

CITS V SERVICE (DENMARK)

A/S

Lyngbyvej 28, st. tv
DK-2100 København Ø

CVR no. 32 94 87 23

Annual report 2023

The annual report was presented and approved at
the Company's annual general meeting on

26 June 2024

Lan Gu

Chairman of the annual general meeting

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report for CITS V SERVICE (DENMARK) A/S for the financial year 1 January - 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

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

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 26 June 2024

Executive Board:

Lan Gu

Board of Directors:

Zhang, Kexiong
Chairman

Lan Gu

Yeping Xu



Independent auditor's report

To the shareholder of CITS V SERVICE (DENMARK) A/S

Opinion

We have audited the financial statements of CITS V SERVICE (DENMARK) A/S for the financial year 1 January - 31 December 2023, comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

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.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that 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 in preparing the financial statements 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 as to 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 that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company 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 one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.



Independent auditor's report

- 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 and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to 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 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 the disclosures, and whether the financial statements represent 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 that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, 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 conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 26 June 2024

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Anja Bjørnholt Lüthcke
State Authorised Public Accountant
mne26779

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Management's review

Company details

CITS V SERVICE (DENMARK) A/S
Lyngbyvej 28, st. tv
DK-2100 København Ø

CVR no.:	32 94 87 23
Established:	8 June 2010
Registered office:	København
Financial year:	1 January - 31 December

Board of Directors

Zhang, Kexiong, Chairman
Lan Gu
Yeping Xu

Executive Board

Lan Gu

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø
CVR no. 25 57 81 98

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Management's review

Operating review

Principal activities

The object of the company is to grant visa to entering China on behalf of the Chinese State.

Development in activities and financial position

The Company's income statement for 2023 shows a loss of DKK 266,902 against a loss of DKK 3,054,746 in 2022. Equity in the Company's balance sheet at 31 December 2023 stood at DKK -6,182,533 as against DKK -5,915,631 at 31 December 2022.

Staff cost has increased by DKK 1,246 thousand due to increased number of full time employees and also increased business activities.

The financial year was in line with forecast, and results for the year are considered satisfactory.

Capital resources

Covid-19-related restrictions has been fully lifted during 2023. Revenue of 2023 has been increased compared to the previous three years.

The Company has received a declaration of financial support from its parent company, China International Travel Service Limited, who commits to provide financial support in the form of additional loans to settle any liabilities as they fall due if the Company does not have sufficient resources of its own. Intercompany payables as reflected on the balance sheet will be repaid to parent company as funds become available, and do not have to be repaid sooner than the company has liquidity to do so. All internal debt of the Company and other group entities is subordinated to other liabilities, and no internal debt will be called or required to be repaid between the Company of any group entities unless and until the individual entity has sufficient liquidity to do so. This declaration is effective for at least 12 months from approval of the Company's annual report. The Management is therefore presenting the Annual Report under the going concern assumption.

The negative equity is expected to be re-established through future profit.

Events after the balance sheet date

No events have occurred after the balance sheet date of material importance to the annual report for 2023.

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Income statement

DKK	Note	2023	2022
Gross profit/loss		2,982,944	-527,042
Staff costs	2	-3,464,893	-2,218,723
Depreciation of property, plant and equipment		0	-9,647
Loss before financial income and expenses		-481,949	-2,755,412
Other financial income	3	489,363	0
Other financial expenses	4	-274,316	-299,334
Loss before tax		-266,902	-3,054,746
Tax on loss for the year		0	0
Loss for the year		<u>-266,902</u>	<u>-3,054,746</u>
Proposed distribution of loss			
Retained earnings		<u>-266,902</u>	<u>-3,054,746</u>
		<u>-266,902</u>	<u>-3,054,746</u>

