Membership Agreement

Danish Care Group
“Develop through synergy”

“The cohesion and activities of DCG provides stronger impact and lower market costs of entry in China”
1. Introduction

The aim for members in Danish Care Group (DCG) is the large, complex and growing Chinese market for the latest eldercare solutions.

Market opportunities in China for new eldercare solutions are just taking shape. The Chinese government appears determined to develop new capacity of 3-5 million beds. Up to 10,000 new nursing homes of all sizes will need to be built in the next 10-15 years. The sector is about to boom, but at present, China has little experience with high quality nursing homes and advanced care. Nursing homes until now have been targeted the elderly from the lowest social levels, and the design and sustainability aspects in those buildings have often been underemphasized. With the Chinese government’s resolve to change this pattern, Denmark faces an interesting window of opportunity that many stakeholders have encouraged us to act on.

Danish companies and organisations, however, do face many obstacles before a firm foothold can be achieved in a market such as China. The market is new for many. In addition, the market is undergoing rapid changes. As such, there is “readiness” gap connecting Danish solutions with the Chinese demands. This gap can be closed through an integrated and comprehensive Danish plan of action as set out by DCG that aims to become an effective catalyst for accelerating cooperation among Danish stakeholders - public and private - who can benefit, first and foremost, from working together.

A systematic and coordinated approach by Denmark will enhance the possibility of the success for each member. We aim to build synergy from our competences in the group, and frequently and collectively present solutions to Chinese authorities and developers as a way to creating stronger impact.

Simultaneously with the formation of DCG, the Trade Council has also launched the D’Care Project as one possible stepping-stone to accessing the expanding market for eldercare solutions in China. With this project, we aim to create the foundations for the establishment of a low-energy state-of-the-art nursing home in Chongqing or Chengdu that integrates as much Danish contents as possible. If implemented as prescribed, this innovative nursing home will be a compelling reference for Danish know-how, services and products that will assist us to building the image of Denmark in the Chinese eldercare, engineering and design sector.

The project is ambitious, and will take time to mature as Danish investors are yet to be identified, but alongside, DCG offers a unique platform for getting in touch with Danish and Chinese partners, customers and government authorities that can assist members in practical ways to lower their barriers of entry in China. This process should lead to better adapted Danish services and products to China, better distribution channels in China for Danish companies, and fast progress in a market where speed is of essence.

“For member companies, the cohesion and activities of DCG provides stronger impact and lower market costs of entry”

2. Structure of the Trade Council in China (TCC)

The Trade Council in China (TCC) is fully integrated with the Danish Embassy and Consulate Generals. TCC has through the years acquired comprehensive knowledge of the Chinese market by supporting a substantial number of Danish companies. TCC has a broad physical presence operating from five missions covering the most important areas of China. The five missions include (Head of Commercial Department at missions in brackets):
The Royal Danish Embassy in Beijing (Jesper Kamp)
The Royal Danish Consulate General in Chongqing (Hans Halskov)
The Royal Danish Consulate General in Shanghai (Karsten Ankjær Jensen)
The Innovation Centre in Shanghai (Barbara Scheel Agersnap)
The Royal Danish Consulate General in Guangzhou (Thomas H. Christensen)

In order to provide Danish companies with a customized product and industry specific assistance, it is important to have industry professionals who understand the unique challenges of each industry. Therefore, TCC has since January 2008, been organised in industry teams of which there are currently seven (team leader and location in brackets):

- Healthcare (Jens Moth, Beijing)
- Architecture, Engineering & Construction (Jesper B. Andersen, Shanghai)
- Energy & Environment (Susanne Nors, Beijing)
- Food, Agriculture & Fisheries (Marie Louise Flach de Neergaard, Beijing)
- Furniture, Clothing & Design (Søren Brøste, Shanghai)
- IT, Telecom & Electronics (Anja Villefrance, Guangzhou)
- Metal & Machinery (Dean Chen, Chongqing)

Three cross-sector areas of excellence:

