

INC SHANGHAI (HOLDING) LIMITED A/S

Rørmosevej 2
3450 Allerød

Annual report
1 January 2016 - 31 December 2016

**The annual report has been presented and
approved on the company's general meeting the**

21/06/2017

Advokat Tyge Jesper Rothe
Chairman of general meeting

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Company information

Reporting company INC SHANGHAI (HOLDING) LIMITED A/S
Rørmosevej 2
3450 Allerød

CVR-nr: 19671097
Reporting period: 01/01/2016 - 31/12/2016

Auditor ERNST & YOUNG GODKENDT REVISIONSPARTNERSELSKAB
Osvald Helmuths Vej 4
2000 Frederiksberg
DK Denmark
CVR-nr: 30700228
P-number: 1013415044

Statement by Management

The Executive and Supervisory Boards have today considered and adopted the Annual Report of INC Shanghai (Holding) Limited A/S for the financial year ended 31 December 2016.

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

Opinion of the Directors

In our opinion, the Financial Statements give a true and fair view of the financial position as at 31 December 2016 of the Company and of the results of the Company operations for 2016.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results for the year and of the financial position of the Company as well as a description of the most significant risks and elements of uncertainty facing the Company.

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

Allerød, the 21/06/2017

Management

Deniz Ipek

Board of directors

Tyge Jesper Rothe

Stuart Richard Boyce
Chairman

Deniz Ipek

The independent auditor's report on financial statements

To the shareholders of INC Shanghai (Holding) Limited A/S

Opinion

We have audited the financial statements of INC Shanghai (Holding) Limited A/S for the financial year 1 January – 31 December 2016, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Responsibilities of management for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or

error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 21/06/2017

Søren Skov Larsen
State Authorised Public Accountant

Allan Nørgaard
State Authorised Public Accountant

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Management's Review

Business Review

The objective of the company is to hold shares.

INC Shanghai (Holding) Limited A/S is 100% owned by Dumex Nutrition Ltd. A/S, Copenhagen.

Financial Review

The profit of the year is TDKK 20,945 compared to profit of TDKK 52,184 last year. The profit is primarily related to an exchange rate gain of TDKK 17,167 from the intercompany balance. In 2015 there was an exchange rate gain of TDKK 59,341.

Subsequent Events

No events have occurred since the year-end, which could have a significant effect on the company's financial position at 31 December 2016.

Targets and Expectations for the year ahead

It is expected that the result for 2017 is going to be 0, as all activity in the company has been sold. The result will however be affected by a translation adjustment on the intercompany balances.

Accounting Policies

The annual report has been prepared in accordance with the regulation applying to Reporting class B. There have been options of certain rules in reporting class C.

Basis of Preparation

The Annual Report of INC Shanghai (Holding) Limited A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to companies of reporting class B with certain disclosures requirements for class C medium.

With effect from 1 January 2016, the Company has implemented Law No. 738 of June 1, 2015.

In addition to new and amended presentation and disclosure requirements pursuant to Act No. 738 of June 1, 2015, the financial statements have been prepared in accordance with the same accounting policies as last year

The Annual Report for 2016 is presented in DKK thousands.

General recognition and measurement criteria

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the assets will flow to the company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable there will be an outflow of future economic benefits from the company, and the value of the liability can be measured reliably.

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

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rates at the transaction date. Gains and losses arising between the exchange rates at the transaction date and the exchange rates at the settlement date are recognised in "Financing expenses and income, net" in the income statement.

Receivables, payables and other monetary items in foreign currencies not settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Differences between the exchange rates at the balance sheet date and the exchange rates at the time of the occurrence of the receivable or the payable are recognised in "Financing expenses and income" in the income statement.

INCOME STATEMENT

All substantial profits and costs are accrued.

Administrative Expenses

Administrative expenses comprise expenses for administrative staff, office expenses, audit, etc.

Financing Expenses and Income

Financing expenses and income comprise interest receipts and costs, exchange gains and losses on debt and transactions in foreign currencies.

Corporation Tax and Deferred Tax

For the income year 2016 the company was jointly taxed with Nutricia A/S, International Nutrition Co. Ltd. A/S, Dumex Nutrition Ltd. A/S, Danone Denmark (rep office) and Agua Dór Mineral Water A/S. A contribution of 22% of the profit before tax has been set aside for joint taxation.

