

## Sewpg European Innovation Center ApS

Inge Lehmanns Gade 10  
8000 Aarhus C  
CVR No. 39619830

## Annual report 2019

The Annual General Meeting adopted the  
annual report on 28.08.2020

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**Jun Miao**  
Chairman of the General Meeting

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# Entity details

## Entity

Sewpg European Innovation Center ApS  
Inge Lehmanns Gade 10  
8000 Aarhus C

CVR No.: 39619830

Registered office: Aarhus

Financial year: 01.01.2019 - 31.12.2019

## Board of Directors

Jun Miao, Chairman  
Xiaogang Meng  
Fengfeng Huang

## Executive Board

Xiaogang Meng, CEO

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
City Tower, Værkmestergade 2  
8000 Aarhus C

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Sewpg European Innovation Center ApS for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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.

Aarhus, 28.08.2020


## Executive Board



Xiaogang Meng  
CEO

## Board of Directors

Jun Miao  
Chairman



Xiaogang Meng



Fengfeng Huang



# Independent auditor's report

## To the shareholders of Sewpg European Innovation Center ApS

### Opinion

We have audited the financial statements of Sewpg European Innovation Center ApS for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including 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 Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 judgement and maintain professional scepticism 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 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.

In connection with our audit 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 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.

Aarhus, 28.08.2020

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556



**Søren Alsen Lauridsen**

State Authorised Public Accountant  
Identification No (MNE) mne40040

# Management commentary

## Primary activities

SEWPG European Innovation Center ApS engages in technical development, technical consultation, technical service and investment consultation in the field of wind power equipment, parts and technology.

## Development in activities and finances

Since its formal establishment in May 2018, SEWPG European Innovation Center ApS has actively carried out a number of work, and its functional departments have been in good operation during 2019. The company has initially formed an international scientific research team with strong cohesion and has initially formed research and development knowledge resources with certain strength in the direction of blade, load, control and wind field optimization.

In 2019, the company has undertaken several R&D tasks, of which one of the R&D projects has successfully delivered research results. The rest R&D projects are in progress as expected and estimated to be delivered in 2021.

In addition to undertaking R&D projects from overseas parent companies, the company is seeking market cooperation opportunities in Europe. In order to accommodate future growth, the company will focus on improving and optimizing internal processes in the short term. It is expected to make profits and generate positive cash flow in 2020.

## Events after the balance sheet date

No significant events have occurred subsequent to the financial year.



# Income statement for 2019

	Notes	2019 DKK	2018 DKK
<b>Gross profit/loss</b>		<b>(1,603,565)</b>	<b>(1,078,563)</b>
Staff costs	2	(1,608,274)	0
Depreciation, amortisation and impairment losses	3	(65,564)	0
<b>Operating profit/loss</b>		<b>(3,277,403)</b>	<b>(1,078,563)</b>
Other financial expenses		(50,078)	(17,997)
<b>Profit/loss before tax</b>		<b>(3,327,481)</b>	<b>(1,096,560)</b>
Tax on profit/loss for the year	4	593,000	234,000
<b>Profit/loss for the year</b>		<b>(2,734,481)</b>	<b>(862,560)</b>
<b>Proposed distribution of profit and loss</b>			
Retained earnings		(2,734,481)	(862,560)
<b>Proposed distribution of profit and loss</b>		<b>(2,734,481)</b>	<b>(862,560)</b>

# Balance sheet at 31.12.2019

## Assets

	Notes	2019 DKK	2018 DKK
Acquired intangible assets		464,722	0
Development projects in progress	6	665,454	0
<b>Intangible assets</b>	<b>5</b>	<b>1,130,176</b>	<b>0</b>
Other fixtures and fittings, tools and equipment		393,579	0
<b>Property, plant and equipment</b>	<b>7</b>	<b>393,579</b>	<b>0</b>
Deposits		110,712	87,726
<b>Other financial assets</b>	<b>8</b>	<b>110,712</b>	<b>87,726</b>
<b>Fixed assets</b>		<b>1,634,467</b>	<b>87,726</b>
Receivables from group enterprises		4,269,090	0
Deferred tax		827,000	234,000
Other receivables		615,942	203,585
Prepayments		443,252	0
<b>Receivables</b>		<b>6,155,284</b>	<b>437,585</b>
<b>Cash</b>		<b>8,860,620</b>	<b>6,604,377</b>
<b>Current assets</b>		<b>15,015,904</b>	<b>7,041,962</b>
<b>Assets</b>		<b>16,650,371</b>	<b>7,129,688</b>

