

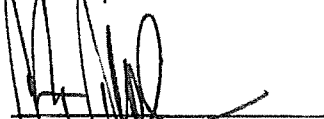
Studio 9 Denmark A/S

Havnen 1
8700 Horsens

Annual Report 2020

CVR no. 36018712

Annual General Meeting held
the 30 April 2021



Mogens Madsen
Chairman

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Management's Statement

Today, Management has considered and adopted the Annual Report of Studio 9 Denmark A/S for the financial year 1 January 2020 - 31 December 2020.

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 2020 and of the results of the Company's operations for the financial year 1 January 2020 - 31 December 2020.

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.

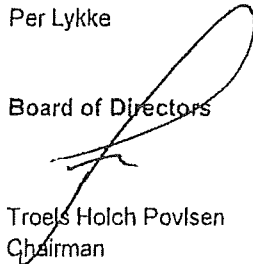
Horsens, 30 April 2021

Executive Board



Per Lykke

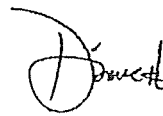
Board of Directors



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 financial statements of Studio 9 Denmark A/S for the financial year 1 January 2020 - 31 December 2020, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a true and fair view of the company's assets, liabilities and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 January 2020 - 31 December 2020 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with international standards on auditing and 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 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 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 financial statements 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- * Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements 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 the management commentary

Management is responsible for the management commentary

Our opinion on and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Brande, 30 April 2021

Partner Revision
Statsautoriseret Revisionsaktieselskab
CVR-no. 15807776

Claus Lykke Jensen
State Authorised Public Accountant
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 2020 - 31 December 2020
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 commentary

The Company's principal activities

The Company's principal activities consist of sales and trading.

Development in activities and financial matters

The Company's Income Statement of the financial year 1 January 2020 - 31 December 2020 shows a result of DKK 1.041.167 and the Balance Sheet as at 31 December 2020 shows a balance sheet total of DKK 24.501.827 and an equity of DKK 4.658.957.

The financial year 1. januar 2020 - 31. december 2020 is the company's seventh financial year and management consider the results satisfactory.

The result for the year has been affected by salary compensation received in connection with the Covid-19 pandemic. The amount is stated in note 1 regarding special items. The compensation received only partially covered the costs incurred for employees furloughed in periods during the pandemic.

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 2020 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 for reporting class C enterprises. 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.

Accounting Policies

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 revenue, change in inventories of goods for resale, other operating income, and other external expenses.

Revenue

Revenue is recognised in the income statement if the goods have been delivered and the risk has passed to the buyer before year-end and if the revenue can be reliably calculated and expected to be received. Revenue is recognised exclusive of VAT and net of sales discounts.

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

Other operating income

Other operating income comprises items of a secondary nature to the activities of the enterprise.

Cost of sales

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

Other external expenses

Other external expenses comprise of 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.

Accounting Policies

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.

Inventories

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

The net realisable 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.

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.

Other receivables

Other receivables are measured at amortised cost which usually corresponds to the nominal value.

Accrued income, assets

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

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.

Equity

Equity comprises the working capital and a number of equity items that may be statutory or stipulated in the articles of association.

Provisions

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 materialise as current

Accounting Policies

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.

Trade and other payables

Trade and other payables are measured at amortised cost, which usually corresponds to the nominal value.

Studio 9 Denmark A/S

Income Statement

	Note	2020 kr.	2019 kr.
Gross profit		9.472.464	8.838.810
Staff expenses	2	-8.176.724	-7.955.770
Depreciation of equipment and intangible assets		-118.381	-106.257
Profit from ordinary operating activities		1.177.359	776.783
Financial income		563.334	12.131
Financial expenses		-10.786	-299.732
Profit from ordinary activities before tax		1.729.907	489.182
Tax expense		-688.740	-353.797
Net profit		1.041.167	135.385
Proposed appropriation of net profit			
Retained earnings		1.041.167	135.385
Distribution of net profit		1.041.167	135.385

