

SCY Beteiligungen AG, Frankfurt am Main

Annual financial statement for 31 December 2017

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AUDIT OPINION

For SCY Beteiligungen AG, Frankfurt am Main:

We have audited the annual financial statement – consisting of the balance sheet, profit and loss statement and notes to the financial statement – of SCY Beteiligungen AG, Frankfurt am Main, for the accounting year beginning 1 January 2017 and ending 31 December 2017, with consideration of their accounting practices. It is the responsibility of the company's statutory representatives to ensure that the accounting and creation of the annual financial statement is done in compliance with German commercial law. Our duty is to provide an opinion on the annual financial statement, with consideration of the company's accounting practices, based on the audit we performed.

We made our audit of the annual financial statements in compliance with § 317 HGB and observing the accepted German principles of annual financial statement auditing as established by the Institute of Public Auditors (IDW). According to these principles, the audit should be planned and implemented in such a manner as to be reasonably certain of detecting inaccuracies and violations which significantly affect the impression of the company's assets, financial performance and cash flow given by the annual financial statement with regard to generally accepted accounting principles. When determining audit processes, knowledge about the business' economic and legal environment and business activities are taken into account, as well as expectations concerning potential errors. As part of the audit, the efficacy of the internal control system for accounting and evidence for the details found in the accounts and annual financial statement are assessed on the basis of random samples. The audit includes the assessment of the principles of accounting applied and significant estimates made by the statutory representatives, as well as the appraisal of the overall presentation of the annual financial statement. We are of the opinion that our audit presents a sufficiently firm basis for our opinion. Our audit raised no objections.

In our opinion, based on the information gathered during the audit, the annual financial statement meets statutory requirements and conveys an accurate impression of the company's assets, financial performance and cash flow with regard to generally accepted accounting principles.

Without qualifying this opinion, we highlight the remarks in the notes to the financial statement. In Part IV. Other Details, the statutory representatives state that the company's liquidity is strained. As set out under IV. Other Details, this points to the presence of significant uncertainty, which may cast the company's capacity to continue its business activities into serious doubt and which presents a threat to the continued existence of the company within the meaning of sentence 3 of §322(2) HGB.

Berlin, 18 December 2018

MSW GmbH
Audit firm
Tax consultancy firm

Mantay
Auditor

SCY Beteiligungen AG, Frankfurt am Main
Balance sheet for 31 December 2017

ASSETS

	31.12.2017	31.12.2016	
	Euro	Euro	
A. Fixed assets			A. Equity
I. Intangible assets			I. Subscribed capital
Concessions purchased, industrial property rights, and similar rights and assets	1,166.00	2,100.00	II. Capital reserves
II. Tangible assets			III. Accumulated loss
Other assets, manufacturing and business equipment	1.00	1.00	B. Reserves
III. Financial assets			1. Tax reserves
1. Shares in affiliates	25,001.00	25,001.00	2. Other reserves
2. Investments	2,450,001.00	2,474,500.00	C. Liabilities
3. Other loans	0.00	0.00	1. Loans
	2,475,002.00	2,499,501.00	- of which EUR 1,256,000.00 has a remaining term of no more than 12 months
B. Current assets			2. Accounts payable
I. Accounts receivable and other assets			- of which EUR 106,211.48 (EUR 106,211.48) has a remaining term of no more than 12 months
1. Accounts receivable from affiliates	534,418.45	277,888.45	3. Liabilities to affiliates
2. Accounts receivable from companies where an investment relationship exists	37,201.00	107,100.00	- of which EUR 595,000.00 (EUR 595,000.00) has a remaining term of no more than 12 months
3. Other accounts receivable	8,100.00	8,237.93	4. Other liabilities
	579,719.45	393,226.38	- of which EUR 17,876.63 (EUR 17,876.63) tax obligations
II. Cash assets, German Central Bank balance, balance at credit institutes and cheques	4,213.27	7,716.65	- of which EUR 1,996.29 (EUR 1,996.29) social security
	4,213.27	7,716.65	- of which EUR 489,278.86 (EUR 489,278.86) has a remaining term of no more than 12 months
	3,060,101.72	2,902,545.03	

SCY Beteiligungen AG, Frankfurt am Main
Profit and loss statement for the 2017 accounting year

