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# **QD US PARCEL A (RETAIL) COMPANY**

## **DIRECTORS' REPORT AND SEPARATE FINANCIAL STATEMENTS**

**REGISTERED NUMBER FC 031875**

**31 DECEMBER 2018**

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## QD US Parcel A (Retail) Company

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### Table of contents

<b>Contents</b>	<b>Page</b>
Directors' report and Directors' responsibilities statement	1 – 2
Independent auditor's report	3 – 4
Separate statement of comprehensive income	5
Separate statement of financial position	6
Separate statement of changes in equity	7
Separate statement of cashflows	8
Notes to the separate financial statements	9 - 23

## QD US Parcel A (Retail) Company

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### **Directors' report**

The directors of QD US Parcel A (Retail) Company (the "Company") present their directors' report and separate financial statements for the year ended 31 December 2018.

#### ***Principal activities and review of the business***

QD US Parcel A (Retail) Company is a Company incorporated in the Cayman Islands. The registered office of the Company is located at the offices of Maples Corporate Services Ltd, PO Box 309, Ugland House Grand Cayman KY1-1104 Cayman Islands. The Company's principal activity is that of a holding Company. It has a wholly owned subsidiary whose principal activity is real estate investment.

The shareholder and the shareholding interest in the Company is as follows

<i>Name of Shareholder</i>	<i>Interests</i>
QD US Real Estate Company	100%

#### ***Results and dividends***

The profit for the year ended 31 December 2018 dealt within the separate financial statements is USD 49,803 (2017: USD 323,335).

The directors are satisfied with the financial position of the Company as at 31 December 2018 and the financial performance for the year then ended.

The directors declared a dividend of USD 2,226,069 in respect of the year ended 31 December 2018 (2017: USD 8,300,000).

#### ***Directors***

The following directors have held office during the financial year and subsequently:

Jean Lamothe (resigned 31 July 2020)  
Jerry Holmes (appointed 1 June 2018, resigned 30 November 2018)  
Abdulla Al Ajail (appointed 1 June 2018, resigned 9 October 2018)  
Tariq Al Abdulla (appointed 9 October 2018)  
Richard Oakes (appointed 15 February 2019)  
Raheel Mir (appointed 31 July 2020)

#### ***Directors' remuneration***

There was no directors' remuneration during the year ended 31 December 2018 (2017: Nil).

#### ***Staff numbers and costs***

There were no employees and no indemnity provisions during the year ended 31 December 2018 (2017: Nil).

#### ***Political contribution***

The Company incurred no political expenditure during the year (2017: Nil).

#### ***Post balance sheet events***

The post balance sheet events affecting the Company are disclosed within Note 13 of the separate financial statements.

#### ***Going concern***

Based on the positive Statement of Financial Position and profits made during the year the directors believe it is appropriate for the Company to prepare its separate financial statements on a going concern basis. In making this assessment the directors believe the Company has access to adequate funding to meet the Company's liabilities as they fall due for at least the foreseeable future.

The directors are of the view that there is no material impact on the Company as a result of COVID-19. In forming this view the directors believe that the Company's subsidiary will continue to generate positive returns in the long term which will be distributed to this Company resulting in future profits and profitability.

## QD US Parcel A (Retail) Company

### Directors' report (continued)

#### *Financial risk management*

The financial risk management objectives and policies of the Company, as well as the exposure of the Company to the price risk, credit risk, liquidity risk and cash flow risk are as disclosed in Note 12 of the separate financial statements.

#### *Disclosure of information to auditor*

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

#### *Auditors*

Following the resignation of Deloitte Qatar Branch as auditor, Ernst & Young, Qatar Branch was appointed as auditor to the Company on 15 May 2018. A resolution to reappoint Ernst & Young Qatar Branch as auditor will be proposed.

### Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the separate financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare separate financial statements for each financial year. Under that law the directors have elected to prepare the separate financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the directors must not approve the separate financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these separate financial statements, International Accounting Standard requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the separate financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



**Tariq Al Abdulla**  
Director

Date: 9 DECEMBER 2021  
Company registration number FC 031875

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF QD US PARCEL A (RETAIL) COMPANY**

### **Report on the audit of the separate financial statements**

#### **Opinion**

We have audited the accompanying separate financial statements of QD US Parcel A (Retail) Company (the "Company"), which comprise the separate statement of financial position as at 31 December 2018, the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as at 31 December 2018 and its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the separate financial statements* section of our report. We are independent of the Company in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the separate financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other matter**

The separate financial statements of QD US Parcel A (Retail) Company for the year ended 31 December 2017 were audited by another auditor, who expressed an unmodified opinion on those separate financial statements on 31 October 2018.

#### **Other information**

Other information consists of the information included in the Directors' report, other than the separate financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of management and the Board of Directors for the separate financial statements**

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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 unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDER OF QD US PARCEL A (RETAIL) COMPANY (CONTINUED)**

**Report on the audit of the separate financial statements (continued)**

**Auditor's responsibilities for the audit of the separate financial statements**

Our objectives are to obtain reasonable assurance about whether the separate 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 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 separate financial statements.

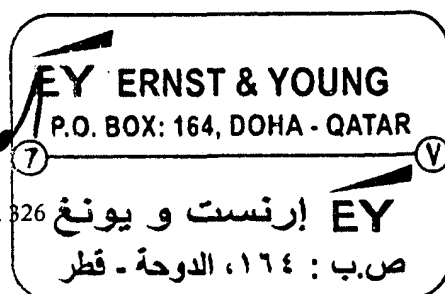
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate 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 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 separate 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 content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors 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.

*Ahmed Sayed*  
Ahmed Sayed  
of Ernst & Young  
Auditor's Registration No. 326

Date: 9 December 2021  
Doha



**QD US Parcel A (Retail) Company**

**SEPARATE STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2018

	<i>Notes</i>	<b>2018 USD</b>	<b>2017 USD</b>
Management fees	11	(33,707)	(50,450)
Professional fees		(6,932)	(11,976)
Legal fees		(3,732)	(3,923)
Miscellaneous expenses		(610)	-
Bank charges		(220)	(164)
<b>OPERATING LOSS</b>		<b>(45,201)</b>	<b>(66,513)</b>
Interest income	11	<u>95,004</u>	<u>389,868</u>
<b>PROFIT BEFORE INCOME TAX</b>		<b>49,803</b>	<b>323,355</b>
Income tax expense	7	<u>-</u>	<u>-</u>
<b>PROFIT FOR THE YEAR</b>		<b>49,803</b>	<b>323,355</b>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>49,803</u></b>	<b><u>323,355</u></b>

**ERNST & YOUNG**  
Doha - Qatar

03 DEC 2021

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Purposes Only

The attached notes 1 to 13 are an integral part of these separate financial statements.

# QD US Parcel A (Retail) Company

## SEPARATE STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 USD	2017 USD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in a subsidiary	4	15,600,458	15,600,458
Loan to a related party	11	-	1,588,227
<b>Total non-current assets</b>		<b>15,600,458</b>	<b>17,188,685</b>
<b>Current assets</b>			
Loan to a related party	11	240,793	826,345
Other debtors and prepayments		21,675	21,676
Bank balances	8	91,943	144,237
<b>Total current assets</b>		<b>354,411</b>	<b>992,258</b>
<b>TOTAL ASSETS</b>		<b>15,954,869</b>	<b>18,180,943</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	17,222	17,222
Share premium	9	11,222,937	13,449,006
Retained earnings		4,694,201	4,644,398
<b>Total equity</b>		<b>15,934,360</b>	<b>18,110,626</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Amounts due to a related party	11	9,462	54,014
Accrued expenses		11,047	16,303
<b>Total liabilities</b>		<b>20,509</b>	<b>70,317</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>15,954,869</b>	<b>18,180,943</b>

These separate financial statements were approved by the board of directors on 9 DECEMBER 2021 and were signed on its behalf by:



