

Mille Food A/S

Unovej 1, 3390 Hundested
CVR no. 37 98 89 87

Annual report for the financial year 31.08.16 - 31.12.17

This annual report has been adopted at the
company's annual general meeting on

Chairman of the meeting

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke at the end, positioned below the text 'Chairman of the meeting'.

Company information etc.	3
Statement of the Board of Directors and Executive Board on the annual report	4
Independent auditor's report	5 - 7
Management's review	8
Income statement	9
Balance sheet	10 - 11
Statement of changes in equity	12
Cash flow statement	13
Notes	14 - 24

The company

Mille Food A/S
Unovej 1
3390 Hundested
Danmark
Registered office: Halsnæs
CVR no.: 37 98 89 87
Financial year: 31.08.2016 - 31.12.2017

Executive Board

Director Wei Qing Wang

Board Of Directors

Chairman Axel Christian Tesdorpf Castenschiold, chairman
Wentao Zhang
Qiang Liu
Director Wei Qing Wang
Ulrik Sletten

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6
Postboks 1600
0900 Copenhagen C

Statement of the Board of Directors and Executive Board on the annual report

We have on this day presented the annual report for the financial year 31.08.16 - 31.12.17 for Mille Food A/S.

The annual report is presented in accordance with Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the the company's assets, liabilities and financial position as at 31.12.17 and of the results of the the company's activities and cash flows for the financial year 31.08.16 - 31.12.17.

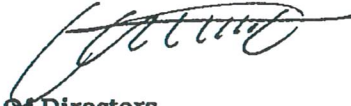
We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Hundested, March 21, 2018

Executive Board

Wei Qing Wang
Director



Board Of Directors

Axel Christian Tesdorpf
Castenschiold
Chairman



Wei Qing Wang
Director



Wentao Zhang



Ulrik Sletten



Qiang Liu



To the Shareholder of Mille Food A/S

Opinion

We have audited the financial statements of Mille Food A/S for the financial year 31.08.16 - 31.12.17, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, inclusive of accounting policies. The financial statements are prepared in accordance with Danish Financial Statements Act

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.17 and of the results of the company's operations and cash flows for the financial year 31.08.16 - 31.12.17 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing and the 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 the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement regarding the management's review

Management is responsible for management's review.

Our opinion 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 audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether 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 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 Statements Acts. We did not identify any material misstatement of management's review.

Management's responsibility for the financial statements

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the 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 responsibilities for the audit of the financial statements

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 International Standards on Auditing and the 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 these financial statements.

As part of an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment 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.

Independent auditor's report

- 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 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 contents of the financial statements, including the 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.

Copenhagen, March 21, 2018

**Deloitte Statsautoriseret
Revisionspartnerselskab**

CVR no. 33963556



Jens Jørgensen Baes
State Authorized Public Accountant
MNE-no. mne14956

Primary activities

The year in review

2016-2017 has been years of building our new factory to produce Infant Formula. With hard work and dedicated efforts, the company has succeeded in building a new 13,000 sqm production facility in Denmark. The factory is equipped with state-of-the-art equipment from the leading European dairy equipment manufacturers. Our factory is certified according to the HACCP and FSSC 22000 Food Safety Systems and is located in the green, environment-friendly countryside 70 kilometers north-west of Denmark's capital city Copenhagen. December 18, 2017 our factory received the factory approval from "Certification and Accreditation Administration of the people's Republic of China "(CNCA), as the 2nd factory in Denmark.

Spring 2018

The company expects a profit before tax for the coming year. The company's investments in property, plant and equipment are expected to be fully realized in the coming year and contribute to improved results.

During spring 2018 Mille Food A/S has received registration and approvals from "China Food and Drug Administration" (CFDA). With this milestone in place, production of Infant Formula to China will start in the spring of 2018. 9 recipes have been approved and will be ready for sale early 2018.

