



## Evergas Shipholding 2 A/S

Kalvebod Brygge 39-41  
DK 1560 Copenhagen  
CVR No. 35 38 11 55

### Annual report

for the year ended 31 December 2019

Approved at the annual general meeting of shareholders  
on 4 June 2020

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Pia Lindberg

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## **Company details**

Evergas Shipholding 2 A/S  
Kalvebod Brygge 39-41  
DK – 1560 Copenhagen  
CVR No. 35 38 11 55

### ***Board of Directors***

Jacques Marie Joseph Narcisse d'Armand de Chateaufieux (Chairman)  
Christian Franck Lefevre  
Steffen Ulrik Jacobsen

### ***Executive Board***

Steffen Ulrik Jacobsen, (CEO)

### ***Auditors***

Deloitte  
Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
DK – 2300 Copenhagen S

## Statement by Executive Board and Board of Directors on the annual report

Today, Executive Board and Board of Directors have discussed and approved the annual report of Evergas Shipholding 2 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 Company's financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019.

In our opinion, management's review includes a fair review of the matters dealt with in the Management's review.

We recommend that the annual report is approved by the annual general meeting of shareholders.

Copenhagen 4 June 2020

Executive Board:

.....  
Steffen Ulrik Jacobsen

Board of Directors:

.....  
Jacques Marie Joseph Narcisse  
d'Armand de Chateauvieux  
(Chairman)

.....  
Christian Franck Lefevre

.....  
Steffen Ulrik Jacobsen

## **Independent auditor's report**

### **To the shareholder of Evergas Shipholding 2 A/S**

#### **Opinion**

We have audited the financial statements of Evergas Shipholding 2 A/S for the financial year 01 January – 31 December 2019, which comprise the income statement, balance sheet and notes, including a summary of significant 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 Entity's financial position at 31 December 2019 and of the results of its operations for the financial year 01 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

#### **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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 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 in 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, we conclude that 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.

Copenhagen, 4 June 2020

**Deloitte**

Statsautoriseret Revisionspartnerselskab

Business Registration No 33 96 35 56

Kim Takata Mücke

State-Authorised

Public Accountant

MNE no 10944

Martin Pieper

State-Authorised

Public Accountant

MNE no 44063

## **Management's review**

### **Business activities and mission**

The objective of the Company is to carry on shipping business.

### **Business review**

The Company's result for 2019 is a gain of USD 785,653 against a loss of USD 4,820,775 in 2018 and the Company's balance sheet at 31 December 2019 shows an equity of USD 2,972,308 against an equity of USD 8,411,815 in 2018.

The improved result in 2019 is due to impairment of JS Greensun to sales price of vessel in 2018 and purchase of JS Ineos Invention in August 2019 which is a profit gaining activity.

In an extraordinary general meeting 17 July 2019, it was agreed to make a capital reduction of USD 2,089,325 to cover the covering losses as stated in the interim accounts as of 30 June 2019. Subsequently, it was in extraordinary general meeting 18 July 2019 agreed to reduce the company's share capital with USD 6,225,160 to USD 2,004,437. Due to required 4 weeks statutory notice this reduction of shares could only be registered with the Danish Company Registry on 21 August 2019.

The Company expects for 2020 a positive result at a higher level than for 2019.

### **Going concern assessment**

For a description of the going concern assessment at 31 December 2019, refer to note 1.

### **Subsequent events**

The consequences of the COVID-19 outbreak in 2020 is discussed in note 1.



## **Accounting policies**

The annual report of Evergas Shipholding 2 A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities with addition of certain provisions for reporting class C.

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

### **Reporting currency**

The financial statements are presented in USD, based on bookkeeping records maintained in USD. The financial statements are presented in USD to match the functional currency of the Company, which is also USD. The exchange rate between USD/DKK per 31 December 2019 was 6.67 against 6.52 per 31 December 2018.

### **Foreign currency retranslation**

Transactions denominated in foreign currencies are translated into USD at the exchange rates at the date of the transaction.

Monetary items denominated in foreign currencies are translated into USD at the exchange rates at the balance sheet date. Realized and unrealized exchange gains and losses are recognized in the income statement as financial income/expenses.

