



Independent Auditors' Report

To the Board of Directors and Shareholders
VIRTUE FINTECH FZ-LLC ("VIRTUE")
Dubai Internet City, Dubai, United Arab Emirates

Report on the First Swap Back of FARAD Cryptokens on 20th March 2018

Summary of Events

Farad Swap Back

Under the terms of the contract manufacturing and sales agency agreement, HK Aerospace Beidou ("HKAB") agrees to act as agent on behalf of VIRTUE to sell 5,555,555.56 mF of UCCs monthly for the next 36 months at a price of US\$ 0.145 per mF.

VIRTUE will then offer to swap-back an equal amount of FRD holdings from the holders for the next 36 months based on the calculation below:

Total FRD = 200, 000, 000

Quarterly FRD swap-back = 16,666,666.67 FRD

FRD swap-back price = US\$ 0.145 per FRD redeemable in ETH equivalent at the time of redemption.

Farad Swap Back Dates

Swap-back dates: 20th March 2018, 20th June 2018, 20th September 2018, 20th December 2018, 20th March 2019, 20th June 2019, 20th September 2019, 20th December 2019, 20th March 2020, 20th June 2020, 20th September 2020, 20th December 2020.

First Token Swap Back

The First Swap Back was conducted on 20th March 2018.

Relevant Dates of the First Swap Back

Day 0 : 20th December 2017 – Start of Contract Manufacturing

Day 1 : 21st December 2017 – Start of Swap Back Request Period

Day 82 : 12th March 2018 – End of Swap Back Request Period

Day 83 : 13th March 2018 – Start of ETH Conversion*

Day 89 : 19th March 2018 – End of ETH Conversion*

Day 90 : 20th March 2018 – FRD Swap Back Date

***Terms of the Swap Back** – Conversion will be based on the average 7 days best price from the top 10 most liquid exchanges on best effort basis.

USD/ETH Conversion Reference Price

Top 10 Exchanges (Average 7 Days Best Price)

| Exchange | 7 Days Best Price ETH/USD | | | | | | | Average Best Price |
|------------|---------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|--------------------|
| | 13 th March | 14 th March | 15 th March | 16 th March | 17 th March | 18 th March | 19 th March | |
| Bitfinex | 714.30 | 702.41 | 620.00 | 626.39 | 609.84 | 562.20 | 558.53 | 627.67 |
| GDAX | 713.45 | 702.50 | 621.47 | 626.13 | 609.94 | 587.74 | 560.90 | 631.73 |
| OKEx** | 727.00 | 702.00 | 654.39 | 648.00 | 622.73 | 578.37 | 561.00 | 641.93 |
| Huobi** | 714.99 | 702.44 | 655.67 | 626.00 | 625.00 | 579.00 | 559.00 | 637.44 |
| Binance** | 713.76 | 703.54 | 621.12 | 625.30 | 609.26 | 560.00 | 560.00 | 627.57 |
| Kraken | 715.78 | 702.99 | 621.40 | 627.51 | 609.30 | 553.44 | 557.98 | 626.91 |
| HitBTC** | 721.39 | 718.30 | 651.24 | 642.94 | 628.75 | 582.70 | 578.95 | 646.32 |
| Bistamp | 715.00 | 703.51 | 653.96 | 625.51 | 624.89 | 577.50 | 561.52 | 637.41 |
| Bithumb* | 741.34 | 731.50 | 686.55 | 635.16 | 635.16 | 597.74 | 582.2 | 658.52 |
| Poloniex** | 714.22 | 703.41 | 620.85 | 624.51 | 610.91 | 561.13 | 559.73 | 627.82 |

Average 7 days best price of ETH/USD = USD636.33

*the KRW/USD exchange prevailing market price was applied instead

** ETH/USDT exchange prevailing market price was applied instead

Total Pay Out Made During First Swap Back

- **Total Redemption Amount in USD = USD 2,416,666.67**
- **Total ETH paid out for the First Swap Back = 3,797.80 ETH**

Role of Independent Auditor

Our role as Independent Auditors in the FRD Swap Back is to audit the total FRD exercised by FRD Cryptoken Holders and the USD/ETH conversion used by VIRTUE. At the same time we have also checked that the total FRD swapped back does not exceed the Quarterly FRD swap-back allocation which is 16,666,666.67 FRD quarterly.

Farad Cryptoken Redemption Report

We have audited the Farad Cryptoken Redemption Report, dated 19th March 2018, prepared by Virtue Fintech FZ-LLC as Programme Manager.

Programme Manager's Responsibility for Farad Cryptoken Redemption Report

Virtue Fintech FZ-LLC as the Programme Manager is responsible for the fair preparation of the Farad Cryptoken Redemption Report in accordance with representation given in the Farad Swap Back Program and that the said report is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Farad Cryptoken Redemption Report based on our audits. We conducted the audit based on our standards that require we plan and perform the audit to obtain reasonable assurance about whether the Farad Cryptoken Redemption Report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts of Farad Cryptokens that were exercised and disclosed in the Farad Cryptoken Redemption Reports. The procedures selected depends on the auditor's judgement, including the assessment of the risks of material misstatement of the Farad Cryptoken Redemption Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Farad Cryptoken Redemption Report 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 entity's internal control. Accordingly, we express no such opinion.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the Farad Cryptoken Redemption Report fairly presents the proper Redemption of the Farad Cryptoken under the Farad Swap Back Program and in all material aspect the total Farad Cryptokens exercised and the USD/ETH conversion applied during the Swap Back Program as at 20th March 2018 are correct.

The total FRD Cryptokens Swap Back Exercised during the First Swap Back as at 20th March 20th 2018 was 16,666,666.67 FRDs.

Azli Noor

A handwritten signature in black ink, appearing to be 'Azli Noor', written in a cursive style.

20th March 2018