

宁波中禾信会计师事务所有限公司

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Ningbo Zhonghexin Certified

Public Accountants Co., Ltd

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AUDITORS' REPORT

Zhxyycpa kuai shen zi [2018] NO. 2118

TO THE BOARD OF DIRECTORS OF CFS WANGLONG FLAVOURS (NINGBO) CO., LTD:

I. Audit Opinion

We audit the Cfs wanflong flavours(Ningbo) Co.,LTD (hereinafter referred to as your company) financial statements, including balance sheet of March 31, 2018, April 2017 - March 2018 the income statement, April 2017 - March 2018 - the owner's equity, and cash flow statement and statement of changes in the notes to financial statements.

In our opinion, the attached financial statements in all major aspects in accordance with the provisions of the accounting standard for business enterprises, fair reflects your company on March 31, 2018, financial situation and in April 2017 - March 2018 operating results and cash flows.

II. Basis of the audit opinion

We conducted our audit in accordance with the Auditing Standards of China. In this report, the 'Auditor's responsibility' section further elaborates our responsibility under these standards. To comply with ethical requirements of Auditing Standards of China, we are independent to your company and we fulfill other responsibilities in terms of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Other Information

Management of your company (hereinafter referred to as "management") is responsible for other information. Other information includes the information covered in other report of your company, but financial statements and our auditing report is excluded.

Our opinion on the financial statements does not cover other information, and we do not give any kind of conclusion on other information either.

Combined with our audit of the financial statements, our duty is to read other information and consider if other information has material misstatement from financial statement or the situation we find out when we audit.

Based on what we have performed, if we determine that there is a material misstatement

of other information, we shall report the fact. We have nothing to report in terms of this aspect.

IV. Management's Responsibility for the Financial Statement

Management is responsible for the preparation of the financial statements in accordance with the Accounting Standards for Business Accounting Standards. This responsibility includes: (a) Preparing the financial statement with the Accounting Standards for Small Business Enterprise to attain fair response; (b) Designing, implementing and maintaining internal control relevant to the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

When preparing financial statements, the management is responsible to assess the going concern ability of the company, disclose any items relevant to going concern ability (if applicable), and use going-concern assumptions unless it is planned to liquidate, cease operations or there is no other realistic choice.

The governance team oversees company's financial reporting process.

V. Auditor's responsibility

Our purpose is to obtain reasonable assurance whether the financial statements are free of material misstatement and issue an audit report containing the audit opinion. Reasonable assurance is a high-level assurance, but we cannot guarantee certain material misstatement can be always found when audit in accordance with Auditing Standards. Misstatement might due to fraud or error, if reasonably expected misstatement could affect the financial decisions made by the users of the financial statements, then usually the misstatement is considering material.

In the audit performing process in accordance with Accounting Standards, we use professional judgement and have professional skepticism. In the meantime, we also perform the following work:

(a) Identifying and assessing the risk of material misstatement of the financial statements, whether due to fraud or error. Designing and implementing audit procedures to address these risks and obtaining sufficient and appropriate audit evidence as the basis of audit opinion. As fraud may involve collusion, forgery, deliberate omission, misrepresentation or overriding internal control, the risk of material misstatement due to fraud is higher than the that due to error.

(b) Understanding internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

(c) Assessing the appropriateness of the accounting policies selected by management and the rationality of making accounting estimates and related disclosures.

(d) Giving conclusion on the management's appropriateness to using the going concern assumption. In the meanwhile, based on the audit evidence obtained, conclusions are drawn as

to whether there are material uncertainties that could give rise to material doubts about the viability of the company. If we conclude that there is a significant uncertainty, the Auditing Standards require us to remind users of financial statement to pay attention to relevant disclosures; if the disclosure is not sufficient, we shall issue an unqualified opinion. Our conclusion is based on the available information to date. However, future events or circumstances might cause your company to be unable to continue as a going concern.

(e) Evaluating the overall presentation, structure and content (including disclosures) of the financial statements and evaluating whether the financial statements reflect the related transactions and events.

We communicated with the governance team on such issues as the scope of the audit, the timing and major audit findings, including communicating internal control shortcomings we identified in our audit that worth concerning.

NingBo ZHONG HE XING
Certified Public Accountants Co., Ltd.



YuYao P.R. China

Chinese Certified Public Accountant :



Chinese Certified Public Accountant:



April 30, 2018

CFS WANGLONG FLAVOURS (NINGBO) CO.,LTD
BALANCE SHEET AS AT March 31, 2018



		Particulars	Note	Mar-18
		ASSETS		
(1)		Non-Current Assets		
				67659538.91
	(a)	Property, Plant and Equipment		48530662.69
	(b)	Capital work-in-progress		
	(c)	Investment Property		
	(d)	Other Intangible Assets		19128876.22
	(e)	Intangible Assets under development		
	(f)	Financial Assets		
	(i)	Investments		
	(ii)	Loans		
	(iii)	Other financial assets		
	(g)	Deferred tax assets (net)		917211.10
	(h)	Other non-current assets		
		Total Non-current Assets		68576750.01
(2)		Current Assets		
	(a)	Inventories		9087377.26
	(b)	Financial assets		42556010.63
	(i)	Investments		
	(ii)	Trade receivables		32532491.74
	(iii)	Cash and cash equivalents		5007.46
	(iv)	Bank balance other than (iii) above		8855006.31
	(v)	Loans		
	(vi)	Other financial assets		1163505.12
	(c)	Current Tax Assets (Net)		
	(d)	Other current assets		10868669.38
		Total Current Assets		62512057.27
		TOTAL ASSETS		131088807.28

