

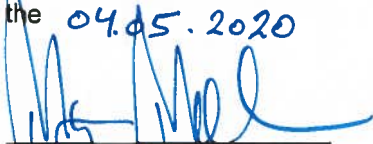
Studio 9 Denmark A/S

Havnen 1
8700 Horsens

Annual Report 2019

CVR no. 36018712

Annual General Meeting held
the 04.05.2020



Mogens Madsen
Chairman

Contents

Management's Statement	3
Independent Auditors' Report	4
Company Information	6
Management's Review	7
Accounting Policies	8
Income Statement	11
Balance Sheet	12
Notes	14

Management's Statement

Today, Management has considered and adopted the Annual Report of Studio 9 Denmark A/S for the financial year 1 January 2019 - 31 December 2019.

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 2019 and of the results of the Company's operations for the financial year 1 January 2019 - 31 December 2019.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

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

Horsens, 25 March 2020

Executive Board

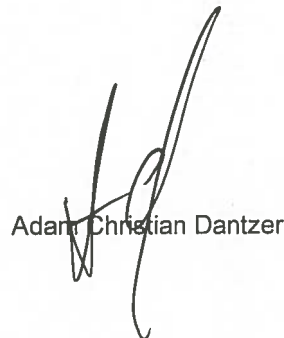


Per Lykke

Board of Directors



Troels Holch Povlsen
Chairman



Adam Christian Dantzer



Ho Kin Chung

Independent Auditors' Report

To the shareholders of Studio 9 Denmark A/S

Opinion

We have audited the annual accounts of Studio 9 Denmark A/S for the financial year 1 January 2019 - 31 December 2019, which comprise accounting policies used, income statement, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2019 and of the results of its operations for the financial year 1 January 2019 - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis of 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 below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

The auditor's responsibility for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an 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 may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and additional requirements applicable in Denmark, we exercise professional evaluations and maintain an attitude of professional skepticism throughout the audit. We also:

- * Identify and assess the risk of material misstatements in the annual accounts, 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 the risk of not detecting a misstatement 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 Company's internal control.
- * Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.

Independent Auditors' Report

- * Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including note disclosures, and whether the annual accounts reflect 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 which we identify during our audit.

Statement on Management's Review

Management is responsible for the Management's review.

Our opinion on the annual accounts does not cover the Management's review, and we do not express any form of opinion providing assurance regarding the Management's review.

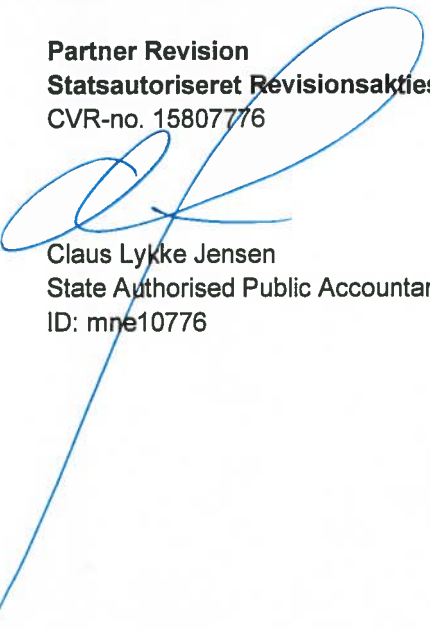
In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not find any material misstatement in the management's review.

Brande, 25 March 2020

Partner Revision
Statsautoriseret Revisionsaktieselskab
CVR-no. 15807776



Claus Lykke Jensen
State Authorised Public Accountant
ID: mne10776

Company Information

Company	Studio 9 Denmark A/S Havnen 1 8700 Horsens CVR No.: 36018712 Date of formation: 24 June 2014 Registered office: Horsens Financial year: 1 January 2019 - 31 December 2019
Board of Directors	Troels Holch Povlsen Adam Christian Dantzer Ho Kin Chung
Executive Board	Per Lykke
Auditors	Partner Revision Statsautoriseret Revisionsaktieselskab Torvegade 22 7330 Brande CVR no.: 15807776

Management's Review

The Company's principal activities

The Company's principal activities consist in manufacturing and trading and other related business.

Development in activities and financial matters

The Company's Income Statement of the financial year 1 January 2019 - 31 December 2019 shows a result of DKK 135.385 and the Balance Sheet at 31 December 2019 a balance sheet total of DKK 5.496.345 and an equity of DKK 3.555.416.

