

SYD DYNAMICS APS
FORSKERPARKEN 10, 1., 5230 ODENSE M
ANNUAL REPORT
1. JANUAR - 31. DECEMBER 2018

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 14 June 2019**

Yinan Sang

CONTENTS

	Page
Company Details	
Company Details.....	3
Statement and Report	
Statement by Board of Directors and Board of Executives.....	4
Independent Auditor's Report.....	5-7
Management's Review	
Management's Review	8-9
Financial Statements 1 January - 31 December	
Income Statement.....	10
Balance Sheet.....	11
Notes.....	12-13
Accounting Policies.....	14-16

COMPANY DETAILS

Company	SYD Dynamics ApS Forskerparken 10, 1. 5230 Odense M
	CVR no.: 36 94 87 52 Established: 1 July 2015 Registered Office: Odense Financial Year: 1 January - 31 December
Board of Directors	Zhuocheng Gong, Formand Jiannan Zhu Michael Rodan Chang
Board of Executives	Yinan Sang
Auditor	DELOITTE STATSAUTORISERET REVISIONSPARTNERSELSKAB Østre Havnepromenade 26, 4. 9000 Aalborg

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of SYD Dynamics ApS for the year 1 January - 31 December 2018.

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

In our opinion the *Financial Statements* give a true and fair view of the the Company's financial position at 31 December 2018 and of the results of the the Company's operations for the financial year 1 January - 31 December 2018.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the review.

We recommend the Annual Report be approved at the Annual General Meeting.

Odense, den 14. juni 2019

Board of Executives

Yinan Sang

Board of Directors

Zhuocheng Gong
Formand

Jiannan Zhu

Michael Rodan Chang

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of SYD Dynamics ApS

Opinion

We have audited the Financial Statements of SYD Dynamics ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company's at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

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

Emphasis of matter

We draw attention to the note "Information on uncertainty with respect to recognition and measurement" in the Financial Statements, which describes the uncertainty related to the recognized intangible fixed assets. Our opinion is not modified in relation to this matter.

Management's Responsibility 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 misstatement, 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 Responsibility for 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 judgment and maintain professional skepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT

- *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 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.

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 Financial Statements Act.

Based on the work we have performed, we conclude that 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 of Management's Review.

INDEPENDENT AUDITOR'S REPORT

Aalborg, 14 June 2019

DELOITTE
STATSAUTORISERET REVISIONSPARTNERSELSKAB
CVR no. 33963556

Peter Nørrevang
State Authorised Public Accountant
MNE no. mne11706

MANAGEMENT'S REVIEW

Principal activities

The company's purpose is to develop and sell sensor technology primarily to the B2B market within automation, robots and automated Guided Vehicles (AGVs).

Uncertainty as to recognition and measurement

Due to its specific activity as a development company, there is inherent uncertainty in the calculation and measurement of the company's development activities.

Development in activities and financial position

The Company's income statement for 2018 shows a loss of 859 k DKK, and the company's balance sheet as at December 31, 2018 has an equity of -2.508 k DKK.

The company has been continuing its focus during 2018 on B2B market, as a result of customer feedback and the company's internal development competence. The earlier product in consumer electronics, MARA PEN, has had a longer market penetration curve than expected. The strategy changed towards B2B markets has been laid down since 2017.

The product family TransducerM, introduced in 2017, focusing on B2B market, has been continuing its development during 2018, resulting in a series of product sub-model offerings - TransducerM OEM, standard and high-performance version. The products have gradually penetrating the mobile robot and construction vehicle industry during 2018 and the company has developed a set of key customers both in Europe and China. There has been considerable interest in the products offerings for the performances the customer acquires versus the cost.

The company is also in the process of development and standardize of its TransducerG products, which incorporates satellite positioning capabilities.

As a result of lack of intent from the customer of doing prepayment to cover development cost, the company has to postpone its wish to offer solutions for customers within several verticals as a mean to get deeper into the value chain, and instead, focus itself into improving its current product offerings, continuously improving functionality, reliability and manufacturability.

The company is dependent on additional financing in the form of capital increases or financing for its expansion or acceleration. Until this report has been made, the customers developed in 2018 has in fact allows the company to maintain itself financially with a basic operation for the coming 2019.

By the very end of 2018 and the first of January 2019, the company changes its management at the same time its earlier investor exits and new investor joins. The company's management is then reformed consists of its original founders and new board members. The company's focus and technical competence are maintained.

The management is in the process ensuring necessary liquidity for the continued operation and accelerated development of the company according to the strategy approved by the Board of Directors.

Significant events after the end of the financial year

The company has been gradually improving its balance and finalizing a small amount of investment after the end of 2018, while no significant events have occurred after the balance sheet date that have a material impact on the assessment of the Annual Report.

MANAGEMENT'S REVIEW

Future expectations

The company has built its strategy around the market segments, AGV, industrial vehicles and the agricultural segment to introduce the most relevant products. There is established in this connection commercial dialogue with several large companies. The company is also in the process of planning its local production close to its customers to improve efficiency.

