

**The Swedish Chamber
of Commerce in China**

**FINANCIAL STATEMENTS
With Report of Auditors
As of 31 December 2019**

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Independent Auditor's Report

(This English translation is for reference only)

KZSZ [2020] No.XXXX

To all shareholders of the Swedish Chamber of Commerce In China,

Opinion

We have audited the accompanying financial statements of The Swedish chamber of commerce in China (“the chamber of commerce”), which comprise the balance sheet as at December 31, 2019, the statements of income, funds & expenditures for the year then ended and notes to financial statements.

In our opinion, the accompanying financial statements of the Office are prepared, in all material respects, in accordance with Accounting System for Non-governmental Non-profit Organizations and present fairly the financial position of the chamber of commerce as at December 31, 2019, and its facts of incoming funds & expenditures for the year then ended and cash flow.

Basis for Opinion

We conducted our audit in accordance with China's Standards on Auditing for Certified Public Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are independent of the Office in accordance with the China CPA's Code of Ethics for Professional Accountants (“the code”), and we have fulfilled our other responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with Note 2 Principle Accounting Policies and Estimates; design, implementation and maintenance for a necessary internal control to enable financial statements are free from material misstatements, whether due to frauds or errors.

In preparing the financial statements, the management is responsible for assessing the Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intend to liquidate the Office or to cease operation, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Office's financial reporting process.

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 China's Audit Standards 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 in accordance with China's Audit Standards, 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;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;
- Conclude on the appropriateness of the managements' use of the going



concern basis of accounting 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 content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Kuang Zheng Certified Public Accountants

Beijing, China

February 18th, 2020

The Swedish Chamber of Commerce in China

BALANCE SHEET

As of 31 December 2019(in RMB)	Notes	2019/12/31	2018/12/31
CURRENT ASSETS			
Cash in hand and at bank	4	963,992.91	1,275,841.16
Short-term investment		-	-
Notes receivable		-	-
Accounts receivables	5	146,512.18	191,479.84
Prepayments	6	23,872.89	15,846.00
Inventory		-	-
Deferred expenses		-	-
Long-term debt investment due in 1 year		-	-
Other current asset		-	-
Total Current Assets		1,134,377.98	1,483,167.00
LONG-TERM INVESTMENT			
Long-term equity investment		-	-
Long-term debt investment		-	-
Total long-term investment		-	-
FIXED ASSETS			
	7		
Fixed assets-Cost		339,558.07	339,558.07
Less: Accumulated depreciation		334,662.79	326,372.11
Fixed assets-Net value		4,895.28	13,185.96
Construction in progress		-	-
Cultural assets heritage		-	-
Disposal of Fixed assets		-	-
Total fixed assets		4,895.28	13,185.96
INTANGIBLE AND OTHER ASSETS			
Intangible assets		-	-
ASSETS ENTRUSTED BY AGENT			
Assets entrusted by agent		-	-
Total of assets		1,139,273.26	1,496,352.96

The accompanying notes form part of the financial statements.

Stamp:

President:

Financial Controller:

The Swedish Chamber of Commerce in China

BALANCE SHEET

As of 31 December 2019(in RMB)	Notes	2019/12/31	2018/12/31
CURRENT LIABILITIES			
Short-term loan		-	-
Accounts payable	8	37,221.48	92,298.46
Wages payable		-	-
Taxes payable	9	28,873.51	26,385.15
Advances from members	10	138,600.00	-
Accrued expenses		-	-
Provisions for foreseeable liabilities		-	-
Long-term liability due within one year		-	-
Other current liabilities		-	-
Total current liabilities		<u>204,694.99</u>	<u>118,683.61</u>
LONG-TERM LIABILITY			
Long-term loan		-	-
Long-term payable		-	-
Other long-term liabilities		-	-
Total long term liabilities		<u>-</u>	<u>-</u>
FIDUCIARY AGENT LIABILITIES			
Fiduciary agent liabilities		-	-
Total of liabilities		<u>206,687.74</u>	<u>118,683.61</u>
NET ASSETS			
Non-restrictive net assets		934,578.27	1,377,669.35
Restrictive net assets		-	-
Total net assets		<u>934,578.27</u>	<u>1,377,669.35</u>
Total of liabilities and net assets		<u>1,139,273.26</u>	<u>1,496,352.96</u>

The accompanying notes form part of the financial statements.

