Studio 9 Denmark A/S

Havnen 1
8700 Horsens

Annual Report
2021

CVR no. 36018712

Annual General Meeting held
the 19 April 2022

Mogens Madsen
Chairman

Contents

Management's Statement

Today, Management has considered and adopted the Annual Report of Studio 9 Denmark A/S for the financial year 1 January 2021 - 31 December 2021.

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 2021 and of the results of the Company's operations for the financial year 1 January 2021 - 31 December 2021.

In our opinion, the management commentary includes a true and fair account of the matters addressed in the commentary.

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

Horsens, 21 March 2022

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 2021 - 31 December 2021, which comprise accounting policies, income statement, statement of finacial 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 fair view of the Company's assets, equity and liabilities and financial position at 31 December 2021 and of the results of the company's activities for the financial year 1 January 2021 - 31 December 2021 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 section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have 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 the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

* Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or 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 accounting policies used and the reasonableness of accounting estimates and the related disclosures made by management.

Independent Auditors' Report

* Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on 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 auditors' 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 auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.

* Evaluate the overall presentation, structure and contents of the financial statements, including disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the financial statements does not cover the management commentary, and we express no assurance opinion theron.

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 Statements Act. We did not discover any material misstatement in the management commentary.

Brande, 21 March 2022

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 2021 - 31 December 2021
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 the financial situation
The Company's Income Statement for the financial year 1 January 2021 - 31 December 2021 shows a result of DKK 608.953 and the Balance Sheet at 31 December 2021 a balance sheet total of DKK 114.641.871 and an equity of DKK 5.205.536.

Despite periodic lockdowns due to the continued spread of the Corona virus, the company has continued its normal activities. Apart from the outbreak of the Corona virus, there have been no isolated events during the financial year that are of such a significant nature that they require mention in the management's report.

The outbreak of the Corona virus and the restrictions imposed have not significantly affected the year's activities and economic development.

The development and result for the year are considered satisfactory in these circumstances.

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 2021 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
The financial statement has been prepared under the historical cost principle.

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.

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 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 excluding 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 cost of goods purchased less discounts and change in inventories for the year.

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

Staff expenses
Staff expenses comprise wages, salaries and other pay-related costs, such as sickness benefits for enterprise employees less wage/salary reimbursement, 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 based on the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses, financial expenses of finance leases, realised and unrealised capital gains and losses regarding securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges and allowances under the tax prepayment scheme.

Dividends equity investments are recognised as income in the financial year in which the dividends are declared.

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

Accounting Policies

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 expertice 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.

Deferred income, assets
Deferred income recognised in assets comprise 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 contributed share 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.

Accounting Policies

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 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.

Accruals and deferred income entered as liabilities
Accruals and deferred income entered as liabilities consist of payments received regarding income in the subsequent financial years.

Income Statement

	Note	2021 kr.	2020 kr.
Gross profit		**8.097.868**	**9.472.464**
Staff expenses	2	-7.115.853	-8.176.724
Depreciation of equipment and intangible assets		-115.644	-118.381
Profit from ordinary operating activities		**866.371**	**1.177.359**
Financial income		416.588	563.334
Financial expenses		-19.806	-10.786
Profit from ordinary activities before tax		**1.263.153**	**1.729.907**
Tax expense on ordinary activities		-654.200	-688.740
Net profit		**608.953**	**1.041.167**
Proposed appropriation of net profit			
Retained earnings		608.953	1.041.167
Distribution of net profit		**608.953**	**1.041.167**

Balance Sheet as of 31 December

	Note	2021 kr.	2020 kr.
Assets			
Goodwill	3	0	0
Intangible assets		**0**	**0**
Fixtures, fittings, tools and equipment	4	76.947	192.591
Property, plant and equipment		**76.947**	**192.591**
Fixed assets		**76.947**	**192.591**
Finished goods and goods for resale		86.760	3.472.731
Prepayments for goods		61.430.376	0
Inventories		**61.517.136**	**3.472.731**
Short-term trade receivables		438.696	16.720.319
Short-term receivables from group enterprises		23.588.497	315.893
Current deferred tax		21.171	39.515
Short-term tax receivables		198.558	683.910
Other short-term receivables		196.243	147.472
Deferred income		28.428.722	91.766
Receivables		**52.871.887**	**17.998.875**
Cash and cash equivalents		**175.901**	**2.837.630**
Current assets		**114.564.924**	**24.309.236**
Assets		**114.641.871**	**24.501.827**

Balance Sheet as of 31 December

	Note	2021 kr.	2020 kr.
Liabilities and equity			
Contributed capital		1.000.000	1.000.000
Reserve for current value of hedging		0	62.374
Retained earnings		4.205.536	3.596.583
Equity		**5.205.536**	**4.658.957**
Other payables		0	636.130
Long-term liabilities other than provisions		**0**	**636.130**
Trade payables		9.616.088	7.766.730
Payables to group enterprises		9.823.485	1.751.073
Other payables		22.629.495	9.688.937
Deferred income, liabilities		67.367.267	0
Short-term liabilities other than provisions		**109.436.335**	**19.206.740**
Liabilities other than provisions within the business		**109.436.335**	**19.842.870**
Liabilities and equity		**114.641.871**	**24.501.827**
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 2021	1.000.000	3.596.583	62.374	4.658.957
Net adjustments of hedging instruments			-62.374	-62.374
Profit (loss)		608.953		608.953
Equity 31 December 2021	**1.000.000**	**4.205.536**	**0**	**5.205.536**

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.

	2021 kr.	2020 kr.
Received salary compensation Covid-19	0	761.306
	0	**761.306**
Special items are recognised in the following items in the financial statements:		
Other operating income	0	761.306
	0	**761.306**

2. Staff expenses

	2021 kr.	2020 kr.
Wages and salaries	6.598.519	7.592.091
Post-employement benefit expense	427.392	517.200
Social security contributions	89.942	67.433
	7.115.853	**8.176.724**
Average number of employees	15	16

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

	2021 kr.	2020 kr.
Cost at 1 January	989.115	989.115
Cost at 31 December	**989.115**	**989.115**
Depreciation and amortisation at 1 January	-989.115	-989.115
Impairment losses and amortisation at 31 December	**-989.115**	**-989.115**
Carrying amount at 31 December	**0**	**0**

Notes

	2021 kr.	2020 kr.
4. Fixtures, fittings, tools and equipment		
Cost at 1 January	505.350	481.474
Addition during the year, incl. improvements	0	23.875
Cost at 31 December	**505.350**	**505.349**
Depreciation and amortisation at 1 January	-312.758	-194.377
Amortisation for the year	-115.645	-118.381
Impairment losses and amortisation at 31 December	**-428.403**	**-312.758**
Carrying amount at 31 December	**76.947**	**192.591**

5. Contingent liabilities

The company has entered into a lease agreement for office facilities. The annual rent is 316 t. DKK. The lease agreement can be terminated with six months notice.

No other contingent liabilities exist at the balance sheet date.

6. Collaterals and assets pledged as security

There are no 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 Hong.