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ASIAINFO DENMARK APS

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

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2022

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 30 June 2023**

Chun Zhang

CVR NO. 35 51 57 98

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COMPANY DETAILS

Company	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
Executive Board	Chun Zhang
Auditor	BDO Statsautoriseret revisionsaktieselskab Rimmens Alle 89 9900 Frederikshavn
Law Firm	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 2022.

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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

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, 30 June 2023

Executive Board

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 2022, 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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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 5 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 the 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 the 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 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 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.

Frederikshavn, 30 June 2023

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 are provision of IT solutions and services, including developing and delivering software and service as well as buying, 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 scenario is DKK ('000) 5,147 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 we are convinced of. See also note 5.

Development in activities and financial and economic position

The profit of the year is positively affected by DKK ('000) 4,675. This relates to reversal of provisions on canceled agreements with subcontractors, which previous years contained uncertainty about the value of the actual liability. The case has been inactive for many years (since 2016) and therefore considered closed or expired.

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	2022 DKK	2021 DKK
GROSS PROFIT	1	24,516,646	18,880,843
Staff costs.....	2	-17,329,022	-19,185,559
Depreciation, amortisation and impairment losses.....		-19,067	-25,352
OPERATING PROFIT		7,168,557	-330,068
Other financial income.....		7,643,585	4,538,664
Other financial expenses.....		-7,165,118	-2,855,373
PROFIT BEFORE TAX		7,647,024	1,353,223
Tax on profit/loss for the year.....	3	-1,006,546	-6,600,000
PROFIT FOR THE YEAR		6,640,478	-5,246,777
PROPOSED DISTRIBUTION OF PROFIT			
Retained earnings.....		6,640,478	-5,246,777
TOTAL		6,640,478	-5,246,777

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2022 DKK	2021 DKK
Other plant, machinery tools and equipment.....		67,807	63,189
Property, plant and equipment.....	4	67,807	63,189
NON-CURRENT ASSETS.....		67,807	63,189
Trade receivables.....		17,339,568	18,992,620
Deferred tax assets.....		1,200,000	2,200,000
Corporation tax receivable.....		1,023,486	1,463,486
Prepayments and accrued income.....		0	39,089
Receivables.....		19,563,054	22,695,195
Cash and cash equivalents.....		56,166,122	55,571,187
CURRENT ASSETS.....		75,729,176	78,266,382
ASSETS.....		75,796,983	78,329,571
EQUITY AND LIABILITIES			
Share capital.....		5,513,000	5,513,000
Retained earnings.....		386,539	-6,253,940
EQUITY.....		5,899,539	-740,940
Other provisions for liabilities.....		0	4,674,912
PROVISIONS.....		0	4,674,912
Trade payables.....		142,438	48,281
Debt to group enterprises.....		60,304,153	67,661,594
Other liabilities.....		4,151,173	6,676,392
Accruals and deferred income.....		5,299,680	9,332
Current liabilities.....		69,897,444	74,395,599
LIABILITIES.....		69,897,444	74,395,599
EQUITY AND LIABILITIES.....		75,796,983	78,329,571
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EQUITY

	Share capital	Retained earnings	Total
Equity at 1 January 2022.....	5,513,000	-6,253,939	-740,939
Proposed profit allocation.....		6,640,478	6,640,478
Equity at 31 December 2022.....	5,513,000	386,539	5,899,539

NOTES

	2022 DKK	2021 DKK	Note
Special items			1
In the financial year, the Company has been remitted debt from a group enterprise of DKK ('000) 1,216, which is recognised as other operating income.			
Staff costs			2
Average number of employees	26	30	
Wages and salaries.....	15,911,501	18,092,194	
Pensions.....	927,705	991,879	
Social security costs.....	235,023	101,486	
Other staff costs.....	254,793	0	
	17,329,022	19,185,559	
Tax on profit/loss for the year			3
Calculated tax on taxable income of the year.....	6,546	0	
Adjustment of deferred tax.....	1,000,000	6,600,000	
	1,006,546	6,600,000	
Property, plant and equipment			4
		Other plant, machinery tools and equipment	
Cost at 1 January 2022.....		205,160	
Additions.....		23,685	
Cost at 31 December 2022.....		228,845	
Depreciation and impairment losses at 1 January 2022.....		141,971	
Depreciation for the year.....		19,067	
Depreciation and impairment losses at 31 December 2022.....		161,038	
Carrying amount at 31 December 2022.....		67,807	

NOTES

Note

Information on uncertainty with respect to recognition and measurement

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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, why the costs incurred 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 the expenses.

The Company does not agree with the Danish Tax Authorities and has, together with its lawyer, appealed the case to the National Tax Court and to the Danish Tax Appeals Board.

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) 28,191 at the beginning of 2022, which this year is recognised in the Financial Statements for 2022 at DKK ('000) 1,200. Management is of the opinion that the appeal of the tax case will fall in their favour, and has therefore recognised the tax assets and tax payments based on this in the Financial Statements.

Should the outcome unexpectedly prove not to be in the Company's advantage, it will not be a threat to the Company's continued operation. In worst case scenario, the Company has to pay DKK ('000) 5,249 added accrued interests in addition to what has already been paid, which is possible in terms of liquidity.

Thus, there is uncertainty related to the recognition of the tax asset, and whether the Company must pay corporation tax of a total of DKK ('000) 6,171, of which DKK ('000) 1,023 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) 1,200, out of a total of DKK ('000) 26,615. Should the Company unexpectedly lose completely, then the worst-case scenario will be that DKK ('000) 5,147 added accrued interest must be recognised in tax payable for the income years 2018-2022 and deferred tax assets must be reduced by DKK ('000) 1,200. 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 2022 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.