CFS WANGLONG FLAVOURS (NINGBO) CO.,LTD
BALANCE SHEET AS AT March 31, 2018

Unit: RMB yuan



		Particulars	Note	
		EQUITY AND LIABILITIES		
		Equity		
				77248366.72
	(a)	Equity Share Capital		80000000.00
	(b)	Other Equity		-2751633.28
		LIABILITIES		
				53840440.56
(1)		Non-current Liabilities		
	(a)	Financial Liabilities		
	(i)	Borrowings		4846133.20
	(ii)	Other financial liabilities		4846133.20
	(b)	Provisions		
	(c)	Deferred tax liabilities (net)		
	(d)	Other non-current liabilities		
		Total Non-Current Liabilities		4846133.20
(2)		Current Liabilities		
	(a)	Financial Liabilities		
	(i)	Borrowings		48460616.68
	(ii)	Trade Payables		48389845.38
	(iii)	Other financial liabilities		70771.30
	(b)	Other current liabilities		533690.68
	(c)	Provisions		
	(d)	Current tax liabilities (net)		
		Total Current Liabilities		48994307.36
		TOTAL EQUITY AND LIABILITIES		131088807.28

CFS WANGLONG FLAVOURS (NINGBO) CO.,LTD

STATEMENT OF PROFIT & LOSS On April 1, 2017, solstice, March 31, 2018

与审计报告一并使用有效
Unit: RMB Yuan
Mar-18
中审众环会计师事务所有限公司

		Particulars	Note	
I		Revenue from operations		90015568.01
II		Other income		59094.00
III		Total income (I+II)		90074662.01
IV		Expenses		
	(i)	Cost of material consumed		78527772.62
	(ii)	Excise duty on sale of goods		
	(iii)	Purchases of stock-in-trade		
	(iv)	Changes in inventories of finished goods, stock-in-trade and work in progress		-7424970.50
	(v)	Employee benefits expense		3053462.07
	(vi)	Finance costs		295252.75
	(vii)	Depreciation & amortization expense		4298075.94
	(viii)	Research and development expenses		22038.33
	(ix)	Other expenses		14971875.18
		Total Expenses		93743506.39
V		Profit before tax (III-IV)		-3668844.38
VI		Tax expense		-917211.10
	(i)	Current tax		-
		- Prior period Tax Adjustment		
		- MAT credit utilised/(entitlement)		
	(ii)	Deferred tax		-917211.10
VII		Profit for the period from continuing operation (V-VI)		-2751633.28
VIII		Share in profit / (loss) of associate		0.00
IX		Profit for the period (VII+VIII)		-2751633.28
X		Other Comprehensive Income		
	A	(i) Items that will not be reclassified to profit or loss		
		Remeasurements of defined benefit plans		
		Income tax relating to Items that will not be reclassified to profit or loss		
	(ii)			
	B	(i) Items that will be reclassified to profit or loss		
		Exchange differences on translating the financial statements of subsidiaries		
	(ii)	Income tax relating to items that will be reclassified to profit or loss		
		Total Other Comprehensive Income		-
XI		Total Comprehensive Income for the period (VII+VIII)		-2751633.28
XII		Earnings per equity share for continuing operation (of Re 1 each)		
	(i)	Basic		
	(ii)	Diluted		

Statement of Cash Flows For The Year Ended March 31, 2018

CFS Wanglong Flavours (Ningbo) Co.,Ltd

Unit:RMB yuan

Particulars	Amounts
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from sales of goods and rendering of services	61,234,235.39
Refunds of taxes and surcharges	3,466,593.43
Cash received from other operating activities	70,771.30
Sub-total of cash inflows from operating activities	64,771,600.12
Cash paid for goods purchased and services received	45,373,821.23
Cash payments to and on behalf of employees	3,053,462.07
Cash paid for taxes and surcharges	17,936,693.94
Cash paid for other operating activities	1,565,329.72
Sub-total of cash outflows from operating activities	67,929,306.96
NET CASH FLOWS FROM OPERATING ACTIVITIES	-3,157,706.84
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash received from disposal of investments	
Cash received from returns on investments	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	
Net cash received from disposal of subsidiaries and other business units	
Cash received from other investing activities	
Sub-total of cash inflows from investment activities	
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	71,957,614.85
Cash paid for investments	
Net cash paid to acquire subsidiaries and other business units	
Cash paid for other investing activities	
Sub-total of cash outflows from investing activities	71,957,614.85
NET CASH FLOWS FROM INVESTING ACTIVITIES	-71,957,614.85
CASH FLOWS FROM FINANCING ACTIVITIES	
Cash received from absorption of investment	80,000,000.00
Cash received from borrowings	4,846,133.20
Cash received from other financing activities	
Sub-total of cash inflows from financing activities	84,846,133.20
Cash paid for debts repayments	
Cash paid for distribution of dividends and profits or payment of interests	135,443.51
Cash paid for other financing activities	
Sub-total of cash outflows from financing activities	135,443.51
NET CASH FLOWS FROM FINANCING ACTIVITIES	84,710,689.69
EFFECT OF FLUCTUATION IN EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	-735,354.23
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,860,013.77
Plus: Beginning balance of cash and cash equivalents	
ENDING BALANCE OF CASH AND CASH EQUIVALENTS	8,860,013.77