The financial year 1. januar 2019 - 31. december 2019 is the company's fifth financial year and the management consider the result satisfactory.

Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the Company substantially.

Accounting Policies

Reporting Class

The Annual Report of Studio 9 Denmark A/S for 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B. Furthermore the company has adopted individual rules from class C.

The accounting policies applied remain unchanged from last year.

Reporting currency

The Annual Report is presented in Danish kroner.

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.

Derivative financial instruments

Forward exchange contracts entered into to hedge future revenues and expenses, classified as and fulfilling the criteria for hedging, are measured at fair value at the balance sheet date, and value adjustments are recognised directly in equity. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively. Fair values of derivative financial instruments are calculated on the basis of current market data and generally accepted valuation methods.

Once the hedged transaction is realised, gains or losses incidental to such hedging transactions are transferred from the equity and recognised with the hedged item.

General Information

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 amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, 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.

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

Income Statement

Revenue

Income from delivery of services is recognised as revenue as the service is delivered.

Cost of sales

Costs of sales comprise purchase of goods and service for resale.

Accounting Policies

Other external expenses

Other external expenses comprise expenses regarding sale, administration, premises and loss of debtors.

Staff expenses

Staff expenses comprise wages and salaries, pensions and social security costs.

Amortisation and impairment of tangible and intangible assets

Amortisation and impairment of intangible and tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Goodwill	4 years	0%
Other fixtures and fittings, tools and equipment	3-4 years	0%

Profit or loss resulting from the sale of intangible or tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement as other operating income or other operating expenses.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest and expenses, realised and unrealised capital gains and losses regarding securities, debt and foreign currency transactions, dividends received from other equity investments, amortisation of financial assets and liabilities as well as surcharges and allowances under the tax prepayment scheme.

Tax on net profit for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

Balance Sheet

Intangible assets

Intangible assets (goodwill) are measured at cost less accumulated amortisation and impairment losses.

Goodwill is related to the purchase of an existing division with customers and expertise of employees. The period of amortisation is based on the management's experience on the pay back period of such investment.

Tangible assets

Tangible assets are measured at cost plus revaluations, if any, and less accumulated amortisation and impairment losses. Cost comprises the purchase price and costs directly attributable to the purchase until the date when the asset is available for use.

Furthermore tangible assets with a purchase price below DKK 25.000 per unit are recognised in the income statement in the financial year.

Receivables

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

Accrued income, assets

Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

Accounting Policies

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet 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 crystallise as current tax.

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Income Statement

	Note	2019 kr.	2018 kr.
Gross profit		9.052.996	7.169.270
Staff expenses	1	-8.169.956	-6.464.537
Depreciation of equipment and intangible assets		<u>-106.257</u>	<u>-277.774</u>
Profit from ordinary operating activities		776.783	426.959
Finance income	2	12.131	87.167
Finance expences	3	<u>-299.732</u>	<u>-14.498</u>
Profit from ordinary activities before tax		489.182	499.628
Tax expense	4	<u>-353.797</u>	<u>-133.799</u>
Net profit		<u>135.385</u>	<u>365.829</u>
Proposed appropriation of net profit			
Retained earnings		<u>135.385</u>	<u>365.829</u>
Distribution of net profit		<u>135.385</u>	<u>365.829</u>

Balance Sheet as of 31 December

	Note	2019 kr.	2018 kr.
Assets			
Goodwill	5	<u>0</u>	<u>0</u>
Intangible assets		<u>0</u>	<u>0</u>
Fixtures, fittings, tools and equipment	6	<u>287.097</u>	<u>187.890</u>
Property, plant and equipment		<u>287.097</u>	<u>187.890</u>
Fixed assets		<u>287.097</u>	<u>187.890</u>
Short-term trade receivables		20.791	255.667
Short-term receivables from group enterprises		1.048.565	704.382
Current deferred tax		61.491	89.316
Short-term tax receivables		0	120.872
Other short-term receivables		191.070	202.433
Deferred income		<u>103.895</u>	<u>56.716</u>
Receivables		<u>1.425.812</u>	<u>1.429.386</u>
Cash and cash equivalents		<u>3.783.436</u>	<u>3.226.470</u>
Current assets		<u>5.209.248</u>	<u>4.655.856</u>
Assets		<u>5.496.345</u>	<u>4.843.746</u>

