists of:		
PENM III Germany GmbH & Co. KG	c/o Johanna Beteiligungsverwal- tungs GmbH, Friedrich- Ebert-Allee 13, 53113 Bonn, Germany	KG

5. Contributed capital

	<u>2017 USD'000</u>	<u>2016 USD'000</u>
General Partner	-	-
Limited Partners	128,800	122,550
Total contributed capital	128,800	122,550

The total committed capital amounts to USD 143,700,000, where as USD 128,800,000 is paid in.

Paid in capital:

2013: 39,000,000 USD

2014: 119,850,000 USD

2015: 119,850,000 USD

2016: 122,550,000 USD

2017: 128,800,000 USD

6. Contingent liabilities

Carried interest

Since carried interest is a matter between the partners in the limited partnership, carried interest is not provided for in the balance sheet. At 31.12.17, the entity has reached an unrealised return on its investments in excess of the prescribed limit (hurdle rate) for initiation of carried interest.

7. Transactions with related parties

Only transactions with related parties that are not carried out on market terms are disclosed in the annual report. There have not been such transactions in the current year.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied for these financial statements are consistent with those applied last year.

The financial statements are stated in USD. The exchange rate at the balance sheet date was DKK 620.77 per USD 100 (as of 31.12.16: DKK 705.28 per 100 USD)

Presentation of the income statement and the balance sheet as well as the description of items has been adjusted to the Entity's special activity as a private equity partnership.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Accounting policies

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date.

Exchange rate differences that arise between the rate at the transaction date and the one in effect at the payment date, or the balance sheet date, are recognised in the income statement as financial items.

General

The Entity is managed by a supervisory board (designated herein "Board of Directors") and a general partner (designated herein "Executive Board").

Income statement

Administrative expenses

Administrative expenses include administration fees and other expenses.

Other operating income

Other operating income comprises refunds that are reimbursed administration and management fees.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Income from other fixed asset investments

Income from other fixed asset investments comprises income from portfolio companies which includes realisations and value adjustments of equity investments, dividends and other portfolio income.

Other financial expenses

Other financial expenses comprise interest expenses, realised and unrealised currency losses on receivables, payables and other monetary items in foreign currency and on transactions in foreign currencies.

Balance sheet

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unrealised intra-group profits or losses.

Investments in foreign group enterprises which are integrated units, monetary assets and liabilities and financial assets measured at fair value are translated at the exchange rate at the balance sheet date. Non-monetary assets and liabilities measured at cost price are translated at the historical exchange rate. Income

Accounting policies

statement items are translated at the monthly average exchange rate except that transactions derived from non-monetary assets and liabilities are translated at historical exchange rates.

Exchange rate differences from translation of monetary assets and liabilities and financial assets measured at fair value are recognised in the income statement as a part of income from investments in group enterprises and allocated to the Reserve for net revaluation according to the equity method under equity.

Upon distribution of dividend in the subsidiary, an amount equal to dividend distributed is transferred from Reserve for net revaluation according to the equity method to Retained earnings.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Other investments

Other investments are recognised at fair value pursuant to section 37 of the Danish Financial Statements Act, and value adjustments are recognised in the income statement under income from other fixed assets investments.

The valuation of the unlisted portfolio companies and derivatives are based on appraised fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEV Guidelines).

Listed securities are recognised at the quoted price at the balance sheet date.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Cash

Cash comprises cash in hand and bank deposits.

Equity

The statement of changes in equity for 2017 is presented according to the contribution method. Retained earnings consist of retained earnings and distributions.

Other financial liabilities

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items and working capital changes.

Accounting policies

Cash flows from investing activities comprise payments in connection with acquisition and divestment of other investments assets.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital, and payment of dividend.

Cash comprise cash only.