**Tariq Al Abdulla**  
Director

Company registration number FC 031875

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Doha - Qatar

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**QD US Parcel A (Retail) Company**

**SEPARATE STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2018

	<i>Share capital USD</i>	<i>Share premium USD</i>	<i>Retained earnings USD</i>	<i>Total USD</i>
Balance as at 1 January 2017	17,222	21,749,006	4,321,043	26,087,271
Profit for the year	-	-	323,355	323,355
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	323,355	323,355
Dividend paid (Note 10)	-	(8,300,000)	-	(8,300,000)
Balance as at 31 December 2017	<u>17,222</u>	<u>13,449,006</u>	<u>4,644,398</u>	<u>18,110,626</u>
Balance as at 01 January 2018	17,222	13,449,006	4,644,398	18,110,626
Profit for the year	-	-	49,803	49,803
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	49,803	49,803
Dividend paid (Note 10)	-	(2,226,069)	-	(2,226,069)
Balance as at 31 December 2018	<u>17,222</u>	<u>11,222,937</u>	<u>4,694,201</u>	<u>15,934,360</u>

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**QD US Parcel A (Retail) Company**  
**SEPARATE STATEMENT OF CASHFLOWS**  
For the year ended 31 December 2018

	<i>Notes</i>	<b>2018 USD</b>	<b>2017 USD</b>
<b>OPERATING ACTIVITIES</b>			
Profit before income tax		<b>49,803</b>	323,355
<i>Adjustment for:</i>			
Interest income	11	<u><b>(95,004)</b></u>	<u>(389,868)</u>
Operating cash flows before working capital changes		<b>(45,201)</b>	(66,513)
<i>Working capital changes:</i>			
Amounts due from a related party		-	2,924
Accrued expenses		<b>(5,255)</b>	5,489
Amounts due to a related party		<u><b>(44,552)</b></u>	<u>54,014</u>
Net cash flows used in operating activities		<u><b>(95,008)</b></u>	<u>(4,086)</u>
<b>INVESTING ACTIVITY</b>			
Net movement on loan to a related party		<u><b>2,268,783</b></u>	<u>7,523,579</u>
Cash flow from an investing activity		<u><b>2,268,783</b></u>	<u>7,523,579</u>
<b>FINANCING ACTIVITY</b>			
Dividends paid	10	<u><b>(2,226,069)</b></u>	<u>(8,300,000)</u>
Cash flow used in a financing activity		<u><b>(2,226,069)</b></u>	<u>(8,300,000)</u>
<b>NET DECREASE IN BANK BALANCES</b>		<b>(52,294)</b>	(780,507)
Bank balances at 1 January		<u><b>144,237</b></u>	<u>924,744</u>
<b>BANK BALANCES AT 31 DECEMBER</b>		<u><b>91,943</b></u>	<u>144,237</u>

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The attached notes 1 to 13 are an integral part of these separate financial statements.

## QD US Parcel A (Retail) Company

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

As at 31 December 2018

#### 1 ACTIVITIES AND CORPORATE INFORMATION

##### General Information

QD US Parcel A (Retail) Company (the "Company") is a Company domiciled and incorporated as a limited liability Company in the Cayman Islands on 9 September 2010. The registered office of the Company is located at the offices of Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is also registered under the provisions of Her Majesty's Revenue and Customs (HMRC) in the United Kingdom since 30 March 2014.

##### ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The ultimate parent Company is Qatari Diar Real Estate Investment Company Q.C.S.C. (QDREIC) incorporated in the State of Qatar. The ultimate parent Company owns 100% of the share capital in QD US Real Estate Company incorporated in the Cayman Islands.

QD US Real Estate Company is the immediate parent Company of the Company owning 100% of the share capital. The consolidated financial statements of the QD US Real Estate Company are available at Companies House, Crown Way, Cardiff CF14 3UZ.

The consolidated financial statements of Qatari Diar Real Estate Company are not available to the public.