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The Swedish Chamber of Commerce in China

Income Statement

For the year ended 31 December 2019(in RMB)	Notes	2019	2018
		Non-limited	Non-limited
1. Income	11		
of which: Donation		-	-
Membership fee		1,446,610.17	1,790,884.08
Rendering services		2,052,407.72	1,827,017.75
Sales of goods		-	-
Government grant		-	-
Investment income		-	-
Other income		15,763.84	2,115.28
Total income		<u>3,514,781.73</u>	<u>3,620,017.11</u>
2. Expenses			
2.1 The cost of operational activities		1,741,115.05	1,641,863.56
of which: Project cost		-	-
Cost of rendering services		1,741,115.05	1,641,863.56
Cost of goods sold		-	-
2.2 General and administrative expenses		2,214,273.96	1,965,642.00
2.3 Financial expenses		-	-
2.4 Other expenses		2,483.80	5,372.62
Total costs		<u>3,957,872.81</u>	<u>3,612,878.18</u>
3. Restrictive net assets turn into non-restrictive net costs		-	-
4. Amount of changes in net assets		<u>(443,091.08)</u>	<u>7,138.93</u>

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The Swedish Chamber of Commerce in China

CASH FLOW STATEMENT

For the year ended 31 December 2019 (in RMB)	Notes	2019
1. CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from donation		-
Cash received from membership fee		1,446,610.17
Cash received from rendering services		2,282,043.61
Cash received from sales of goods		-
Cash received from government grant		2,610.46
Other cash received relating to operating activities		30,532.07
Sub-total of cash inflows		<u>3,761,796.31</u>
Cash paid for donation and grant		-
Cash paid for employees		1,347,365.53
Cash paid for purchasing goods and receiving services		2,084,138.70
Other cash paid relating to operating activities		642,140.33
Sub-total of cash outflows		<u>4,073,644.56</u>
Net cash flows from operating activities		<u>(311,848.25)</u>
2. CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash received from profits of investments		-
Cash received from the investments profits		-
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		-
Other cash received relating to investing activities		-
Sub-total of cash inflows		<u>-</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		-
Cash paid to acquire investments		-
Other cash paid relating to investing activities		-
Sub-total of cash outflows		<u>-</u>
Net cash flows from investing activities		<u>-</u>
3. CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash received from investments by others		-
Cash received from borrowings		-
Other cash received relating to financing activities		-
Sub-total of cash inflows		<u>-</u>
Cash repayments of amounts borrowed		-
Cash paid for distribution of dividends or profits and for interest expenses		-
Other cash paid relating to financing activities		-
Sub-total of cash outflows		<u>-</u>
Net cash flows from financing activities		<u>-</u>
4. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH		
		-
5. NET INCREASE IN CASH AND CASH EQUIVALENTS		
		<u>(311,848.25)</u>

The accompanying notes form part of the financial statements.

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The Swedish Chamber of Commerce in China

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2019 (in RMB)

1. General information

The Swedish Chamber of Commerce in China (Hereinafter referred to as "the Chamber") is established on 28 October 1997, approved by Ministry of Foreign Trade and Economic Cooperation of PRC and changed the Certificate of Legal Person in Non- governmental Organization with the unified social credit No.51100000500018610U issued by the Ministry of Civil affairs of PRC on 29 August 2017.

The main activities of the Chamber are as follows: Promote the mutual investments and trade between Sweden and China, render business services to its members.

2. Basis of preparation

The financial statements have been prepared in accordance with requirements of the Accounting Standards for Non-profit organizations issued by the Ministry of Finance of the People's Republic of China

3. Principal accounting policies

3.1 Accounting year

The accounting year of the chamber is from 1 January to 31 December.

3.2 Basis of accounting and measurement basis

The chamber follows the accrual basis of accounting. Assets are initially recorded at actual costs on acquisition and subsequently adjusted for impairment, if any.

3.3 Reporting currency

The reporting currency of the chamber is RMB.

3.4 Foreign currencies exchange

Except for the accounting treatment of non-restrictive net assets, foreign currency transactions are translated into RMB at the exchange rates stipulated by the People's Bank of China ("the stipulated exchange rates") at the first day of the month. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RMB at the foreign exchange rates at the balance sheet date. Exchange differences arising from these translations are expensed, except for those attributable to foreign currency borrowings that have been taken out specifically for the construction of fixed assets, which are capitalized as part of the fixed

The Swedish Chamber of Commerce in China

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2019 (in RMB)

asset costs.

3.5 Bad debts provision

Criteria for recognition of bad debts: Debtor has been de-registered, bankrupted, deceased and mature for more than 3 years.

Provision for bad debts of the chamber is accrued by analyzing the collectability of specific item.

3.6 Fixed assets and depreciation

Recognition criteria for fixed assets: tangible assets held by the Chamber with a unit price of more than 2,000.00 yuan. Fixed assets comprise office equipment, and office furniture,

Fixed assets purchased or constructed by the Company are recorded at cost.

