

China Classification Society Copenhagen ApS

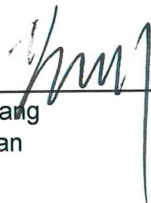
**Tuborg Boulevard 12
2900 Hellerup**

CVR no. 37 93 94 63

Annual Report 2019

The Annual Report was presented and adopted at the company's annual general meeting on:

17 July 2020



Jian Huang
Chairman

ANNUAL REPORT 2019

(3 financial year)

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COMPANY INFORMATION

Company

China Classification Society Copenhagen ApS
Tuborg Boulevard 12
2900 Hellerup

CVR no.

37 93 94 63

Financial year

1 January - 31 December

Principal activities

The company's principal activities consist in:

1. To carry out classification surveys and surveys for class maintenance to ships and offshore installations and issue classification certificates and corresponding technical documents;
2. To carry out statutory surveys and issue corresponding certificates on behalf of the Governments of China and the governments of other countries when so authorized, and to perform other surveys and certification work when so authorized by them;
3. To carry out quality inspections to all types of important marine products, and to perform container surveys;
4. To carry out researches and experiments with regard to marine safety, environmental protection and classification standards;
5. To perform certification services to the shipping companies and their ships according to the ISM Code, ISPS Code and MLC Convention;
6. To provide technical consultancy and services with regard to the safety techniques and quality system as well as ship energy efficiency and energy saving and emission reduction.

General manager

Jian Huang

The company's auditor

Haamann A/S, State Authorized Public Accountant Firm
Filmbyen
2650 Hvidovre
CVR no. (business reg. no.) 24 25 69 95

MANAGEMENT'S STATEMENTS

The General manager have today presented the annual report for the financial year 1 January - 31 December 2019 for China Classification Society Copenhagen ApS.

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


I consider the accounting policies appropriate for the annual report to provide a true and fair view of the company's assets and liabilities, cash flow statement, financial position and performance.

Moreover, in opinion, the mangagement's review includes a fair review of the matters described.

The management confirms that the company comply with the requirements for not having external audit of the annual report.

Hellerup, 17 July 2020

General manager


Jian Huang

PRACTITIONER'S COMPILATION REPORT

To the Management of China Classification Society Copenhagen ApS

We have compiled the accompanying financial statements of China Classification Society Copenhagen ApS for the financial year 1 January - 31 December 2019 based on information you have provided.

These financial statements comprise a summary of significant accounting policies, income statement, balance sheet and notes.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant requirements under the Danish Act on Approved Auditors and Audit Firms and FSR – danske revisorer's Code of Ethics, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with the Danish Financial Statements Act.

Hvidovre, 17 July 2020

HAAMANN A/S
State Authorized Public Accountant Firm
CVR.nr. 24 25 69 95

Jan Østergaard
State Authorized Public Accountant
mne30203

MANAGEMENT'S REVIEW

The Company's principal activities

As in previous years, the company's principal activity has consisted of:

1. To carry out classification surveys and surveys for class maintenance to ships and offshore installations and issue classification certificates and corresponding technical documents;
2. To carry out statutory surveys and issue corresponding certificates on behalf of the Governments of China and the governments of other countries when so authorized, and to perform other surveys and certification work when so authorized by them;
3. To carry out quality inspections to all types of important marine products, and to perform container surveys;
4. To carry out researches and experiments with regard to marine safety, environmental protection and classification standards;
5. To perform certification services to the shipping companies and their ships according to the ISM Code, ISPS Code and MLC Convention;
6. To provide technical consultancy and services with regard to the safety techniques and quality system as well as ship energy efficiency and energy saving and emission reduction.

Development in activities and financial affairs

The company had a profit of DKK 1.394.204, for the financial year, which the company's management considers satisfactory.

In the coming year the company expects a satisfactory result.

Events occurring after the end of the financial year

After the end of the financial year, COVID19 disease outbreaks occurred as a result of the spread of Coronavirus. It is estimated that all of the company's markets may be affected by the outbreak. Although it is at an early stage to assess its effects, it is the management's assessment that the outbreak can result in significant financial consequences for the coming financial year.

INCOME STATEMENT
1 January - 31 December 2019

	<u>Note</u>	<u>2019 DKK</u>	<u>2018 TDKK</u>
Gross result		4.203.661	2.837
Staff costs	1	<u>-2.400.293</u>	<u>-2.267</u>
Operating profit and loss		1.803.368	570
Financial income		43.325	1
Financial expenses		<u>-58.557</u>	<u>0</u>
Profit before tax		1.788.136	571
Tax on profit for the year		<u>-393.932</u>	<u>-1</u>
Net profit or loss for the year		<u>1.394.204</u>	<u>570</u>
Proposed distribution of results			
Dividend for the financial year		0	0
Retained earnings		<u>1.394.204</u>	<u>570</u>
		<u>1.394.204</u>	<u>570</u>