The objective of the Company is to engage in any act or activity that is not prohibited under any law in force for the time being in the Cayman Islands. The Company's principal activity is that of a holding Company. It has a wholly owned subsidiary whose principal activity is real estate investment.

The shareholder and the shareholding interests in the Company is as follows:

<i>Name of the shareholder</i>	<i>% of holding</i>
QD US Real Estate Company	100%

These separate financial statements only relate to the activities, assets and liabilities of QD US Parcel A (Retail) Company and do not extend to include any other entities or investments of the Company. The Company has elected not to prepare consolidated financial statements in accordance with the provision of IFRS 10, as the Company's parent Company, QD US Real Estate Company, prepares and issues consolidated financial statements. The copies of the consolidated financial statements are available at Companies House, Crown Way, Cardiff CF14 3UZ.

The separate financial statements of the Company for the year ended 31 December 2018 were authorised for issue by the Board of Directors on 9 December 2021.

#### 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 2.1 Basis of preparation

The separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

The separate financial statements are presented in US dollars which is also the Company's functional currency because that is the currency of the primary economic environment in which the Company operates and is prepared on the historical cost basis. No rounding has been applied. The accounting policies set out below have, unless otherwise stated, been applied consistently as presented in these separate financial statements.

## QD US Parcel A (Retail) Company

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

As at 31 December 2018

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the separate financial statements are consistent with those followed in the preparation of the Company's annual separate financial statements for the year ended 31 December 2017, except for the adoption of new standards and interpretations effective as of 1 January 2018.

- IFRS 9 "Financial Instruments"
- IFRS 15 "Revenue from Contracts with Customers"
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment transactions
- Amendments to IFRS 4 applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- Amendments to IAS 28 Investments in Associated and Joint Ventures – Clarification that measuring Investees at fair value through profit or loss is an investment-by-investment choice
- Amendments to IFRS 1 First-time adoption of International Financial Reporting Standards – Deletion of short-term exemptions for first-time adopters
- Amendments to IAS 40 "Transfers of Investment Property"
- IFRIC 22 "Foreign Currency Transactions and Advances consideration"

During the year, the Company adopted the below amendments and improvements to the International Financial Reporting Standards that are effective for annual periods beginning on 1 January 2018.

The Company applies, for the first time, IFRS 15 Revenue from Contracts with Customers, and IFRS 9 Financial Instruments that require restatement of previous financial statements. Several other standard amendments and interpretation apply for the first time in 2018, but do not have an impact on the separate financial statements of the Company.

#### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes IAS 11 construction contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standards requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying the model to each of contracts with their customers. The standards also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company has adopted IFRS 15 with effect from 1 January 2018. The adoption of IFRS 15 did not result in changes to the amounts recognised in the separate financial statements. In accordance with the transition provisions in IFRS 15, the Company has adopted the new amendments retrospectively, but no restatement was done to the comparative amounts for the year 2017.

A new accounting policy was adopted for revenue recognition however, it did not have a financial impact to the balances as at 1 January 2018.

#### **IFRS 9 Financial Instruments**

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. In accordance with transitional provisions in IFRS 9, comparative figures have not been restated.

The Company has applied IFRS 9 retrospectively but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

## QD US Parcel A (Retail) Company

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

As at 31 December 2018

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Changes in accounting policies and disclosures (continued)

*New and amended standards and interpretations adopted by the Company (continued)*

#### IFRS 9 Financial Instruments (continued)

##### *Classification and Measurement of financial assets*

On 1 January 2018, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 and has classified its financial instruments into the appropriate IFRS 9 categories.

With respect to debt instruments, there are no impact to the separate financial statements of the Company at 1 January 2018 since all of their debt instruments are already accounted at "amortised cost".

##### *Impairment of financial assets*

The Company Bank balances which are subject to IFRS 9's expected credit loss (ECL) model:

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets replacing the IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. The Company was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The adoption of the ECL requirements of IFRS 9 did not result in any material increases in impairment allowances of the Company's debt financial assets.