Outlook

Our customers are now present in approximately 10,000 shops all over China as the best-selling infant formula brand from Denmark in China, and we expect the strong growth to continue in the following years. This high demand for the company's products will put the factory to high production capacity in a foreseeable timeframe. With new regulation on Chinese market for Infant Formula the company is in a good position for growth.

Mille Standard

In Mille we believe, that quality is the main driver for our success. That is why we have introduced Mille Standard. The new Mille Standard will enforce higher quality requirements from suppliers and from our own production standards. We will only work with the best partners. That is why we are a proud sponsor of the Danish Badminton National Team. The partnership with Badminton Denmark, stipulates our strong commitment to Denmark and high quality.

Mille is the result of a strong partnership between Denmark and China.

Income statement

	31.08.16
	31.12.17
Note	DKK
Gross loss	-4,994,492
1 Staff costs	-3,540,834
Profit/loss before depreciation, amortisation, write-downs and impairment losses	-8,535,326
2 Financial expenses	-158,964
Profit/loss before tax	-8,694,290
Tax on profit or loss for the year	1,877,715
Profit/loss for the year	-6,816,575
Proposed appropriation account	
Retained earnings	-6,816,575
Total	-6,816,575

Balance sheet

ASSETS		31.12.17
		DKK
Note		
	Property, plant and equipment under construction	67,257,824
3	Total property, plant and equipment	67,257,824
4	Equity investments in group enterprises	500,000
	Deposits	22,000
	Total investments	522,000
	Total non-current assets	67,779,824
	Raw materials and consumables	1,071,825
	Total inventories	1,071,825
6	Deferred tax asset	1,877,715
	Other receivables	1,832,590
	Total receivables	3,710,305
	Cash	8,978,000
	Total current assets	13,760,130
	Total assets	81,539,954

EQUITY AND LIABILITIES		31.12.17
		DKK
Note		
5	Share capital	40,000,000
	Retained earnings	-6,816,575
	Total equity	33,183,425
7	Payables to other credit institutions	8,026,948
7	Other payables	26,530,929
	Total long-term payables	34,557,877
7	Short-term portion of long-term payables	3,809,000
	Trade payables	2,735,731
	Payables to group enterprises	6,155,503
	Other payables	1,098,418
	Total short-term payables	13,798,652
	Total payables	48,356,529
	Total equity and liabilities	81,539,954
8	Contingent liabilities	
9	Charges and security	
10	Related parties	

Statement of changes in equity

Figures in DKK	Share capital	Retained earnings
Statement of changes in equity for 31.08.16 - 31.12.17		
Capital contributed on establishment	500,000	0
Capital increase	39,500,000	0
Net profit/loss for the year	0	-6,816,575
Balance as at 31.12.17	40,000,000	-6,816,575

Cash flow statement

		31.08.16
		31.12.17
Note		DKK
<hr/>		
	Net profit/loss for the year	-6,816,575
11	Adjustments	-1,718,751
	Change in working capital:	
	Inventories	-1,071,825
	Receivables	-1,832,590
	Trade payables	2,735,731
	Other payables relating to operating activities	7,253,921
<hr/>		
	Cash flows from operating activities before net financials	-1,450,089
	Interest expenses and similar expenses paid	-158,964
<hr/>		
	Cash flows from operating activities	-1,609,053
<hr/>		
	Purchase of property, plant and equipment	-67,257,824
	Purchase of investments	-522,000
<hr/>		
	Cash flows from investing activities	-67,779,824
<hr/>		
	Raising of additional capital	40,000,000
	Arrangement of credit institutions	38,366,877
<hr/>		
	Cash flows from financing activities	78,366,877
<hr/>		
	Total cash flows for the year	8,978,000
<hr/>		
	Cash, end of year	8,978,000
<hr/>		
	Cash, end of year, comprises:	
	Cash	8,978,000
<hr/>		
	Total	8,978,000
<hr/>		

31.08.16

31.12.17

DKK

1. Staff costs

Wages and salaries	2,313,554
Pensions	857,875
Other staff costs	369,405
Total	3,540,834