**Equity and liabilities**

	Notes	2019 DKK	2018 DKK
Contributed capital		7,400,000	7,400,000
Retained earnings		(3,597,041)	(862,560)
<b>Equity</b>		<b>3,802,959</b>	<b>6,537,440</b>
Trade payables		1,217,159	592,248
Payables to group enterprises		10,947,742	0
Other payables		682,511	0
<b>Current liabilities other than provisions</b>		<b>12,847,412</b>	<b>592,248</b>
<b>Liabilities other than provisions</b>		<b>12,847,412</b>	<b>592,248</b>
<b>Equity and liabilities</b>		<b>16,650,371</b>	<b>7,129,688</b>

Going concern

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## Statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	7,400,000	(862,560)	6,537,440
Profit/loss for the year	0	(2,734,481)	(2,734,481)
<b>Equity end of year</b>	<b>7,400,000</b>	<b>(3,597,041)</b>	<b>3,802,959</b>

# Notes

## 1 Going concern

The company is facing going concern issues due to a loss of more than 50% of the equity. However forecasts shows that the company will succeed in building a strong equity the next few years as their projects under development seems to generate a positive cash flow.

## 2 Staff costs

	2019 DKK	2018 DKK
Wages and salaries	1,326,363	0
Pension costs	231,086	0
Other social security costs	50,825	0
	<b>1,608,274</b>	<b>0</b>
Average number of full-time employees	<b>6</b>	<b>0</b>

## 3 Depreciation, amortisation and impairment losses

	2019 DKK	2018 DKK
Amortisation of intangible assets	13,278	0
Depreciation of property, plant and equipment	52,286	0
	<b>65,564</b>	<b>0</b>

## 4 Tax on profit/loss for the year

	2019 DKK	2018 DKK
Change in deferred tax	(593,000)	(234,000)
	<b>(593,000)</b>	<b>(234,000)</b>

## 5 Intangible assets

	Acquired intangible assets DKK	Development projects in progress DKK
Additions	478,000	665,454
<b>Cost end of year</b>	<b>478,000</b>	<b>665,454</b>
Amortisation for the year	(13,278)	0
<b>Amortisation and impairment losses end of year</b>	<b>(13,278)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>464,722</b>	<b>665,454</b>



## 6 Development projects

Two projects are currently under development named Wind Farm Design Project and Load Simulation Platform Project. These projects concerns development of advanced multi-objective design tool for wind farms and development of next generation loads simulation technology. Projects are expected to be finished in 2020-2021.

## 7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Additions	445,865
<b>Cost end of year</b>	<b>445,865</b>
Depreciation for the year	(52,286)
<b>Depreciation and impairment losses end of year</b>	<b>(52,286)</b>
<b>Carrying amount end of year</b>	<b>393,579</b>

## 8 Financial assets

	Deposits DKK
Cost beginning of year	87,726
Additions	22,986
<b>Cost end of year</b>	<b>110,712</b>
<b>Carrying amount end of year</b>	<b>110,712</b>

# 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.

The accounting policies applied to these financial statements are consistent with those applied last year.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Income statement

### Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. 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.

### Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

**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, and gains and losses from the sale of intangible assets and property, plant and equipment.

**Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

**Tax on profit/loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

**Balance sheet****Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

**Property, plant and equipment**

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.



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. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

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:

Other fixtures and fittings, tools and equipment	3 years
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For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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.

### **Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### **Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### **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.