Fixed assets are depreciated using the straight-line method over their estimated useful lives. The estimated useful lives, residual values and annual depreciation rates of each class of fixed assets are as follows:

Items	Estimated useful lives	Estimated ratio of residual value(%)	Annual depre. Rate(%)
Office equipment	3-5	-	20-33
Office furniture	5	-	20

3.7 Taxation

Turnover tax

Turnover tax is value added tax. The Value Added Tax is 3%,

Other taxes

Other taxes include Stamp duty, which are paid according to related regulations.

3.8 Recognition of revenue

The revenue of rendering service derived from swap transaction is recognized according to following principles:

If the provision of services begins and ends at the same accounting year, the relevant revenue is recognized when the service is completed. Otherwise, service revenue is recognized by the percentage of completion method or based on the volume of service completed.

The Swedish Chamber of Commerce in China

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2019 (in RMB)

4. Cash in hand and at bank

Items	2019/12/31	2018/12/31
Cash in hand		25,766.06
Cash at bank	963,992.91	1,250,075.10
Total	963,992.91	1,275,841.16

5. Receivables

5.1 Accounts receivable

Aging	2019/12/31		2018/12/31	
	Amount	Percent (%)	Amount	Percent (%)
Within 1 year	41,906.34	100.00	71,370.00	100.00
Total	41,906.34	100.00	71,370.00	100.00

Items	2019/12/31	2018/12/31
Activities Income	41,906.34	5,000.00
Membership Fee Income	-	59,000.00
Member Directory Advertisement Income	-	6,000.00
Dragon News Advertisement Income	-	1,370.00

5.2 Other receivables

Aging	2019/12/31		2018/12/31	
	Amount	Percent (%)	Amount	Percent (%)
Within 1 year	7,105.84	6.79	52,609.84	43.80
1-2 years	30,000.00	28.68	2,000.00	1.67
2-3 years	2,000.00	1.91	65,500.00	54.53
Over 3 years	65,500.00	62.62	-	-
Total	104,605.84	100.00	120,109.84	100.00

Items	2019/12/31	2018/12/31
Deposit	97,500.00	97,500.00
Employee loan	7,105.84	4,479.84
Others	-	18,130.00

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NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2019 (in RMB)

6. Prepayments

Aging	2019/12/31		2018/12/31	
	Amount	Percent (%)	Amount	Percent (%)
Within 1 year	23,872.89	100.00	15,846.00	100.00
Total	23,872.89	100.00	15,846.00	100.00

Items	2019/12/31	2018/12/31
Shanghai office rental fee	16,916.89	-
Prepaid air ticket fee	6,956.00	-
Commercial insurance	-	15,846.00

7. Fixed assets

Categories	2018/12/31	Addition	Disposal	2019/12/31
Original Cost:				
Office equipment	251,158.07	-	-	251,158.07
Office furniture	88,400.00	-	-	88,400.00
Subtotal	339,558.07	-	-	339,558.07
Less: accumulated depreciation				
Office equipment	237,972.11	8,290.68	-	246,262.79
Office furniture	88,400.00	-	-	88,400.00
Subtotal	326,372.11	8,290.68	-	334,662.79
Fixed assets net book value	13,185.96			4,895.28
Less: Provision for impairments	-	-	-	-
Carrying amount of fixed assets	13,185.96			4,895.28

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NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2019 (in RMB)

8. Payables

Aging	2019/12/31		2018/12/31	
	Amount	Percent (%)	Amount	Percent (%)
Within 1 year	11,481.48	34.36	53,291.26	100.00
1-2 years	25,740.00	65.64	-	-
Total	37,221.48	100.00	53,291.26	100.00

Items	2019/12/31	2018/12/31
Social insurance	34,559.00	44,134.89
Construction fee for cultural undertakings	1,992.75	6,063.90
Additional education fee	401.84	1,289.67
Local additional education fee	267.89	-

9. Taxes payable

Items	2019/12/31	2018/12/31
Value Added tax	22,647.86	17,414.95
Individual income tax	5,432.97	6,370.33
Urban Construction and Maintenance Tax	792.68	2,599.87
Total	28,873.51	26,385.15

10. Advances from members

Aging	2019/12/31		2018/12/31	
	Amount	Percent (%)	Amount	Percent (%)
Within 1 year	138,600.00	100.00	-	-
Total	138,600.00	100.00	-	-

Items	2019/12/31	2018/12/31
Shanghai Business Excellence & Operation Management Diploma Certificate	138,600.00	-

The Swedish Chamber of Commerce in China
NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2019 (in RMB)

11. Revenue

Categories	2019	2018
Membership fee	1,446,610.17	1,790,884.08
Rendering services	2,052,407.72	1,827,017.75
Other income	15,763.84	2,115.28
Total	3,514,781.73	3,620,017.11

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