	Accounting year Euro	Previous year Euro
1. Turnover	480,000.00	310,000.00
2. Other operating revenues	0.00	90,785.74
3. Material costs		
a) Cost of purchased services	12,866.23	2,500,00
4. Staff costs		
a) Salaries and wages		
b) Social security contributions and expenditures for pensions and benefits	128,611.00	177,488.33
	<u>28,219.87</u>	<u>39,037.63</u>
	156,830.87	216,525.96
5. Depreciation		
a) of intangible assets associated with fixed and tangible assets	934.00	1,800.80
6. Other operating expenditures	406,655.44	421,845.14
7. Depreciation of financial assets and of securities against current assets	24,499.00	4,999,999.00
8. Interest and similar expenditures	<u>111,865.00</u>	<u>97,240.00</u>
9. Profit after tax	<u>(233,650.54)</u>	<u>(5,339,125,16)</u>
10. Annual shortfall	233,650,54	5,339,125,16
11. Loss carried forward from previous year	<u>6,932,384.08</u>	<u>1,593,258.92</u>
12. Accumulated loss	<u>7,166,034.62</u>	<u>6,932,384.08</u>

SCY BETEILIGUNGEN AG, FRANKFURT AM MAIN

NOTES TO THE FINANCIAL STATEMENT FOR THE 2017 ACCOUNTING YEAR

I. GENERAL INFORMATION ABOUT THE ANNUAL FINANCIAL STATEMENT

The company is listed in the Basic Board (formerly Entry Standard) Open Market segment of the Frankfurt Stock Exchange under the ID number "ISIN: DE000A1PG508" and is entered in the Commercial Register of the Frankfurt am Main district court under the number HRB 105052.

The annual financial statement of SCY Beteiligungen AG, Frankfurt am Main, for the 2017 accounting year was drawn up based on the regulations in commercial law governing recognition, valuation and classification. The Stock Corporation Act (AktG) supplements these regulations.

On the balance sheet date, the company meets the size criteria of a small corporation within the meaning of §267(1) HGB and is making partial use of the relief laid out in sentence 4 of §264(1) and §288 HGB.

The nature of expense method as described in §275(2) HGB was used for the profit and loss statement.

II. DETAILS ON THE ACCOUNTING AND VALUATION METHODS

Items were valued under the assumption that business activities would continue. Assets and liabilities are evaluated individually on the balance sheet date.

Financial assets are recognised at their acquisition cost in accordance with §255(1) HGB or, where there is foreseeable, ongoing depreciation, at the lower attributable value on the balance sheet date.

Accounts receivable and miscellaneous assets are recognised at their nominal value, except where they are to be assigned the lower attributable value in instances of discernible individual risks.

Balances at credit institutes are recognised at their nominal value.

Appropriate account was taken of discernible risks and contingent liabilities on the balance sheet date when making **other reserves**. The settlement amount was assessed at the necessary level for a reasonable commercial evaluation.

All **liabilities** were recognised at their settlement amount.

Accounts payable and accounts receivable in foreign currency are initially recognised according to the exchange rate on the day of the transaction. Losses from exchange rate fluctuation up to the reporting date were always taken into account; profits from exchange

rate fluctuation were only taken into account where the remaining term is no more than one year.

III. DETAILS OF THE ITEMS ON THE BALANCE SHEET AND PROFIT AND LOSS STATEMENT

On the balance sheet date of 31.12.2017, **shares in affiliates** accounted for (i) 100% of the shares in China BPIC Surveying Instruments Company Limited, Hong Kong (“BPIC HK”) totalling EUR 1 (previous year: EUR 1) and (ii) 100% of the shares in SCY Europe Vertriebs GmbH, Frankfurt, Germany (“SCY Europe”) totalling TEUR 25 (previous year: TEUR 25).

Other **investments** maintained are (1) 49% of the shares in ecabiotec AG, Riedstadt, Germany (“ecabiotec”) totalling TEUR 2,450 (previous year: TEUR 2,450) and (ii) 49% of the shares in Cool Care Innovations GmbH, Frankfurt, Germany (“CoolCare”) totalling EUR 1 (previous year: TEUR 24.5).

Due to the rules of financial prudence and the as yet not finalised status of the pharmaceutical approval of CoolCare’s products and the commercial result of this investment which is dependent on same, an unplanned write-off of was made from EUR 24,499 to a memo value of EUR 1.

All **accounts receivable and other assets** have a duration of up to one year.

The **subscribed capital (capital stock)** was EUR 7,604,646.00 on the balance sheet date of 31.12.2017. On the balance sheet date 31.12.2017, the capital stock is divided into 7,604,646 no-par value bearer shares.

By the resolution of the general meeting of 17 February 2017, the executive board is authorised until 16 February 2022 to raise the company’s capital stock by up to EUR 3,802,323.00 by issuing a total of 3,802,323 new bearer shares in exchange for cash or assets in kind in one or more rounds of share issues with the approval of the supervisory board (authorised capital I/2017).

