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CVR no. 20 22 26 70

**ASIAINFO DENMARK APS**

**C/O BECH-BRUUN, LANGELINIE ALLÉ 35, BECH-BRUUN, 2100 COPENHAGEN Ø**

**ANNUAL REPORT**

**1 JANUARY - 31 DECEMBER 2021**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 7 July 2022**

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**Chun Zhang**

**CVR NO. 35 51 57 98**

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**COMPANY DETAILS**

<b>Company</b>	Asiainfo Denmark ApS c/o Bech-Bruun, Langelinie Allé 35 Bech-Bruun 2100 Copenhagen Ø
	CVR No.: 35 51 57 98 Established: 11 October 2013 Municipality: Copenhagen Financial Year: 1 January - 31 December
<b>Executive Board</b>	Chun Zhang
<b>Auditor</b>	BDO Statsautoriseret revisionsaktieselskab Rimmens Alle 89 9900 Frederikshavn
<b>Law Firm</b>	Bech-Bruun Advokatpartnerselskab Langelinie Allé 35 2100 Copenhagen Ø

## MANAGEMENT'S STATEMENT

*Today the Executive Board have discussed and approved the Annual Report of Asiainfo Denmark ApS for the financial year 1 January - 31 December 2021.*

*The Annual Report is presented 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.*

*The Management Commentary includes in my opinion a fair presentation of the matters dealt with in the Commentary.*

*I recommend the Annual Report be approved at the Annual General Meeting.*

Copenhagen, 7 July 2022

Executive Board

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Chun Zhang

## INDEPENDENT AUDITOR'S REPORT

*To the Shareholder of Asiainfo Denmark ApS*

### **Opinion**

*We have audited the Financial Statements of Asiainfo Denmark ApS for the financial year 1 January - 31 December 2021, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant 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 assets, liabilities and financial position of the Company 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 (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.*

### **Emphasis of matter**

*We draw attention to Note 7 of the financial statements, which describes the uncertainties related to an ongoing tax case with the Danish Tax Authorities. Our opinion is not modified in respect of this matter.*

### **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.*

*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 judgment and maintain professional skepticism throughout the audit. We also:*

## INDEPENDENT AUDITOR'S REPORT

- *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 Commentary**

*Management is responsible for Management Commentary.*

*Our opinion on the Financial Statements does not cover Management Commentary, 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 Commentary and, in doing so, consider whether Management Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.*

*Based on the work we have performed, we conclude that Management Commentary 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 Management Commentary.*

Frederikshavn, 7 July 2022

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

Kristian Thostrup  
State Authorised Public Accountant  
MNE no. mne35810

## MANAGEMENT COMMENTARY

### ***Principal activities***

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

### ***Recognition and measurement uncertainty***

*There is a pending case where the Danish Tax Authorities has increased the Company's taxable income for 2017 by DKK ('000) 148,045, which means that the Company's tax loss is gone. We do not agree with the Danish Tax Authorities' decision and has appealed the case to the National Tax Court together with the law firm Bech-Bruun.*

*As a consequence of the Danish Tax Authorities' decision, the Company has received a subsequent collection of tax payments relating to 2017, which the Company has paid in 2021. As we expect to win the case, tax assets and tax payments are treated as the Company has won and thus retained the tax loss. The maximum amount that the Company will pay in the worst case is DKK ('000) 3,146 added accrued interest. Regardless of the outcome, it could not threaten the Company's continued operation.*

*Thus, there is uncertainty about the recognised tax asset and whether the tax asset belongs to the Company, which Management is convinced of. See also note 7.*

### ***Development in activities and financial and economic position***

*The results for the year are affected by the fact that there is a correction of the Company's deferred tax asset as a result of the pending appeal against the Danish Tax Authorities. Thus, the result for the year is a loss of DKK ('000) 5,247 after tax, but in reality, a profit before tax of DKK ('000) 1,353.*

*This year, the Company has lost its share capital, which is expected to be re-established with future earnings.*

### ***Significant events after the end of the financial year***

*No events have occurred after the end of the financial year of material importance for the company's financial position.*