Legal Representative:

Financial Management:

Lister:

Statement of Changes in Equity For The Year Ended March 31, 2018

CFS Wanglong Flavours (Ningbo) Co., Ltd

Unit: RMB yuan

CFS Wanglong Flavours (Ningbo) Co.,Ltd										Unit:RMB yuan									
Particulars	As at March 31,2018							As at March 31,2017											
	Equity Share Capital	Other Equity instruments	Capital Reserve	Less:Treasury shares	Other Comprehensive Income	Special Reserve	Surplus Reserve	Retained Earnings	Total	Equity Share Capital	Other Equity	Capital Reserve	Minus:Treasury shares	Other Comprehensive Income	Special Reserve	Surplus Reserve	Retained Earnings	Total	
Balance as at the beginning of the prior reporting year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Plus:Adjustments for changes in accounting policies																			
Correction of accounting errors in prior periods																			
Other																			
Balance at the beginning of the reporting year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Increases/ decreases in the current year ("+" for decreases)	80,000,000.00							-2,751,633.28	77,248,366.72										
Total Comprehensive Income								-2,751,633.28	-2,751,633.28										
Capital contributed by owners and capital decreases	80,000,000.00								80,000,000.00										
1.Common shares contributed by shareholders	80,000,000.00								80,000,000.00										
2. Capital contributed by the holders of other equity instruments																			
3. Amounts of share-based payments recognized in owners' equity																			
4. Others																			
Profit distribution																			
1. Withdrawal of surplus reserves																			
2. Profits distributed to owners (or shareholders)																			
3. Others																			
Transfers within the owners' equity																			
1. Conversion of capital reserves into paid-in capital (or share capital)																			
2. Conversion of surplus reserves into paid-in capital (or share capital)																			
3. Surplus reserves offsetting losses																			
4.Others																			
Special Reserve																			
1.Amount withdrawn in the current period																			
2.Amount used in the current period																			
Others																			
Balance at the end of the current period	80,000,000.00							-2,751,633.28	77,248,366.72										



Legal Representative:

Financial Management:

Lister:

CFS WANGLONG FLAVOURS (NINGBO) CO., LTD

Notes to the Financial Statement

April 1, 2017—March 31, 2018

(Expressed in Renminbi Yuan)



I. General Condition & Business Activities

CFS Wanglong Flavours (Ningbo) Co. Ltd (“the Company”), formerly known as Ningbo Wanglong Flavours Co. Ltd, was originally a limited liability company invested and set up by Ningbo Wanglong Tech Co., Ltd. The company was registered on the Ningbo Market Supervision Administration on November 20th in 2015 and the unified social credit code on business license is 91330281MA2816M42H. The registered capital of the company is 80 million yuan.

Pursuant to the Ningbo Commercial Bureau No.117 Document [2017] of Ningbo Municipal Bureau of Commerce, it is approved that Ningbo Wanglong Tech Co.Ltd, the shareholder of CFS Wanglong Flavour (Ningbo) Co.Ltd., transfer 7.65% of its stock right which is worth 6.12 million RMB to Caml in Fine Science Limited (India) at price USD 0.942 million. It is also approved that CFS Wanglong Flavour (Ningbo) Co.Ltd., transfer 43.35% stock rights which is worth 34.68 million RMB to CFS Europe S.P.A (Italy) at price USD 5.338 million. After the acquisition of foreign capital, the nature of the company changed to Sino-foreign joint ventures. According to the resolution of the board of directors on July 26, 2017, the company name was changed to CFS Wanglong Flovours (Ningbo) Co., Ltd. Legal representative of the company : Guojun Wang.

Company mainly engaged in research, development, production, sales and trading of vanillin; self-operating and deputizing of goods and importing and exporting technology. The goods and technology that limited or forbidden to import or export by the government are not involved in company’s importing or exporting activities. (Projects requiring authorization must be approved by corresponding bureau before carrying out business activities.)

II. Bases of Balance Sheet Compiling

According to actual transactions and matters and regulations of *Accounting Standards for Business Enterprises: Basic Standard*, the FIRM verifies, calculates, and compiles balance sheet based on the purpose of on-going operation.

III. Declaration of Complying with *Accounting Standards for Business Enterprises Accounting Standards*

Balance sheets the firm complied confirm with the requirements of *Accounting Standards for Business Enterprise Accounting Standards* and factually, perfectly reflect financial situation, operating results, cash flow and some relevant information of certain companies.



IV. Prime Accounting Policies and Accounting Estimates

The FIRM carries out *Accounting Standards for Business Enterprise Accounting Standards* of P. R. China, and the prime accounting policies following are compiled based on this Standards.

1. Accounting Year

Accounting year of the company is from January 1st to December 31st on the Gregorian calendar.

