

Muyang Europe (Denmark) Research & Development Center ApS

Kokholm 3B st. th., 6000 Kolding

CVR no. 35 52 58 90



Annual report 2016

Approved at the annual general meeting of shareholders on 9 May 2017

Chairman: 9/5-2017

Hans Ludvig Westh

Hans Ludvig Westh



Building a better
working world



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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Muyang Europe (Denmark) Research & Development Center ApS for the financial year 1 January - 31 December 2016.

The annual report, which has not been audited, has been prepared in accordance with the provisions of the Danish Financial Statements Act. The Board of Directors considers the criteria for omission of audit to be met.

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.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Kolding, 9 May 2017

Executive Board:

9/5 - 2017

Hans Ludvig Westh

Board of Directors:

Fan Tianming
Chairman

Chen Zhengjun

Liu Guangdao



Independent auditor's reports

To the shareholders of Muyang Europe (Denmark) Research & Development Center ApS

Report on extended review of the financial statements

We have performed an extended review of the financial statements of Muyang Europe (Denmark) Research & Development Center ApS for the financial year 1 January - 31 December 2016. The financial statements, comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, have been prepared in accordance with the Danish Financial Statements Act.

Management's responsibility 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. Further, management is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the financial statements. We have conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR - Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act.

This requires us to comply with the ethical requirements of the Danish Auditors Act and FSR - Danish Auditors and plan and perform procedures to obtain limited assurance for our conclusion on the financial statements and in addition perform specifically required additional procedures to obtain further assurance for our conclusion.

An extended review comprises procedures that primarily consist of making inquiries of management and others within the Company, as appropriate, analytical procedures and specifically required additional procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are substantially less than those performed in an audit, and we accordingly do not express an audit opinion on the financial statements.

Opinion

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

Statement on the management's review

Management is responsible for the Management's review.

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

In connection with our extended review 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 extended review, 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 the work we have performed, we conclude that Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's review.

Kolding, 9 May 2017



Muyang Europe (Denmark) Research & Development Center ApS
Annual report 2016

Independent auditor's reports

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

A handwritten signature in blue ink, appearing to read 'Claus E. Andreasen'.

Claus E. Andreasen
state authorised public accountant



Management's review

Company details

Name	Muyang Europe (Denmark) Research & Development Center ApS
Address, Postal code, City	Kokholm 3B st. th., 6000 Kolding
CVR no.	35 52 58 90
Registered office	Kolding
Financial year	1 January - 31 December
Board of Directors	Fan Tianming, Chairman Chen Zhengjun Liu Guangdao
Executive Board	Hans Ludvig Westh
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Kolding Åpark 1, 3. sal, 6000 Kolding, Denmark

Management commentary

Business review

The company's objective is to carry on researching and developing technology to produce feed machinery, biomass machinery, feed processing technology, animal farming equipment and related business primarily for the parent company.

Financial review

The income statement for 2016 shows a profit of DKK 508,461 against DKK 685,760 last year, and the balance sheet at 31 December 2016 shows equity of DKK 3,324,572. Management considers the company's financial performance for the year satisfactory.

Future

The company expects profit for 2017.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.



Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	2016	2015
	Gross margin	8,284,422	11,533,238
2	Staff costs	-7,345,707	-10,319,556
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-282,578	-282,583
	Profit before net financials	656,137	931,099
	Financial income	3,630	3,203
	Financial expenses	-6,551	-15,948
	Profit before tax	653,216	918,354
	Tax for the year	-144,755	-232,594
	Profit for the year	508,461	685,760
	Recommended appropriation of profit	508,461	685,760
	Retained earnings	508,461	685,760



Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2016	2015
	ASSETS		
	Fixed assets		
	Intangible assets		
	Acquired intangible assets	2,919	214,176
		<u>2,919</u>	<u>214,176</u>
	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	32,372	103,693
		<u>32,372</u>	<u>103,693</u>
	Total fixed assets	<u>35,291</u>	<u>317,869</u>
	Non-fixed assets		
	Receivables		
	Receivables from group entities	2,618,183	1,600,379
	Deferred tax assets	24,851	0
	Other receivables	195,345	340,563
	Prepayments	41,375	125,301
		<u>2,879,754</u>	<u>2,066,243</u>
	Cash	<u>1,023,463</u>	<u>2,295,764</u>
	Total non-fixed assets	<u>3,903,217</u>	<u>4,362,007</u>
	TOTAL ASSETS	<u>3,938,508</u>	<u>4,679,876</u>



Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2016	2015
	EQUITY AND LIABILITIES		
	Equity		
3	Share capital	80,000	80,000
	Retained earnings	3,244,572	2,736,111
	Total equity	3,324,572	2,816,111
	Provisions		
	Deferred tax	0	26,444
	Total provisions	0	26,444
	Liabilities		
	Current liabilities		
	Trade payables	96,462	242,734
	Income taxes payable	11,464	280,250
	Other payables	504,010	1,314,337
	Deferred income	2,000	0
		613,936	1,837,321
	Total liabilities other than provisions	613,936	1,837,321
	TOTAL EQUITY AND LIABILITIES	3,938,508	4,679,876

- 1 Accounting policies
- 4 Contractual obligations and contingencies, etc.
- 5 Collateral
- 6 Related parties



Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2016	80,000	2,736,111	2,816,111
Transfer through appropriation of profit	0	508,461	508,461
Equity at 31 December 2016	80,000	3,244,572	3,324,572



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Muyang Europe (Denmark) Research & Development Center ApS for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Changes to presentation and disclosures only

Effective 1 January 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures, the financial statements have been prepared based on the same accounting policies as last year.

The amendment act has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue is recognized in line with the R&D is performed and is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Gross margin

The items revenue, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

External expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration and premises, ect.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Software	3 years
Other fixtures and fittings, tools and equipment	3 years

Tax

Tax for the year includes current tax (22 %) on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Other intangible assets include acquired intangible rights, including software licences.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Items of other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation. Cost includes the acquisition price and costs directly related to the acquisition until the date at which the asset is ready for use.

Gains or losses arising from the sale of items of other fixtures and fittings, tools and equipment are recognised in the income statement under 'Other operating income' or 'Other operating expenses', respectively. Gains and losses are calculated by reference to the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the date of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK	2016	2015
2 Staff costs		
Wages/salaries	6,869,105	9,783,257
Pensions	366,507	414,227
Other social security costs	46,400	66,790
Other staff costs	63,695	55,282
	<u>7,345,707</u>	<u>10,319,556</u>
 Average number of full-time employees	 <u>7</u>	 <u>10</u>

3 Share capital

Analysis of the share capital:

800 shares of DKK 100.00 nominal value each

80,000	80,000
<u>80,000</u>	<u>80,000</u>

The Company's share capital has remained DKK 80,000 over the past 3 years.

4 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK	2016	2015
Rent and lease liabilities	<u>372,378</u>	<u>365,076</u>

5 Collateral

The company has not placed any assets, etc. as security for loans at 31/12 2016.

6 Related parties

Information about consolidated financial statements

Parent
Win Success Investment Limited

Domicile
People's Republic of China

Requisitioning of the parent
company's consolidated
financial statements

By enquiry to Win Success
Investment Limited