Following the decision of the general meeting on 12 December 2014, the capital stock was conditionally raised to up to EUR 2,500,000.00, divided into up to 2,500,000 no-par value bearer shares (conditional capital 2014).

The **capital reserve** of EUR 98,98.962.25 remains unchanged from the previous year.

On the balance sheet date, there were **reserves** amounting to TEUR 65 (previous year TEUR 65), comprised mainly of provisions for TEUR 19 acquisition and audit costs, TEUR 19 remuneration of the board of directors and TEUR 27 general meeting costs.

Three convertible bonds of EUR 306,000.00, EUR 500,000.00 and EUR 450,000.00 are accounted for as **bonds to the value of EUR 1,256,000.00** on the balance sheet date of 31.12.2017. The first convertible bond consists of 306 subscribed and transferred partial debentures, each at a nominal value of EUR 1,000.00, running from September 2015 to September 2018 (ISIN: DE000A168ZA2). The second convertible bond consists of 500 subscribed and transferred partial debentures, each at a nominal value of EUR 1,000.00,

running from November 2015 to November 2018 (ISIN: DE000A1685R8). The interest rate on these convertible bonds is 10.25% p.a. Interest is charged quarterly. The conversion price is EUR 1.00 per share. The conversion right can be exercised between 23 January 2016 and 27 July 2018 for the first convertible bond (EUR 306,000.00) and between 19 March 2016 and 21 September 2018 for the second convertible bond (EUR 500,000.00).

The third convertible bond consists of 450 subscribed and transferred partial debentures each at a nominal value of EUR 1,000.00 running from March 2016 to March 2018 (ISIN: DE000A2AAR35). The interest rate on this convertible bond is 6.50% p.a. Interest is charged biannually. The conversion price is EUR 1.50 per share. The conversion right can be exercised between 14 July 2016 and 16 January 2018.

As in the previous year, all **liabilities**, except for bonds, have a remaining term of no more than one year. No securities were granted.

Depreciation of financial and current assets consisted of EUR 24,499 in unplanned depreciation in the form of writing off shares of CoolCare. There was also an unplanned write-off of EUR 171,599 worth of accounts receivable from CoolCare.

IV. OTHER DETAILS

Liquidity

In the 2017 accounting year, the company faced TEUR 1,256 in repayment commitments from convertible bonds issued, leading to a seriously damaged liquidity situation for the company. The company repaid two (2) convertible bonds with a total nominal value of TEUR 756 after the balance sheet date in the 2018 accounting year. Also, at the creditor meeting of 19.11.2018, the convertible bond with ISIN: DE000A1685R8 with a total nominal value of TEUR 500 was extended by two (2) years to November 2020. The interest rate was also lowered to 3.25% p.a. This significantly eased the company's liquidity, allowing it to overcome its critical downwards momentum compared to the previous year.

Employees

In this accounting year, the company employed an average of 10 employees (previous year: 13).

Members of the executive and supervisory boards:

Composition of the executive board:

- Mr XIE Wei, trader, Peking, People's Republic of China
- Dr. Kurt Becker, trader, Lünen

Composition of the supervisory board:

- Mr Peter Kuhlmeier, business consultant, Neuss (chair)
- Mr Matthias Schröder, solicitor, Peking, People's Republic of China (deputy chair)
- Dr Josef Feldhaus, physicist, Hamburg

There are no **guarantees** or other financial commitments on 31 December 2017 other than those shown on the balance sheet.

Events after the balance sheet date

On 20.02.2018, all shares in BPIC HK. were divested in order to reduce liabilities.

On 16.03.2018, convertible bond 16/18 with ISIN DE000A2AAR35 was repaid at its full nominal value of EUR 450,000.00.

On 28.09.2018, the full utilisation of the authorised capital I/2017 in exchange for assets in kind to the value of EUR 3,802,323.00 with respect to the acquisition of 9.7% of the shares in Fast Finance 24 Holding P.L.C.; London, UK, was entered as corporate action in the Commercial Register. After the successful acquisition, the subscribed capital (capital stock) now totals EUR 11,406,969.00 and as of this moment in time is divided into 11,409,969 no-par value bearer shares.

On 21.09.2018, convertible bond 15/18 with ISIN:

DE000A168ZA2 was repaid at its full nominal value of EUR 306,000.00.

On 15.10.2018, 30% of the shares in ecabiotec AG were divested at their book value of TEUR 1,500.