2. Recording currency

The recording currency of the Company is Renminbi.

3. Basis of accounting and principle of measurement

The Company has adopted the accrual basis of accounting, and uses the historical cost convention as the principle of measurement.

There is no change on principle of measurement.

4. Cash equivalents

Cash equivalents are short-term (generally refer to be mature within 3 months since purchase), highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value.

5. Foreign Currency Translation

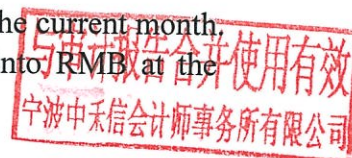
A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

(1) Exchange difference

Exchange differences arising are recorded as exchange gain or loss. Unrealized

gains and losses arising from changes in foreign currency exchange rates are not cash flows. However, the effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency is reported in the statement of cash flows in order to reconcile cash and cash equivalents at the beginning and the end of the period.

(2) Foreign currency translations during the year are translated into RMB for recording at the market exchange rates prevailing at the first date of the current month. At the year-end, all balances in foreign currencies are translated into RMB at the year-end market exchange rates.



6. Financial Instruments: Recognition and Measurement

(1) Recognition of financial instrument

When the Company becomes a party to a financial instrument contract, a financial asset or financial liability is recognized.

(2) Classification and measurement of financial assets

The company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If there is objective evidence that an impairment loss on financial assets measured at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (ie the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognized in profit or loss.

Interest, dividends, losses and gains relating to a financial instrument or a component that is a financial liability is recognized as income or expense in profit or loss. Distributions to holders of an equity instrument is debited by the company directly to equity, net of any related income tax benefit. Transaction costs of an equity transaction is accounted for as a deduction from equity, net of any related income tax benefit.

A financial asset and a financial liability is offset and the net amount presented in the statement of financial position when, and only when, the company:

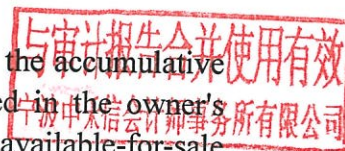
- (a) currently has a legally enforceable right to set off the recognized amounts; and
- (b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

7. Financial Assets: Recognition and Measurement

(1) When the company has transferred to the transferee the significant risks and rewards of ownership of the financial asset, the recognition of the financial asset is terminated.

The difference between the following two items is recorded into the profits and losses of the current period:

- a. The carrying amount of the transferred financial assets;
- b. The sum of the consideration received from the transfer and the accumulative amount of the changes in the fair value originally recorded in the owner's equity (the financial assets involved in the transfer are available-for-sale financial assets)



If the part of the company's transferred financial asset meets the conditions for derecognition, the entire carrying amount of the transferred financial assets is apportioned between their derecognized and non-derecognized parts according to their respective relative fair values. The difference of the following two amounts is included in the current profits and losses:

- a. The carrying amount of the portion that is derecognized
- b. The sum of the consideration of the derecognized part and the accumulated part of the changes in the fair value originally recorded in the owner's equity corresponding to the derecognized part (the financial assets involved in the transfer are available-for-sale financial assets)

The amount corresponding to the derecognized part of the cumulative changes in the fair value originally recorded in the owner's equity is apportioned according to the relative fair value of the derecognized part and the unrecognized part of the financial asset.

(2) Where the transfer of a financial asset does not meet the conditions of derecognition, the entire transferred financial asset is continuously recognized and the consideration received is recognized as a financial liability.

8. Inventories

(1) Inventories included in the production process for the sale or consumption of the reserves of raw materials, packaging materials, consumables, product, inventory of goods and so on.

(2) Inventory is recognized:

- a. The economic benefits associated with the inventories are likely to flow to the enterprise;
- b. The cost of the inventory can be reliably measured.

(3) The Inventory system is perpetual inventory system. Inventories are recorded at

actual cost. Acceptance of storage of raw materials purchased have been accounted for at actual cost, issued raw materials used in the weighted average method; storage of finished products according to the actual production cost accounting, the issue of finished products using the weighted average method. Consumables used an amortization method.

(4) Inventories are damaged, the disposal income, compensation of persons responsible and insurance compensation, less the cost and the relevant taxes. The net amount which is loss of inventory shrinkage or profit of inventory over is recorded in non-business expenditure or income.

(5) At the end of the reporting period, if the inventories are measured at the lower of cost and net realizable value and the cost of inventories is higher than the net realizable value, provision for diminution in value of inventories is made and included in the profits and losses of the current period.

a. Determination of net realizable value:

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

b. The amount of any write-down of inventories to net realizable value and all losses of inventories shall be recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, shall be recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(6) Inventories inventory system: The company uses perpetual inventory system.

9. Long-term investments

Long-term equity investments are held for the long equity investments, while the investments are accounted for the purchase price and related taxes.

Long-term equity investments are accounted for using the cost method.