- Innovation & Science (Barbara Scheel Agersnap, Shanghai)
- Corporate Social Responsibility (Pernille Son Paulsen, Beijing)
- Public Affairs (Rasmus Abildgaard Kristensen, Beijing)
The teams assist companies with customized tasks concerning China, including:

- Strategic sparring
- Projects, including formation and development of clusters and networks
- Partner searches- distributors/suppliers/JV-partners/end-users
- Organizing of fact-finding trips visiting key stakeholders and locations
- Accompanying at exhibitions and meetings as advisor and translator
- Industry sector surveys
- Identification and lobbying of government departments and leaders
- Search for optimal location for establishment
- Establishment and negotiation of preferential terms, company registration
- Recruitment - job description, profile description, search, tests, interviews
- Incubator office and virtual incubator (“rent-an-employee”)
- Trademark registration
- Translation of company brochures, name-cards, PR materials
- CSR, anti-corruption counselling, company reviews, CSR branding
- Innovation/R&D partner searches at science institutes and universities

3. Background of Danish Care Group

The Trade Council announces its first structure and membership programme for the Danish Care Group. This group was formed loosely in early 2012 as merely a LinkedIn network to gather Denmark’s relevant network in one place. This facilitated communication to the Danish network about the progress and activities of the Group. It has now matured through a series of positive events last year which can be summarized as follows:

- Commercial delegation to West China in May 2012
- Commercial and political delegation to West China in November 2012; several Letters of Intent (LOI) were signed between Danish and Chinese companies
- Memorandum of Understanding signed between the Danish Embassy and Chongqing Municipal Government on strengthening the cooperation in Welfare Technology and Eldercare Service sector
- Workshop and exhibition at the Chongqing 7th Senior Citizen Expo
- Preliminary studies of eldercare trends and the investment environment for nursing homes in China
- Seven D’Care information meetings held in Denmark in the cities of Copenhagen, Aalborg, Aarhus and Odense from April 2012 – February 2013
- News coverage in Danish media, including Børsen, JyllandsPosten, Politiken, P1, TV-Avisen, MedWatch, News2Biz; as well (West) Chinese media
- Frequent meetings with Chinese government relevant departments including Civil Affairs Ministry, Civil Affairs Bureau, Foreign Trade Commission, district governments, universities, etc.
- Frequent discussions with private Chinese stakeholders, such as developers, architects, vocational schools, operators, etc.
- A grant of 300.000 kr. was provided by TC to cover consultancy costs for an in-depth behaviour study of elderly and their relatives in West China. The study will focus on local perceptions on Danish solutions, and is scheduled for completion in June 2013.
4. Purpose of DCG

- Facilitate synergy and development by gathering Danish competencies in one group
- Discover and stimulate synergy among its members to develop optimal commercial and political support for Danish solutions in China
- Build awareness of Danish Care Group and its members amongst Chinese customers, developers, and other stakeholders

5. Vision of DCG

- Denmark to become the preferred foreign equipment, service and knowledge supplier to Chinese high-quality sustainable nursing homes, including:
  - Operation and management
  - Exterior architecture and interior design
  - Rehabilitation and psychology
  - Welfare technology and IT
  - Education and on-the-job training
  - Low-carbon building engineering processes and materials
  - Investment

Additionally:
- If sufficient investor interest, be among the first Western countries to successfully establish a low-energy nursing home in West China (D’Care), subsequently expanding to more regions
- Success defined as
  - Highest possible Danish contents in above-mentioned areas
  - Highest possible commercial and political achievement
  - Highest possible replicability in rest of China (incl. branding effect)

6. Mission of DCG

- DCG is a platform for Denmark and its members to present our combined strengths in unison in order to leave a strong impression (of comprehensive value-adding) with Chinese stakeholders
- To share views within the Group about opportunities presented in the D’Care project and the Chinese nursing home market in general
- To share best practices within the Group on how to be more effective in China, including operating practices and making strategies
- To agree to timing and contents for DCG meetings and delegation trips to China
- To share general risks and costs where meaningful
- To abide by shared rules or codes of conduct in order to develop the Group and its members’ business harmoniously and effectively