Based on the decision of the extraordinary general meeting of 16.11.2018, corporate action for assets in kind with respect to the acquisition of the remaining 90.3% of the shares in Fast Finance 24 Holding P.L.C., London, UK, was undertaken by the executive board with the approval of the supervisory board. The company's capital stock of EUR 11,406,969.00, divided into 11,406,969 bearer shares each with an attributable value of EUR 1.00 of capital stock, will be raised by EUR 35,497,677.00 to EUR 46,904,646.00 by issuing 35,497,677 bearer shares each with an attributable value of EUR 1.00 of capital stock ('new shares') in exchange for assets in kind as part of this corporate action.

On 19.11.2018, the creditor meeting concerning convertible bond 15/18 with ISIN: DE000A1685R8 with a total nominal value of 500,000.00 decided to extend the convertible bond by a further two (2) years to 20.11.2020 and to simultaneously reduce the interest warrant to 3.25% p.a.

Frankfurt am Main, 12 December 2018

SCY Beteiligungen AG

Executive board

Andreas Garke

Volker Vreys

Report from the supervisory board

Dear shareholders,

the 2017 accounting year was SCY Beteiligungen AG's first full accounting year following its reorientation as an active investor and company builder.

In the 2017 accounting year, our company's investment portfolio consisted of (i) a 49% investment in ecabiotec® AG (Riedstadt), a producer of biological (mineral), environmentally friendly and non-toxic disinfectant solutions which removes micro-organisms such as germs, spores, bacteria, viruses and fungi, without residues and without the risk of creating resistant strains, (ii) the online marketer SCY Europe Vertriebs GmbH (Frankfurt am Main) a wholly owned subsidiary which operates the web stores www.solvid.eu and www.anoxil.de, (iii) a 49% investment in Cool Care Innovations GmbH (Frankfurt am Main), a manufacturer of medical cooling systems and (iv) the wholly owned subsidiary China BPIC Surveying Instruments Company Ltd. (HK) as a manufacturer of measuring instruments.

With this in mind, the supervisory and executive boards of SCY Beteiligungen AG engaged in regular, active dialogue in the 2017 accounting year, particularly concerning the company's active investment management. The supervisory board of SCY Beteiligungen AG followed their duties according to the law, the articles of association and the rules of procedure in this reporting year by supporting and supervising the executive board in their management of the company, and advising them on matters of executive management and the implementation of strategy. Outside of joint meetings, the executive board also informed the supervisory board both orally and in writing about business operations, developments in the liquidity situation, investment opportunities, and corporate strategy. This ensured that the supervisory board was involved in all business requiring their assent and, where required by law and the articles of association, the supervisory board made the necessary resolutions.

Considering the size of the business and recent reorientation of the company, the supervisory board also refrained from forming committees in 2017. All subjects were efficiently dealt with in plenary sessions.

Supervisory board meetings and resolutions in the 2017 accounting year

In this reporting year, the supervisory board of SCY Beteiligungen AG held four (4) ordinary meetings of the supervisory board on 04 January, 21 June, 19 October and 27 December 2017. All members of the supervisory board participated in each of these meetings. The executive board and solicitors were also present at some of these meetings. The 27 December 2017 meeting was to establish the balance sheet for the 2016 accounting year, for which reason representatives of the audit firm were also present. The supervisory board was primarily occupied with the following topics: Drafting and deciding the agenda for the ordinary general meeting of SCY AG which took place on 17 February 2017 and other

discussions concerning the financial situation of the company, the status of the individual companies in its portfolio and the company's current liquidity situation.

Composition of the supervisory and executive boards

There were no changes to the composition of the supervisory or executive boards in the 2017 accounting year.

Balance sheet meeting of the supervisory board on 18 December 2018

The annual auditor for the 2017 accounting year as chosen by the ordinary general meeting on 10 April 2018, MSW GmbH Wirtschaftsprüfungsgesellschaft, Berlin (MSW GmbH), audited the annual financial statement prepared by the executive board for the 2017 accounting year in accordance with the principles laid out in the Commercial Code (HGB) and issued an unqualified audit opinion.

The aforementioned documents, as well as the audit report, reached all members of the supervisory board in good time before the balance sheet meeting of the supervisory board on 18 December 2018. These documents were extensively reviewed in the presence of the executive board and a representative of the auditors, who discussed the significant results of their audit and invited any supplementary questions. After extensive review, the supervisory board came to the conclusion that no objections were to be raised against the annual financial statement and audit. The supervisory board therefore stated its acceptance of the result of the audit and approved SCY Beteiligungen AG's 2017 annual financial statement. This establishes the 2017 annual financial statement.

At this point, the supervisory board would like to thank all employees and the executive board for their contributions to the successful strategic reorientation of SCY Beteiligungen AG and their dedicated efforts in this reporting year.

Frankfurt am Main, 18 December 2018

For the supervisory board

Armin Dartsch
Chair of the supervisory board