The company process initial measurement:

- A. For long-term equity investment formed through business combination, the initial investment cost is determined in accordance with the following provisions;
- B. In a business combination not under the same control, the buyer determines the cost of the combination in the following circumstances

- a. For the business combination realized through one exchange transaction, the cost of combination is the fair value of the assets paid, liabilities incurred or assumed and equity securities issued by the acquirer for the purpose of obtaining the control over the acquiree on the acquisition date;
- b. The merger cost is the sum of each individual transaction cost through the business combination step-by-step realization of multiple exchange transactions;
- c. The costs directly attributable to the acquirer for the business combination are included in the cost of the business combination;
- d. Where a future contract that may affect the cost of the combination is stipulated in the consolidation contract or agreement, if the estimated future events are likely to occur on the acquisition date and the amount of the impact on the combination costs can be measured reliably, they shall be included in the combination costs



10. Recognition and measurement of Investment property

(1) Investment property is property (land or a building—or part of a building—or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both.

(2) Investment property is recognized as an asset when, and only when:

(a) it is probable that the future economic benefits that are associated with the investment property will flow to the company; and

(b) the cost of the investment property can be measured reliably.

(3) An investment property is measured initially at its cost. Transaction costs is included in the initial measurement.

(4) The company uses cost model. Investment property is measured after initial measurement at depreciated cost (less any accumulated impairment losses). The company discloses the fair value of its investment property.

11. Fixed Assets & Depreciation

(1) The standard of fixed assets:

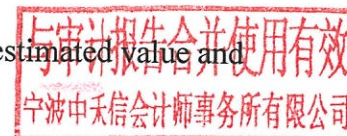
Fixed assets are tangible assets that held for use in the production or supply of goods or services, or for administrative purpose; have a useful life more than one year, including buildings, machinery equipment, transportation equipment and so on.

(2)The valuation of fixed assets:

Purchased fixed assets are recorded according to the actual payments, insurance expenses, transport installation cost and the payment of relevant taxes;

Build its own fixed assets, the expenses is confirmed according to the assets occurred before to expected use condition.

Fixed assets injected by investors are confirmed according to estimated value and the relevant taxes.



(3)Fixed assets depreciation method

Depreciation is provided to write off the cost of each category of fixed assets over their estimated useful lives from the month after they are put into use, using the straight-line method.

Category of fixed assets depreciation rate	Useful value	Residual value (%)	Annual depreciation (%)
Buildings	20	5	4.75
Machine equipment	10	5	9.5
Electronic Equipment	5	5	19

12. Fixed assets under construction

Fixed assets under construction are recorded at the actual cost incurred for the construction. Before the use status occurred engineering interest on the loan is included in the cost of the project under construction, after the use status occurred engineering interest on the loan is included in current profits and losses. A fixed asset under construction is transferred to fixed assets when it has reached the working condition for its intended use.

- (1) Fixed assets under construction of the company includes construction, installation, equipment under installation, expenses to be amortized and individual projects.
- (2) Construction in progress valuation: according to the actual expenditure incurred to determine the cost of the project. Construction in progress costs also include borrowing costs and foreign exchange gains and losses that should be capitalized.
- (3) Only construction in progress reaches the expected usable status, the company transfers the construction in progress to the fixed assets.
- (4) Impairment of construction in progress is implemented in accordance with the "Impairment of assets" accounting policy formulated by the company.

13. Intangible assets

Intangible assets are recorded at the actual cost of acquisition. Intangible assets injected by investors are confirmed according to estimated value and the relevant

taxes, from the time it can be used to it stop working or be sold. If the contract or law provides the effective number of years, amortize year is the provided number of years. And if it can't effectively estimate the useful life, amortize year is no more than 10 years.

(1) Recognition of intangible asset

The company's intangible asset:

- a. The economic benefits related to the intangible assets are likely to flow into the enterprise;
- b. The cost of the intangible assets can be reliably measured.



Expenditures incurred during the research phase of an internal research and development project are charged to the profits and losses of the current period when incurred. Expenditure during the development stage of an internal research and development project that meets the following conditions at the same time is recognized as an intangible asset.

- a. It is technically feasible to complete the intangible asset for use or sale;
- b. Have the intention of completing the intangible asset and using or selling it;
- c. The ways in which the intangible assets generate economic benefits include the demonstration that the products produced by the intangible assets exist in the market or intangible assets exist in the market, and the intangible assets will be used internally, which can prove its usefulness;
- d. Have sufficient technical, financial resources and other resources to complete the development of the intangible assets and have the ability to use or sell the intangible assets;
- e. The expenditures attributable to the development phase of the intangible assets can be reliably measured.

(2) Measurement of intangible asset.

A. Initial measurement of intangible asset

B. Subsequent measurement of intangible assets

- a. For the intangible assets with limited useful life, the company determines the useful life of the intangible assets at the time of acquisition and systematically amortizes it within its service life in subsequent periods. The amortization amount is charged to the related costs and expenses according to the benefited projects. Intangible assets with indefinite useful lives are not amortized.
- b. Impairment of intangible assets, in accordance with the company's "asset impairment" accounting policy implementation.

14. Long-term prepaid expenses

Long-term prepaid expenditure is the expense which the company has paid but amortize year is more than 1 year(include 1 year).Long-term prepaid expenditure is amortized on a straight-line basis over the respective beneficial periods.

Other long-term prepaid expenditure is amortized form the next month of the

month which the expenses are incurred, and the amortize year is no more than 3 years.

