

AsiaInfo Denmark ApS
CVR no. 35515798
Copenhagen, Denmark

Annual report
for the period ended 31 December 2015

Adopted at the Company's Annual General Meeting
on 7 June 2016

ZHANG CHUN
Chairman

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Company details

Company:	AsiaInfo Denmark ApS
CVR no:	35515798
Registered address:	Badehavns­gade 2 C 2 2450 Copenhagen SV Denmark
Website:	www.asiainfo.com
Financial year:	2nd financial year
Directors:	Shanni­ang Lyu Chun Zhang
Company's auditor:	Døssing & Partnere Revisionsinter­essens­skab c/o TROLLESMINDE KONTORPARK Roskildevej 12 A 3400 Hillerød Denmark

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Management's review

Principal Activities of the Company

The Company's activities to provide IT solutions and services, including developing and delivering software and services as well as buying, selling and providing general consulting regarding software and hardware products..

Development in the Company's activities and financial matters

The Company is engaged in providing onshore services to Telenor Denmark for phase R1 in Denmark, as per the Master Service Agreement between Telenor and AsiaInfo Hongkong for providing an IT solutions and services.

Significant events after the balance sheet date

No significant events have occurred after the balance sheet date which would influence the evaluation of the Company's financial position as at the balance sheet date.

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Statement by the Management on the annual report

The Directors have today discussed and approved the annual report of AsialInfo Denmark ApS (the Company) for the financial period 1 January 2015 – 31 December 2015.

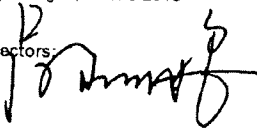
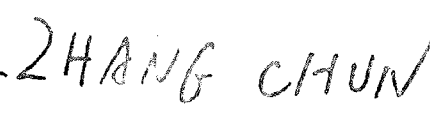
The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial period 1 January 2015 – 31 December 2015.

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

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

Copenhagen, 7 June 2016

Directors:   ZHANG CHUN

Shanniang Lyu

Chun Zhang

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Independent auditors' report

To the shareholders of AsialInfo Denmark ApS

Report on the Financial statement

We have audited the Financial Statements of AsialInfo Denmark ApS for the financial year 1 January 2015 - 31 December 2015, comprising Accounting Policies, Income Statement, Balance Sheet, and Notes. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with the Danish Financial Statements Act, and for such internal controls as Management determines is necessary to enable preparation of Financial Statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We have conducted our audit in accordance with international standards on auditing and additional requirements under Danish auditor regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain a high degree of assurance as to whether the Financial Statements are free from material misstatements.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The audit procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation of Financial Statements that give a true and fair view 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

In our opinion, the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Qualifications

Basis for qualified opinion

The company has in effect for the current financial year been subject to auditing requirements. In the previous year and in compliance with the Danish legislation the company has had no statutory auditor. The comparative figures in the financial statements are therefore not audited. In the equity there is recognized an adjustment to the opening balance of kr. 6.665.586. We have not been able to identify this adjustment. Due to this we have also not been able to evaluate whether a mention of a possible correction of fundamental errors relating to previous years lacks in the annual report. As a result, we are taking reservations for the accuracy of the comparative figures (2014) and the opening balance sheet. 1 January 2015.

Qualified opinion

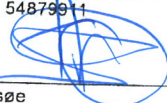
Apart from the possible effect of the qualification given, the Financial Statements, in our opinion, give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2015 and of the results of the Company's operations for the financial year 1 January 2015 - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement of the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Hillerød, 7 June 2016

Døssing & Partnere
Revisionsinteressentskab
CVR no. 54879911


Anders Ilsøe
Registered Public Accountant

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Accounting policies

The annual report has been prepared in accordance with Danish financial statements legislation as well as generally accepted accounting principles.

The annual report has been prepared in accordance with the reporting requirements of the Danish Financial Statements Act of class B entities.