The accounting for the Company's financial liabilities remains largely the same as it was under IAS 39. See accounting policies adopted as at 1 January 2018 for the Classification, measurement and new impairment policy of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

The other standards and interpretations did not have any impact on the Company's performance and financial position for the current year.

### 2.3 Standards and interpretations issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's separate financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

<i>Contents</i>	<i>Effective dates</i>
IFRS 16: Leases	1 January 2019
IFRS 17: Insurance Contracts	1 January 2021
IFRIC Interpretation 23 Uncertainty over Income Tax Treatment	1 January 2019
Amendments to IFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to IAS 28: Long-term interests in associates and joint ventures	1 January 2019
Annual Improvements 2015-2017 Cycle (issued in December 2017)	1 January 2019
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

The Company has not early adopted any standards, interpretations or amendments that have been issued but not yet effective.

## QD US Parcel A (Retail) Company

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

As at 31 December 2018

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of significant accounting policies

#### *Going concern*

Based on the positive Statement of Financial Position and profits made during the year the Directors believe it is appropriate for the Company to prepare its separate financial statements on a going concern basis. In making this assessment the directors believe the Company has access to adequate funding to meet the Company's liabilities as they fall due for at least the foreseeable future.

The directors are of the view that there is no material impact on the company as a result of COVID-19. In forming this view the directors have considered that the main source of income is investment income to be received from the company's subsidiary. The company's subsidiary has real estate assets that are expected to generate returns over the holding period sufficient to repay the investment in the company's subsidiary plus additional returns.

#### *Investments in a subsidiary*

A subsidiary is an entity over which the Company has control. Control is achieved when;

- (i) has power over the investee;
- (ii) is exposed, or has rights, to variable returns from its involvement with the investee; and
- (iii) has the ability to use its power to affect its returns.

Investments in a subsidiary is stated at cost less, where appropriate, provisions for impairment of the subsidiary.

#### *Impairment of non-financial assets*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

#### *Financial instruments*

A financial instrument is any contract that gives rise to financial asset of one entity and a financial liability or equity instrument of another entity.

#### *Accounting policies adopted from 1 January 2018*

##### **(a) Financial assets**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

#### *Initial recognition and measurement*

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

## QD US Parcel A (Retail) Company

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

As at 31 December 2018

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of significant accounting policies (continued)

#### Financial instruments (continued)

*Accounting policies adopted from 1 January 2018 (continued)*

#### (a) Financial assets (continued)

##### *Initial recognition and measurement (continued)*

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Business model:** the business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at fair value through profit or loss ('FVTPL'). Factors considered by the Company in determining the business model for a Company of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

**SPPI:** Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (Profit) (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest (Profit) includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at Fair value through profit or loss (FVTPL).

##### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- ▶ Financial assets at amortised cost (debt instruments)
- ▶ Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- ▶ Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- ▶ Financial assets at fair value through profit or loss

##### *Financial assets at amortised cost (debt instruments)*

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## QD US Parcel A (Retail) Company

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

As at 31 December 2018

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of significant accounting policies (continued)

#### Financial instruments (continued)

*Accounting policies adopted from 1 January 2018 (continued)*

#### (a) Financial assets (continued)

##### *Subsequent measurement (continued)*

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes bank balances.

##### *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

##### *Impairment of financial assets*

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to record an allowance for ECLs for all loans and other debt financial assets not held at FVTPL.

#### (b) Financial liabilities

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of borrowing and payables, net of directly attributable transaction costs.

The Company's financial liabilities include due to related parties and accrued expenses.



## QD US Parcel A (Retail) Company

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

As at 31 December 2018

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of significant accounting policies (continued)

#### Financial instruments (continued)

*Accounting policies adopted from 1 January 2018 (continued)*

#### (b) Financial liabilities (continued)

##### *Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

##### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the separate statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

##### *Borrowing (amortised cost)*

After initial recognition, interest-bearing borrowing are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. The Company's financial liabilities such as due to related parties and accruals and other payables can be categories in to this category.

##### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

#### (c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

*Accounting policies applied up to 31 December 2017*

#### Financial assets

##### *Initial recognition and measurement*

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

## QD US Parcel A (Retail) Company

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

As at 31 December 2018

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of significant accounting policies (continued)

*Accounting policies applied up to 31 December 2017 (continued)*

#### **Financial assets (continued)**

##### *Initial recognition and measurement (continued)*

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial asset pertain to bank balances and cash.

#### **Bank balances**

For the purpose of the statement of cash flows, bank balances consist of bank balances, net of outstanding bank overdrafts.

#### **Impairment and uncollectibility of financial assets**

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the statement of comprehensive income. Impairment is determined as follows:

- (a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of comprehensive income;
- (b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and
- (c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

#### **Financial liabilities**

##### *Initial recognition*

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Company's financial liability pertains to accrued expenses.

##### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that do not meet the hedge accounting criteria as defined by IAS 39.

Gains or losses on liabilities held for trading are recognised in the separate statement of comprehensive income.

The Company has not designated any financial liabilities as at fair value through profit or loss.

#### **Accruals**

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

## QD US Parcel A (Retail) Company

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

As at 31 December 2018

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of significant accounting policies (continued)

*Accounting policies applied up to 31 December 2017 (continued)*

#### **Derecognition of financial assets and liabilities**

##### *Financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

##### *Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

##### *Interest income*

The only source of revenue for the Company is interest on the intercompany loan as detailed below.

Interest income comprises interest from loans to the subsidiary. Interest income is recognised as it accrues in the separate Statement of Comprehensive Income, using the effective interest method.

##### *Taxation*

Tax on profit or loss for the year comprises current and deferred tax. Tax is recognised in profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

##### *Provisions*

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

##### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

##### *Fair values*

The fair value is the estimated amount for which assets could reasonably be exchanged for on the date of valuation between a willing buyer and a willing seller in an arm's length transaction wherein the buyer and seller has each acted knowledgeably, prudently and without compulsion. Fair value of interest bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

**2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.4 Summary of significant accounting policies (continued)**

**Use of estimates**

The preparation of separate financial statements in conformity with International Financial Reporting Standards requires that management make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future.

**Current versus non-current classification**

The Company presents assets and liabilities based on current/non-current classification.

An asset is current when:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

**3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the separate financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and impairment, transfer pricing, recoverability of intercompany and including expectations of future events that are believed to be reasonable under the circumstances. The key estimate and judgments are:

*Key Estimates*

- Going concern – as detailed in note 2.4 under 'Going Concern'.
- Functional currency – as detail in note 2.1 under 'Basis of Preparation'.

*Key Judgements*

- Accruals – being the timing and value of liabilities incurred to the year-end but not received.

# QD US Parcel A (Retail) Company

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

As at 31 December 2018

### 4 INVESTMENT IN A SUBSIDIARY

The Company has the following investment in a subsidiary:

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>Company's effective shareholding</i>		<i>Company's cost of investment</i>	
		<i>2018</i>	<i>2017</i>	<i>2018 USD</i>	<i>2017 USD</i>
CCDC Retail Inc.	United States	100%	100%	<u>15,600,458</u>	<u>15,600,458</u>

The subsidiary's principal place of business is 16 Grosvenor Street, London, W1K 4QF. All issued and outstanding shares are ordinary in nature.

### 5 OPERATING PROFIT / (LOSS)

	<i>2018 USD</i>	<i>2017 USD</i>
Included in the operating profit / (loss) are the following amounts paid to the auditor		
Audit of separate financial statements	<u>4,000</u>	<u>9,180</u>

### 6 STAFF COSTS

The Company did not have employees during the current or prior year. The directors' received no remuneration or fees for their service to the Company in 2018 (2017: nil).

### 7 TAXATION

	<i>2018 USD</i>	<i>2017 USD</i>
<b>Reconciliation of total tax charge/(credit)</b>		
Profit for the year	<u>49,803</u>	<u>323,355</u>
Tax at the UK standard corporation tax rate of 19% (2017: 19.25%)	9,463	62,246
Expenses not taxable / expenses not deductible	116	-
Utilization of tax losses and group relief surrendered	<u>(9,579)</u>	<u>(62,246)</u>
Total tax charge/(credit)	<u>-</u>	<u>-</u>

Corporation tax is calculated at 19% effective 1 April 2017 (2017: 19.25%) of the estimated taxable profit for the year.