15. Impairment of asset

The company assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. Irrespective of whether there is any indication of impairment, the company also tests an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test may be performed at any time during an annual period, provided it is performed at the same time every year. Different intangible assets may be tested for impairment at different times. However, if such an intangible asset was initially recognized during the current annual period, that intangible asset is tested for impairment before the end of the current annual period.

If there is any indication that an asset may be impaired, recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the company determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

16. Revenue recognition

(1) Revenue from sale of goods: Revenue is recognized when the significant risks and rewards of ownership of the goods are transferred to the buyers. The amount of the revenue is the received or should be received contract price form the buyers.

(2) Revenue from rendering of services: services began and completed in the same accounting period, the revenue is recognized when the service is completed and the fund or the right of gathering is received. The amount of the revenue is the received or should be received contract price form the receiver. The service began and ended in the different accounting periods, and the labor service income shall be confirmed by the percentage of completion method.

17. Income tax

Income tax is provided under tax payable method. The income tax provision is calculated based on the accounting profit for the year as adjusted in accordance with the relevant tax laws. Income tax is reached according to the provisions of tax law related to our annual accounting profit.

(1) a. Deferred tax assets and liabilities is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

b. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Deferred tax assets and liabilities is not discounted.

(2) If it is probable that recovery or settlement of that carrying amount will make future tax payments larger (smaller) than they would be if such recovery or settlement were to have no tax consequences, the company recognizes a deferred tax liability.



18. Changes in accounting policies and accounting estimates and correction of accounting errors

(1) Changes in accounting policies

There was no change on the accounting policy during the year.

(2) Changes on accounting estimates

There was no change on the accounting estimates during the year.

(3) Correction of accounting errors

There was no accounting errors during the year.

V. Tax

Tax expense and tax rate

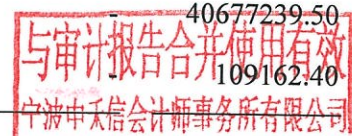
1. VAT According to the sales amount of 17% of output tax, according to the provisions after deducting input tax paid; self-export value added tax in accordance with the "exemption, credit, refund" approach.
2. Urban maintenance and construction tax turnover tax payable 5%.
3. Education surcharges for the turnover tax payable of 3%.
4. Local education attached to the turnover tax payable 2%.
5. Corporate income tax rate of 25%

VI. Notes to the main items in the financial statements

(when not otherwise specified, the closing balance refers to the balance as of March 31, 2018, the opening balance refers to the balance as of March 31, 2017 and the balance is in RMB)

1、Fixed assets

Categories	Opening balance	Current increase	Current decrease	Closing balance
Total original value:	-	51445586.50	-	51445586.50
Buildings	-	10659184.60	-	10659184.60
Machine equipment	-	40677239.50	-	40677239.50
Electronic equipment	-	109162.40	-	109162.40
Total accumulates depreciation:	-	2914923.81	-	2914923.81
Buildings	-	337540.85	-	337540.85
Machine equipment	-	2572197.73	-	2572197.73
Electronic equipment	-	5185.23	-	5185.23
Net value:	-	-	-	48530662.69
Buildings	-	-	-	10321643.75
Machine equipment	-	-	-	38105041.77
Electronic equipment	-	-	-	103977.17

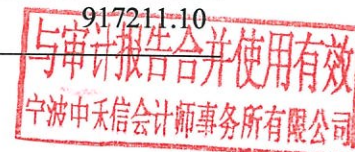


2、Intangible Assets

Categories	Opening balance	Current increase	Current decrease	Closing balance
Original value	-	20512028.35	-	20512028.35
Land-use right	-	2587500.01	-	2587500.01
Patent	-	17924528.34	-	17924528.34
Accumulated amortization:	-	1383152.13	-	1383152.13
Land-use right	-	38812.50	-	38812.50
patent	-	1344339.63	-	1344339.63
Net value	-	-	-	19128876.22
Land-use right	-	-	-	2548687.51
patent	-	-	-	16580188.71

3、Deferred tax assets

Item	Closing balance	
	Deductible temporary differences	Deferred tax assets
Can make up for later annual loss	3668844.38	917211.10
Total	3668844.38	917211.10



4、Inventory

(1) The detail

Item	Closing balance
Raw material	687597.63
Spares machinery	974809.13
Goods in process	2915093.93
Finished goods	4509876.57
Total	9087377.26

- (2) Inventory depreciation reserve: the company will not have to prepare for the decline in the end of the term.

5、Accounts receivables:

(1) The aging of accounts receivable is as follows

Aging	Closing Balance			
	amount	percentage(%)	Bad debt provision	Net amount
Within 1 year	32532491.74	100.00%	-	32532491.74
Total	32532491.74	100.00%	-	32532491.74

(2) Foreign currency accounts receivable

Currency	Closing balance		
	Original currency	Exchange rate	RMB

USD	4818495.00	6.2726	30224491.74
Total	4818495.00		30224491.74

(3) Details on large sum of account receivable

Name of the company	Amount	Percentage of total accounts receivables	Aging
Caml in Fine Sciences Limited	18149343.03	55.79%	Within 1 year
Angie-Germany	3401516.25	10.46%	Within 1 year
Angie-South Africa-	2966411.18	9.12%	Within 1 year
Ningbo Wanglong Tech Co.,Ltd	2308000.00	7.09%	Within 1 year
Total	26825270.46	82.46%	

