

**XUNDA SCIENCE & TECHNOLOGY GROUP
DENMARK ApS**

**Langelinie Allé 35
2100 København Ø**

Central Business Registration No. 34 57 81 92

Annual Report for 2017

No audit or review has been performed

The Annual Report was presented and
approved at the Annual General Meeting
of the Company on 28/02 2018

Yi Wu
Chairman

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Company details

The company

XUNDA SCIENCE & TECHNOLOGY GROUP DENMARK ApS
Langelinie Allé 35
2100 København Ø

CVR no.: 34 57 81 92
Reporting period: 1 January - 31 December 2017
Domicile: Copenhagen

Executive board

Yi Wu, CEO

Auditors

Roesgaard & Partners
Statsautoriseret Revisionspartnerselskab
Sønderbrogade 16
8700 Horsens

Statement by management on the annual report

The executive board has today discussed and approved the annual report of XUNDA SCIENCE & TECHNOLOGY GROUP DENMARK ApS for the financial year 1 January - 31 December 2017.

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 company's financial position at 31 December 2017 and of the results of the company's operations for the financial year 1 January - 31 December 2017.

In my opinion, management's review includes a fair review of the matters dealt with in the management's review.

The financial statements have not been audited. Management declares that the criteria for omission of audit are met.

Management recommends that the annual report should be approved at the annual general meeting.

Xiangtan City, 26 February 2018

Executive board

Yi Wu
CEO

Auditor's report on compilation of the financial statements

To the shareholder of XUNDA SCIENCE & TECHNOLOGY GROUP DENMARK ApS

We have compiled the financial statements for the financial year 1 January - 31 December 2017 of XUNDA SCIENCE & TECHNOLOGY GROUP DENMARK ApS based on the company's bookkeeping and other information the enterprise have provided.

The financial statements comprises summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes.

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

We have applied our professional expertise to assist the enterprise in the preparation and presentation of these financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions of the Danish Auditor Regulation and FSR – Danish Auditors' code of ethics, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are the enterprise's responsibility.

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

Horsens, 26 February 2018

Roesgaard & Partners

Statsautoriseret Revisionspartnerselskab
CVR no. 37 54 31 28

Lars Dam Østergaard
State Authorised Public Accountant
MNE no. mne34501

Management's review

Business activities

The Company's purpose is investments and management of assets as well as related advisory in this respect.

Business review

The Company's income statement for the year ended 31 December 2017 shows a loss of DKK 3,473k, and the balance sheet at 31 December 2017 shows negative equity of DKK 10,681k.

Financing and capital resources

Management expects that equity will be restored through full conversion of the debt to the Parent Company.

Significant events occurring after end of reporting period

The subsidiary Passat Energy A/S went bankrupt after 31 December 2017. Since the main purpose of XUNDA SCIENCE & TECHNOLOGY GROUP DENMARK APS was to act as owner, the long-term purpose of this company is under evaluation by the owner.

Accounting policies

The annual report of XUNDA SCIENCE & TECHNOLOGY GROUP DENMARK ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected provisions as regards larger entities.

The accounting policies applied are consistent with those of last year.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross loss

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross loss comprises revenue, raw materials and consumables as well as other external expenses.

Revenue

Income from the sale of finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Raw materials and consumables

Expenses for raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Accounting policies

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses as well as surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

Balance sheet

Investments in subsidiaries

Investments in subsidiaries are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the Group's accounting policies, less or plus unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill made up according to the purchase method.

Net revaluations of investments in subsidiaries are taken to the net revaluation reserve according to the equity method to the extent that the carrying amount exceeds the cost. Dividends from subsidiaries which are expected to be declared before the annual report of Xunda Science & Technology Group Denmark ApS is adopted are not taken to the net revaluation reserve.

Acquisitions are accounted for using the purchase method, cf. the description of the statement of goodwill above.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Accounting policies

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Income statement 1 January 2017 - 31 December 2017

	<u>Note</u>	<u>2017</u> DKK'000	<u>2016</u> DKK'000
Gross loss		(68)	(33)
Impairment of financial assets	1	<u>(6.244)</u>	<u>0</u>
Profit/loss from ordinary operation activities		(6.312)	(33)
Income from investments in subsidiaries		2.711	(6.996)
Financial income	2	128	11
Financial expenses		<u>0</u>	<u>(8)</u>
Profit/loss before tax		(3.473)	(7.026)
Tax on profit/loss for the year		<u>0</u>	<u>0</u>
Net profit/loss for the year		<u>(3.473)</u>	<u>(7.026)</u>
Retained earnings		<u>(3.473)</u>	<u>(7.026)</u>
		<u>(3.473)</u>	<u>(7.026)</u>

Balance sheet at 31 December 2017

	<u>Note</u>	<u>2017</u> DKK'000	<u>2016</u> DKK'000
Assets			
Receivables from subsidiaries		0	3.190
Other receivables		124	3
Receivables		<u>124</u>	<u>3.193</u>
Cash at bank and in hand		<u>129</u>	<u>62</u>
Total current assets		<u>253</u>	<u>3.255</u>
Total assets		<u>253</u>	<u>3.255</u>

Balance sheet at 31 December 2017

	<u>Note</u>	<u>2017</u> DKK'000	<u>2016</u> DKK'000
Equity and liabilities			
Share capital		100	100
Retained earnings		(10.781)	(7.308)
Equity		<u>(10.681)</u>	<u>(7.208)</u>
Provisions relating to investments in group entities	3	0	2.711
Total provisions		<u>0</u>	<u>2.711</u>
Trade payables		20	10
Payables to group companies		10.790	7.742
Other payables		124	0
Short-term debt		<u>10.934</u>	<u>7.752</u>
Total debt		<u>10.934</u>	<u>7.752</u>
Total equity and liabilities		<u>253</u>	<u>3.255</u>
Financing and capital resources	4		
Significant events occurring after end of reporting period	5		

Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2017	100	(7.308)	(7.208)
Net profit/loss for the year	0	(3.473)	(3.473)
Equity at 31 December 2017	100	(10.781)	(10.681)

Notes to the annual report

	<u>2017</u> DKK'000	<u>2016</u> DKK'000
1 Impairment of financial assets		
Impairment losses recognised in respect of receivables from subsidiaries	(6.244)	0
	<u>(6.244)</u>	<u>0</u>
2 Financial income		
Interest received from subsidiaries	128	11
	<u>128</u>	<u>11</u>
3 Investments in subsidiaries		
Cost at 1 January 2017	4.285	1.488
Additions for the year	0	2.797
Cost at 31 December 2017	<u>4.285</u>	<u>4.285</u>
Revaluations at 1 January 2017	(4.285)	0
Revaluations for the year	2.711	(6.996)
Equity investments with negative net asset value transferred to provisions	(2.711)	2.711
Revaluations at 31 December 2017	<u>(4.285)</u>	<u>(4.285)</u>
Carrying amount at 31 December 2017	<u>0</u>	<u>0</u>
4 Financing and capital resources		
Management expects that equity will be restored through full conversion of the debt to the Parent Company.		

Notes to the annual report

5 Significant events occurring after end of reporting period

The subsidiary Passat Energy A/S went bankrupt after 31 December 2017. Since the main purpose of XUNDA SCIENCE & TECHNOLOGY GROUP DENMARK APS was to act as owner, the long-term purpose of this company is under evaluation by the owner.