**INCOME STATEMENT 1 JANUARY - 31 DECEMBER**

	Note	2021 DKK	2020 DKK
<b>GROSS PROFIT</b> .....		<b>18,880,843</b>	<b>25,716,531</b>
Staff costs.....	1	-19,185,559	-17,267,601
Depreciation, amortisation and impairment losses.....		-25,352	-5,620
<b>OPERATING PROFIT</b> .....		<b>-330,068</b>	<b>8,443,310</b>
Other financial income.....	2	4,538,664	1,854,348
Other financial expenses.....	3	-2,855,373	-2,474,993
<b>PROFIT BEFORE TAX</b> .....		<b>1,353,223</b>	<b>7,822,665</b>
Tax on profit/loss for the year.....	4	-6,600,000	8,800,000
<b>PROFIT FOR THE YEAR</b> .....		<b>-5,246,777</b>	<b>16,622,665</b>
<b>PROPOSED DISTRIBUTION OF PROFIT</b>			
Retained earnings.....		-5,246,777	16,622,665
<b>TOTAL</b> .....		<b>-5,246,777</b>	<b>16,622,665</b>



**BALANCE SHEET AT 31 DECEMBER**

ASSETS	Note	2021 DKK	2020 DKK
Other plant, machinery tools and equipment.....		63,189	53,402
Property, plant and equipment.....	5	63,189	53,402
<b>NON-CURRENT ASSETS.....</b>		<b>63,189</b>	<b>53,402</b>
Trade receivables.....		18,992,620	17,300,704
Deferred tax assets.....		2,200,000	8,800,000
Other receivables.....		0	119,024
Corporation tax receivable.....		1,463,486	0
Prepayments and accrued income.....		39,089	0
<b>Receivables.....</b>		<b>22,695,195</b>	<b>26,219,728</b>
Cash and cash equivalents.....		55,571,186	52,924,809
<b>CURRENT ASSETS.....</b>		<b>78,266,381</b>	<b>79,144,537</b>
<b>ASSETS.....</b>		<b>78,329,570</b>	<b>79,197,939</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital.....		5,513,000	5,513,000
Retained earnings.....		-6,253,940	-1,007,163
<b>EQUITY.....</b>		<b>-740,940</b>	<b>4,505,837</b>
Other provisions for liabilities.....		4,674,912	4,674,912
<b>PROVISIONS.....</b>		<b>4,674,912</b>	<b>4,674,912</b>
Other long-term debt.....		0	1,689,432
<b>Non-current liabilities.....</b>	6	<b>0</b>	<b>1,689,432</b>
Trade payables.....		48,281	196,093
Debt to group enterprises.....		67,661,594	59,568,999
Other liabilities.....		6,676,391	8,562,666
Accruals and deferred income.....		9,332	0
<b>Current liabilities.....</b>		<b>74,395,598</b>	<b>68,327,758</b>
<b>LIABILITIES.....</b>		<b>74,395,598</b>	<b>70,017,190</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>78,329,570</b>	<b>79,197,939</b>
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## EQUITY

	Share capital	Retained earnings	Total
Equity at 1 January 2021.....	5,513,000	-1,007,163	4,505,837
Proposed profit allocation.....		-5,246,777	-5,246,777
<b>Equity at 31 December 2021 .....</b>	<b>5,513,000</b>	<b>-6,253,940</b>	<b>-740,940</b>

## NOTES

	2021 DKK	2020 DKK	Note
<b>Staff costs</b>			<b>1</b>
Average number of employees	30	34	
Wages and salaries.....	19,185,559	17,267,601	
	<b>19,185,559</b>	<b>17,267,601</b>	
<b>Other financial income</b>			<b>2</b>
Other interest income.....	4,538,664	1,854,348	
	<b>4,538,664</b>	<b>1,854,348</b>	
<b>Other financial expenses</b>			<b>3</b>
Other interest expenses.....	2,855,373	2,474,993	
	<b>2,855,373</b>	<b>2,474,993</b>	
<b>Tax on profit/loss for the year</b>			<b>4</b>
Adjustment of deferred tax.....	6,600,000	-8,800,000	
	<b>6,600,000</b>	<b>-8,800,000</b>	
<b>Property, plant and equipment</b>			<b>5</b>
		Other plant, machinery tools and equipment	
Cost at 1 January 2021.....		170,020	
Additions.....		35,140	
<b>Cost at 31 December 2021.....</b>		<b>205,160</b>	
Depreciation and impairment losses at 1 January 2021.....		116,619	
Depreciation for the year.....		25,352	
<b>Depreciation and impairment losses at 31 December 2021.....</b>		<b>141,971</b>	
<b>Carrying amount at 31 December 2021.....</b>		<b>63,189</b>	
<b>Long-term liabilities</b>			<b>6</b>
	31/12 2021 total liabilities	Repayment next year	Debt outstanding after 5 years
Other long-term debt.....	0	0	0 1,689,432
	<b>0</b>	<b>0</b>	<b>0 1,689,432</b>