7. Steering Group of DCG

- The Trade Council:
  - TC-Chongqing Consul General (chair)
  - TC-China Healthcare Sector Team Leader
  - TC-Global Healthcare Sector Team Leader
- VIA University College
- IFU – Danish Investment Fund for Development Countries
- Welfare Tech
The members will hold 3-4 meetings per year, or when deemed necessary. Progress of the group, its structure and forward activities will continually be discussed. All DCG members will receive a written meeting summary. Private companies will gradually be invited to join the Steering Group.

8. Working Groups of DCG

The Steering Group encourages members of DCG to take the initiative to form Working Groups (WG) within their specific sector of expertise, e.g. Education, Architecture, Investments, Engineering, etc. The objective for the WG is to find synergy/solutions by working together to tackle common issues and obstacles. It is entirely voluntary to be a member of a WG, but the WG should be open to all sector-relevant DCG members. The WG is encouraged to appoint a lead company, and coordinate its progress with the Steering Group.

9. Background of the D’Care project

The VISION behind D’Care is to establish a sustainable demonstration nursing home of high quality for the upper-middle to high income groups in West China. If implemented, this will be a unique reference for Danish solutions in China. Danish companies, in the future, will benefit from having a holistic Danish reference in China. Simultaneously with the development of the project, Danish companies will gradually gain important experience about sales into local projects for Chinese nursing homes, home care services, and related fields.

The D’Care low-energy nursing home is envisioned to have Danish-Chinese management and investors, and the demonstration home may eventually lead to a chain of nursing homes in China with Danish characteristics. Denmark is in the group of first-movers, and as such, has an opportunity to take a co-lead in this sector in China. Together with other members of the DCG Steering Group, the Trade Council will take the role as inspirator, facilitator and project coordinator until the project can rest on resources from the private sector.

Ultimately, the investors of a D’Care type nursing home will decide who will be the suppliers. Neither the Trade Council nor the DCG Steering Group members has this decision power. Danish investors to the project are still in the process of being identified.

The D’Care project targets all Danish companies and stakeholders, who are experienced in construction, management & operation, designs, investment, welfare technology, staff education, on-site training, rehabilitation, psychology and consultancy.

The project is ambitious by also including a vision of Danish-Chinese political cooperation regarding the nursing sector as well as some platforms in Chongqing for technical cooperation for making product adjustments to Chinese conditions of both welfare technology and low-carbon solutions from Danish SMEs.

The nursing home sector has special mentioning in the Chinese government’s current 5-year plan from 2011-2015. China’s population is becoming older fast and the personal income and middle class is growing rapidly, from 20% to 40% of the population in the next ten years.

This combination means lifestyles are changing. According to the Chinese government, there is an immediate shortage of 3.4 million beds in Chinese nursing homes, extending up to 5,4 million by 2025. The aim is to reach a capacity that can hold 3% of the population above 60 years old. The population above 60 years will grow from 180 million to 280 million people from 2010-25. China has no specialised experience in high-end sustainable nursing homes, which is a unique window of opportunity for Denmark.
The new Chinese political focus has led to more transparent preferential policies for the establishment of nursing homes, which is expected to boost both the quality and the number of nursing homes everywhere in China. China highly encourages private and foreign companies to invest as the public sector cannot meet the increasingly diversified demand.

West China’s two economic centres, Chongqing and Chengdu need 90,000 and 40,000 beds, respectively. In these cities, the local Danish Consulate General has an existing network of contacts and close relations to the local governments. The competition in West China also will be less in the coming years compared to the more affluent East Coast cities. This is an advantage of a project in West China. Therefore, the D’Care project is setting off in this part of China.

10. Brief introduction to Chongqing and Chengdu

DCG will operate in all of China, but the initial activities of the group will be taking place in West China where the cities of Chongqing and Chengdu are the most significant.