## **Income statement**

### **Revenue**

Income is recognized in the income statement when:

- The income generating activities have been carried out on the basis of a binding agreement
- The income can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the Company
- Costs relating to the transaction can be measured reliably

Revenue comprises freight, charter hire and demurrage revenues from the vessel. Revenue is recognized when or as performance obligations are satisfied by transferring the promised services to the customer, i.e. at a point in time or over time provided that the stage of completion can be measured reliably. Revenue is measured at the consideration that the Company expects to be entitled to. Accordingly, freight, charter hire and demurrage revenue are recognized at selling price upon delivery of the service as per the charter parties concluded.

### *Cross-over voyages*

Revenue is recognized upon delivery of services in accordance with the terms and conditions of the charter parties. For cross-over voyages (voyages in progress at the end of a reporting period), the uncertainty and the dependence on estimates are greater than for finalized voyages. The Company recognizes a percentage of the estimated revenue at the balance sheet date. The estimate of revenue is based on the expected duration and destination of the voyage.

## Accounting policies - continued

When recognizing revenue, there is a risk that the actual number of days it takes to complete the voyage will differ from the estimate, and for time charter parties a lower day rate may have been agreed for additional days. The contract for a single voyage may state several alternative destination ports. The destination port may change during the voyage, and the rate may vary depending on the destination port. Changes to the estimated duration of the voyages as well as changing destinations and weather conditions will affect the revenue.

### *Demurrage revenue*

Freight contract contain conditions regarding the amount of time available for lading and discharging of the vessel. If these conditions are breached, the Company is compensated for the additional time incurred in the form of demurrage revenue. Demurrage revenue is recognized upon delivery of services in accordance with the terms and conditions of the charter parties. Upon completion of the voyage, the Company assesses the time spent in port, and a demurrage claim based on the relevant contractual conditions is submitted to the charterers.

The claim will often be met by counterclaims due to differences in the interpretation of the agreement compared to the actual circumstances of the additional time used. Any adjustment to the final agreement is recognized as demurrage revenue.

### **Other external expenses**

Other external expenses include expenses related to sale, administration, etc.

### **Gross profit**

With reference to section 32 of the Danish Financial Statements Act, the items Revenue through other external expenses are combined into one line item Gross profit/loss.

### **Depreciation and impairment of fixed assets**

Depreciation include, depreciation and impairment of fixed assets.

Fixed assets are depreciated on a straight-line basis to the residual value, based on the cost less impairment, based on the following assessment of the useful lives:

	<u>Useful life</u>
Vessels	25 years
Dry Dock	5 years

Residual value for the vessel is estimated to 6.8 MUSD (31 December 2018: 6.8 MUSD) and for dry docking residual value is estimated to nil. The residual value is determined at the time of acquisition based on the market steel price and are reassessed every year.

Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognized. In case of changes in the residual value, the effect on the depreciation charges is recognized prospectively as a change in accounting estimates.

## **Accounting policies – continued**

Gains or losses on the sale of fixed assets are recognized in the income statement under 'Other income/Other expenses'.

### **Net financials**

Financial income and expenses are recognized in the income statement at the amounts that relate to the reporting period. Net financials include interest income and expenses, exchange gains and losses, amortization of leasing debt and surcharges and allowances under the advance-payment-of-tax scheme etc.

### **Tax**

Tax for the year includes current tax on the year's expected taxable income according to Tonnage Tax Scheme.

The Company is jointly taxed with other Danish group enterprises. The Danish income tax charge is allocated between profit-making and loss-making Danish enterprises in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, at a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a minimum, a surcharge according to the management company.

## **Balance sheet**

### **Vessels**

Vessels are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the vessels. The cost is split into vessel and docking components.

All separate components are depreciated on a straight-line basis over the useful life of the separate item.

Depreciation is based on cost less the estimated residual value.

The residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year-end.

Components of vessels are derecognized upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss arising on derecognition of an asset is included in the income statement in the year the asset is derecognized.

## **Accounting policies – continued**

An impairment test is prepared if there are indications of decreases in value. The impairment test is prepared for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

### **Inventories**

Inventories are measured at the lower of cost, measured by reference to the FIFO method, and net realizable value.

### **Receivables**

Trade receivables, etc., are measured at the lower of amortized cost and net realizable value, based on an assessment of the individual receivable.

### **Prepayments**

Prepayments recognized under 'assets' comprise prepaid expenses regarding subsequent reporting years.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash and bank balances.

### **Financial lease**

Leases of vessels where a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Charter hire costs under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant charters. Benefits received as an incentive to enter into an operating lease are also spread on a straight-line basis over the term of the charters.