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Balance sheet

DKK	Note	31/12 2023	31/12 2022
ASSETS			
Fixed assets			
Financial assets			
Deposits		282,187	206,623
Total fixed assets		<u>282,187</u>	<u>206,623</u>
Current assets			
Receivables			
Trade receivables		127,073	124,013
Cash at bank and in hand		<u>2,126,141</u>	<u>1,337,785</u>
Total current assets		<u>2,253,214</u>	<u>1,461,798</u>
TOTAL ASSETS		<u><u>2,535,401</u></u>	<u><u>1,668,421</u></u>

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Balance sheet

DKK	Note	31/12 2023	31/12 2022
EQUITY AND LIABILITIES			
Equity			
Contributed capital		500,000	500,000
Retained earnings		-6,682,533	-6,415,631
Total equity		-6,182,533	-5,915,631
Liabilities			
Current liabilities			
Trade payables		385,353	76,578
Payables to group entities		6,954,198	7,157,145
Other payables, including taxes payable		1,378,383	350,329
		8,717,934	7,584,052
Total liabilities		8,717,934	7,584,052
TOTAL EQUITY AND LIABILITIES		2,535,401	1,668,421

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Statement of changes in equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 January 2023	500,000	-6,415,631	-5,915,631
Transferred over the distribution of loss	0	-266,902	-266,902
Equity at 31 December 2023	500,000	-6,682,533	-6,182,533

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1 Accounting policies

The annual report of CITS V SERVICE (DENMARK) A/S for 2023 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

The Financial Statements for 2023 are presented in DKK.

Going concern

The Financial Statement is prepared under going concern assumption due to the Company has received a declaration of financial support from its parent company, China International Travel Service Limited, who commits to provide financial support for at least 12 months from the date of the approval of the Company's financial statements for year ending 31 December 2023 and expects to renew the financial support commitment each year.

Financial support includes re-payment of external debt as well as internal debt as it falls due. All internal debt will be sub-ordinated to external liabilities. Parent company agrees that the loan extended and additional future loans that will be extended and will not be called unless the liquidity position of Company is adequate to justify such repayment.

On this basis it is managements assessment, that the Annual Report shall be prepared on a going concern basis.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Government grants

Government grants are recognised when it is fairly certain that the grant conditions will be complied with, and the grant will be received.

Grants compensating for costs incurred are recognised directly as operating income in the income statement as costs eligible for grants are incurred. If the conditions for receiving the grant are not complied until after related costs have been recognised, the grant is to be recognised in the income statement when the conditions have been complied with and it is fairly certain that the grant will be awarded.

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1 Accounting policies

Income statement

Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms ®2020.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other operating income

Other operating income comprises items secondary to the activities of the Company, including gains on the disposal of intangible assets and property, plant and equipment as well as payroll refunds.

Other external costs

Other external costs comprise costs for distribution and sales costs, costs for advertising, administrative expenses, costs of premises, bad debts, operating leases, etc.

Revenue, Other operating income and other external costs are included in gross profit/loss in Income statement.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

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1 Accounting policies

Balance sheet

Investments

Deposits are recognised at amortised cost.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in subsidiaries and participating interests (including associates) is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists.

Receivables

Receivables are measured at amortised cost.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Cash at bank and in hand

Cash at bank and in hand comprise cash and bank deposits.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

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1 Accounting policies

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at amortised cost.

2 Staff costs

DKK	2023	2022
Wages and salaries	3,412,188	2,174,746
Other social security costs	52,705	43,977
	<u>3,464,893</u>	<u>2,218,723</u>
Average number of full-time employees	<u>6</u>	<u>5</u>

3 Other financial income

DKK	2023	2022
Exchange gains	489,363	0
	<u>489,363</u>	<u>0</u>

4 Other financial expenses

DKK	2023	2022
Interest paid to group entities	274,316	113,873
Other interest expenses	0	11,157
Exchange losses	0	174,304
	<u>274,316</u>	<u>299,334</u>

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5 Contractual obligations, contingencies, etc.

Operating lease obligations

DKK	31/12 2023	31/12 2022
Rent and lease obligations	<u>367,280</u>	<u>247,900</u>

A guarantee of DKK 350,000 is given to Embassy of the Peoples Republic of China.