Chongqing Municipality was separated from Sichuan Province and appointed to be China’s fourth “municipality” preceded only by Beijing, Shanghai and Tianjin. This meant that Chongqing’s policy and government was put directly under the central government without having a provincial government as intermediary. Three years later, the ‘Go West’ strategy was launched by the China Central Government which provided extraordinary resources to cities in West China, and made them more prosperous.

The extraordinary grants and preferential policies to cities in West China will continue at least until 2020. Chongqing covers an area of 82,000 km2 with approximately 32 million inhabitants. In 2011, Chongqing was the fastest growing of area in China with a GDP growth of 16.5%. The growth rate in 2012 of 13.6% places Chongqing among the world’s fastest growing. Chengdu, the other key metropolis in West China, is also experiencing high growth figures. This city, with a 11 million population, is the capital of Sichuan Province with a staggering population above 80 million people, ranking fourth in China.

The Danish government established a consulate in Chongqing in 2005; this was upgraded to a Consulate General in 2012 reflecting the strong development of the region and its obvious market opportunities for Danish products and services. The Consulate is one among only three European consulates in Chongqing, and therefore, it often has immediate access to decision-makers.

From April 2013, it will be possible to apply for visa to Denmark as a Visa Application Center in Chongqing is established. This is expected to drive new volumes of exchanges.

11. The Role of the Trade Council in DCG

- To assist in creating the best possible framework and synergies for the companies’ market development, e.g. through its leadership role in DCG
- To facilitate the companies’ efforts and initiatives on the market
- To suggest business opportunities in the market through our position, network and knowledge
- The role is not to negotiate with Chinese authorities or companies, delivering final feasibility studies, etc. DCG companies themselves must take responsibility for their own business processes.
12. TCC’s Current Activities

- Promoting individual DCG members to Chinese customers and stakeholders
- Monitoring of news within the nursing home sector in China
- General screenings of developers (DCG members’ potential customers)
- General discussions of operating terms and options with Chinese authorities
- Participating in and organising of visits to Denmark for Chinese stakeholders
- Contributing to the visibility in both Danish and Chinese networks and media
- Developing the Government-to-Government platforms
- Participating and directing meetings in the DCG Steering Group
- Providing input to the Investment Case and the Feasibility Studies
  - Phase 1: 2012 General Market Study (finished)
  - Phase 2: 2013 Behaviour Study of Elderly and their Relatives, W.China (started)
  - Phase 3: 2013 To be confirmed

13. Membership Fee and Terms

DKK 47.150 per year for one company - structured as follows:

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<th>DKK/Yr.</th>
<th>INTERNAL COSTS</th>
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<td>Time-based</td>
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<td>Gross</td>
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<td>Large companies</td>
<td>46.250</td>
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<td>SMV companies*</td>
<td>46.250 x 50%</td>
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25 hours of individual service is included in above membership fee. The following is your NET EXTRA costs for DCG membership if you already have plans for spending 25 hours of assignments with the Trade Council in West China:

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<td>Net extra</td>
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<td>46.250 x 50%</td>
<td>23.125</td>
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<td>- 25 hours included</td>
<td>23.125</td>
<td>11.563</td>
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* ESP (Eksport Start Pakke) can be applied for at www.eksportstart.dk. One ESP consists of 50 hours of service on which a subsidy of 50% apply at the rate of 925 kr./hour (adjusted yearly every January 1st). Important note: If a company, for any reason, does not qualify for ESP, then the large company rates apply

- Companies or organisations above 150 million kr. in turnover, and 100 employees generally define 'large company'
- DCG is an open group, everyone with a Danish CVR number can join at any time
- Invoicing takes place once a year within 30 days from signing up. Outlay-based costs may be invoiced at a later date.
- Validity period is end-of-month, and 12 months ahead, from date of signing
- Companies or organisations cannot register as a consortium, must register individually
- Above terms will be adjusted on a yearly basis

