



Tel.: +45 96 20 76 00  
frederikshavn@bdo.dk  
www.bdo.dk

BDO Statsautoriseret revisionsaktieselskab  
Rimmens Alle 89  
DK-9900 Frederikshavn  
CVR no. 20 22 26 70

**ASIAINFO DENMARK APS**

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

**ANNUAL REPORT**

**1 JANUARY - 31 DECEMBER 2020**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 25 June 2021**

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**Chun Zhang**

*The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.*

**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  
Registered Office: Copenhagen  
Financial Year: 1 January - 31 December

**Executive Board**

Chun Zhang

**Auditor**

BDO Statsautoriseret revisionsaktieselskab  
Rimmens Alle 89  
9900 Frederikshavn

## 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 2020.*

*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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.*

*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, 25 June 2021

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 2020, 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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.*

### **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:*

- 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.*

## INDEPENDENT AUDITOR'S REPORT

- *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.*

*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 misstatement of Management's Review.*

Frederikshavn, 25 June 2021

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.

### **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	2020 DKK	2019 DKK
<b>GROSS PROFIT</b> .....		<b>25.520.854</b>	<b>25.232.884</b>
Staff costs.....	1	-17.071.924	-18.195.551
Depreciation, amortisation and impairment losses.....		-5.620	-1.973
Other operating expenses.....		0	-12.407
<b>OPERATING PROFIT</b> .....		<b>8.443.310</b>	<b>7.022.953</b>
Other financial income.....	2	1.854.348	1.980.864
Other financial expenses.....	3	-2.474.993	-1.944.019
<b>PROFIT BEFORE TAX</b> .....		<b>7.822.665</b>	<b>7.059.798</b>
Tax on profit/loss for the year.....	4	8.800.000	0
<b>PROFIT FOR THE YEAR</b> .....		<b>16.622.665</b>	<b>7.059.798</b>
<b>PROPOSED DISTRIBUTION OF PROFIT</b>			
Retained earnings.....		16.622.665	7.059.798
<b>TOTAL</b> .....		<b>16.622.665</b>	<b>7.059.798</b>



## BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2020 DKK	2019 DKK
Other plant, machinery tools and equipment.....		53.402	19.018
Property, plant and equipment.....	5	<b>53.402</b>	<b>19.018</b>
<b>NON-CURRENT ASSETS.....</b>		<b>53.402</b>	<b>19.018</b>
Trade receivables.....		17.300.704	17.651.451
Deferred tax assets.....		8.800.000	0
Other receivables.....		119.024	15.209
Prepayments and accrued income.....		0	16.473
<b>Receivables.....</b>		<b>26.219.728</b>	<b>17.683.133</b>
Cash and cash equivalents.....		<b>52.924.809</b>	<b>36.763.375</b>
<b>CURRENT ASSETS.....</b>		<b>79.144.537</b>	<b>54.446.508</b>
<b>ASSETS.....</b>		<b>79.197.939</b>	<b>54.465.526</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital.....		5.513.000	5.513.000
Retained earnings.....		-1.007.163	-17.629.828
<b>EQUITY.....</b>		<b>4.505.837</b>	<b>-12.116.828</b>
Other provisions for liabilities.....		4.674.912	4.674.912
<b>PROVISIONS.....</b>		<b>4.674.912</b>	<b>4.674.912</b>
.....		1.689.432	567.606
<b>Non-current liabilities.....</b>	6	<b>1.689.432</b>	<b>567.606</b>
Trade payables.....		196.093	2.180.939
Debt to group enterprises.....		59.568.999	49.020.649
Other liabilities.....		8.562.666	10.138.248
<b>Current liabilities.....</b>		<b>68.327.758</b>	<b>61.339.836</b>
<b>LIABILITIES.....</b>		<b>70.017.190</b>	<b>61.907.442</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>79.197.939</b>	<b>54.465.526</b>
Contingencies etc.	7		
Information on uncertainty with respect to recognition and measurement	8		
Consolidated Financial Statements	9		

