

Vækstfabrikken Innovation House ApS

Indiakaj 20
2100 København Ø
Business Registration No
37942820

**Annual report 08.08.2016
- 31.12.2017**

The Annual General Meeting adopted the annual report on 31.05.2018

Chairman of the General Meeting

Name: Mads Váczy Kragh

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's reports	3
Management commentary	5
Income statement for 2016/2017	6
Balance sheet at 31.12.2017	7
Statement of changes in equity for 2016/2017	9
Notes	10
Accounting policies	11

Entity details

Entity

Vækstfabrikken Innovation House ApS

Indiakaj 20

2100 København Ø

Central Business Registration No (CVR): 37942820

Registered in: København

Financial year: 08.08.2016 - 31.12.2017

Board of Directors

Karsten Hector, chairman

Liu Qing

Ying Li

Marianna Teresa Grzymala-Lubanski

Helge Lykke Kristensen

Executive Board

Mads Váczy Kragh, chief executive officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Tværkajen 5

Postboks 10

5100 Odense C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Vækstfabrikken Innovation House ApS for the financial year 08.08.2016 - 31.12.2017.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 08.08.2016 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 31.05.2018

Executive Board

Mads Váczy Kragh
chief executive officer

Board of Directors

Karsten Hector
chairman

Liu Qing

Ying Li

Marianna Teresa Grzymala-
Lubanski

Helge Lykke Kristensen

Independent auditor's reports

To the shareholders of Vækstfabrikken Innovation House ApS

Report on extended review of the financial statements

We have performed an extended review of the financial statements of Vækstfabrikken Innovation House ApS for the financial year 08.08.2016 - 31.12.2017. The financial statements, which comprise the income statement, balance sheet, statement of changes in equity, notes and accounting policies, are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements. We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors.

This requires that we comply with the Danish Public Accountants Act and FSR – Danish Auditors' Code of Conduct and plan and perform procedures to obtain limited assurance about our opinion on the financial statements and that we perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our opinion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical procedures and specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Conclusion

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 08.08.2016 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Management is responsible for the 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.

Independent auditor's reports

In connection with our extended review of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review 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.

Odense, 31.05.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Per Krause Therkelsen
State Authorised Public Accountant
Identification No (MNE) mne19698

Management commentary

Primary activities

The Company's objective is to provide incubation services to Asian enterprises wishing to enter Northern Europe and to Danish enterprises with interest in the Asian market.

Development in activities and finances

Vækstfabrikken Innovation House China Denmark ApS is a development company with the intention to create a sustainable business incubator for Chinese businesses wanting to enter the Danish market and Danish businesses seeking toward Asia. Shareholders have collectively committed to providing capital of 4 million DKK to the company in order to create this business incubator. All shareholders are aware that the company will draw on this capital during the first three years of operation before providing a surplus in operation.

It has been decided among the shareholders that capital will be injected in two steps, firstly at the founding of the company and secondly by the end of 2017. By the end of 2017, the company requested shareholders to inject the remaining capital which is now being processed. Due to restrictions on the investment into foreign companies, this process will last between three to four months, based on experience. Thus it is expected that the funds are available to the company in the beginning of the second quarter of 2018. The process has been slightly delayed due to the fact that JITRI and Hangsong have bought InHope's shares in Vækstfabrikken Innovation House China Denmark. It has been a priority that this transaction was completed before the remaining capital was injected into the company.

The year 2017 has progressed largely according to plan, and the accumulated deficit corresponds to that of the budget put in place for Vækstfabrikken Innovation House China Denmark. It has been an area of focus to create balance in the operation of the premises of the innovation house, which was largely obtained in 2017 as rental and other sources of income largely have covered the expenses of the premises. The accumulated deficit is solely due to staff-related resources spent on recruitment and content to the businesses that reside on the premises of Innovation House. The premises have had an occupancy of 70-85% throughout the course of the year. A sustainable level is 85% or more and the objective is to reach this level before the third quarter of 2018.

As a result of the loss for the year, the share capital is lost. The share capital is expected to be reestablished through capital contributions over the next year.

Attention is being paid to the fact that the fresh capital injected in 2018 must be able to cover the expenses of Innovation House until the sustainable operation of Innovation House is obtained.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2016/2017

	<u>Notes</u>	<u>2016/2017</u> <u>DKK</u>
Gross profit/loss		(2.346.498)
Depreciation, amortisation and impairment losses		<u>(213.723)</u>
Operating profit/loss		(2.560.221)
Other financial income		49
Other financial expenses		<u>(986)</u>
Profit/loss for the year		<u>(2.561.158)</u>
Proposed distribution of profit/loss		
Retained earnings		<u>(2.561.158)</u>
		<u>(2.561.158)</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2016/2017</u> <u>DKK</u>
Other fixtures and fittings, tools and equipment		590.828
Property, plant and equipment	1	590.828
Deposits		142.500
Fixed asset investments	2	142.500
Fixed assets		733.328
Trade receivables		56.450
Other receivables		66.409
Receivables		122.859
Cash		327.607
Current assets		450.466
Assets		1.183.794

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2016/2017</u> <u>DKK</u>
Contributed capital		100.000
Retained earnings		<u>(661.158)</u>
Equity		<u>(561.158)</u>
Trade payables		23.298
Payables to group enterprises		1.666.406
Other payables		<u>55.248</u>
Current liabilities other than provisions		<u>1.744.952</u>
Liabilities other than provisions		<u>1.744.952</u>
Equity and liabilities		<u>1.183.794</u>
Contingent liabilities	3	

Statement of changes in equity for 2016/2017

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Contributed upon formation	50.000	0	0	50.000
Increase of capital	50.000	1.900.000	0	1.950.000
Transfer for coverage of losses	0	(1.900.000)	1.900.000	0
Profit/loss for the year	0	0	(2.561.158)	(2.561.158)
Equity end of year	100.000	0	(661.158)	(561.158)

Notes

	Other fixtures and fittings, tools and equipment DKK
	<u>DKK</u>
1. Property, plant and equipment	
Additions	804.551
Cost end of year	804.551
Depreciation for the year	(213.723)
Depreciation and impairment losses end of year	(213.723)
Carrying amount end of year	590.828
	Deposits DKK
	<u>DKK</u>
2. Fixed asset investments	
Additions	142.500
Cost end of year	142.500
Carrying amount end of year	142.500

3. Contingent liabilities

The company has entered into a rental contract for 1 property with an annual fee of 600k DKK. The contract is terminable at six months' notice, but not until at least 30.06.2020.

Entity participates in a Danish joint taxation arrangement where Vækstfabrikkerne ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore secondarily liable for income taxes etc for the jointly taxed entities, which is limited to the equity interest by which the entity participates in the Group, as well as for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial state-ments.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

It is the company's first financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises etc.

Balance sheet

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Accounting policies

Other fixtures and fittings, tools and equipment

5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.