

Qin Horse Denmark ApS

Indiakaj 20

2100 København Ø

CVR No. 37291153

Annual Report 2017

2. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 31 May 2018



Dong Zhu
Chairman

Contents

| | |
|------------------------|----|
| Management's Statement | 3 |
| Company Information | 4 |
| Management's Review | 5 |
| Accounting Policies | 6 |
| Income Statement | 8 |
| Balance Sheet | 9 |
| Notes | 11 |

Management's Statement

Today, Management has considered and adopted the Annual Report of Qin Horse Denmark ApS for the financial year 1 January 2017 - 31 December 2017.

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

In my opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January 2017 - 31 December 2017.

In my opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

The conditions for not conducting an audit of the Financial Statement have been met.

We recommend that the Annual Report be adopted at the Annual General Meeting.

København Ø, 31 May 2018

Executive Board



Dong Zhu

Man. Director

Qin Horse Denmark ApS

Company details

| | |
|------------------------|--|
| Company | Qin Horse Denmark ApS Indiakaj 20 2100 København Ø |
| CVR No. | 37291153 |
| Date of formation | 5 December 2015 |
| Financial year | 1 January 2017 - 31 December 2017 |
| Executive Board | Dong Zhu, Man. Director |

Management's Review

The Company's principal activities

The Company's principal activities consist in having directly or indirectly to conduct trading and investment activities.

Insecurity regarding recognition or measurement

There is no material insecurity regarding recognition or measurement.

Exceptional circumstances

No exceptional circumstances have affected recognition or measurement.

Development in activities and financial matters

The Company's Income Statement of the financial year 1 January 2017 - 31 December 2017 shows a result of DKK -79.302 and the Balance Sheet at 31 December 2017 a balance sheet total of DKK 4.122.144 and an equity of DKK -115.376.

The company's continued operation is dependent on continued and unforeseen funding commitments from the loan lenders. The management of the company has no indications or expectations that the company's lenders will reduce their financing commitment to the company.

The company's management is aware that the equity is lost, but expects it to be re-established through positive operation in the future.

Expectations for the future

The Company expects its operations to develop positively next year.

Accounting Policies

Reporting Class

The Annual Report of Qin Horse Denmark ApS for 2017 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

Reporting currency

The Annual Report is presented in Danish kroner.

Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

General Information

Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue 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 attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Accounting Policies

Income Statement

Gross profit/loss

The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

The gross loss reflects other external expenses.

Other external expenses

Other external expenses comprise expenses regarding administration.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, and allowances under the tax repayment scheme.

Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

Balance Sheet

Other investments

Other securities and equity investments are measured at the market value at the balance sheet date if they are listed, or at an estimated fair value if they are not.

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Other receivables

Other receivables contain VAT receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Provisions

Other provisions

Other provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when, at the balance sheet date, the company has a legal or actual obligation and it is likely that settlement will result in the company spending financial resources.

Provisions that are expected to be settled later than a year from the balance sheet date are measured at the present value and the expected payments. Other provisions are measured at net realisable value.

Other debt

Other debts are measured at net realizable value.

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Income Statement

| | Note | 2017 kr. | 2015/16 kr. |
|---|------|-----------------|-----------------|
| Gross profit | | -13.687 | -62.650 |
| Profit from ordinary operating activities | | <u>-13.687</u> | <u>-62.650</u> |
| Finance expences | 1 | -87.283 | -47.701 |
| Profit from ordinary activities before tax | | <u>-100.970</u> | <u>-110.351</u> |
| Tax expense on ordinary activities | | 21.668 | 24.277 |
| Profit | | <u>-79.302</u> | <u>-86.074</u> |
| Proposed distribution of results | | | |
| Retained earnings | | -79.302 | -86.074 |
| Distribution of profit | | <u>-79.302</u> | <u>-86.074</u> |

Qin Horse Denmark ApS

Balance Sheet as of 31 December

| | Note | 2017 kr. | 2016 kr. |
|----------------------------------|------|------------------|------------------|
| Assets | | | |
| Other long-term investments | 2 | 4.000.000 | 9.202.667 |
| Investments | | 4.000.000 | 9.202.667 |
| Fixed assets | | 4.000.000 | 9.202.667 |
| Other short-term receivables | | 51.159 | 24.277 |
| Receivables | | 51.159 | 24.277 |
| Cash and cash equivalents | | 70.985 | 89.400 |
| Current assets | | 122.144 | 113.677 |
| Assets | | 4.122.144 | 9.316.344 |

Balance Sheet as of 31 December

| | Note | 2017 kr. | 2016 kr. |
|--|------|------------------|------------------|
| Liabilities and equity | | | |
| Contributed capital | 3 | 50.000 | 50.000 |
| Retained earnings | 4 | -165.376 | -86.074 |
| Equity | | -115.376 | -36.074 |
| Other provisions | | 11.354 | 11.354 |
| Provisions | | 11.354 | 11.354 |
| Trade payables | | 5.000 | 0 |
| Other payables | | 4.221.166 | 9.341.064 |
| Short-term liabilities other than provisions | | 4.226.166 | 9.341.064 |
| Liabilities other than provisions within the business | | 4.226.166 | 9.341.064 |
| Liabilities and equity | | 4.122.144 | 9.316.344 |

Notes

1. Finance expenses

| | | |
|------------------------|---------------|---------------|
| Other finance expenses | 87.283 | 47.701 |
| | <u>87.283</u> | <u>47.701</u> |

2. Other long-term investments

| | | |
|---|------------------|------------------|
| Cost at the beginning of the year | 4.000.000 | 9.202.667 |
| Cost at the end of the year | <u>4.000.000</u> | <u>9.202.667</u> |
| Carrying amount at the end of the year | <u>4.000.000</u> | <u>9.202.667</u> |

The total amount of 4.000.000 DKK consists of unlisted shares in Scape Technologies A/S.

3. Contributed capital

| | | |
|---------------------------------------|---------------|---------------|
| Balance at the beginning of the year | 50.000 | 0 |
| Additions during the year | 0 | 50.000 |
| Balance at the end of the year | <u>50.000</u> | <u>50.000</u> |

4. Retained earnings

| | | |
|---------------------------------------|-----------------|----------------|
| Balance at the beginning of the year | -86.074 | 0 |
| Additions during the year | -79.302 | -86.074 |
| Balance at the end of the year | <u>-165.376</u> | <u>-86.074</u> |