

Proud City (Denmark) ApS

Ryttergårdsvej 3

7673 Harboøre

CVR No. 35411267

Annual Report 2023

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 30 May 2024



Sucheng He
Chairman



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Management's Statement

Today, Management has considered and adopted the Annual Report of Proud City (Denmark) ApS for the financial year 1 January 2023 - 31 December 2023.

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

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January 2023 - 31 December 2023.

The conditions for not conducting an audit of the Financial Statement have been met.

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

Harboøre, 30 May 2024

Executive Board



Tian Shucai



Sucheng He

Auditors' Report on Compilation of Financial Statements

To the Management of Proud City (Denmark) ApS

We have compiled the accompanying financial statements of Proud City (Denmark) ApS for the financial year 1 January 2023 - 31 December 2023 based on the information you have provided.

These financial statements comprise a summary of significant accounting Policies, income statement, balance sheet, statement of change in equity and notes.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

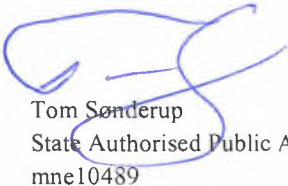
We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with the Danish Financial Statement Act. We have complied with relevant requirements under the Danish Act on Approved auditors and Audit Firms and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) including principles of integrity, objectivity, professional competence and due care.

The Financial Statement and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or review conclusion on whether the financial statements are prepared in accordance with the Danish Financial Accounts Act.

Ringsted, 30 May 2024

Sønderup I/S
Statsautoriserede revisorer
CVR-no. 31824559



Tom Sønderup
State Authorised Public Accountant
mne10489

Income Statement

	Note	2023 kr.	2022 kr.
Gross profit		2.040.016	-1.604.304
Staff costs	1	-794.530	-859.861
Depreciation and write-downs		-449.565	-559.278
Profit from ordinary operating activities		795.921	-3.023.443
Finance income		15	98.287
Finance expenses		-259.576	-38.202
Profit from ordinary activities before tax		536.360	-2.963.358
Profit		536.360	-2.963.358
Proposed distribution of results			
Retained earnings		536.360	-2.963.358
Distribution of profit		536.360	-2.963.358

Balance Sheet as of 31 December

	Note	2023 kr.	2022 kr.
Assets			
Land and buildings		7.917.200	8.138.188
Fixtures, fittings, tools and equipment		71.928	327.161
Leasehold improvements		24.739	40.750
Property, plant and equipment		8.013.868	8.506.099
Other long-term receivables		7.609.606	7.568.606
Financial fixed assets		7.609.606	7.568.606
Fixed assets		15.623.474	16.074.705
Manufactured goods and goods for resale		8.413.860	10.112.040
Inventories		8.413.860	10.112.040
Other receivables		1.087	59.535
Receivables		1.087	59.535
Cash funds		12.410.200	11.753.194
Current assets		20.825.148	21.924.769
Assets		36.448.621	37.999.474

Balance Sheet as of 31 December

	Note	2023 kr.	2022 kr.
Liabilities and equity			
Contributed capital		80.000	80.000
Retained earnings		-82.779.223	-83.315.585
Equity		-82.699.223	-83.235.585
Long-term liabilities			
Subordinate loan capital	2	106.898.500	106.898.500
Other payables		1.020.849	1.020.849
Long-term liabilities other than provisions		107.919.349	107.919.349
Trade payables		261.606	2.260.925
Payables to group enterprises		2.533.753	2.624.752
Other payables		36.497	33.393
Deferred income, liabilities		8.396.640	8.396.640
Short-term liabilities other than provisions		11.228.496	13.315.710
Liabilities other than provisions within the business		119.147.845	121.235.059
Liabilities and equity		36.448.621	37.999.474
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Statement of changes in Equity

	Contributed capital	Retained earnings	Total
Equity 1 January 2023	80.000	-83.315.584	-83.235.584
Profit (loss)	0	536.360	536.360
Equity 31 December 2023	80.000	-82.779.224	-82.699.224

The share capital has remained unchanged for the last 5 years.

Notes

	2023	2022
	2023	2022
1. Staff costs		
Wages and salaries	781.096	833.209
Social security contributions	13.434	26.652
	<u>794.530</u>	<u>859.861</u>
Average number of employees	<u>0</u>	<u>2</u>

2. Long-term liabilities

Subordinated loan capital TDKK 106.453 is due with earliest effect 31. December 2024.

3. Unusual matters

Management has had difficulty in assessing the total final financial consequences of the COVID 19 outbreak and its possible effect on the company.

Management expects ample liquidity for next year's operations. A letter of intent has been issued regarding necessary credit from shareholders until 31. december 2024.

The annual financial statements has thus been prepared in accordance with the principle of continued operation.

Reference is also made to the note Uncertainty in recognition and measurement

4. Uncertainty connected with recognition or measurement

The mink farms are recognized in the balance sheet with a value of 7.917 t.kr and machines and fixtures with a value of 72 t.kr. These assets are valued at normal impairment based on the company's normal accounting policies. As mentioned above, the company's activity has been forcibly shut down by the authorities in connection with the general closure of Danish mink farms, and the application possibilities for the mink farm are unknown.