Recognition and Measurement

The financial statements have been prepared based on historical cost.

The income is recognised in the income statement as earned. Further to this, value adjustments of financial assets and liabilities measured at fair value or amortised costs are recognised. Furthermore, all costs incurred to earn the profit or loss for year have been recognised in the income statement, including amortisation, depreciation, write-down and provisions as well as reversals as a consequence of changed accounting estimates of amounts previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow into 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.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each financial statement item.

Certain financial assets and liabilities are measured at amortised cost, by which a constant redemption yield is recognised over the term. Amortised cost is calculated as original cost less instalments and addition/deduction of the accumulated amortisation of the difference between cost and the nominal amount. Thereby, capital and exchange losses or gains are allocated over the term.

On recognition and measurement, anticipated losses and risks that appear before presentation of the annual report and which confirm or invalidate affairs or conditions existing at the balance sheet date are considered.

The functional currency is Danish kroner, DKK. All other currencies are considered foreign currencies.

Foreign Currency Translations

During the year, transactions in foreign currencies have been translated applying the exchange rate at the transaction date. If currency positions are considered hedge of future cash flows, the value adjustments are recognised directly in equity.

Receivables and debt denominated in foreign currencies have been recognised at the exchange rate of the balance sheet date.

Realised and unrealised exchange gains and losses have been recognised in the income statement under other financial income and expenses.

Income Statement

Gross profit/loss

The Company has aggregated the items "revenue", "other operating income" as well as external expenses.

As income recognition criterion, the completed contract method is applied so that revenue comprises invoiced revenue for the year. Revenue is measured at fair value excl. VAT and less granted goods and customer discounts.

Accounting policies

Other operating income

Other operating income includes financial statement items of a secondary nature in relation to the primary activity of the enterprise, including profit on sale of fixed assets.

External expenses

External expenses comprise selling costs, facility costs and administrative expenses.

Other operating expenses

Other operating expenses include financial statement items of a secondary nature in relation to the primary activity of the enterprise, including profit from sale of fixed assets.

Other financial income and other financial expenses

Financial income and expenses comprise interest, realised and unrealised exchange gains and losses as well as interest surcharge and interest reimbursements under the Danish Tax Prepayment Scheme.

Tax on profit or loss for the year income taxes

Tax on profit or loss for the year represents 23.5% of the book profit or loss adjusted for non-taxable and non deductible items.

Tax on profit or loss for the year consists of the anticipated tax portion of the taxable income for the year adjusted for the changes for the year in deferred tax.

The Company is subject to the Danish Tax Prepayment Scheme. Interest reimbursement and interest surcharge have been recognised in financial income and expenses.

Balance Sheet

The balance sheet has been presented in account form.

Assets

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulate amortisation and depreciation. The basis of amortisation and depreciation is cost less estimated residual value after the end of useful life.

Cost comprises the acquisition price as well as costs directly related to the acquisition until the time when the asset is ready to be put into operation.

Depreciation is initiated when the assets are ready to be taken into operation. Assets are depreciated on a straight-line basis over their estimated useful lives.

Profit/loss on sale or retirement has been included in the income statement under other operating income and other operating expenses.

Impairment of property, plant and equipment

The carrying amount of property plant and equipment is reviewed annually for indication of impairment for loss, apart from what is expressed by usual amortisation and depreciation. If this applies, impairment for loss is made of each asset or group of assets, respectively, to lower recoverable amount.

As recoverable amount, the higher of expected net selling price and net present value is applied. The net present value is calculated as the present value of the anticipated cash flows from the use of the asset or the group of assets.

Impairment for loss for the year is recognised in the income statement as amortisation, depreciation and impairment for loss of property, plant and equipment and intangible assets.

Fixed asset investments

Other receivables recognised under fixed assets comprise loans and rental deposits measured at amortised cost, which usually corresponds to nominal amount. In events when the carrying amount exceeds the recoverable amount, impairment for loss is made to such lower value. Impairment for loss for the year is recognised in the income statement as impairment for loss of financial assets.