Studio 9 Denmark A/S

Balance Sheet as of 31 December

	Note	2020 kr.	2019 kr.
Assets			
Goodwill	3	0	0
Intangible assets		<u>0</u>	<u>0</u>
Fixtures, fittings, tools and equipment	4	192.591	287.097
Property, plant and equipment		<u>192.591</u>	<u>287.097</u>
Fixed assets		<u>192.591</u>	<u>287.097</u>
Finished goods and goods for resale		3.472.731	0
Inventories		<u>3.472.731</u>	<u>0</u>
Short-term trade receivables		16.720.319	20.791
Short-term receivables from group enterprises		315.893	1.048.565
Current deferred tax		39.515	61.491
Short-term tax receivables		683.910	0
Other short-term receivables		147.472	191.070
Deferred income		91.766	103.895
Receivables		<u>17.998.875</u>	<u>1.425.812</u>
Cash and cash equivalents		<u>2.837.630</u>	<u>3.783.436</u>
Current assets		<u>24.309.236</u>	<u>5.209.248</u>
Assets		<u>24.501.827</u>	<u>5.496.345</u>

Balance Sheet as of 31 December

	Note	2020 kr.	2019 kr.
Liabilities and equity			
Contributed capital		1.000.000	1.000.000
Reserve for current value of hedging		62.374	0
Retained earnings		3.596.583	2.555.416
Equity		4.658.957	3.555.416
Other payables		636.130	265.669
Long-term liabilities other than provisions		636.130	265.669
Trade payables		7.766.730	204.512
Payables to group enterprises		1.751.073	169.795
Tax payables		0	32.978
Other payables		9.688.937	1.267.975
Short-term liabilities other than provisions		19.206.740	1.675.260
Liabilities other than provisions within the business		19.842.870	1.940.929
Liabilities and equity		24.501.827	5.496.345
Contingent liabilities	5		
Collaterals and assets pledges as security	6		
Related parties	7		

Statement of changes in Equity

	Contributed capital	Retained earnings	Reserve for current value of hedging	Total
Equity 1 January 2020	1.000.000	2.555.416	0	3.555.416
Profit (loss)		1.041.167		1.041.167
Tax on changes in equity			-17.592	-17.592
Adjustments of hedging instruments at fair value			79.966	79.966
Equity 31 December 2020	1.000.000	3.596.583	62.374	4.658.957

The contributed share 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

1. Special items

Special items include significant income and expenses of a special nature relative to the enterprise's ordinary operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments and any related gains on disposal and losses which, over time, have a significant impact. Special items also include other significant amounts of a nonrecurring nature.

As mentioned in the management commentary, the net profit or loss for the year is affected by a number of factors that differ from what is considered by management to be part of operating activities.

Special items for the year are specified below, indicating where they are recognised in the income statement.

	2020 kr.	2019 kr.
Received salary compensation Covid-19	761.306	0
	<u>761.306</u>	<u>0</u>

Special items are recognised in the following items in the financial statements:

Other operating income	761.306	0
	<u>761.306</u>	<u>0</u>

2. Staff expenses

Wages and salaries	7.592.091	7.388.233
Post-employment benefit expense	517.200	485.501
Social security contributions	67.433	82.036
	<u>8.176.724</u>	<u>7.955.770</u>

Average number of employees	<u>16</u>	<u>14</u>
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In accordance with §98b, subsection 3, litra 2 of the Danish Financial Statements Act remuneration to the director of the company has not been disclosed.

3. 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	<u>-989.115</u>	<u>-989.115</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>

Notes

	2020 kr.	2019 kr.
4. Fixtures, fittings, tools and equipment		
Cost at 1 January	481.474	276.011
Addition during the year, incl. improvements	23.875	205.463
Cost at 31 December	505.349	481.474
Depreciation and amortisation at 1 January	-194.377	-88.121
Amortisation for the year	-118.381	-106.256
Impairment losses and amortisation at 31 December	-312.758	-194.377
Carrying amount at 31 December	192.591	287.097

5. Contingent liabilities

Derivative financial instruments

To hedge the risk for future fluctuations in foreign currency exchange rates the company has on 31st December 2020 engaged in forward exchange contracts and swaps, not exceeding the sale of t. USD 450 and purchase of t. USD 1,090. Compared to the exchange rates on 31st December the forwards have a net positive value of t. DKK 80, which is recognised under equity and in the balance sheet under the heading other receivables if positive and other payables if negative.

Other contingent liabilities

No other contingent liabilities exist at the balance sheet date.

6. Collaterals and assets pledged as security

The company has entered into a lease agreement for office facilities. The annual rent is 308 t. DKK. The lease agreement can be terminated with six months notice.

The company has entered into a lease agreement for warehouse facilities. The annual rent is 124 t. DKK. The lease agreement can be terminated with three months notice.

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

7. Related parties

Consolidated annual accounts:

The company's financials are included in the consolidated annual accounts of Nine United China Limited, Hong Kong.