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# ***COSCO SHIPPING Lines Denmark A/S***

Birkerød Kongevej 150 A, DK-3460 Birkerød

## **Annual Report for 1 January - 31 December 2019**

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CVR No 15 28 81 91

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
15/6 2020

Morten Struve  
Chairman of the General  
Meeting



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# 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 2019.

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 2019 of the Company and of the results of the Company operations for 2019.

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 June 2020

## Executive Board

Jan Timmermann

Shiwu Zhou

## Board of Directors

Tian Dong  
Chairman

Tian Zaikun

Wang Han

Wang Dong

Erik Lund Eriksen

Zhou Shiwu

Jan Timmermann

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

## 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 misstate-

# Independent Auditor's Report

ment, 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

## Independent Auditor's Report

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 June 2020

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Poul Madsen  
state authorised public accountant  
mne10745

Mark Philip Beer  
state authorised public accountant  
mne29472

## 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: 28th financial year

Municipality of reg. office: Rudersdal

### Board of Directors

Tian Dong, Chairman  
Tian Zaikun  
Wang Han  
Wang Dong  
Erik Lund Eriksen  
Zhou Shiwu  
Jan Timmermann

### Executive Board

Jan Timmermann  
Shiwu Zhou

### Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

### Lawyers

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 2019 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 2019 shows a profit of DKK 3,440,316, and at 31 December 2019 the balance sheet of the Company shows equity of DKK 9,398,064.

### **Subsequent events**

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), and therefore will not have any effect on the Financial Statements for 2019 (a non-adjusting event).

The changed operation will have a negative impact on the Company's revenue as well as net profit for 2020 compared to the revenue and net profit realised in 2019. At this time, it is not possible to provide a reliable estimate of the impact. Management assesses that the financial resources available are adequate.



## Income Statement 1 January - 31 December

	Note	2019 DKK	2018 DKK
<b>Gross profit/loss</b>		<b>18.884.865</b>	<b>16.195.588</b>
Staff expenses	2	-14.440.834	-14.675.666
<b>Profit before depreciation</b>		<b>4.444.031</b>	<b>1.519.922</b>
Depreciation and amortization		-5.857	-30.385
Other operating expenses		0	-2.000
<b>Profit before financial income and expenses</b>		<b>4.438.174</b>	<b>1.487.537</b>
Financial income	3	85.531	379.820
Financial expenses	4	-79.844	-4.337
<b>Profit before tax</b>		<b>4.443.861</b>	<b>1.863.020</b>
Tax on profit for the year	5	-1.003.545	-466.239
<b>Net profit/loss for the year</b>		<b>3.440.316</b>	<b>1.396.781</b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings	3.440.316	1.396.781
	<b>3.440.316</b>	<b>1.396.781</b>

# Balance Sheet 31 December

## Assets

	Note	2019 DKK	2018 DKK
Other fixtures and fittings, tools and equipment		0	0
Leasehold improvements		19.261	25.118
<b>Tangible assets</b>	6	<b>19.261</b>	<b>25.118</b>
Other receivables		302.031	296.447
<b>Fixed asset investments</b>		<b>302.031</b>	<b>296.447</b>
<b>Fixed assets</b>		<b>321.292</b>	<b>321.565</b>
Trade receivables		222.260	418.617
Receivables from group enterprises		53.002.047	39.103.419
Other receivables		816.931	493.331
Deferred tax asset		618.410	774.043
<b>Receivables</b>		<b>54.659.648</b>	<b>40.789.410</b>
<b>Cash at bank and in hand</b>		<b>957.293</b>	<b>244.792</b>
<b>Currents assets</b>		<b>55.616.941</b>	<b>41.034.202</b>
<b>Assets</b>		<b>55.938.233</b>	<b>41.355.767</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2019 DKK	2018 DKK
Share capital		500.000	500.000
Retained earnings		8.898.064	5.457.748
<b>Equity</b>	7	<b>9.398.064</b>	<b>5.957.748</b>
Other payables		563.865	0
<b>Long-term dept</b>		<b>563.865</b>	<b>0</b>
Trade payables		9.750.248	7.876.377
Payables to group enterprises		30.485.466	21.017.747
Other payables		5.740.590	6.503.895
<b>Short-term dept</b>		<b>45.976.304</b>	<b>35.398.019</b>
<b>Debt</b>		<b>46.540.169</b>	<b>35.398.019</b>
<b>Liabilities and equity</b>		<b>55.938.233</b>	<b>41.355.767</b>
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## Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	500.000	5.457.748	5.957.748
Net profit/loss for the year	0	3.440.316	3.440.316
<b>Equity at 31 December</b>	<b>500.000</b>	<b>8.898.064</b>	<b>9.398.064</b>

# Notes to the Financial Statements

## 1 Subsequent events

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), and therefore will not have any effect on the Financial Statements for 2019 (a non-adjusting event).

The changed operation will have a negative impact on the Company's revenue as well as net profit for 2020 compared to the revenue and net profit realised in 2019. At this time, it is not possible to provide a reliable estimate of the impact. Management assesses that the financial resources available are adequate.

	2019 DKK	2018 DKK
<b>2 Staff expenses</b>		
Wages and salaries	11.700.721	11.955.441
Pensions	1.987.490	1.906.653
Other social security expenses	752.623	813.572
	<b>14.440.834</b>	<b>14.675.666</b>
<b>Average number of employees</b>	<b>24</b>	<b>25</b>
<b>3 Financial income</b>		
Interest received from group enterprises	79.755	8.764
Other financial income	5.776	4.924
Exchange adjustments	0	366.132
	<b>85.531</b>	<b>379.820</b>
<b>4 Financial expenses</b>		
Other financial expenses	3.055	4.337
Exchange adjustments	76.789	0
	<b>79.844</b>	<b>4.337</b>

## Notes to the Financial Statements

	2019 <u>DKK</u>	2018 <u>DKK</u>
<b>5 Tax on profit for the year</b>		
Current tax for the year	847.912	407.493
Deferred tax for the year	<u>155.633</u>	<u>58.746</u>
	<b><u>1.003.545</u></b>	<b><u>466.239</u></b>
 <b>6 Tangible assets</b>		
	Other fixtures and fittings, tools and equipment <u>DKK</u>	Leasehold improvements <u>DKK</u>
Cost at 1 January	<u>509.343</u>	<u>1.221.294</u>
Cost at 31 December	<u>509.343</u>	<u>1.221.294</u>
Impairment losses and depreciation at 1 January	509.343	1.196.176
Depreciation for the year	<u>0</u>	<u>5.857</u>
Impairment losses and depreciation at 31 December	<u>509.343</u>	<u>1.202.033</u>
<b>Carrying amount at 31 December</b>	<b><u>0</u></b>	<b><u>19.261</u></b>
Depreciated over	<u>3-5 years</u>	<u>10 years</u>

## 7 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

	2019 DKK	2018 DKK
<b>8 Contingent assets, liabilities and other financial obligations</b>		

## Contingent liabilities

The Company's total rent and leasing obligations amounts to DKK 3,832k (2018: DKK 3,102k)

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

## 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 2019 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 2019 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, gross profit/loss is calculated as a summary of revenue, logistics and transport expenses and other external expenses.

### 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.

### 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.

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

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the

# Notes to the Financial Statements

## 10 Accounting Policies (continued)

expected useful lives of the assets, which are:

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

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,800 are expensed in the year of acquisition.

### 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.