Accounting policies

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down for bad debt according to an individual assessment

Work in progress

Work in progress is measured at cost price. Where the cost price exceeds the net realisable value, work in progress is written down to this lower value.

Prepayments

Prepayments comprise costs incurred relating to subsequent financial years.

Equity and Liabilities

Equity

Management's proposed dividends for the financial year is disclosed as a separate item in equity.

Provision for deferred tax

Deferred tax is measured according to the liability method. Provision has been made for deferred tax by 23.5% on all temporary differences between carrying amount and tax-based value of assets and liabilities.

The tax-based values of tax losses carried forward are included in the statement of deferred tax if it is probable that the losses can be utilised.

Deferred tax assets which are not expected utilised within a few years have been disclosed in notes under contingent assets.

Other liabilities other than provisions

Other liabilities other than provisions have been measured at amortised cost which corresponds to nominal value.

Deferred income

Deferred income comprises income received relating to subsequent years.

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Income statement

	Notes	Period ended	
		31/12/2015 DKK	31/12/2014 DKK
Gross profit		-	-
Other operating expenses			
Staff costs	1	(3,046,395)	(2,650,142)
		-	-
Profit/loss before tax depreciation, interest and tax		(3,046,395)	(2,650,142)
Depreciation, amortisation and impairment losses	4	(36,667)	-
Operating profit/loss		(3,083,062)	(2,650,142)
Other financial income	2	1,130,594	1,422,623
Other financial expenses	3	(3,261,145)	(1,983,690)
Profit/loss before tax		(5,213,613)	(3,211,209)
Tax on profit/loss for the year		-	-
Profit/loss for the year		(5,213,613)	(3,211,209)
Proposed profit/loss distribution			
Loss		(5,213,613)	(3,211,209)
Proposed dividends for the financial year		-	-
Profit/loss for the year		(5,213,613)	(3,211,209)

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Balance sheet

	As at	
	31/12/2015	31/12/2014
Notes	DKK	DKK
Assets		
Non-current assets		
Fixture and fittings, tools and equipment	4	36,667
Other non-current assets		-
Total non-current assets		172,995
		<u>36,667</u>
Current assets		
Work in progress		98,846,893
Receivables from group enterprises	5	-
Other receivables	6	-
Deferred tax assets		18,000
Prepayments	7	-
		<u>98,864,893</u>
Cash		13,321,209
Total current assets		112,186,102
		<u>112,222,769</u>
Total Assets		<u>40,533,149</u>
Equity and liabilities		
Equity		
Share capital	8	5,512,317
Share premium		(6,665,586)
Retained earnings		(8,424,822)
Proposed dividends		-
Total equity		<u>(9,578,091)</u>
Liabilities		
Current liabilities		
Trade payables		-
Payables to group enterprises		261,991
Accrued expenses	9	115,223,423
Accrued payroll		-
Accrued employee benefits		-
Income tax payable		-
Other payables	10	6,577,437
Total current liabilities		<u>121,800,860</u>
Total liabilities		38,232,041
		<u>121,800,860</u>
Total Equity and Liabilities		<u>40,533,149</u>

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Notes to the financial statements

1 Other operating expenses

	2015 DKK	2014 DKK
Office rent and utilities		
Stationery and office materials	(1,943,066)	(165,548)
Accounting and compliance services, domiciliation services	-	(608,566)
Legal and tax advisory services	-	(138,916)
Recruitment services	(439,861)	(484,847)
Translation services	(624,291)	(274,440)
Advertising services	-	(89,000)
Local taxes and fees	-	(10,000)
Representation	-	(114,931)
Other office expenses	-	(663,141)
	(39,177)	(100,753)
	<u>(3,046,395)</u>	<u>(2,650,142)</u>