Finance leases are capitalized at the commencement of the charters at the fair value of the chartered asset or, if lower, at the present value of the minimum charter hire payments. Charter hire payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit or loss.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the term of the charters, if there is no reasonable certainty that the Group will obtain ownership by the end of the term of the charters.

### **Equity**

Dividends proposed for the reporting period are presented as a separate item under 'Equity'.

### **Income taxes**

Income taxes is calculated according to the regulations of the Danish Tonnage Tax Act for shipping activities and according to general tax regulation for net financial income. Shipping activities are taxed on the basis of the net tonnage a disposal.

## **Accounting policies – continued**

### **Financial liabilities**

Financial liabilities are recognized initially at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortized cost, using the effective interest rate method.

### **Other liabilities**

Other liabilities are measured to amortized cost.

### **Deferred income – current liability**

Deferred income recognized as a liability comprises payments received to be recognized as income within the next year.

**Income statement**  
**1 January - 31 December**

	Notes	2019 USD	2018 USD
<b>Gross profit</b>		<b>2,941,916</b>	<b>1,884,633</b>
Depreciation and impairment of fixed assets		<u>(463,085)</u>	<u>(5,897,217)</u>
<b>Profit/loss before net financials</b>		<b>2,478,831</b>	<b>(4,012,584)</b>
Other financial income		3,707	12,467
Other financial expenses	3	<u>(1,700,521)</u>	<u>(820,658)</u>
<b>Profit/loss before tax</b>		<b>782,017</b>	<b>(4,820,775)</b>
Tax for the year	4	<u>3,636</u>	<u>0</u>
<b>Net profit/loss for the year</b>		<b><u>785,653</u></b>	<b><u>(4,820,775)</u></b>
<b>Proposed distribution of profit/loss</b>			
Transferred to retained earnings		<u>785,653</u>	<u>(4,820,775)</u>
<b>Total appropriation</b>		<b><u>785,653</u></b>	<b><u>(4,820,775)</u></b>

**Balance sheet  
at 31 December**

	Notes	2019 USD	2018 USD
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Vessels and dry dock	5	<u>49,249,272</u>	<u>0</u>
		<b><u>49,249,272</u></b>	<b><u>0</u></b>
<b>Financial assets</b>			
Other non-current assets	6	<u>1,400,000</u>	<u>0</u>
		<b><u>1,400,000</u></b>	<b><u>0</u></b>
<b>Total non-current assets</b>		<b><u>50,649,272</u></b>	<b><u>0</u></b>
<b>Current assets</b>			
<b>Vessels</b>	5	<u>0</u>	<u>24,402,500</u>
<b>Inventories</b>		<u>525,101</u>	<u>418,154</u>
<b>Receivables</b>			
Trade receivables		0	482,090
Receivables from group enterprises		2,288,463	0
Other receivables		150,727	1,528,008
Prepayments		<u>154,940</u>	<u>109,293</u>
		<b><u>2,594,130</u></b>	<b><u>2,119,391</u></b>
<b>Cash and cash equivalents</b>		<u>809,176</u>	<u>663,637</u>
<b>Total current assets</b>		<b><u>3,928,407</u></b>	<b><u>27,603,682</u></b>
<b>Total assets</b>		<b><u>54,577,679</u></b>	<b><u>27,603,682</u></b>

**Balance sheet  
at 31 December**

	Notes	2019 USD	2018 USD
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		2,004,437	10,318,922
Retained earnings/accumulated loss		<u>967,871</u>	<u>(1,907,107)</u>
<b>Total equity</b>		<b><u>2,972,308</u></b>	<b><u>8,411,815</u></b>
<b>Liability</b>			
Leasing debt	6	<u>45,713,954</u>	<u>0</u>
<b>Long-term liability</b>		<b><u>45,713,954</u></b>	<b><u>0</u></b>
Leasing debt	6	2,111,199	14,912,279
Trade payables		874,868	617,569
Payables to group enterprises		1,837,734	2,016,126
Other payables		84,782	1,645,893
Deferred income		<u>982,834</u>	<u>0</u>
<b>Short-term liabilities</b>		<b><u>5,891,417</u></b>	<b><u>19,191,867</u></b>
<b>Total liabilities</b>		<b><u>51,605,371</u></b>	<b><u>19,191,867</u></b>
<b>Total equity and liabilities</b>		<b><u>54,577,679</u></b>	<b><u>27,603,682</u></b>
Going concern	1		
Employee expenses	2		
Contingents liabilities and other financial obligations	7		
Related parties	8		



## Notes

### Note 1. Going concern

As per 31 December 2019, the Company's current liabilities exceeded its current assets by TUSD 1.963 but this will be covered by positive cash flows from the operation of the vessel.