14. Membership Privileges

Direct support activity

- TCC will consider you a strategic partner and stay closely in touch with you as TCC aim to promote your company and services/products on relevant occasions, for example, visits to potential customers, partners and Chinese officials
- You will have ready access to the increasingly stronger network of TCC (only the network that is not another company’s proprietary information)
- Your DCG membership includes 25 service hours of customized individual service in Chongqing or Chengdu; this time can be used to develop your business, as opposed to the business of DCG as a group
- You can stay updated on the development of the sector as you will receive media articles from Chinese media regarding nursing homes, eldercare, home care and rehabilitation - sent to you 2-4 times per month
- You can be short-listed to be visited by Chinese stakeholders when TCC assists in organising visits to Denmark
- TCC will assist you to make strategic partnerships with other DCG members, for example, to apply for Strategic Business Alliance funds that potentially can offer a subsidy on TC service hours
- You receive regular updates on the status of the D’Care project
- You are among the first to have access to studies which has been developed TC
- You are invited to participate in 2-3 physical DCG members’ meetings per year in Denmark
- You can decide to be member of sector-specific DCG Working Groups (if created)
- You may use the D’Care project incubator office in Chongqing for short-term stays
- You are authorized to use the D’Care logo (Member of ...)
- You will be given priority for selection for interviews with Chinese and Danish media when TCC is in contact with journalists
- You are invited to participate in TCC’s MoU meetings with local governments (typically in April or May in Chongqing)
- Link to your company is added to Embassy’s website in Healthcare/DCG section
- Senior management of your company is invited to discuss your progress with the Danish Ambassador to China
- You receive at least one individual meeting yearly in Denmark with DCG Steering Group member from TCC
- The DCG Steering Group may consider to introduce voting privileges for Founding Members of DCG, for example, extra votes where the Steering Group decides to formally ask Members for direction
15. Contact Persons at the Trade Council

Consul General Hans Halskov, hanhal@um.dk, is supervising and conducting quality assurance for DCG’s work and its processes. In addition, the following personnel are involved:

Sr. Commercial Officer Dean Chen, xiache@um.dk, is driving and coordinating activities in investment, property development, architecture, nursing home management

Commercial Officer Yike Qin, yikgin@um.dk, is driving and coordinating activities with Chongqing and Chengdu governments, as well as in education, low-carbon engineering sectors

Commercial Officer Daniela Zheng, danzhe@um.dk, is driving and coordinating activities in welfare technology, IT, home care sectors

Commercial Trainee Mathias Klitgaard, matkli@um.dk, is assisting in the overall coordination

Team Leader of TCC Healthcare Sector Jens Moth, jenmot@um.dk, is driving and coordinating activities with China’s Ministry of Civil Affairs, Ministry of Health, and national NGOs, supported by the Danish Embassy in Beijing’s political department

Global Industry Team Leader of TCC Healthcare Sector Joan Hentze, joahen@um.dk, is driving and coordinating activities with relevant ministries for the Group in Denmark
16. Signing up for DCG Membership

- To sign up for the DCG group, please fill in this form below and send a copy of it to the Consulate General in Chongqing at ckghkt@um.dk and Hans Halskov hanhal@um.dk.
- By signing up, I accept the terms for the membership of the DCG Group as mentioned in this Agreement.
- The Trade Council reserves the right to make changes to this Agreement in case of unintended errors.

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<td>Contact person:</td>
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Date:

Title:

Signature:
Images of 2012:
General business conditions

General Business Conditions as per 10 June 2009

1. Purpose

1.1 The General Business Conditions apply to the Trade Council of Denmark's/The Foreign Service's assistance to Danish and foreign enterprises in commercial cases, cf. part 2 of the Executive Order No. 246 of April 10, 2008 on payment for the services of the Foreign Service.

2. Agreement

2.1 Assistance by the Trade Council of Denmark must be paid for according to the current rates and for cases that are paid according to hourly rates and where the time spent exceeds half an hour in accordance with a written agreement between the Trade Council of Denmark and the enterprise. The written agreement must contain information about the expected time consumption, the hourly rate - or if deemed more expedient, an overall price for the specified service - as well as an estimate of possible expenses.

