

Scandic Engros A/S
c/o Hong Zheng, Carl Plougs Vej 61, 3460 Birkerød

Company reg. no. 21 32 24 82

Annual report

1 January - 31 December 2017

The annual report have been submitted and approved by the general meeting on the 20 June 2018.



Ning Liu
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Scandic Engros A/S for the financial year 1 January to 31 December 2017.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2017 and of the company's results of its activities in the financial year 1 January to 31 December 2017.

The board of directors and the managing director considers the requirements of omission of audit of the annual accounts for 2017 as met.

The annual report is recommended for approval by the general meeting.

Birkerød, 20 June 2018

Managing Director



Ning Liu

Board of directors

Hong Zheng
Chairman

Jiasha Zheng

Ning Liu



Auditor's report on compilation of the annual accounts

To the shareholder of Scandic Engros A/S

We have compiled the annual accounts of Scandic Engros A/S for the period 1 January to 31 December 2017 based on the bookkeeping of the company and on further information you have provided.

The annual accounts comprise the accounting policies used, profit and loss account, balance sheet and notes.

We performed this engagement in accordance with ISRS 4410, Compilation Engagements.

We have applied our professional expertise to assist you in the preparation and presentation of the annual accounts in accordance with the Danish Financial Statements Act. We have complied with relevant requirements of the Danish Act on Approved Auditors and Audit Firms and with ethical requirements of the Danish Institute of State Authorised Public Accountants, including principles of integrity, objectivity, professional competence and due care.

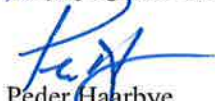
The annual accounts and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile the annual accounts. Accordingly, we do not express an audit opinion or a review conclusion on whether the annual accounts are prepared in accordance with the Danish Financial Statements Act.

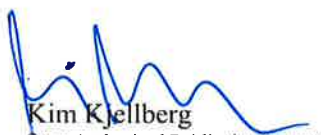
Copenhagen, 20 June 2018

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36



Peder Haarbye
State Authorised Public Accountant
MNE-nr. 28686



Kim Kjellberg
State Authorised Public Accountant
MNE-nr. 29452

Company data

The company	Scandic Engros A/S c/o Hong Zheng Carl Plougs Vej 61 3460 Birkerød
	Company reg. no. 21 32 24 82 Financial year: 1 January - 31 December
Board of directors	Hong Zheng, Chairman Jiasha Zheng Ning Liu
Managing Director	Ning Liu
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø
Associated enterprise	Green World ApS, Birkerød

Accounting policies used

The annual report for Scandic Engros A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

The profit and loss account

Gross loss

The gross loss comprises the net turnover, cost of goods sold and other external costs.

Accounting policies used

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Rental income

Rental income comprises income from the lease of store, and it is recognised in the profit and loss account for the period relating to the lease payment.

Costs of goods sold includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration and premises.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation, amortisation and writedown for the year and gains and losses on disposal of intangible and tangible fixed assets.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

Accounting policies used

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	<i>Useful life</i>	<i>Residual value</i>
<i>Buildings</i>	<i>20 years</i>	<i>600.000</i>

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under depreciation.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Financial fixed assets

Equity investment in associated enterprise

Equity investment in associated enterprise is measured at cost. In case the recoverable amount is lower than the cost, writedown takes place to this lower value.

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

Accounting policies used

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Share premium

Share premium comprises amounts paid as premium in connection with the issue of shares. Costs in connection with a carried through issue are deducted in the premium. The premium reserve may be utilised as dividend, issue of bonus shares, and for payment of losses.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Liabilities

Liabilities are measured at amortised cost which usually corresponds to the nominal value.

Profit and loss account 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2017</u>	<u>2016</u>
Gross loss	-104.271	-149.740
Depreciation and writedown relating to tangible fixed assets	-18.556	-18.556
Operating profit	-122.827	-168.296
Other financial income	763.782	463.487
Other financial costs	-194.034	-368.798
Results before tax	446.921	-73.607
Tax on ordinary results	0	0
Results for the year	446.921	-73.607
 Proposed distribution of the results:		
Allocated to results brought forward	446.921	0
Allocated from results brought forward	0	-73.607
Distribution in total	446.921	-73.607

Balance sheet 31 December

All amounts in DKK.

Assets			
<u>Note</u>		<u>2017</u>	<u>2016</u>
Fixed assets			
2	Land and property	878.336	896.892
	Tangible fixed assets in total	878.336	896.892
3	Equity investment in associated enterprise	20.000	0
	Financial fixed assets in total	20.000	0
	Fixed assets in total	898.336	896.892
Current assets			
	Manufactured goods and trade goods	10.289	4.366
	Inventories in total	10.289	4.366
	Amounts owed by associated enterprise	7.543.880	0
	Other debtors	75.095	6.901.564
	Debtors in total	7.618.975	6.901.564
	Available funds	130.246	234.021
	Current assets in total	7.759.510	7.139.951
	Assets in total	8.657.846	8.036.843

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2017</u>	<u>2016</u>
Equity			
4	Contributed capital	500.000	500.000
5	Share premium account	15.000	15.000
6	Results brought forward	789.149	342.228
	Equity in total	<u>1.304.149</u>	<u>857.228</u>
Liabilities			
	Trade creditors	31.580	28.752
	Other debts	7.322.117	7.150.863
	Short-term liabilities in total	<u>7.353.697</u>	<u>7.179.615</u>
	Liabilities in total	<u>7.353.697</u>	<u>7.179.615</u>
	Equity and liabilities in total	<u>8.657.846</u>	<u>8.036.843</u>

1 The significant activities of the enterprise

7 Contingencies

Notes

All amounts in DKK.

1. The significant activities of the enterprise

The activities of the company comprises ownership of a store, which the company leases to retail trade of Chinese products.

	<u>31/12 2017</u>	<u>31/12 2016</u>
2. Land and property		
Cost 1 January 2017	971.116	971.116
Cost 31 December 2017	971.116	971.116
Depreciation and writedown 1 January 2017	-74.224	-55.668
Depreciation for the year	-18.556	-18.556
Depreciation and writedown 31 December 2017	-92.780	-74.224
Book value 31 December 2017	878.336	896.892
3. Equity investment in associated enterprise		
Acquisition sum, opening balance 1 January 2017	0	0
Adjustment opening balance	20.000	0
Cost 31 December 2017	20.000	0
Book value 31 December 2017	20.000	0

The financial highlights for the enterprise according to the latest approved annual report

	Share of ownership	Equity	Results for the year	Book value at Scandic Engros A/S
Green World ApS, Birkerød	25 %	-1.307.721	-552.030	20.000

Notes

All amounts in DKK.

	<u>31/12 2017</u>	<u>31/12 2016</u>
4. Contributed capital		
Contributed capital 1 January 2017	<u>500.000</u>	<u>500.000</u>
	<u>500.000</u>	<u>500.000</u>
5. Share premium account		
Share premium account 1 January 2017	<u>15.000</u>	<u>15.000</u>
	<u>15.000</u>	<u>15.000</u>
6. Results brought forward		
Results brought forward 1 January 2017	342.228	415.835
Loss for the year brought forward	<u>446.921</u>	<u>-73.607</u>
	<u>789.149</u>	<u>342.228</u>
7. Contingencies		
Contingent assets		
The company has a deferred tax asset as at 31 December 2017 of DKK 544.953, which is not recognized in the annual report.		