BALANCE SHEET 31 December 2019

ASSETS

	<u>Note</u>	<u>2019 DKK</u>	<u>2018 TDKK</u>
<u>Fixed assets</u>			
Fixed assets			
Deposits		<u>102.557</u>	<u>103</u>
Fixed assets, total		<u>102.557</u>	<u>103</u>
<u>Current assets</u>			
Receivables			
Trade receivables		1.281.636	516
Other short-term receivables		74.801	0
Prepayments		<u>43.432</u>	<u>21</u>
		<u>1.399.869</u>	<u>537</u>
Cash and cash equivalents		<u>2.279.524</u>	<u>1.515</u>
Current assets		<u>3.679.393</u>	<u>2.052</u>
Assets, total		<u>3.781.950</u>	<u>2.155</u>

BALANCE SHEET 31 December 2019

LIABILITIES AND EQUITY

	<u>Note</u>	<u>2019 DKK</u>	<u>2018 TDKK</u>
<u>Equity</u>			
	2		
Share capital		50.000	50
Retained earnings		<u>1.705.441</u>	<u>311</u>
Equity, total		<u>1.755.441</u>	<u>361</u>
 <u>Liabilities</u>			
<u>Long-term liabilities other than provisions</u>			
Other long-term payables		<u>12.500</u>	<u>0</u>
		<u>12.500</u>	<u>0</u>
 <u>Short-term liabilities other than provisions</u>			
Trade payables		20.000	20
Payables to group enterprises		1.039.911	1.541
Corporation tax		393.932	1
Other payables		<u>560.166</u>	<u>231</u>
		<u>2.014.009</u>	<u>1.793</u>
Total liabilities		<u>2.014.009</u>	<u>1.793</u>
 Total liabilities and equity		 <u>3.781.950</u>	 <u>2.155</u>
 Contingent liabilities	 3		
Charges and security	4		

NOTES

	2019 DKK	2018 TDKK
1. <u>Staff costs</u>		
Wages and salaries	2.386.927	2.252
Social security costs	13.366	15
	<u>2.400.293</u>	<u>2.267</u>
Average number of employees	<u>2</u>	<u>2</u>

2. Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2019	50.000	311.237	361.237
Net profit for the year		<u>1.394.204</u>	<u>1.394.204</u>
Equity 31 December 2019	<u>50.000</u>	<u>1.705.441</u>	<u>1.755.441</u>

3. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of 36 months and average lease payments yearly of DKK 82.350, a total of DKK 247.050.

The company has concluded leasehold agreements with average leasehold payments yearly of DKK 483.444. The company can terminate the leasehold with 3 months notice.

4. Charges and security

The company has not provided any other security over assets.

ACCOUNTING POLICIES

The Annual Report of China Classification Society Copenhagen ApS for 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with application of some provisions for a higher reporting class C.

The accounting policies applied remain unchanged from last year.

General principles for recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities. Moreover, all expenses are incurred, including depreciation and amortisation.

Assets are recognised in the balance sheet when it is probable that future financial benefits to the asset will accrue 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 attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are 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 term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which existed at the balance sheet date.

Income Statement

Revenue

Gross profit is made up of net sales less the direct sales costs attributable to net sales and less other external costs. Other operating income and expenses comprise items of a secondary nature to the principal activity of the company.

Income from the sale of goods and services is recognised in the income statement from the date of delivery and when the risk has passed to the buyer and is possible to calculate the income reliably. The revenue is calculated exclusive of VAT, charges and discounts.

Other external expenses

Other external expenses comprise expenses regarding sale and administration.

Staff expenses

Staff expenses comprise wages and salaries, pensions and social security costs.

ACCOUNTING POLICIES

Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses regarding securities, debt and foreign currency transactions, dividends received from other equity investments, amortisation of financial assets and liabilities as well as surcharges and allowances under the tax repayment scheme.

Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax. Current and deferred tax regarding changes in equity is recognised directly in equity.

BALANCE SHEET

Other non-current assets

Leasehold deposits are recognised in the balance sheet at cost.

Receivables

Receivables are measured at amortised cost, usually corresponding to nominal value. The value is reduced by impairment losses for bad and doubtful debts.

Prepayments

Prepayments recognised under assets comprise of prepaid costs for the subsequent financial years.

Tax payable and deferred tax

Current tax liabilities and current tax receivable are recognised in the balance sheet as calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured under the balance-sheet liability method for temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity. Any net deferred tax assets are measured at net realisable value.

Deferred tax is measured on the basis of the tax regulations and rates that, according to the rules in force at the reporting date, will be applicable at the time when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement. For the current year, a tax rate of 22 per cent has been applied.

ACCOUNTING POLICIES

Payables

Financial liabilities are recognised initially at the proceeds received net of transaction costs incurred. In subsequent periods, financial liabilities are measured at amortised cost corresponding to the capitalised value using the effective interest rate, entailing that the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other debt is measured at amortised cost, usually corresponding to nominal value.

Foreign currency translation

Foreign currency transactions are translated the exchange rate prevailing at the date of the transaction. Exchange differences arising between the exchange rate prevailing at the transaction date and the exchange rate at the payment date are recognised in the income statement as a net financial income or expense. If currency positions are regarded as a hedge of future cash flows, value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled on the reporting date are measured at the closing exchange rate. The difference between the closing rate and the rate at the time of the establishment of the receivable or payable is recognised in the income statement under financial income and expenses.

Non-current assets purchased in foreign currencies are measured at the exchange rate at the transaction date.

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Jan Østergaard

Statsautoriseret revisor

På vegne af: Haamann A/S Statsautoriserede Revisorer

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