(4) Related parties balances:

Name of the company	amount	Percentage of total accounts receivables	Aging
Ningbo Wanglong Tech Co.,Ltd	2308000.00	7.09%	Within 1 year
Caml in Fine Sciences Limited	18149343.03	55.79%	Within 1 year
合 计	20457343.03	62.88%	

6、Monetary funds:

Item	Closing balance			
	Currency	Amount	Exchange rate	RMB
Cash on hand	RMB			5007.46
	Total			5007.46
Cash in bank	RMB			357651.52
	USD	1354678.25	6.2726	8497354.79
	Total			8855006.31

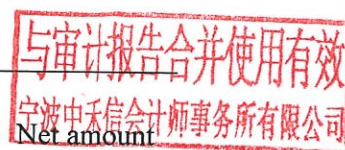
Total

8860013.77

7、Other accounts receivables:

(1) Aging of other receivables are listed as follows:

Aging	Closing balance			Net amount
	Amount	Percentage of the total amount	Provision for bad debt	
Within 1 year	1163505.12	100.00%	-	1163505.12
Total	1163505.12	100.00%	-	1163505.12



(2) Details of other large sum of account receivable:

Name of the company	Amount	Percentage of other accounts receivable	Aging	Content
Ningbo Customs Office in Yuyao (Security deposit department)	860000.00	57.76%	Within 1 year	Provision
Total	860000.00	57.76%		

8、Current Tax Assets (Net)

Item	Closing balance
Value added tax payable	10787290.89
Total	10787290.89

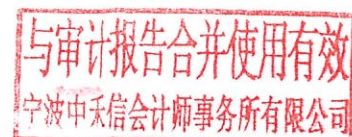
9、Prepayment

(1) Aging of prepayments are listed as follows:

Closing balance

Aging	Amount	Percentage of the total amount
Within 1 year	81378.49	100.00%
Total	81378.49	100.00%

(2) Details on large sum of prepayment:



Name of the company	Amount	Percentage of total prepayment	Aging	Content
Shanghai hongcheng enterprise development co. LTD	47000.00	57.76%	Within 1 year	Prepaid transportation charges
Total	47000.00	57.76%		

10、 Paid-in capital

(1) Registered capital of the company is 80 million yuan.

(2) Details

Investors	Closing Blance				Beginning balance			
	The registered		Paid-in capital		The registered		Paid-in capital	
	captial				captial			
	RMB	%	RMB	%	RMB	%	RMB	%
Ningbo Wanglong Tech Co.,Ltd	39200000	49.00	39200000	49.00	80000000	100	-	-
CFS Europe S.P.A	34680000	43.35	34680000	43.35	-	-	-	-
Caml in Fine Sciences Limited	6120000	7.65	6120000	7.65	-	-	-	-
Total	80000000	100	80000000	100	80000000	100	-	-

11、 Undistributed profit

Item	amount
Beginning Undistributed profit	-

Add: Net profit for the year	-2751633.28
Closing Undistributed profit	-2751633.28

12、 Long-term accounts payable

Borrowings

Item	Closing balance
Borrow from CFS Europe S.P.A	(\$382000) 2396133.20
Ningbo Wanglong Tech Co.,Ltd	2450000.00
Total	4846133.20

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13、 Accounts payable:

(1) Aging

Aging	Closing balance	
	Amount	Percentage of the total amount
Within 1 year	48389845.38	100.00%
Total	48389845.38	100.00%

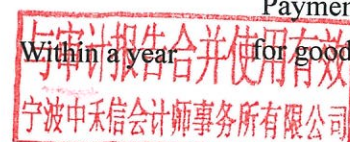
(2) Foreign currency accounts payable

Currency	Closing balance		
	Original currency	Exchange rate	RMB
USD	3490400.00	6.2726	21893883.04
Total	3490400.00		21893883.04

(3) Large sum of account receivable:

Name of the company	amount	Percentage(%)	Arrears time	Nature and content
Ningbo Wanglong Tech Co.,Ltd	14481469.57	29.93%	Within a year	Payment for goods

Array Products (S) Pte Ltd	21947984.24	45.36%	Within a year	Payment for goods
Jiangsu guotai huatai industrial co., LTD	1338965.50	2.77%	Within a year	Payment for goods
Taicang Guangze Fine Chemical Co., Ltd.	9438940.42	19.51%	Within a year	Payment for goods
Total	47207359.73	97.57%		



(4) Related party balances:

Name of the company	amount	Percentage(%)	Arrears time
Ningbo Wanglong Tech Co., Ltd	14481469.57	29.93%	Within a year
Total	14481469.57	29.93%	

14、 Other accounts payable

(1) Other accounts payable presented by aging structure:

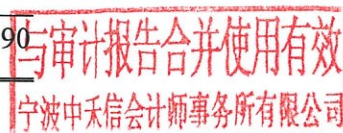
Aging structure	Closing Balance	
	amount	Percentage(%)
Within a year	70771.30	100.00%
Total	70771.30	100.00%

(2) Large sum of other payables:

Name of the company	amount	Percentage(%)	Arrears time	Nature and content
Withholding employee social security	65812.30	92.99%	Within a year	inward collection
Total	65812.30	92.99%		