The management expects that 2019 will be a turning-point for SYD-Dynamics. The management expects that the company's future operations will be profitable, whereby the share capital is expected to be re-established by future earnings.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2018 DKK	2017 DKK
GROSS PROFIT		52.527	393.387
Staff costs.....	1	-539.327	-1.130.204
Depreciation, amortisation and impairment.....		-239.399	-189.180
OPERATING LOSS		-726.199	-925.997
Other financial income.....		0	1.841
Other financial expenses.....		-360.013	-284.240
PROFIT BEFORE TAX		-1.086.212	-1.208.396
Tax on profit/loss for the year.....	2	227.150	266.235
PROFIT FOR THE YEAR		-859.062	-942.161
PROPOSED DISTRIBUTION OF PROFIT			
Accumulated profit.....		-859.062	-942.161
TOTAL		-859.062	-942.161

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2018 DKK	2017 DKK
Development projects completed.....		2.300.475	1.557.195
Development projects in progress and prepayments.....		0	723.113
Intangible fixed assets	3	2.300.475	2.280.308
Rent deposit and other receivables.....		53.656	44.781
Fixed asset investments	4	53.656	44.781
FIXED ASSETS		2.354.131	2.325.089
Raw materials and consumables.....		203.814	209.070
Inventories		203.814	209.070
Trade receivables.....		20.459	27.628
Other receivables.....		73.611	97.879
Corporation tax receivable.....		63.150	135.235
Receivables		157.220	260.742
Cash and cash equivalents		125.909	614.172
CURRENT ASSETS		486.943	1.083.984
ASSETS		2.841.074	3.409.073
EQUITY AND LIABILITIES			
Share capital.....		53.000	53.000
Reserve for development costs.....		714.715	564.028
Retained profit.....		-3.275.913	-2.266.164
EQUITY	5	-2.508.198	-1.649.136
Provision for deferred tax.....		0	164.000
PROVISION FOR LIABILITIES		0	164.000
Debt instruments.....		5.014.066	4.406.299
Long-term liabilities	6	5.014.066	4.406.299
Trade payables.....		1.113	71.153
Other liabilities.....		25.525	141.954
Accruals and deferred income.....		308.568	274.803
Current liabilities		335.206	487.910
LIABILITIES		5.349.272	4.894.209
EQUITY AND LIABILITIES		2.841.074	3.409.073
Information on uncertainty with respect to recognition and measurement	7		

NOTES

	2018 DKK	2017 DKK	Note
Staff costs			1
Average number of employees 2 (2017: 3)			
Wages and salaries.....	427.880	1.084.274	
Social security costs.....	13.866	18.238	
Other staff costs.....	97.581	27.692	
	539.327	1.130.204	
Tax on profit/loss for the year			2
Calculated tax on taxable income of the year.....	-63.150	-135.235	
Adjustment of deferred tax.....	-164.000	-131.000	
	-227.150	-266.235	
Intangible fixed assets			3
	Development projects completed	Development projects in progress and prepayments	
Cost at 1 January 2018.....	1.730.217	723.113	
Transfer.....	1.010.159	-1.010.159	
Additions.....	0	287.046	
Cost at 31 December 2018.....	2.740.376	0	
Amortisation at 1 January 2018.....	173.022	0	
Depreciation for the year.....	266.879	0	
Depreciation at 31 December 2018.....	439.901	0	
Carrying amount at 31 December 2018.....	2.300.475	0	
Interest expenses recognised as part of cost of assets.....	190.515	0	
Completed development projects include the products MARA PEN, Transducer M, Transducer M Pro and Transducer G.			
The management has great expectations for the products and does not have an indication of the need for impairment in relation to the carrying amount.			

NOTES

					Note
Fixed asset investments					4
				Rent deposit and other receivables	
Cost at 1 January 2018.....				44.781	
Additions.....				23.656	
Disposals.....				-14.781	
Cost at 31 December 2018.....				53.656	
Carrying amount at 31 December 2018.....				53.656	
Equity					5
		Reserve for development costs	Retained profit	Total	
	Share capital				
Equity at 1 January 2018.....	53.000	564.028	-2.266.164	-1.649.136	
Proposed distribution of profit.....			-859.062	-859.062	
Engelsk.....		150.687	-150.687		
Equity at 31 December 2018.....	53.000	714.715	-3.275.913	-2.508.198	
Long-term liabilities					6
	1/1 2018 total liabilities	31/12 2018 total liabilities	Repayment next year	Debt outstanding after 5 years	
Debt instruments.....	4.406.299	5.014.066	0	0	
	4.406.299	5.014.066	0	0	
Information on uncertainty with respect to recognition and measurement					7
Due to the company specific activity as a development company thier is a natural uncertainty related to the measurement of the company's development. The carrying amount of the development project is based on the management's positive expectations to the future.					

ACCOUNTING POLICIES

The annual report of SYD Dynamics ApS for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B.

The Annual Report is prepared consistently with the accounting principles used last year.

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses in general

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Dividend from equity investments is recognised as income in the financial year when the dividend is declared.

Tax on profit for the year

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Intangible fixed assets

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company's development activities and which fulfil the criteria for recognition.

Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is 10 years.

ACCOUNTING POLICIES

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets

Other plants, fixtures and equipment are measured at cost less accumulated depreciation and write-down.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plants, fixtures and equipment.....	2 years	0 %

Profit or loss on disposal of tangible fixed assets is stated at the difference between selling price less selling costs and the carrying amount at the time of sale. Profits or losses are recognised in the income statement.

Fixed asset investments

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, write-down is provided to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

ACCOUNTING POLICIES

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, write-down is provided to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Cash and cash equivalents

Cash and cash equivalents includes cash and cash equivalents.

Tax payable and deferred tax

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

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.