Investments in group companies are also greatly affected as a result of Covid- 19. The activity in the group company are closely related to the activity in the Danish farms. As a consequence of production of mink in Denmark being shut down, the management has decided to write-down the investment in the group companies to 0 t.kr.

The company expects to be covered by the compensation schemes that are being worked on from a political point of view, but as the scope of these compensation schemes is partly unknown, there is thus uncertainty associated with the valuation of the mink farm as well as production facilities and machinery.

5. Contingent liabilities

The company has a tax loss. The deferred tax liability associated therewith is not enabled. The value of the tax asset amounts to TDKK 10.988.

The company serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the company is therefore liable for income taxes etc. for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these companies.

6. Collaterals and securities

As security for debt to affiliate is a mortgage on DKK 4.000.000.

Notes

2023

2022

7. The Company's principal activities

The company's main activity is to operate a minkfarm and other related activities.

Accounting Policies

The annual report of Proud City (Denmark) ApS for 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with applications of individual rules from class C.

The accounting policies applied remain unchanged from last year.

The income statement is presented by type of expenditure and the balance sheet is presented in account form. The measurement currency used is Danish kroner. All other currencies are considered foreign currency.

The company has, in accordance with the Danish Financial Statements Act § 43A chosen to recognize investments in group companies under the equity method.

Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the income statement under financial income and expenses.

Basis of recognition and measurement

Income is recognised in the income statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortized cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

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

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the financial statement, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Income statement

Gross profit/loss

The Company has decided to aggregate certain items of the income statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Gross profit is a combination of the items of the result of revenue, cost of sales, other external cost and other operating income.

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement if the goods have

Accounting Policies

been delivered and the risk has passed to the buyer before year-end if it is possible to calculate the income reliably. The revenue is exclusive of VAT and net of sales discounts.

Cost of goods sold

Cost of goods sold comprises the financial year's cost of sales measured to sales price, adjusted for ordinary inventory write-offs.

Other operating income

Other operating income comprises items of a secondary nature to the activities of the enterprises, including profits on sale of intangible and tangible assets.

Other external expenses

Other external expenses include expenses for distribution, sales, administration, premises etc.

Staff costs

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

Financial income and expenses

Financial income and expenses are recognised in the income statement based at the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses, realised and unrealised capital gains and losses regarding securities, accounts payable and transactions in foreign currencies and surcharges and allowances under the advance-payment of tax scheme.

Tax on net profit for the year

The company is jointly taxed with other group companies. The current corporation tax is divided between the jointly taxed companies pro rata to their taxable incomes. The parent company functions as the management company for the joint taxation and handles the tax payments to the danish tax authorities.

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit for the year and recognized directly on equity by the portion attributable to entries directly on equity.

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the data of acquisition. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

Depreciation is calculated using the straight-line method over the following estimated useful lives of the individual assets and their residual values:

	Useful life	Residual value
Properties	50 years	0-20%
Other fixtures and fittings, tools and equipment	3-10 years	0-20%
Leasehold improvements	3-10 years	0-20%

Gains or losses arising from the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amounts at the time of sale. Gains or losses are recognised in the income statement as other operating income or other operating expense.

Accounting Policies

The carrying amounts of property plant and equipment are tested annually to determine whether there is any indication of impairment other than what is expressed by amortization and depreciation. If so, the assets are tested for impairment to determine whether the recoverable amounts are lower than the carrying amounts and the relevant assets are written down to such lower recoverable amounts. An impairment test is carried out annually of ongoing development projects, whether or not there is any indication of impairment.

The recoverable amount of an asset is determined as the higher of the net sales price and the value in use. Where the recoverable amount of the individual assets cannot be determined, the assets are grouped together into the smallest group of assets that can be estimated to determine an aggregate reliable recoverable amount for those units.

Financial fixed assets

Equity investments in group enterprises

Investments in group enterprises and associates are recognized in the balance sheet at the proportionate share of the equity value of the enterprises, calculated according to the parent Company's accounting policies with the deduction or addition of unrealised intercompany profits or losses and with the addition or deduction of the remaining value of positive or negative goodwill, calculated according to the purchase method.

Subsidiaries having a negative equity value are recognised at kr. 0, and any amounts receivable from those enterprises are written down by the parent Company's share of the negative equity value to the extent that the amounts are deemed to be uncollectible.

If the negative equity value exceeds receivables, the remaining amount is recognised as a provision to the extent that the parent Company has a legal or constructive obligation to cover the negative balance of the relevant subsidiary.

Inventories

Inventories are measured at cost on the basis of the FIFO principle. Where the net realizable value is lower than cost, the inventories are written down to this lower value.

The net realizable value of inventories is calculated as the selling price less costs of completion and costs incurred to make the sale. The value is determined taking into account the negotiability of inventories, obsolescence and expected development in sales price.

The cost of goods for resale, raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Merchandises are measured at cost comprising purchase price plus delivery costs.

Receivables

Receivables are measured at amortized cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Liquid assets

Liquid assets are measured at nominal value

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallize as current tax.

Accounting Policies

Current tax liabilities

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

Liabilities

Financial liabilities are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, financial liabilities are measured at amortized cost, corresponding to the capitalized value using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the income statement over the life of the financial instrument.

Other liabilities are measured at net realisable value.