15、Employee benefits payable

Item	Closing Balance
Wages payable	391392.90
Total	391392.90



16、Interest payable

Categories	Closing Balance
Loan interest	133042.28
Total	133042.28

17、Taxes payable

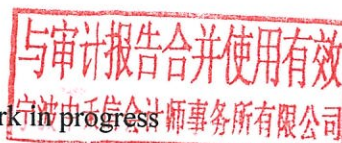
Item	Closing Balance
Stamp Duty Tax	7775.50
Disabled person employment security fund	1480.00
Total	9255.50

18、operating income

Item	Current Increase
Main operating income	90015568.01
Other operating income	59094.00
Total	90074662.01

19、Cost of material consumed

Item	Current Increase
main material consumption	77695097.83
Machine material consumption	832674.79
Total	78527772.62



20、Changes in inventories of finished goods, stock-in-trade and work in progress

Item	Closing Balance
Finished goods	4509876.57
In the products	2915093.93
Total	7424970.50

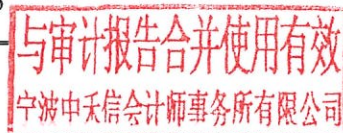
21、Employee benefits expense

Item	Current Increase
Wages of the producer	2012826.22
Wages of the manager	488039.27
Employee benefits expenses	242563.88
Employee Social Security Expenditure	298292.70
Disabled person employment security fund	11740.00
Total	3053462.07

22、Finance charges

Item	Current Increase
Interest expenses	135443.51
Interest income	-3692.51

Exchange loss	135342.60
Handing charge	28159.15
Total	295252.75



23、Depreciation & amortization expense

Item	Current	Increase
Accumulated depreciation	2914923.81	
Accumulated amortization	1383152.13	
Total	4298075.94	

24、Research and development expenses

Item	Current	Increase
Detection fees	17446.67	
Agency fees	4591.66	
Total	22038.33	

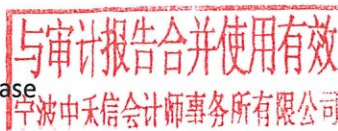
25、Other expenses

Item	Current	Increase
Power fuel fees	10015522.64	
Service fees	1210357.93	
Repair costs	619324.62	
Cost of office	298557.85	
Transportation costs	433194.97	
Consumables	1493700.86	
Trade account exchange loss	600011.63	
tamp Duty Tax	67047.50	

others	234157.18
Total	14971875.18

26、Tax expense

Item	Current	Increase
Current tax		-
add: Deferred tax		-917211.10
Tax expense		-917211.10
Total		-917211.10



VII. Related company and the businesses among each other

1. The Company's related parties recognized standards:

In accordance with the Accounting Standards for Business Enterprises and the relevant provisions of the CSRC, the Company determines the related parties as having the following standards: control by one party, joint control over the other party or significant influence over the other party and control by both parties of one or both parties. Control or significant influence, constitute a related party.

2. Information about the shareholders of the Company:

Name of the shareholders	Relationship
Wanglong Tech Co.,Ltd (China)	shareholder
CFS Europe S.P.A (Italy)	shareholder
Caml in Fine Sciences Limited(India)	shareholder

3. Other related parties

Name of the related parties	Relationship
Wang Guojun	Legal representative

4. Related parties transaction

Name of the related company	The nature of transaction	Transaction (Excluding tax)
Wanglong Tech Co.,Ltd	Sell goods	4635324.78
Wanglong Tech Co.,Ltd	Buy goods	30977019.22
Wanglong Tech Co.,Ltd	Procurement services	1210357.93
Wanglong Tech Co.,Ltd	Buy long-term assets	71803264.42
Caml in Fine Sciences Limited	Sell goods	(\$4236300) 27170864.37
CFS Europe S.P.A	Borrowed money	(\$382000) 2396133.20
Wanglong Tech Co.,Ltd (China)	Borrowed money	2450000.00



VIII、 Contingent item

As of the balance sheet date, the Company had no contingencies that should be disclosed.

IX、 Commitment

As of the balance sheet date, the Company had no major commitments that should be disclosed.

X. Events after the balance sheet date

As of the balance sheet date, the Company should not disclose post balance sheet events.

XI: Other major issues

There is no other major issues.

Institution: CFS Wanglong Flavour (Ningbo) Ltd.,Co

Legal representative: Guojin Wang

Leading member of the accountant:

leading member of the accounting body :

Approved date: Apr 30th, 2018



营业执照

(副本)

统一社会信用代码 91330281691393148B (1/1)

名称 宁波中丞信会计师事务所有限公司
类型 有限责任公司
住所 浙江省余姚市舜水南路4号
法定代表人 吴承澜
注册资本 贰佰万元整
成立日期 2009年08月28日
营业期限 2009年08月28日至2029年08月27日
经营范围 审查企业会计报表、出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设年度决算审计；代理记账；会计咨询、税务咨询、管理咨询、会计培训。项目可行性和项目评价，受聘担任常年会计顾问。（依法须经批准的项目，经相关部门批准后方可开展经营活动）



登记机关

2017年06月02日

应当于每年1月1日至6月30日通过浙江省企业信用信息公示系统报送上一年度年度报告