Due to the unfortunate outbreak of the COVID-19 in 2020 the Company has taken measures to protect employees and the operation of the vessel. The Company will have to compensate crew that cannot be replaced in due time and foresee possible challenges with service engineers and spares connections due to possible re-scheduling and rerouting of the vessels for safety reasons. However, as per the date of the approval of this report, the additional cost is not expected to have significant influence on the financial performance of the Company.

The Board of Directors has considered the Company's cash flow forecast for a period not less than 12 months from the date of the balance sheet. The current cash flow forecast for 2020 is positive. Based on this review, the Board of Directors has concluded that is appropriate for the Company continues to apply the going concern principle when preparing the financial statements.

The Board of Directors has assessed that significant accounting estimates and judgements have not been changed due to the COVID-19 outbreak. Furthermore, the collectibility of receivables at 31 December 2019 is not assessed to be impacted.

### Note 2. Employee expenses

No wages and salaries were paid during the financial year as the Company has no employees. Administration and management is outsourced to other group companies.

	2019 USD	2018 USD
<b>Note 3. Other financial expenses</b>		
Interest expense,leasing debt	1,567,869	760,276
Amortization borrowing costs	116,665	50,126
Other financial expenses	<u>15,987</u>	<u>10,256</u>
	<b><u>1,700,521</u></b>	<b><u>820,658</u></b>

## Notes – continued

### Note 4. Tax for the year

The taxable income for 2019 is calculated based on the rules under the Danish Tonnage tax regime.

The Company is jointly taxed with Evergas A/S, which acts as administration company, and is jointly liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

### Note 5. Fixed assets

	<b>Vessels</b>
	<b>USD</b>
<b>Cost</b>	
Balance at 1/1	36,411,274
Addition in the year	50,000,000
Disposal in the year	<u>(36,411,274)</u>
<b>Cost at 31/12</b>	<b><u>50,000,000</u></b>
<b>Depreciation and impairment</b>	
Balance at 1/1	(11,008,774)
Impairment in the year	0
Depreciation in the year	(1,346,872)
Disposal in the year	<u>11,604,918</u>
<b>Depreciation and impairment at 31/12</b>	<b><u>(750,728)</u></b>
<b>Carrying amount at 31/12</b>	<b><u>49,249,272</u></b>

As at 31 December 2018, vessel and dry dock was classified as short term as the vessel was sold and to be delivered in 2019. During 2019, a new vessel has been purchased.

The vessel is not owned by the Company but included as a financial leased asset.

## Notes – continued

### Note 6. Long/short-term liabilities

Breakdown of leasing debt by long-term and short-term liabilities:

	<u>Falling due between 1 and 5 years</u>	<u>Falling due after more than 5 years</u>	<u>Total long-term liabilities at 31/12 2019</u>	<u>Falling due within 1 year</u>	<u>Total</u>
Leasing debt	<u>10,393,914</u>	<u>35,320,040</u>	<u>45,713,954</u>	<u>2,111,199</u>	<u>47,825,153</u>
	<u>10,393,914</u>	<u>35,320,040</u>	<u>45,713,954</u>	<u>2,111,199</u>	<u>47,825,153</u>

The leasing debt is guaranteed by Greenship Gas Manager Pte. Ltd. (in its capacity as trustee-manager of Greenship Gas Trust), which guarantees 100% of this debt and Greenship Holdings Manager Pte. Ltd. (in its capacity as trustee-manager of Greenship Holdings Trust), which guarantees this debt in pro rata of its ownership in Greenship Gas Trust. No financial covenant is required to be respected by the two guarantors.

The leasing debt is ordinarily repayable incrementally in 120 consecutive monthly installments with the first 60 installments at 0.4%, the next 60 installments at 0.8% and the last installment at 27% of the debt therefore US\$ 2,202,105 is to be repaid in 2020 according to repayment schedule.

A deposit has been made to lender to secure the debt.

### Note 7. Contingent liabilities and other financial obligations

At 31 December 2019 the Company has obligations under a Technical Management agreement of USD 250,681.

### Note 8. Related parties

Related parties includes the parent company Greenship Gas Trust, 21 Ubi Road 1, #06-01 Singapore, which holds the entire share capital in the Company.

The consolidated financial statements of Greenship Gas Trust is available at the Company's address: Kalvebod Brygge 39-41, Copenhagen DK-1560.