COSCO SHIPPING Lines Denmark A/S

Birkerød Kongevej 150 A, DK-3460 Birkerød

Annual Report for 1 January - 31 December 2017

CVR No 15 28 81 91

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 16/5 2018

Morten Vinther Struve
Chairman

Contents

Management’s Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of COSCO SHIPPING Lines Denmark A/S for the financial year 1 January - 31 December 2017.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and of the results of the Company operations for 2017.

In our opinion, 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.

Birkerød, 15 May 2018

Executive Board

Jan Timmermann	Shiwu Zhou

Board of Directors

Ulf Svejgaard Poulsen Chairman	Jan Timmermann	Morten Vinther Struve
Shiwu Zhou	Erik Lund Eriksen	

Independent Auditor's Report

To the Shareholder of COSCO SHIPPING Lines Denmark A/S

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of COSCO SHIPPING Lines Denmark A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities 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 as 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 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 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 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 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 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.

- 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.

Hellerup, 15 May 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Poul Madsen
State Authorised Public Accountant
mne10745

Martin Birch
State Authorised Public Accountant
mne42825

Company Information

The Company	COSCO SHIPPING Lines Denmark A/S Birkerød Kongevej 150 A DK-3460 Birkerød Telephone: + 45 45 16 01 60 CVR No: 15 28 81 91 Financial period: 1 January - 31 December Financial year: 26th financial year Municipality of reg. office: Rudersdal
Board of Directors	Ulf Svejgaard Poulsen, Chairman Jan Timmermann Morten Vinther Struve Shiwu Zhou Erik Lund Eriksen
Executive Board	Jan Timmermann Shiwu Zhou
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup
Lawyers	Svejgaard Galst Advokataktieselskab Gammel Strand 44 DK-1202 København K
Bankers	Jyske Bank Strandvejen 104 A DK-2900 Hellerup

Management's Review

Financial Statements of COSCO SHIPPING Lines Denmark A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Annual Report has been prepared under the same accounting policies as last year.

Key activities

The Company carries on shipping activities.

Development in the year

The income statement of the Company for 2017 shows a profit of DKK 5,166,197, and at 31 December 2017 the balance sheet of the Company shows equity of DKK 8,560,967.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2017	2016
		DKK	DKK
Gross profit/loss		**26.768.678**	**23.566.707**
Staff expenses	1	-19.460.663	-13.783.721
Profit before depreciation		**7.308.015**	**9.782.986**
Depreciation and amortization		-169.421	-163.889
Other operating expenses		-36.512	0
Profit before financial income and expenses		**7.102.082**	**9.619.097**
Financial income	2	337.590	365.748
Financial expenses	3	-727.681	-470.509
Profit before tax		**6.711.991**	**9.514.336**
Tax on profit for the year	4	-1.545.794	-2.157.897
Net profit/loss for the year		**5.166.197**	**7.356.439**

Distribution of profit

Proposed distribution of profit

	2017	2016
Proposed dividend for the year	4.000.000	8.000.000
Retained earnings	1.166.197	-643.561
	5.166.197	**7.356.439**

Balance Sheet 31 December

Assets

	Note	2017 DKK	2016 DKK
Other fixtures and fittings, tools and equipment		216.526	127.572
Leasehold improvements		30.977	36.836
Tangible assets	5	**247.503**	**164.408**
Other receivables		290.973	389.697
Fixed asset investments		**290.973**	**389.697**
Fixed assets		**538.476**	**554.105**
Trade receivables		539.129	529.915
Receivables from group enterprises		22.303.219	30.534.934
Other receivables		413.779	603.812
Deferred tax asset	7	832.789	758.533
Receivables		**24.088.916**	**32.427.194**
Cash at bank and in hand		**7.976.491**	**5.398.300**
Currents assets		**32.065.407**	**37.825.494**
Assets		**32.603.883**	**38.379.599**

Balance Sheet 31 December

Liabilities and equity

	Note	2017	2016
		DKK	DKK
Share capital		500.000	500.000
Retained earnings		4.060.967	2.894.770
Proposed dividend for the year		4.000.000	8.000.000
Equity	6	**8.560.967**	**11.394.770**
Lease obligation		199.252	0
Trade payables		5.824.568	14.498.287
Payables to group enterprises		10.886.787	6.227.932
Other payables		7.132.309	6.258.610
Short-term dept		**24.042.916**	**26.984.829**
Debt		**24.042.916**	**26.984.829**
Liabilities and equity		**32.603.883**	**38.379.599**