Balance Sheet as of 31 December

	Note	2019 kr.	2018 kr.
Liabilities and equity			
Contributed capital	7	1.000.000	1.000.000
Retained earnings	8	<u>2.555.416</u>	<u>2.201.067</u>
Equity		<u>3.555.416</u>	<u>3.201.067</u>
Other payables		<u>265.669</u>	<u>0</u>
Long-term liabilities other than provisions	9	<u>265.669</u>	<u>0</u>
Trade payables		204.512	137.073
Payables to group enterprises		169.795	11.961
Tax payables		32.978	0
Other payables		<u>1.267.975</u>	<u>1.493.645</u>
Short-term liabilities other than provisions		<u>1.675.260</u>	<u>1.642.679</u>
Liabilities other than provisions within the business		<u>1.940.929</u>	<u>1.642.679</u>
Liabilities and equity		<u>5.496.345</u>	<u>4.843.746</u>
Contingent liabilities	10		
Collaterals and assets pledges as security	11		
Related parties	12		

Notes

	2019 kr.	2018 kr.
1. Staff expenses		
Wages and salaries	7.337.672	5.700.963
Post-employment benefit expense	485.501	405.464
Social security contributions	82.036	73.008
Other employee expenses	264.747	285.102
	<u>8.169.956</u>	<u>6.464.537</u>
Average number of employees	<u>14</u>	<u>14</u>
2. Finance income		
Other finance income	<u>12.131</u>	<u>87.167</u>
	<u>12.131</u>	<u>87.167</u>
3. Finance expenses		
Other finance expenses	<u>299.732</u>	<u>14.498</u>
	<u>299.732</u>	<u>14.498</u>
4. Tax expense		
Tax on taxable income	88.964	140.848
Adjustment of deferred tax	27.825	-17.857
Payment of foreign tax	237.008	10.808
	<u>353.797</u>	<u>133.799</u>

Notes

	2019 kr.	2018 kr.
5. Goodwill		
Cost at 1 January	<u>989.115</u>	<u>989.115</u>
Cost at 31 December	<u>989.115</u>	<u>989.115</u>
Depreciation and amortisation at 1 January	-989.115	-741.836
Amortisation for the year	<u>0</u>	<u>-247.279</u>
Impairment losses and amortisation at 31 December	<u>-989.115</u>	<u>-989.115</u>
Carrying amount at 31 December	<u>0</u>	<u>0</u>
6. Fixtures, fittings, tools and equipment		
Cost at 1 January	276.011	162.127
Addition during the year, incl. improvements	<u>205.463</u>	<u>113.884</u>
Cost at 31 December	<u>481.474</u>	<u>276.011</u>
Depreciation and amortisation at 1 January	-88.121	-28.376
Amortisation for the year	<u>-106.256</u>	<u>-59.745</u>
Impairment losses and amortisation at 31 December	<u>-194.377</u>	<u>-88.121</u>
Carrying amount at 31 December	<u>287.097</u>	<u>187.890</u>
7. Contributed capital		
Balance at 1 January	<u>1.000.000</u>	<u>1.000.000</u>
Balance at 31 December	<u>1.000.000</u>	<u>1.000.000</u>

The contributed capital consists of 1,000 shares of DKK 1,000 and no shares have special rights.

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

Notes

	2019 kr.	2018 kr.
8. Retained earnings		
Balance at 1 January	2.201.067	2.054.199
Correction at the beginning of the year	3	0
Profit for the year	135.385	365.829
Hedging instruments to fair value 31 December 2018	218.961	-218.961
	<u>2.555.416</u>	<u>2.201.067</u>
Balance at 31 December		

9. Long-term liabilities

Commitments in relation to Long-term liabilities are payable as follows:

Within one year	0	0
Later than one year but not later than five years	265.669	0
Later than five years	0	0
	<u>265.669</u>	<u>0</u>

10. Contingent liabilities

No contingent liabilities exist at the balance sheet date.

11. Collaterals and assets pledges as security

The company has entered into a lease agreement for office facilities. The annual rent is 307 t. DKK. The lease agreement can be terminated with six months notice.

No other securities or mortgages exist at the balance sheet date.

12. Related parties

Consolidated annual accounts:

The company is included in the consolidated annual accounts of Nine United China Limited, Hong Hong.