## EQUITY

	Share capital	Retained earnings	Total
Equity at 1 January 2020.....	5.513.000	-17.629.828	-12.116.828
Proposed profit allocation.....		16.622.665	16.622.665
Equity at 31 December 2020.....	5.513.000	-1.007.163	4.505.837

## NOTES

	2020 DKK	2019 DKK	Note	
<b>Staff costs</b>			<b>1</b>	
Average number of employees	34	38		
Wages and salaries.....	17.071.924	16.508.377		
Social security costs.....	0	1.687.174		
	<b>17.071.924</b>	<b>18.195.551</b>		
<b>Other financial income</b>			<b>2</b>	
Other interest income.....	1.854.348	1.980.864		
	<b>1.854.348</b>	<b>1.980.864</b>		
<b>Other financial expenses</b>			<b>3</b>	
Other interest expenses.....	2.474.993	1.944.019		
	<b>2.474.993</b>	<b>1.944.019</b>		
<b>Tax on profit/loss for the year</b>			<b>4</b>	
Adjustment of deferred tax.....	-8.800.000	0		
	<b>-8.800.000</b>	<b>0</b>		
<b>Property, plant and equipment</b>			<b>5</b>	
		Other plant, machinery tools and equipment		
Cost at 1 January 2020.....		20.991		
Additions.....		41.977		
<b>Cost at 31 December 2020.....</b>		<b>62.968</b>		
Depreciation and impairment losses at 1 January 2020.....		1.973		
Depreciation for the year.....		7.593		
<b>Depreciation and impairment losses at 31 December 2020.....</b>		<b>9.566</b>		
<b>Carrying amount at 31 December 2020.....</b>		<b>53.402</b>		
<b>Long-term liabilities</b>			<b>6</b>	
	31/12 2020 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2019 total liabilities
Other long-term debt.....	1.689.432	0	1.689.432	567.606
	<b>1.689.432</b>	<b>0</b>	<b>1.689.432</b>	<b>567.606</b>

## NOTES

	Note
<b>Contingencies etc.</b>	<b>7</b>
<b>Contingent liabilities</b>	
The company has entered into a rent obligation, with a termination period on 3 months, 27 TDKK.	
<b>Information on uncertainty with respect to recognition and measurement</b>	<b>8</b>
In the annual report under provisions of the liabilities, there is recognized 4.674 TDKK. This relates to provisions on canceled agreements with subcontractors, which contains an uncertainty about the value of the actual liability.	
The company has a total deferred tax asset of a total of DKK 28.5 million of which DKK 8.8 million is recognized as a tax asset in the company's balance sheet. This is the part that the company is expected to utilize within 3-5 years.	
At the beginning of 2021, the Danish Tax Agency resumed the company's tax return for 2017 and in this connection has proposed that the company's tax loss be reduced by DKK 148 million, as the Tax Agency does not believe that costs deducted in 2017 have been treated correctly. The company is of a different belief, and a process is thus now underway in which the company will convince the Danish Tax Agency that the costs have been treated correctly and the tax loss must thus not be reduced.	
The company is of the belief that the case, when closed, will fall out in their favor. Should this not be the case, then in extreme cases 22% corporation tax will have to be settled on a total taxable income of DKK 36.2 million for the years 2017-2020 corresponding to DKK 8.0 million just like the tax asset of DKK 8.8 million will be reduced to DKK 0.	
Should this unexpectedly become topical, it will not be a threat to the company's continued operations.	
There is thus uncertainty about the recognized tax asset and whether the company has a liability in the form of corporation tax in the amount of up to DKK 8.0 million.	
<b>Consolidated Financial Statements</b>	<b>9</b>
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 2020 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 business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.*

#### **Other operating expenses**

*Other operating expenses include items of a secondary nature in relation to the enterprises' principal activities.*

#### **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. Repayments from public authorities are deducted from staff costs.*

#### **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

### *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.*