3. Prices etc.

3.1 For assistance serving the purpose of supporting the business community's export efforts and other commercial activities abroad, a fixed price per hour or fraction of an hour or a fixed overall price for the service must be paid. There is, however, a minimum fee per individual solved case.

3.2 For certain types of assistance, for instance the procurement of publications, statistical material, credit reports or customs information etc., a fixed fee must be paid provided the time consumption is less than one hour. A fixed fee shall be paid for lectures.

3.3 In cases where the enterprise requires that the assistance be provided outside the normal office hours of a mission, an additional 50 per cent must be paid, and on days where the mission is closed, an additional 100 per cent must be paid.

3.4 Prices and fees are in Danish kroner unless stated otherwise. Assistance provided in Denmark is subject to value added tax.

3.5 Any expenses, for instance for purchase of materials, information, access/connection to databases, travel expenses, telecommunication etc., must be refunded.

4. Terms of Payment

4.1 The Trade Council of Denmark collects its payment when the service has been rendered. However, depending on the circumstances a partial or advance payment may be required.

4.2 Payment must be made no later than 30 days after the invoice date. A fee may be charged for late payment and interest may be charged according to the general rules.

5. Termination

5.1 The enterprise has the right to terminate the agreement with immediate effect. The enterprise must in such case pay for the assistance provided hitherto and for any expenses that the Trade Council of Denmark has paid or committed itself to pay.

6. Professional secrecy and confidence

6.1 By virtue of their terms of employment, the staff of the Ministry of Foreign Affairs, including the Trade Council of Denmark, is obliged to maintain professional secrecy in relation to information, including competition-sensitive information concerning enterprises and trade secrets, to which the staff become party in the course of their work and concerning which they have signed a pledge. The duty of professional secrecy also continues after the employee has left the service. Failure to comply with this duty of professional secrecy can lead to criminal liability under the Penal Code.
6.2 The Ministry of Foreign Affairs/the Trade Council of Denmark treats information received from partners and companies confidentially within the framework of Danish legislation. This includes competition-sensitive information, trade secrets and commercial or operational matters. As a public authority, the Ministry of Foreign Affairs/the Trade Council of Denmark is subject to the rules in the Danish Public Administration Act and the Access to Public Administration Files Act, including the provisions concerning the right of access to documents. The rules contained here, including the right of access to documents, are perceptive and may not be dispensed with in relation to a third party through statements, agreements or the like. The Ministry of Foreign Affairs/the Trade Council of Denmark will consult with the enterprise/partner prior to responding to any request for access to documents pursuant to the Public Administration Act or the Access to Public Administration Files Act. The Access to Public Administration Files Act contains provisions according to which factual information which is of substantial importance to the matter in question may be exempt from access. On the basis of a specific assessment according to section 12 of the Access to Public Administration Files Act, information on, among other things, the private circumstances of individual persons, including their finances, as well as information on operating or business procedures may be exempted.

7. Liability for Damages

7.1 The Trade Council of Denmark is liable to the enterprise according to the general rules of Danish law, always provided that the Trade Council of Denmark is not liable for loss of profits, loss of income or any other indirect loss. Payment of damages cannot exceed the remuneration agreed upon or the fee according to the current tariff.

8. Disputes

8.1 Agreements comprised by these General Business Conditions shall be subject to Danish law.

8.2 Any dispute arising out of or in connection with agreements comprised by these General Business Conditions, which cannot be settled by negotiation, must be settled by the ordinary courts of law.
The Trade Council is a part of the Ministry of Foreign Affairs and is the official export and investment promotion agency of Denmark. The Trade Council benefits from around ninety Danish Embassies, Consulates General and Trade Commissions abroad. The Trade Council advises and assists Danish companies in their export activities and internationalisation process according to the vision: Creating Value All the Way.

The work in the Trade Council follows specific procedures and quality guidelines. In this way our customers are secured the best possible quality under the varying working and market conditions at any given point of time.