Contingent assets, liabilities and other financial obligations	8
Related parties	9
Accounting Policies	10

Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	500.000	2.894.770	8.000.000	11.394.770
Ordinary dividend paid	0	0	-8.000.000	-8.000.000
Net profit/loss for the year	0	1.166.197	4.000.000	5.166.197
Equity at 31 December	**500.000**	**4.060.967**	**4.000.000**	**8.560.967**

Notes to the Financial Statements

		2017	2016
		DKK	DKK
1	**Staff expenses**		
	Wages and salaries	16.976.510	11.571.751
	Pensions	1.862.339	1.465.506
	Other social security expenses	621.814	746.464
		19.460.663	**13.783.721**
	Average number of employees	**28**	**22**

		2017	2016
2	**Financial income**		
	Interest received from group enterprises	0	20.204
	Other financial income	0	15.518
	Exchange adjustments	337.590	330.026
		337.590	**365.748**

		2017	2016
3	**Financial expenses**		
	Other financial expenses	23.567	3.347
	Exchange adjustments	704.114	467.162
		727.681	**470.509**

		2017	2016
4	**Tax on profit for the year**		
	Current tax for the year	1.620.050	2.076.960
	Deferred tax for the year	-74.256	80.937
		1.545.794	**2.157.897**

Notes to the Financial Statements

5 Tangible assets

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	713.723	1.221.294
Additions for the year	349.027	0
Disposals for the year	-204.380	0
Cost at 31 December	858.370	1.221.294
Impairment losses and depreciation at 1 January	586.151	1.184.458
Depreciation for the year	163.561	5.859
Impairment and depreciation of sold assets for the year	-107.868	0
Impairment losses and depreciation at 31 December	641.844	1.190.317
Carrying amount at 31 December	**216.526**	**30.977**
Depreciated over	3-5 years	10 years
Including assets under finance leases amounting to	205.086	0

6 Equity

The share capital consists of 500 shares of a nominal value of DKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

Notes to the Financial Statements

		2017	2016
		DKK	DKK
7	**Deferred tax asset**		
	Property, plant and equipment	27.516	-12.944
	Trade receivables	-110.000	-110.000
	Lease obligation	-43.835	0
	Provisions	-706.470	-635.589
	Transferred to deferred tax asset	832.789	758.533
		0	**0**

Deferred tax has been provided at 22% corresponding to the current tax rate.

Deferred tax asset

	2017	2016
Calculated tax asset	832.789	758.533
Carrying amount	**832.789**	**758.533**

8 Contingent assets, liabilities and other financial obligations

Contingent liabilities

COSCO SHIPPING Lines Denmark A/S has provided security for COSCO Shipping Lines Nordic A/S' commitments towards the Group's bank.

The Company's total rent and leasing obligations amounts to DKK 3,128k (2016: DKK 3,931k)

COSCO SHIPPING Lines Denmark A/S is jointly and severally liable for the corporation tax in other Group enterprises under the joint taxation.

Notes to the Financial Statements

9 Related parties

Consolidated Financial Statements

The Company is included in the Group Annual Report of

Name	Place of registered office
COSCO SHIPPING Lines Nordic A/S	Birkerød, Denmark

The Group Annual Report of Cosco Shipping Lines Nordic A/S may be obtained at the following address:

Birkerød Kongevej 150 A
DK-3460 Birkerød

Notes to the Financial Statements

10 Accounting Policies

The Annual Report of COSCO SHIPPING Lines Denmark A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. 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 flow 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 will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially 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 maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Notes to the Financial Statements

10 Accounting Policies (continued)

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Income Statement

Revenue

Revenue from the sale of transport and services is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Logistics and transport expenses

Logistics and transport expenses comprise consumables consumed to achieve revenue for the year.

Notes to the Financial Statements

10 Accounting Policies (continued)

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation and depreciation

Amortisation and depreciation comprise amortisation and depreciation of property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with the Danish holding Company. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Tangible assets

Tangible assets are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Notes to the Financial Statements

10 Accounting Policies (continued)

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Notes to the Financial Statements

10 Accounting Policies (continued)

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

IT equipment	3 years
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	10 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Fixed asset investments

Fixed asset investments consist of deposits.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Notes to the Financial Statements

10 Accounting Policies (continued)

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.