Average number of employees during the year	14
---	----

Salaries transferred to property, plant and equipment under construction	-4,989,700
--	------------

2. Financial expenses

Interest, group enterprises	120,721
Other interest expenses	21,038
Foreign exchange losses	7,630
Other financial expenses	9,575
Other financial expenses total	38,243
Total	158,964

3. Property, plant and equipment

Figures in DKK	Property, plant and equipment under construction
Additions during the year	67,257,824
Cost as at 31.12.17	67,257,824
Carrying amount as at 31.12.17	67,257,824
Interest expenses included in cost as at 31.12.17	571,169

4. Equity investments in group enterprises

Figures in DKK	Equity invest- ments in group enterprises
Additions during the year	500,000
Cost as at 31.12.17	500,000
Carrying amount as at 31.12.17	500,000

5. Share capital

The share capital consists of:

Capital contributed on establishment 31.08.16 A-Shares	1,000	500
Capital increase 28.06.2017 A-Shares	1,000	39,500
Total		40,000

The share capital capital has been fully paid in at the balance sheet date.

6. Deferred tax

Deferred tax recognised in the income statement	1,877,715
Additions relating to mergers and acquisition of enterprises as at 31.12.17	1,877,715
Deffered tax comprises:	
Tax losses	1,877,715

As at 31.12.2017, the enterprise has recognised a deferred tax asset of DKK 1,877,715, which can primarily be attributed to tax losses carried forward. The deferred tax asset is recognised on the basis of expectations of positive operating results over the coming 3 years as there will be mentioned in the management's review.

7. Longterm payables

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.17	Total payables at 30.08.16
Payables to other credit institutions	1,250,000	2,083,033	9,276,948	9,276,948
Other payables	2,559,000	3,474,795	29,089,929	29,089,929
Total	3,809,000	5,557,828	38,366,877	38,366,877

8. Contingent liabilities

Total contingent liabilities	179,485	0
------------------------------	---------	---

9. Charges and security

The company has issued mortgage deeds registered to the mortgagor in the total amount of DKK 68,820,000 secured upon property, plant and equipment under construction with a carrying amount of DKK 67,132,824.

As company for debt to credit institutions, a company charge of DKK 20,000,000 has been provided comprising property and plant under construction. The total carrying amount of the comprised assets is DKK 31,804,356.

10. Related parties

Controlling influence:	Basis of influence
Mille Dairy Co. Ltd, Kina	Significant voting rights
Wei Qing Wang, Søgårdsvej 23, 2820 Gentofte	Significant voting rights

11. Adjustments for the cash flow statement

Financial expenses	158,964
Tax on profit or loss for the year	-1,877,715
Total	-1,718,751

12. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

No comparative figures have been provided as this is the company's first financial year.

In accordance with section 110 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

12. Accounting policies - continued -**INCOME STATEMENT****Gross loss**

Gross loss comprises other operating income and raw materials and consumables and other external expenses.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

12. Accounting policies - continued -**Tax on profit/loss for the year**

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

12. Accounting policies - continued -**BALANCE SHEET****Property, plant and equipment***Property, plant and equipment under construction*

Property, plant and equipment under construction are measured at cost. Costs incurred on property, plant and equipment under construction are transferred to the relevant asset category when the asset is ready for use.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group enterprises

Equity investments in subsidiaries are measured in the balance sheet at cost less any impairment losses.

Gains or losses on the divestment of subsidiaries are determined as the difference between the divestment consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

If dividends are distributed on equity investments in subsidiaries exceeding the year earnings from the enterprise in question, this is considered an indication of impairment.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

12. Accounting policies - continued -

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Inventories

Inventories are measured at cost calculated according to the FIFO principle. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

12. Accounting policies - continued -

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development,

12. Accounting policies - continued -

improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the company's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables.

Cash and cash equivalents at the beginning and end of the year comprise cash.