Group relief is surrendered in accordance with the provisions of Part 5 of the Corporation Tax Act 2010. Where losses exceed amounts surrendered to other members of the QD US Real Estate Group, these losses will be carried forward.

### 8 BANK BALANCES

	<i>2018 USD</i>	<i>2017 USD</i>
Bank balances	<u>91,943</u>	<u>144,237</u>

## QD US Parcel A (Retail) Company

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

As at 31 December 2018

#### 9 SHARE CAPITAL

The authorised share capital of the Company is USD 150,000 (2017: USD 150,000) divided into 150,000,000 (2017: 150,000,000) participating shares of USD 0.001 par value. Shares are issuable at USD 0.001 per share, with the excess above par values credited to a share premium reserve. The share premium reserve is available for use only in the circumstances prescribed in the Company's Articles of Association.

Quantitative information about the Company's capital is provided in the table below. These shares are entitled to dividends when declared and to payment of a proportionate share of the Company's net asset value upon winding up of the Company.

At 31 December, the issued share capital is as follows:

<i>31 December 2018</i>	<i>Number of shares</i>	<i>Par value</i>	<i>Share capital USD</i>	<i>Share premium USD</i>	<i>Total USD</i>
Shares:					
Ordinary shares	<u>17,222,034</u>	USD 0.001	<u>17,222</u>	<u>11,222,937</u>	<u>11,240,159</u>
	<i>Number of shares</i>	<i>Par value</i>	<i>Share capital USD</i>	<i>Share premium USD</i>	<i>Total USD</i>
<i>31 December 2017</i>					
Shares:					
Ordinary shares	<u>17,222,034</u>	USD 0.001	<u>17,222</u>	<u>13,449,006</u>	<u>13,466,228</u>

#### 10 DIVIDENDS

	<i>2018 USD</i>	<i>2017 USD</i>
Amounts recognised as distributions to equity holders in the period:		
Final dividend paid for the year ended 31 December 2018 (equivalent to 13 cents per share, 2017: 48 cents per share)	<u>2,226,069</u>	<u>8,300,000</u>

Based on a resolution of the shareholder, the final dividend was paid out during the year from the share premium account. This was in accordance with Article 38.1 of the Company's Memorandum and Articles of Association. The payment of this dividend will not have any tax consequences on the Company.

#### 11 RELATED PARTIES

Related parties represent associated entities, shareholder, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

##### Related party transactions

Transactions with related parties included in the separate statement of comprehensive income is as follows:

	<i>2018 USD</i>	<i>2017 USD</i>
<i>Shareholder: QD US Real Estate Company</i>		
Management fees	<u>33,707</u>	<u>50,450</u>
<i>Subsidiary: CCDC Retail Inc.</i>		
Interest income	<u>95,004</u>	<u>389,868</u>

**QD US Parcel A (Retail) Company**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
As at 31 December 2018

**11 RELATED PARTIES (CONTINUED)**

**Related party balances**

Balances with related parties included in the separate statement of financial position are as follows:

	<i>2018</i> <i>USD</i>	<i>2017</i> <i>USD</i>
<i>Loan to a related party: CCDC Retail Inc.</i>		
Loan receivable	145,789	2,024,704
Interest receivable on loan	<u>95,004</u>	<u>389,868</u>
	<u>240,793</u>	<u>2,414,572</u>
<i>Classified as</i>		
Current – receivable within one year	<u>240,793</u>	<u>826,345</u>
Non-current – receivable after one year	<u>-</u>	<u>1,588,227</u>

The loan to a related party is denominated in USD and was granted on 28 February 2014. The loan carries an interest of 6.5% and is repayable in quarterly instalments until 31 December 2025.