2 Other financial income

	2015 DKK	2014 DKK
Foreign exchange gains		
Interest income cash accounts	1,118,831	1,421,049
Intercompany interest	-	1,574
	11,763	-
	<u>1,130,594</u>	<u>1,422,623</u>

3 Other financial expenses

	2015 DKK	2014 DKK
Interest on intercompany loans		
Foreign exchange losses	(1,675,354)	(179,003)
Interest paid to tax office	(1,585,791)	(1,801,512)
	-	(3,175)
	<u>(3,261,145)</u>	<u>(1,983,690)</u>

4 Fixture and fittings, tools and equipment

	Office equipment DKK	Total DKK
Cost		
At 1 January 2014		
Additions	-	-
Disposals	-	-
At 31 December 2014	<u>-</u>	<u>-</u>
At 1 January 2015		
Additions	-	-
Disposals	110,000	110,000
At 31 December 2015	<u>110,000</u>	<u>110,000</u>
Accumulated depreciation		
At 1 January 2014		
Charge for the year	-	-
At 31 December 2014	<u>-</u>	<u>-</u>
At 1 January 2015		
Charge for the year	-	-
At 31 December 2015	<u>73,333</u>	<u>73,333</u>
Carrying amount		
At 1 January 2014		
At 31 December 2014	<u>-</u>	<u>-</u>
At 1 January 2015		
At 31 December 2015	<u>36,667</u>	<u>36,667</u>

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Notes to the financial statements

5 Receivables from group enterprises

	31/12/2015 DKK	31/12/2014 DKK
Short-term loan provided to AsiatInfo Technologies (HK) Limited	-	1.805,811
	<u>-</u>	<u>1.805,811</u>

6 Other receivables

	31/12/2015 DKK	31/12/2014 DKK
VAT receivables	-	86,102
Advances paid	-	1.726,217
	<u>-</u>	<u>1.812,319</u>

7 Prepayments

	31/12/2015 DKK	31/12/2014 DKK
Prepaid rent	18,000	336,378
	<u>18,000</u>	<u>336,378</u>

8 Equity

	31/12/2015 DKK	31/12/2014 DKK
Share capital at 31 December 2015	5,512,317	5,512,317
Share premium at 31 December 2015	(6,665,586)	-
Transfer from profit/loss for the year	(5,213,613)	(3,211,209)
Retained earnings at 31 December 2015	(8,424,822)	(3,211,209)
Equity at 31 December 2015	<u>(9,578,091)</u>	<u>2,301,108</u>

The share capital consist of 5.512.317.00 shares of DKK 1,00. The shares have not been divided into classes.

Notes to the financial statements

9 Payables to group enterprises

	31/12/2015 DKK	31/12/2014 DKK
Short term intercompany loan	(115,223,423)	(32,588,676)
Interest on intercompany loan	-	(178,724)
	<u>(115,223,423)</u>	<u>(32,767,400)</u>

10 Other payables

	31/12/2015 DKK	31/12/2014 DKK
Salaries payable	(698,921)	(3,945,487)
Taxes on salaries	-	(721,424)
Contributions on salaries	-	(47,520)
Expense reimbursements	-	(5,600)
Accrued holidays	-	(482,619)
Accrued employee benefits	(1,731,953)	-
Accrued expenses	(4,146,563)	-
	<u>(6,577,437)</u>	<u>(5,202,650)</u>

11 Contingent assets

The Company has no contingent assets

12 Contractual obligations

Further, the Company has entered into office lease agreement for the period up til 17.01.2017. The total amount of the future lease commitment is DKK 597,000.

13 Ownership

The following shareholders are subject to section 55 of Danish Public Companies Act:

AsialInfo (U.K.) Limited

14 Intercompany loan

The Company's ultimate principal shareholder declares to commit to inject additional liquidity strengthen liquidity / momentum of AsialInfo Denmark ApS if any need will arise.
 The Company's ultimate principal shareholder declares simultaneously that the intercompany loans per 31 December 2015 will continue on the same terms on the same terms throughout the year 2016.

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