


AsiaInfo Denmark ApS
CVR no. 35515798
Copenhagen, Denmark

Annual report
for the period ended 31 December 2018

Adopted at the Company's Annual General Meeting
on 31th May 2019



Chairman Chun Zhang

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Company details

Company:	AsialInfo Denmark ApS
CVR no:	35515798
Registered address:	c/o Bech-Bruun Langelinie Alle 35 2100 Copenhagen Denmark
Website:	www.asialinfo.com
Financial year:	5th financial year
Directors:	Chun Zhang
Company's auditor:	Døssing & Partnere Revisionsinteressentskab 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 in Denmark, as per the Master Service Agreement between Telenor and AsialInfo Hong Kong and AsialInfo Denmark 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 Director have today discussed and approved the annual report of AsialInfo Denmark ApS (the Company) for the financial period 1 January 2018 – 31 December 2018.

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 2018 and of the results of the Company's operations for the financial period 1 January 2018 – 31 December 2018.

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, 31 May 2019

Director:



Chun Zhang

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Independent auditors' report

To the shareholders of Asiainfo Denmark ApS

Opinion

We have audited the financial statements of Asiainfo Denmark ApS for the financial year 1 January - 31 December 2018, which comprise a summary of significant accounting policies, income statement, balance sheet and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position 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

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.

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 the financial statements that are free from material misstatement, whether due to fraud or error. 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 the financial statements that are free from material misstatement, whether due to fraud or error.

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 judgment and maintain professional skepticism 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.

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 management's review

Management is responsible for management's review.

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Independent auditors' report

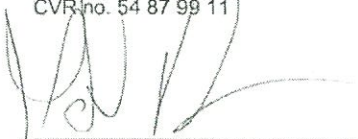
Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review 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 Financial Statements Act.

Based on the work we have performed, we conclude that 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

31th May 2019

Døssing & Partnere
Revisionsinteressentskab
CVR no. 54 87 99 11



Martin Dueholm
Registered Public Accountant
MNE-nr. 34524

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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.

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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 22.0% 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

Cash and cash equivalents

Cash and cash equivalents comprise cash.

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.

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 22.0% 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	
		31/12/2018 DKK	31/12/2017 DKK
Gross profit		22,832,043	32,458,697
Other operating expenses	1	(1,553,418)	-
Staff costs	2	(20,693,291)	(24,632,058)
Profit/loss before tax depreciation, interest and tax		585,334	7,826,639
Impairment losses recognised in respect of current assets exceeding normal impairment losses		-	(148,044,728)
Operating profit/loss		585,334	(140,218,089)
Other financial income	3	1,982,457	8,121,152
Other financial expenses	4	(3,636,403)	(2,261,857)
Profit/loss before tax		(1,068,612)	(134,358,794)
Tax on profit/loss for the year		-	-
Profit/loss for the year		<u>(1,068,612)</u>	<u>(134,358,794)</u>
Proposed profit/loss distribution			
Retained earnings		(1,068,612)	(134,358,794)
Proposed dividends for the financial year		-	-
Profit/loss for the year		<u>(1,068,612)</u>	<u>(134,358,794)</u>

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Balance sheet

Assets	Notes	As at	
		31/12/2018 DKK	31/12/2017 DKK
Current assets			
Trade Receivables		18,595,170	19,711,722
Receivables from group enterprises		3,104,812	14,383,879
Other receivables employee		12,407	1,225,770
Prepayments		261,830	18,000
		<u>21,974,219</u>	<u>35,339,371</u>
Cash		25,402,855	6,524,210
Total current assets		47,377,074	41,863,581
Total Assets		<u>47,377,074</u>	<u>41,863,581</u>
Equity and liabilities			
Equity	5		
Share capital		5,513,000	5,512,317
Capital reserves-share premium		119,223,410	-
Retained earnings		(149,710,929)	(148,637,885)
Total equity		<u>(24,974,519)</u>	<u>(143,125,568)</u>
Liabilities			
Current liabilities			
Trade payables		626,208	4,899,668
Payables to group enterprises		54,704,185	159,422,500
Accrued expenses		1,121,870	-
Accrued payroll		7,012,563	-
Other payables		-	19,019,558
Taxes payables		8,859,148	-
Prepayments		27,619	1,647,423
		<u>-</u>	<u>-</u>
Total current liabilities		72,351,593	184,989,149
Total liabilities		72,351,593	184,989,149
Total Equity and Liabilities		<u>47,377,074</u>	<u>41,863,581</u>

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Notes to the financial statements

1 Other operating expenses

	31/12/2018 DKK	31/12/2017 DKK
Office rent and utilities	(303,520)	-
Legal and tax advisory services	(516,508)	-
Recruitment services	(292,508)	-
Market development expenses	(68,515)	-
Vehicle expense-petrol	(1,677)	-
Representation	(2,411)	-
Other office expenses	(368,279)	-
	<u>(1,553,418)</u>	<u>-</u>

2 Staff cost

	31/12/2018 DKK	31/12/2017 DKK
Wages and salaries	(17,853,989)	(22,587,633)
Other payables	(1,026,347)	(1,016,814)
Contributions on salaries	(1,812,955)	(1,027,611)
	<u>(20,693,291)</u>	<u>(24,632,058)</u>

The average number of employees in 2018 is 26

3 Other financial income

	31/12/2018 DKK	31/12/2017 DKK
Foreign exchange gains	1,982,457	8,102,002
Interest income cash accounts	-	19,150
	<u>1,982,457</u>	<u>8,121,152</u>

4 Other financial expenses

	31/12/2018 DKK	31/12/2017 DKK
Interest on intercompany loans	(1,104,713)	(2,261,857)
Foreign exchange losses	(2,531,690)	-
	<u>(3,636,403)</u>	<u>(2,261,857)</u>

5 Equity

	31/12/2018 DKK	31/12/2017 DKK
Share capital at 31 December 2018	5,513,000	5,512,317
Share premium at 31 December 2018	119,223,410	-
Retained earnings prior years	(148,642,316)	-
Transfer from profit/loss for the year	(1,068,612)	13,685,934
Retained earnings at 31 December 2018	<u>(149,710,929)</u>	<u>(148,637,885)</u>
Equity at 31 December 2018	<u>(24,974,519)</u>	<u>(143,125,568)</u>

The share capital consist of 5,513,000.00 shares of DKK 1,00. The shares have not been divided into classes.

Notes to the financial statements

6 Contingent assets

The Company has no contingent assets

7 Ownership

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

AsialInfo International (H.K.) Limited

8 Intercompany loan

There is no intercompany loan at the end of the year 2018.

9 Consolidated financial statements

The Company is included in the group annual report of AsialInfo International (H.K.) Limited

The group annual report may be obtained at the following address: Room 1401, 14/F, Tung Wai Commercial Building, 109-111 Gloucester Road, Wan Chai, Hong Kong

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