

Danish-Chinese Organic Food Center A/S

Ole Maaløes Vej 3, 2200 Copenhagen
CVR no. 38 77 89 35

Annual report for 2018

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 19.03.19

Martin Thomsen
Dirigent

Company information etc.	3
Statement of the Board of Directors and Executive Board on the annual report	4
Independent auditor's report	5 - 7
Income statement	8
Balance sheet	9 - 10
Statement of changes in equity	11
Notes	12 - 17

The company

Danish-Chinese Organic Food Center A/S
Ole Maaløes Vej 3
2200 Copenhagen
Registered office: Copenhagen
CVR no.: 38 77 89 35
Financial year: 01.01 - 31.12

Executive Board

Qiang Liu

Board Of Directors

Heidi Lee-Jyh Olesen, chairman
Qiang Liu
Hugo Høllede

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 01.01.18 - 31.12.18 for Danish-Chinese Organic Food Center 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 31.12.18 and of the results of the the company's activities for the financial year 01.01.18 - 31.12.18.

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

Copenhagen, February 26, 2019

Executive Board

Qiang Liu

Board Of Directors

Heidi Lee-Jyh Olesen
Chairman

Qiang Liu

Hugo Høllede

To the Shareholder of Danish-Chinese Organic Food Center A/S

Opinion

We have audited the financial statements of Danish-Chinese Organic Food Center A/S for the financial year 01.01.18 - 31.12.18, which comprise the income statement, balance sheet, statement of changes in equity 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 Entity's financial position at 31.12.18 and of the results of the its operations for the financial year 01.01.18 - 31.12.18 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 this auditor's report section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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

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

Auditor's responsibilities for the audit of 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 ISAs 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 ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary

Copenhagen, February 26, 2019

**Deloitte Statsautoriseret
Revisionspartnerselskab**

CVR no. 33963556

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

Income statement

		05.07.17	
		2018	31.12.17
Note		DKK	DKK
	Gross loss	-197,168	-178,148
2	Financial income	43,397	0
	Financial expenses	-1,849	-90
	Profit/loss before tax	-155,620	-178,238
	Tax on profit or loss for the year	34,236	38,371
	Profit/loss for the year	-121,384	-139,867
	Proposed appropriation account		
	Retained earnings	-121,384	-139,867
	Total	-121,384	-139,867

Balance sheet

ASSETS		31.12.18	31.12.17
		DKK	DKK
Note			
	Deposits	31,000	31,000
	Total investments	31,000	31,000
	Total non-current assets	31,000	31,000
	Receivables from group enterprises	1,543,759	0
	Deferred tax asset	72,607	38,371
	Other receivables	43,310	0
	Total receivables	1,659,676	38,371
	Cash	108,073	320,762
	Total current assets	1,767,749	359,133
	Total assets	1,798,749	390,133

Balance sheet

EQUITY AND LIABILITIES		31.12.18	31.12.17
		DKK	DKK
Note			
3	Share capital	2,000,000	500,000
	Retained earnings	-261,251	-139,867
	Total equity	1,738,749	360,133
	Trade payables	60,000	30,000
	Total short-term payables	60,000	30,000
	Total payables	60,000	30,000
	Total equity and liabilities	1,798,749	390,133
4	Contingent liabilities		

Statement of changes in equity

Figures in DKK	Share capital	Retained earnings
Statement of changes in equity for 01.01.18 - 31.12.18		
Balance as at 01.01.18	500,000	-139,867
Capital increase	1,500,000	0
Net profit/loss for the year	0	-121,384
Balance as at 31.12.18	2,000,000	-261,251

1. Primary activities

The purpose of the company is to carry on consulting business to European and Chinese companies with registration of organic goods and associated business.

2. Financial income

Interest, group enterprises	43,397	0
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3. Share capital

The share capital consists of:

	Quantity	Nominal value
Share capital, A-Shares	2,000	2,000,000
Total		2,000,000
Capital increase during the financial year	1,500	1,500,000

4. Contingent liabilities

	31.12.18 DKK	31.12.17 DKK
Total contingent liabilities	53,207	43,637

Other contingent liabilities

The Entity participates in a Danish joint taxation arrangement with where Mille Food Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax

on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

The Company participated in a Danish joint taxation arrangement with Mille Food A/S as administration company until 20.12.2018. According to the joint taxation provisions of the Danish Corporation Tax Act, the entity is therefore liable from the financial year 2017 for income taxes etc for the jointly taxed entities, and from obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities until 20.12.2018.

5. 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.

The accounting policies have been applied consistently with previous years.

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.

INCOME STATEMENT

Gross loss

Gross loss comprises revenue and other external expenses.

Revenue

Income from the sale of services is recognised as delivery takes place. Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Other external expenses

Other external expenses comprise costs relating to sales and advertising and administration.

5. Accounting policies - continued -**Other net financials**

Interest income and interest expenses etc. are recognised in other net financials.

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.

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.

BALANCE SHEET**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.

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

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.

5. Accounting policies - continued -**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.

Equity

Share capital not paid in is/are recognised using the gross method according to which the share capital not paid in is/are recognised and treated as a receivable in the balance sheet. An amount corresponding to the share capital not paid in is reclassified from the item 'Retained earnings' to 'Reserve for share capital not paid in'.

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.

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.

5. Accounting policies - continued -

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

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