

Swissport ApS

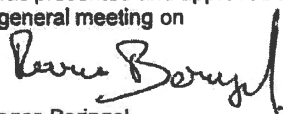
Kystvejen 28 - 30
2770 Kastrup

CVR no. 34 21 31 19

Annual report 2016

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

31 May 2017



Mario Alexandre Viegas Beringel
chairman



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Swissport ApS
Annual report 2016
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Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Swissport ApS for the financial year 1 January – 31 December 2016.

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

It is my opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.

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

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

Kastrup, 31 May 2017
Executive Board:



Simon Lothar
Wolfgang Leo
Messner





Independent auditor's report

To the shareholder of Swissport ApS

Opinion

We have audited the financial statements of Swissport ApS for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet 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 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 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' 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter regarding matters in the financial statements

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.



Independent auditor's report

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 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.
- 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,

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Independent auditor's report

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, 31 May 2017

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

David Olafsson
State Authorised
Public Accountant

Swissport ApS
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Management's review

Company details

Swissport ApS
Kystvejen 28 - 30
2770 Kastrup

Telephone: 32314401
Fax: 32314415
Website: www.swissport.com

CVR no.: 34 21 31 19
Established: 18 January 2012
Registered office: Kastrup
Financial year: 1 January – 31 December

Executive Board

Simon Lothar Wolfgang Leo Messner

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Annual general meeting

The annual general meeting will be held on 31 May 2017 on the Company's address.



Management's review

Operating review

Principal activities

The principal activities of Swissport ApS are the full range of cargo handling services at Copenhagen Airport (CPH).

Development in activities and financial position

The Company has had no activities since August 2014.

Loss for the year amounts to DKK 2,566 thousand (2015: loss of DKK 2,211 thousand), and equity is thus negative by DKK 33,329 thousand.

Due to the negative equity, the Company is subject to the capital loss provisions of the Danish Companies Act. In 2017, the Company's shareholder will decide whether the Company should be maintained or liquidated and, if necessary, take the necessary measures to re-establish the share capital.

In order to secure the Company's external creditors, the Company's sole shareholder, Swissport International Ltd., has issued a letter of subordination in respect of its receivables from Swissport ApS (see note 2).

Events after the balance sheet date

No events have occurred after the balance sheet date that materially affect the Company's financial position.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2016	2015
Other operating income		0	4,796,826
Other external costs		<u>-255,422</u>	<u>-3,776,245</u>
Gross profit/loss		-255,422	1,020,581
Staff costs	2	<u>-400,000</u>	<u>-1,424,033</u>
Operating loss		-655,422	-403,452
Financial expenses	3	<u>-1,910,650</u>	<u>-1,808,008</u>
Loss before tax		-2,566,072	-2,211,460
Tax on profit/loss for the year		0	0
Loss for the year		<u>-2,566,072</u>	<u>-2,211,460</u>

Proposed distribution of loss

Retained earnings		<u>-2,566,072</u>	<u>-2,211,460</u>
		<u>-2,566,072</u>	<u>-2,211,460</u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	<u>2016</u>	<u>2015</u>
ASSETS			
Current assets			
Receivables			
Trade receivables		70,828	63,423
Receivables from group entities		13,857	13,857
Other receivables		<u>4,011,700</u>	<u>4,294,744</u>
		<u>4,096,385</u>	<u>4,372,024</u>
Cash at bank and in hand		<u>196,474</u>	<u>974,751</u>
Total current assets		<u>4,292,859</u>	<u>5,346,775</u>
TOTAL ASSETS		<u><u>4,292,859</u></u>	<u><u>5,346,775</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2016	2015
EQUITY AND LIABILITIES			
Equity	4		
Share capital		80,000	80,000
Retained earnings		-33,559,135	-30,993,063
Total equity		<u>-33,479,135</u>	<u>-30,913,063</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Trade payables		5,064,611	5,077,370
Payables to group entities		32,403,300	30,653,828
Other payables		304,083	528,640
		<u>37,771,994</u>	<u>36,259,838</u>
Total liabilities other than provisions		<u>37,771,994</u>	<u>36,259,838</u>
TOTAL EQUITY AND LIABILITIES		<u>4,292,859</u>	<u>5,346,775</u>
Disclosure of material uncertainties regarding going concern	5		
Contractual obligations, contingencies, etc.	6		
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Financial statements 1 January – 31 December

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1 Accounting policies

The annual report of Swissport ApS for 2016 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015.

The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures for 2015.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

Income statement

Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of intangible assets and property, plant and equipment.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees. Furthermore other costs directly related to the personnel are comprised in staff costs e.g. recruitment costs.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amount relating to the financial year. Financial items comprise interest income and expense, and realised gains and losses from transactions denominated in foreign currencies.

Tax on loss for the year

Tax for the year comprises current corporation 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, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

The Company is jointly taxed with the wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

taxable income.

Balance sheet

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction cost incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual finance lease commitment.



Financial statements 1 January – 31 December

Notes

2 Staff costs

DKK	<u>2016</u>	<u>2015</u>
Average number of full-time employees	<u>0</u>	<u>3</u>

3 Financial expenses

Financial expenses, group entities	1,858,807	1,731,453
Other financial expenses	<u>51,843</u>	<u>76,555</u>
	<u>1,910,650</u>	<u>1,808,008</u>

4 Equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2016	80,000	-30,993,063	-30,913,063
Transferred over the distribution of loss	<u>0</u>	<u>-2,566,072</u>	<u>-2,566,072</u>
Equity at 31 December 2016	<u>80,000</u>	<u>-33,559,135</u>	<u>-33,479,135</u>

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

The share capital consists of 800 shares of a nominal value of DKK 100 each.

All shares rank equally.

5 Disclosure of material uncertainties regarding going concern

Swissport ApS recorded a loss of DKK 2,566 thousand for the financial year ended 31 December 2016, and the Company's liabilities at this date exceed the Company's assets by DKK 33,329 thousand. As a result, Swissport ApS has lost its share capital. The parent company of Swissport ApS has signed a letter of subordination, cf. note 7.

6 Contractual obligations, contingencies, etc.

The Company is jointly taxed with Swissport Denmark A/S (administrative company). The Company has unlimited joint and several liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties under the joint taxation scheme.

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7 Related party disclosures

Related party transactions

In 2016, the parent company, Swissport International, has provided loans to the Company. The loans have been provided on market terms. After the balance sheet date, the parent company has provided a letter of subordination in the amount of DKK 32,403 thousand in which the parent company states that it will hold the external creditors of Swissport ApS harmless until 31 December 2017.

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Swissport International
Flughofstrasse 55
8152 Opfikon
Switzerland

The ultimate parent of the Company is:
HNA Group Co., Ltd
HNA Building, 7 Guoxing Road, Haikou City,
570203 Hainan Province
China