	<i>2018</i> <i>USD</i>	<i>2017</i> <i>USD</i>
<i>Due to a shareholder:</i>		
QD US Real Estate Company	<u>9,462</u>	<u>54,014</u>

**Terms and conditions of transactions with related parties**

Transactions with related parties are made at terms approved by the Directors. Outstanding balances at the reporting date are unsecured, interest free and the settlement occurs in cash, except for the loans receivable, which carry interest at market rates. There have been no guarantees provided or received for any related party receivables or payables.

**Compensation of key management personnel**

There was no remuneration paid to key management during the year.

**12 FINANCIAL RISK MANAGEMENT**

**Objective and policies**

The Company's principal financial liabilities comprise of amounts due to related party and accrued expenses. The main purpose of these financial liabilities is to manage the working capital requirements for the Company's operations. The Company has financial assets such as bank balances, which arise directly from its operations as well as loan to a related party and amounts due from a related party.

The main risks arising from the Company's financial instruments are market risk, credit risk and liquidity risk. The management reviews and agrees policies for managing each of these risks, which are summarised below.

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company is in the process of setting acceptable parameters, based on value at risk, that may be accepted and monitored on a daily basis.

## QD US Parcel A (Retail) Company

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

As at 31 December 2018

#### 12 FINANCIAL RISK MANAGEMENT (CONTINUED)

##### Interest rate risk

Interest rate risk arises due to the changes in market interest rates, affecting the floating rate financial instruments of the Company. At the reporting date, the Company had no floating rate financial assets or financial liabilities, on which the Company would be exposed to interest rate risk (2017: Nil).

##### Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company does not hedge its exposures to currency risk. There are no financial instruments exposed to foreign currency fluctuations at the reporting date (2017: Nil).

##### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge a financial obligation and cause the other party to incur a financial loss and arises from the operations of the Company. The Company's exposure to credit risk is indicated by the carrying amount of its financial assets, which consists primarily of bank balances and loan to a related party.

The Company seeks to limit its credit risk with respect to banks by dealing with reputable banks. The Company's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets in the separate statement of financial position.

##### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. The Company limits its liquidity risk by ensuring financing facilities are available from its shareholders, through capital calls.

The table below summarises the maturities of the Company's undiscounted financial liabilities based on contractual payment dates and current market interest rates.

<b>31 December 2018</b>	<b><i>Less than 1 year USD</i></b>	<b><i>1 to 5 years USD</i></b>	<b><i>&gt; 5 years USD</i></b>	<b><i>Total USD</i></b>
Amounts due to a related party	9,462	-	-	9,462
Accrued expenses	11,047	-	-	11,047
<b>Total</b>	<b>20,509</b>	<b>-</b>	<b>-</b>	<b>20,509</b>
<b>31 December 2017</b>	<b><i>Less than 1 year USD</i></b>	<b><i>1 to 5 years USD</i></b>	<b><i>&gt; 5 years USD</i></b>	<b><i>Total USD</i></b>
Amounts due to a related party	54,014	-	-	54,014
Accrued expenses	16,303	-	-	16,303
<b>Total</b>	<b>70,317</b>	<b>-</b>	<b>-</b>	<b>70,317</b>

##### Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the year ended 31 December 2018 and 2017.

Capital comprises share capital, share premium and retained earnings and is measured at 31 December 2018 USD 15,934,360 (2017: USD 18,110,626).



**13 SUBSEQUENT EVENTS DISCLOSURES**

The outbreak of Novel Coronavirus (COVID 19) continues to progress and evolve. Therefore, it is challenging now, to predict the full extent and duration of its business and economic impact. The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorisation of these separate financial statements. These developments could impact our future financial results, cash flows and financial condition.

As detailed within note 2.4 under 'Going Concern' the directors are of the view that there is no material impact on the company as a result of COVID-19. In forming this view the directors have considered that the main source of income is investment income to be received from the company's subsidiary. The company's subsidiary has real estate assets that are expected to generate returns over the holding period sufficient to repay the investment in the company's subsidiary plus additional returns.