
Weifu Holding ApS

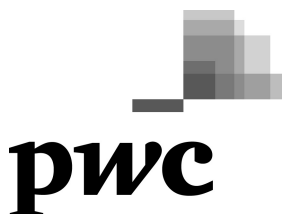
Emil Neckelmanns Vej 15 A, Fraugde, DK-5220
Odense SØ

Annual Report for 20 March - 31 December 2019

CVR No 40 36 26 81

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/8 2020

Xiaodong Wang
Chairman of the General
Meeting



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Management's Statement

The Executive Board has today considered and adopted the Annual Report of Weifu Holding ApS for the financial year 20 March - 31 December 2019.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In my opinion the Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and of the results of the Company operations for 2019.

I recommend that the Annual Report be adopted at the Annual General Meeting.

Odense, 28 August 2020

Executive Board

Xiaodong Wang
Executive Officer

Independent Auditor's Report

To the Shareholder of Weifu Holding ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 20 March - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Weifu Holding ApS for the financial year 20 March - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

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 misstate-

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ment, 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 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 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

Independent Auditor's Report

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.

Aarhus, 28 August 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Thomas Riis

State Authorized Public Accountant

mne32174

Company Information

The Company

Weifu Holding ApS
Emil Neckelmanns Vej 15 A
Fraugde
DK-5220 Odense SØ
E-mail: mod@irdfuelcells.com

CVR No: 40 36 26 81
Financial period: 20 March - 31 December
Municipality of reg. office: Odense

Executive Board

Xiaodong Wang

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Nobelparken
Jens Chr. Skous Vej 1
DK-8000 Aarhus C

Management's Review

Financial Statements of Weifu Holding ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

Key activities

The company's purpose is to own shares in the subsidiary IRD Fuel Cells A/S and other related companies.

Development in the year

The income statement of the Company for 2019 shows a loss of DKK 63,261,783, and at 31 December 2019 the balance sheet of the Company shows equity of DKK 46,174,307.

Subsequent events

Refer to note 1 for a specification of the subsequent events. It is estimated that subsequent events will not have a material impact on the financial statements.

Income Statement 20 March - 31 December

	<u>Note</u>	<u>2019</u> DKK
Other external expenses		<u>-39.569</u>
Gross profit/loss		-39.569
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	<u>-49.850.590</u>
Profit/loss before financial income and expenses		-49.890.159
Income from investments in subsidiaries		-13.371.600
Financial expenses		<u>-24</u>
Profit/loss before tax		-63.261.783
Tax on profit/loss for the year		<u>0</u>
Net profit/loss for the year		-63.261.783

Distribution of profit

Proposed distribution of profit

Retained earnings	<u>-63.261.783</u>
	-63.261.783

Balance Sheet 31 December

Assets

	Note	2019 DKK
Goodwill		0
Intangible assets	4	0
Investments in subsidiaries	5	46.143.900
Fixed asset investments		46.143.900
Fixed assets		46.143.900
Receivables from group enterprises		29.040.000
Receivables		29.040.000
Cash at bank and in hand		50.407
Currents assets		29.090.407
Assets		75.234.307

Balance Sheet 31 December

Liabilities and equity

	<u>Note</u>	<u>2019</u> DKK
Share capital		370.000
Retained earnings		<u>45.804.307</u>
Equity		<u>46.174.307</u>
Payables to group enterprises		29.040.000
Other payables		<u>20.000</u>
Short-term debt		<u>29.060.000</u>
Debt		<u>29.060.000</u>
Liabilities and equity		<u>75.234.307</u>
Subsequent events	1	
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Statement of Changes in Equity

	Share capital DKK	Retained earnings DKK	Total DKK
Equity at 20 March	0	0	0
Cash payment concerning formation of entity	70.000	0	70.000
Cash capital increase	300.000	109.066.090	109.366.090
Net profit/loss for the year	0	-63.261.783	-63.261.783
Equity at 31 December	370.000	45.804.307	46.174.307

Notes to the Financial Statements

1 Subsequent events

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

In consequence, the assessments of impairment indications are based on the future cash flows expected by Management at 31 December 2019, which may differ from the cash flows expected by Management at the time of adoption of the Annual Report, see comments in outlook for the future in Management's Review.

At this time, it is not possible to calculate the size of the negative COVID-19 impact.

Despite the mentioned implications of COVID-19, Management still considers the cash resources reasonable.

Management has not subsequently noted any material changes in the valuation of assets and liabilities.

2 Staff expenses

Average number of employees	<u>0</u>
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3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Amortisation of intangible assets	<u>49.850.590</u>
	<u>49.850.590</u>

Which is specified as follows:

Goodwill	<u>49.850.590</u>
	<u>49.850.590</u>

4 Intangible assets

	Goodwill
	<u>DKK</u>
Cost at 20 March	0
Additions for the year	<u>49.850.590</u>
Cost at 31 December	<u>49.850.590</u>

Notes to the Financial Statements

4 Intangible assets (continued)

	Goodwill DKK
Impairment losses and amortisation at 20 March	0
Impairment losses for the year	49.850.590
Impairment losses and amortisation at 31 December	49.850.590
Carrying amount at 31 December	0

5 Investments in subsidiaries

Cost at 20 March	0
Additions for the year	59.515.500
Cost at 31 December	59.515.500
Value adjustments at 20 March	0
Net profit/loss for the year	-13.371.600
Value adjustments at 31 December	-13.371.600
Carrying amount at 31 December	46.143.900

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
IRD Fuel Cells A/S	Odense	66%	69.915.000	-20.260.000

6 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to DKK 0. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

7 Related parties

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Wuxi Weifu High-technology Group Co., Ltd.

Notes to the Financial Statements

8 Accounting Policies

The Annual Report of Weifu Holding ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The Financial Statements for 2019 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

8 Accounting Policies (continued)

Income Statement

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of other external expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

8 Accounting Policies (continued)

Balance Sheet

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.