The tax for the year consists of current tax and movements in deferred tax for the year. The tax relating to the profit for the year is recognised in the income statement, whereas the tax directly relating to items recognised in equity is recognised directly in equity.

The company has no deferred tax liabilities.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realizable value. Provisions for bad debts are made.

Financial Liabilities

Other liabilities comprising trade payables, payables to subsidiaries and associated undertakings and other liabilities are measured at amortised cost.

Income statement 1 Jan 2016 - 31 Dec 2016

	Disclosure	2016 kr.	2015 kr.
Administrative expenses	1	-707	-169
Profit (loss) from ordinary operating activities		-707	-169
Other finance income	2	28,272	59,341
Profit (loss) from ordinary activities before tax		27,565	59,172
Tax expense	3	-6,620	-6,988
Profit (loss)		20,945	52,184
Proposed distribution of results			
Proposed dividend recognised in equity		0	0
Retained earnings		20,945	52,184
Gross		20,945	52,184

Balance sheet 31 December 2016

Assets

	Disclosure	2016 kr.	2015 kr.
Receivables from group enterprises		550,377	552,215
Other receivables		89	
Receivables		550,466	552,215
Current assets		550,466	552,215
Total assets		550,466	552,215

Balance sheet 31 December 2016

Liabilities and equity

	Disclosure	2016 kr.	2015 kr.
Contributed capital	4	10,010	10,010
Retained earnings		539,617	518,672
Total equity		549,627	528,682
Payables to group enterprises		211	2,040
Tax payables		571	21,332
Other payables, including tax payables, liabilities other than provisions		57	161
Short-term liabilities other than provisions, gross		839	23,533
Liabilities other than provisions, gross		839	23,533
Liabilities and equity, gross		550,466	552,215

Statement of changes in equity 1 Jan 2016 - 31 Dec 2016

	Contributed capital	Retained earnings	Total
	kr.	kr.	kr.
Equity, beginning balance	10,010	518,672	528,682
Profit (Loss)		20,945	20,945
Equity, ending balance	10,010	539,617	549,627

2015	Share capital	Retained earnings	Total
	T.DKK	T.DKK	T.DKK
Equity at 1 January 2015	10,010	466,488	476,498
Net profit/(loss) for the year	-	52,184	52,184
Equity at 31 December 2015	10,010	20,945	528,682

Disclosures

1. Administrative expenses

Staff

No fees have been paid to the executive board and the supervisory board.
There were no employees in the company in 2016 and 2015.

Administrative expenses

	2016 T.DKK	2015 T.DKK
Litigation charges & fees	33	60
Consulting fees	25	71
Auditor fees	110	38
Tax Interest Surcharge	539	0
	707	169

2. Other finance income

	2016 T.DKK	2015 T.DKK
Interest on intercompany balances	10,949	0
Interest income	156	0
Exchange rate gain	17,167	59,341
Exchange rate loss	0	0
	28,272	59,341

3. Tax expense

	2016 T.DKK	2015 T.DKK
Current tax for the year	5,175	13,905
Prior-year adjustments	1,445	-6,917
	6,620	6,988

4. Contributed capital

The share capital comprises:

	2016 T.DKK	2015 T.DKK
1 share of	8,000	8,000
1 share of	2,010	2,010
	10,010	10,010

5. Disclosure of contingent liabilities

The Company is jointly taxed with other Danish companies in the Danone Group. The Danish companies of the Group are jointly and severally liable to tax of the Group's jointly taxed income etc. Furthermore, the Danish companies of the Group are jointly and severally liable to the Danish withholding taxes in form of dividend tax, royalty tax and interest tax. Any future corrections to corporate taxes and withholding taxes can result in a larger amount of the Company's liability.

6. Disclosure of ownership

Groupe Danone S.A. Boulevard Haussmann 75009 Paris France - owns through ownership in other companies 100% of the share capital in Dumex Nutrition Ltd. A/S.

Dumex Nutrition Ltd. A/S Rørmosevej 2A 3450 Allerød - owns 100% of the share capital in INC Shanghai (Holding) Limited A/S.

Dumex Nutrition Ltd A/S is included in the consolidated Financial Statements of the ultimate parent company 'Groupe Danone S.A. in which INC Shanghai (Holding) Limited A/S also enter into as a subsidiary company.

The consolidated Financial Statements may be obtained on application to Groupe Danone S.A.

The Group Annual Report for Group Danone S.A. may be obtained at the following address:
Group Danone S.A. 17, bd Haussmann Paris France