## NOTES

## Note

**Information on uncertainty with respect to recognition and measurement**

7

*Provision regarding discontinued contracts with subcontractors.*

*In the annual report under provisions of the liabilities, there DKK ('000) 4,674 is recognised. This relates to provisions on cancelled agreements with subcontractors, which contain uncertainty about the value of the actual liability.*

**Tax case**

*At the beginning of 2021, the Danish Tax Authorities resumed the Company's tax return for 2017 and in this connection increased the Company's taxable income for 2017 by DKK ('000) 148,045. The Danish Tax Authorities does not believe that the Company was part of a framework agreement, which is why it is their opinion that the costs in connection with this framework agreement have not been treated correctly in the previous income year, as the Company is not the right bearer of expenses.*

*The Company is of a completely different opinion and has, together with its lawyer, appealed the case to the National Tax Court and to the Danish Tax Appeals Board.*

*Thus, there is uncertainty about the outcome of whether the Company will be upheld in whole or in part of the appeal, and thus, whether part of the tax value of the losses relating to 2017 must be recognised in the balance sheet. The Company has a total deferred tax asset of DKK ('000) 28,586 at the beginning of 2021, which this year is recognised in the Financial Statements for 2021 at DKK ('000) 2,200. We are of the opinion that the appeal of the tax case will fall in their favour, and has therefore dealt with tax assets and tax payments based on this in the Financial Statements.*

*Should the outcome unexpectedly not prove to be to their advantage, it will not be a threat to the Company's continued operation. In worst case scenario, the Company has to pay DKK ('000) 3,146 added accrued interest added to what has already been paid, which is possible in terms of liquidity.*

*Thus, there is uncertainty about the recognition of the tax asset, and whether the Company must pay corporation tax of a total of DKK ('000) 4,609, of which DKK ('000) 1,463 has already been paid, but is recognised as a receivable in the balance sheet. In addition, there is uncertainty about the recognition of a deferred tax asset this year of a total of DKK ('000) 2,200, out of a total of DKK ('000) 28,586. Should the Company unexpectedly lose completely, then the worst-case scenario will be that DKK ('000) 3,146 added accrued interest must be recognised in tax payable for the income years 2018-2021 and deferred tax assets must be reduced by DKK ('000) 2,200. It will not affect the continued operation of the Company.*

**Consolidated Financial Statements**

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*The company is included in the group annual report of Asiainfo International (H.K.) limited.*

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

## ACCOUNTING POLICIES

*The Annual Report of Asiainfo Denmark ApS for 2021 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.*

*The Annual Report is prepared consistently with the accounting principles applied last year.*

### INCOME STATEMENT

#### **Net revenue**

*Net revenue from sale is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.*

*Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.*

#### **Other operating income**

*Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities. In addition, profit from sale of intangible and tangible fixed assets as well as repayments from public authorities are included. Compensations are recognised when the income is deemed to be realisable.*

#### **Cost of sales**

*Cost of sales comprise costs incurred to achieve the net revenue for the year.*

#### **Other external expenses**

*Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operating lease expenses, etc.*

#### **Staff costs**

*Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees.*

#### **Financial income and expenses**

*Financial income and expenses include interest income and expenses, financial expenses of debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.*

#### **Tax**

*The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.*

**ACCOUNTING POLICIES**

**BALANCE SHEET**

**Tangible fixed assets**

Other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, fixtures and equipment.....	5 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

**Impairment of fixed assets**

The carrying amount of tangible assets are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the carrying amount.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

**Receivables**

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

**Accruals, assets**

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

**Other provisions for liabilities**

Other provisions for liabilities include the expected cost of loss on work in progress.

**Tax payable and deferred tax**

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

**Liabilities**

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the term of loan.

Amortised cost for short-term liabilities usually corresponds to the nominal value.

## ACCOUNTING POLICIES

### ***Accruals, liabilities***

*Accruals recognised as liabilities include payments received regarding income in subsequent years.*

### ***Foreign currency translation***

*Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.*

*Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.*

*Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.*